*In GASB Statement No. 38, the GASB emphasized that disclosure of immaterial information can be misleading and cited the following guidance in NCGA Interpretation 6, paragraph 6:*

*The notes to financial statements should not be cluttered with unnecessary and immaterial disclosures. Attendant circumstances and materiality must be considered in assessing the propriety of the notes to the financial statements disclosures.*

# Note 1 - Summary of significant accounting policies

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ County Community College District’s accounting policies conform to generally accepted accounting principles applicable to public institutions engaged only in business-type activities adopted by the Governmental Accounting Standards Board (GASB).

*If the District implemented GASB Statement No. 91, Conduit Debt Obligations; GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements; or GASB Statement No. 96, Subscription-Based Information Technology Arrangements, for FY 2023, and implementing the standards had a material effect on the District’s financial statements, the District should address those standards in the following paragraph:*

For the year ended June 30, 2023, the District implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which (1) defines a subscription-based information technology arrangement (SBITA); (2) establishes that a SBITA results in a right-to-use subscription asset―an intangible asset―and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. As a result, the District’s financial statements have been modified to reflect the implementation of this new standard. *(Add any additional new accounting standards adopted and a brief description of their impact on the District’s financial statements.)*

## A. Reporting entity

The District is a special-purpose government that a separately elected governing body governs. It is legally separate and fiscally independent of other state and local governments. The accompanying financial statements present the activities of the District (the primary government) and its discretely presented component unit, the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Foundation.

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Foundation is a legally separate, tax-exempt organization. It acts primarily as a fund-raising organization that receives gifts and bequests, administers those resources, and disburses payments to or on behalf of the District for scholarships, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ *(modify as appropriate)*. Although the District does not control the timing or amount of receipts from the Foundation, the Foundation’s restricted resources can be used only by or for the benefit of the District or its constituents. Consequently, the Foundation is considered a component unit of the District and is discretely presented in the District’s financial statements.

For financial reporting purposes, the Foundation follows the Financial Accounting Standards Board statements for not-for-profit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation’s financial information included in the District’s financial report. Accordingly, those financial statements have been reported on separate pages following the District’s respective counterpart financial statements. For financial reporting purposes, only the Foundation’s statements of financial position and activities are included in the District’s financial statements as required by generally accepted accounting principles for public colleges and universities. The Foundation has a June 30 year-end.

During the year ended June 30, 2023, the Foundation distributed $\_\_\_\_\_\_\_\_\_\_ to the District for both restricted and unrestricted purposes. Complete financial statements for the Foundation are not available *OR* can be obtained from \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

*If the District holds a majority equity interest in a legally separate organization that does not meet the definition of an investment, the holding of the majority equity interest results in the District being financially accountable for the organization and, therefore, the District should report the legally separate organization as a component unit. (GASB Statement No. 90) Also, if the District has a defined contribution pension plan, defined contribution OPEB plan, or an other employee benefit plan (for example, certain Internal Revenue Code Section 457 plans) that has a governing board, the District should evaluate whether the plan is a component unit under GASB Statement No. 14 and a fiduciary activity under GASB Statement No. 84. Such plans that do not have a governing board are not component units. (GASB Statement No. 97)*

*If the District has additional component units, the District should include a brief description of the component units and their relationships to the District. This disclosure should include a discussion of the rationale for including each component unit in the financial reporting entity and whether it is discretely presented, blended, or included in the fiduciary fund financial statements. The notes should also include information about how the separate financial statements for the individual component units may be obtained. GASB Cod. §2600.121*

## B. Basis of presentation and accounting

*If the District reports fiduciary activities in fiduciary fund financial statements, the District should modify this section to also address the fiduciary fund financial statements, see footnote 2 on the Statement of Net Position and footnote 1 on the Statement of Cash Flows.*

The financial statements include a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows.

A statement of net position provides information about the District’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net position is classified according to external donor restrictions or availability of assets to satisfy the District’s obligations. Net investment in capital assets represents the value of capital assets, net of accumulated depreciation/amortization, less any outstanding liabilities incurred to acquire or construct the assets. Nonexpendable restricted net position includes gifts that have been received for endowment purposes and federal contributions for the Federal Perkins Loan Program, the corpus of which cannot be expended. *Modify the preceding sentence as appropriate.* Expendable restricted net position represents grants, contracts, gifts, and other resources that have been externally restricted for specific purposes. Unrestricted net position consists of all other resources, including those that have been designated by management to be used for other than general operating purposes.

A statement of revenues, expenses, and changes in net position provides information about the District’s financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net position are reported, including capital contributions and additions to endowments. Operating revenues and expenses generally result from exchange transactions. Accordingly, revenues, such as tuition and bookstore, food service, and dormitory charges, in which each party receives and gives up essentially equal values, are considered operating revenues. Other revenues, such as property taxes, state appropriations, and government grants, result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues. Operating expenses include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.

A statement of cash flows provides information about the District’s sources and uses of cash and cash equivalents during the year. Increases and decreases in cash and cash equivalents are classified as either operating, noncapital financing, capital financing, or investing.

The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. State appropriations are recognized as revenue in the year in which the appropriation is first made available for use. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

*The District should disclose its policy for eliminating internal activity.*

*If both unrestricted and restricted net position are available prior to expenditure, the District should disclose its policy concerning which resources are used first.*

## C. Cash and investments

For the statement of cash flows, the District’s cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the County Treasurer, investments in the State Treasurer’s Local Government Investment Pool, and only those highly liquid investments with a maturity of 3 months or less when purchased. *Modify as appropriate.*

All investments are stated at fair value. Modify if the District has any investments that are not stated at fair value. The District should describe any investments not reported at fair value and its policy for valuing them.

Except as provided in GASB Statement No. 72, paragraph 69, and GASB Statement No. 90, paragraph 5, the District should report all investments at fair value. Exceptions to reporting investments at fair value include:

* Nonparticipating interest-earning investment contracts should be stated at cost.
* Money market investments and participating interest-earning investment contracts with a remaining maturity of 1 year or less at the time of purchase should be stated at amortized cost.
* Majority equity interest in a legally separate organization.

See GASB Statement No. 72, paragraph 69, for additional exceptions.

## D. Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market.

## E. Capital assets

Capital assets are reported at actual cost (or estimated historical cost if historical records are not available). Donated assets are reported at acquisition value.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation/amortization methods, and estimated useful lives of capital assets are as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | Capitalization threshold |  |  |  |  |
| Land |  |  |  |  |  |  |
| Land improvements |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  | Depreciation/Amortization method |  | Estimated useful life |
| Buildings |  |  |  |  |  |  |
| Equipment |  |  |  |  |  |  |
| Library books |  |  |  |  |  |  |
| Capitalized collections |  |  |  |  |  |  |
| Intangibles: *(list by major categories)* |  |  |  |  |  |  |
| Right-to-use subscription assets |  |  |  |  |  |  |
| Right-to-use lease assets: *(list by*  *major underlying asset category)* |  |  |  |  |  |  |
| Land |  |  |  |  |  | Not applicable |
| Land improvements |  |  |  |  |  | Not applicable |
| Buildings |  |  |  |  |  |  |
| Equipment |  |  |  |  |  |  |

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the District has determined is reasonably certain of being exercised―then the lease asset is amortized over the useful life of the underlying asset.

Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT assets.

## F. Postemployment benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) asset and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans’ fiduciary net position and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## G. Investment earnings

Investment earnings is composed of interest, dividends, and net changes in the fair value of applicable investments.

## H. Scholarship allowances

A scholarship allowance is the difference between the stated charge for goods and services the District provides and the amount that the student or third parties making payments on the student’s behalf pays. Accordingly, some types of student financial aid, such as Pell grants and scholarships the District awards, are considered scholarship allowances. These allowances are netted against tuition and fees revenues in the statement of revenues, expenses, and changes in net position.

## I. Compensated absences

Compensated absences payable consists of vacation leave and a calculated amount of sick leave employees earned based on services already rendered.

Employees may accumulate up to \_\_\_ hours of vacation depending on years of service, but they forfeit any unused vacation hours in excess of the maximum amount at (fiscal/calendar) year-end. Upon terminating employment, the District pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the financial statements.

Employees may accumulate an unlimited number of sick leave hours. Generally, sick leave benefits provide for ordinary sick pay and are cumulative, but employees forfeit them upon terminating employment. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements. However, for employees who *describe the circumstances (for example, employees with a certain number of years of service and/or over a certain age)*, sick leave benefits do vest and, therefore, are accrued as a liability in the financial statements.

J. Leases and subscription-based information technology arrangements

Leases

As lessee, the District recognizes lease liabilities with an initial, individual value of $\_\_\_\_\_\_\_ or more. The District uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The District's estimated incremental borrowing rate is based on *describe how the District determined its estimated incremental borrowing rate*.

As lessor, the District recognizes lease receivables with an initial, individual value of $\_\_\_\_\_\_\_ or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the District charges the lessee) and the implicit rate cannot be determined, the District uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The District's estimated incremental borrowing rate is calculated as described above.

Subscription-based information technology arrangements

The District recognizes subscription liabilities with an initial, individual value of $\_\_\_\_\_\_\_ or more. The District uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement. The District's estimated incremental borrowing rate is calculated as described above.

# Note \_ - Correction of a misstatement—prior-period adjustment

*A correction of a material misstatement (error) in previously issued financial statements should be reported as a prior-period adjustment. A prior-period adjustment is reported in the year a misstatement is discovered as a restatement of beginning net position for the effects. Misstatements in financial statements may result from factors such as mathematical mistakes, mistakes in the application of accounting principles, classification errors, or oversight or misuse of facts that existed at the time the financial statements were prepared. The cumulative effect of a misstatement in previously issued financial statements that is not deemed material should be corrected prospectively in the current year’s financial statements.*

*In addition, the following disclosures are required for a correction of a misstatement. See GASB Statement No. 62 for additional guidance.*

1. *The nature of the misstatement,*
2. *The effect of the misstatement on beginning net position, and*
3. *The effect of the misstatement with respect to the amount reported for changes in net position in the previous fiscal year.*

*When a material misstatement is discovered subsequent to the issuance of the financial statements, management must take the following steps to ensure that anyone in receipt of the audited financial statements is informed of the situation, including that the audited financial statements are not to be relied upon. Management’s steps may include the following, see AU-C §560:*

* *Notification to anyone who is known to be relying or who is likely to rely on the financial statements that the auditors’ report and financial statements are not to be relied upon and that revised financial statements, together with a new auditors’ report, will be issued.*
* *Issuing, as soon as practicable, revised financial statements with appropriate disclosure of the misstatement.*
* *Issuing the subsequent year’s financial statements with the appropriate disclosure of the misstatement. This is usually appropriate when issuance of the subsequent year’s financial statements is imminent.*

*The auditor should include an emphasis-of-matter paragraph in the auditors’ report when there is an adjustment to correct a material misstatement in previously issued financial statements, see AU-C §708.*

# Note \_ - Change in Accounting Principle

Net position as of July 1, 2022, has been restated as follows for the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

|  |  |
| --- | --- |
|  | Primary Government |
| Net position as previously reported at June 30, 2022 | $ |
| Prior period adjustment–implementation of GASB 96: |  |
| Intangible right-to-use subscription assets |  |
| Subscriptions liability |  |
| *(Modify as appropriate)* |  |
| Total prior period adjustment |  |
| Net position as restated, July 1, 2022 | $ |

# *If the total adjustments to implement GASB Statement No. 96 net to zero and, therefore, do not affect net position, this note is not necessary.*

# Note \_ - Change in accounting principle *OR* Change in accounting estimate *OR* Change in reporting entity

*Change in accounting principle—For a change in accounting principle, including the implementation of a new accounting principle, the effects of the change should be reported as a restatement of beginning net position. In addition, the following disclosures are required for a change in accounting principle. see GASB Statement No. 62 for additional guidance.*

1. *A description of the new accounting principle,*
2. *An explanation of why the new treatment is considered preferable (for changes other than the implementation of a new accounting principle), and*
3. *The effect of the change on beginning net position.*

*Change in accounting estimate—A change in accounting estimate results from new information or subsequent developments and, accordingly, from better insight or improved judgment. Future events and their effects cannot be perceived with certainty; estimating, therefore, requires the exercise of judgment. Therefore, accounting estimates change as new events occur, as more experience is acquired, or as additional information is obtained.*

*The effects of a change in an accounting estimate should be accounted for in the period of change. The effect on the changes in net position of the current period should be disclosed for a change in estimate that affects several future periods, such as a change in service lives of depreciable assets. Disclosure of the effect on the changes in net position is not necessary for estimates made each period in the ordinary course of accounting for items such as uncollectible accounts or inventory obsolescence. See GASB Statement No. 62 for additional guidance.*

*Change in reporting entity—When there is a change in the organizations included in the reporting entity (e.g., addition or removal of a component unit), the effects of the change should be reported as a restatement of beginning net position. In addition, the following disclosures are required for the change in reporting entity, see GASB Statement No. 62 for additional guidance:*

1. *A description of the nature of the change,*
2. *The reasons for the change, and*
3. *The effects of the change in reporting entity on beginning net position.*

# Note \_ - Violations of finance-related legal and contractual provisions

*Disclose any significant violations of finance-related legal and contractual provisions, for example, violations of A.R.S. requirements for collateralization of District deposits, violations of A.R.S. requirements governing District budgeting, including actual expenditures exceeding budgeted expenditures, and violations of bond covenants. See GASB Cod. §1200 for additional guidance. Also, disclose actions taken to address such violations as GASB Statement No. 38, paragraph 9, requires.*

# Note \_ - Deposits and investments

*If the District participates in the Arizona State Retirement System’s Contribution Prepayment Program (ASRS CPP) and places monies on deposit with the ASRS or establishes a 115 trust for future contribution payments, as long as those monies remain invested, prior to amortization against future contribution payments, the District should record restricted cash and investments and the associated restricted net position; further, those monies are subject to the same GASB disclosure requirements noted below, in accordance with how those monies are invested.*

Arizona Revised Statutes (A.R.S.) requires the District to deposit special tax levies for the District’s maintenance or capital outlay with the County Treasurer. Although not statutorily required, the District has also chosen to deposit other public monies in its custody with the County Treasurer. A.R.S. requires collateral for deposits at 102 percent of all deposits not covered by federal depository insurance. A.R.S. does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the District’s investments.

*OR*

Arizona Revised Statutes (A.R.S.) requires the District to deposit special tax levies for the District’s maintenance or capital outlay with the County Treasurer. A.R.S. does not require the District to deposit other public monies in its custody with the County Treasurer; however, the District must act as a prudent person dealing with another’s property when making investment decisions about those monies. A.R.S. requires collateral for deposits at 102 percent of all deposits not covered by federal depository insurance. A.R.S. does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the District’s investments.

Deposits—At June 30, 2023, the carrying amount of the District’s deposits was $\_\_\_\_\_, and the bank balance was $\_\_\_\_\_. *Describe the District’s formal policy with respect to custodial credit risk or indicate that the District does not have a policy. If the District has any category 3 deposits at fiscal year-end, add the following recap and modify as necessary.*

At June 30, 2023, $\_\_\_\_\_ of the District’s bank balance was exposed to custodial credit risk as follows:

|  |  |
| --- | --- |
| Uninsured and uncollateralized | $ |
| Uninsured with collateral held by the pledging financial institution |  |
| Uninsured with collateral held by the pledging financial institution’s trust department or agent but not in the District’s name |  |
|  | $ |

*According to GASB Implementation Guide No. 2016-1, questions 4.5 and 4.6, certificates of deposit that are not negotiable and have redemption terms that do not consider market rates should be treated as deposits, and negotiable certificates of deposit should be treated as investments for purposes of GASB Statement Nos. 3 and 40 disclosures.*

Investments—The District had total investments of $\_\_\_\_\_\_\_\_\_\_ at June 30, 2023. The District categorizes certain investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles as follows.

*Investments with significantly different risk profiles should not be aggregated into a single investment type for all investment disclosures, as applicable. See question 1.3.2 in the GASB Implementation Guide No. 2015-1.*

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Fair value measurement using | | | | |
|  | Amount |  | Quoted prices in active markets for identical assets  (Level 1) |  | Significant other observable inputs  (Level 2) |  | Significant unobservable inputs  (Level 3) |
| Investments by fair value level |  |  |  |  |  |  |  |
| U.S. Treasury securities | $ |  | $ |  | $ |  | $ |
| U.S. agency securities |  |  |  |  |  |  |  |
| Local government bonds |  |  |  |  |  |  |  |
| Common stock |  |  |  |  |  |  |  |
| *List additional investment types* |  |  |  |  |  |  |  |
| Total investments categorized by fair value level | $ |  | $ |  | $ |  | $ |

Investments categorized as Level 1 are valued using prices quoted in active markets for those investments. *For investments categorized as Level 2 or Level 3, describe the valuation technique used for each level by investment type. Also, if there was a change in any of the valuation techniques that had a significant impact on the result, disclose the change and the reason(s) for making it.*

The District also had the following investments in external investment pools measured at fair value:

|  |  |
| --- | --- |
|  | Amount |
| State Treasurer’s investment pools |  |
| County Treasurer’s investment pool |  |
| Total external investment pools measured at fair value | $ |

Investments in the State Treasurer’s investment pools are valued at the pool’s share price multiplied by the number of shares the District held. The fair value of a participant’s position in the pools approximates the value of that participant’s pool shares. The investment in the County Treasurer’s pool is valued using the District’s proportionate participation in the pool because the pool’s structure does not provide for shares. The State Board of Investment provides oversight for the State Treasurer’s investment pools. No comparable oversight is provided for the County Treasurer’s investment pool.

The District also had the following investments measured at amortized cost:

|  |  |
| --- | --- |
|  | Amount |
| Repurchase agreements |  |
| *List additional investment types* |  |
| Total investments measured at amortized cost | $ |

Credit risk—*Briefly describe the District’s formal investment policy with respect to credit risk or indicate that it does not have one.* At June 30, 2023, credit risk for the District’s investments was as follows: *Modify as necessary.*

|  |  |  |  |
| --- | --- | --- | --- |
| Investment type | Rating | Rating agency | Amount |
| U.S. agency securities |  |  | $ |
| Repurchase agreements |  |  |  |
| Local government bonds |  |  |  |
| State Treasurer’s investment pool 5 | AAAf/S1+ | Standard and Poor’s |  |
| State Treasurer’s investment pool 7 | Unrated | Not applicable |  |
| County Treasurer’s investment pool | Unrated | Not applicable |  |
|  |  |  | $ |

*Disclose the credit quality ratings of investments in debt securities as described by nationally recognized statistical rating agencies at fiscal year-end, by aggregating investment amounts by investment type and rating categories. When multiple ratings exist and the District is aware of the different ratings, present the rating with the greatest degree of risk. U.S. government obligations and obligations the U.S. government explicitly guarantees do not require disclosure of credit risk. However, obligations of U.S. government-sponsored enterprises that the U.S. government implicitly guarantees are subject to credit risk disclosures. See question 1.9.7 in the GASB Implementation Guide No. 2015-1 for more information. Repurchase agreements are not subject to credit risk if the securities underlying the repurchase agreements are exempt from credit risk disclosures. See question 1.9.10 in the GASB Implementation Guide No. 2015-1. If credit risk disclosure is required and the investment is unrated, the disclosure should indicate that fact. See Illustrations 1-4 in GASB Statement No. 40 for additional examples of required disclosures.*

Custodial credit risk—For an investment, custodial credit risk is the risk that, in the event of the counterparty’s failure, the District will not be able to recover the value of its investments or collateral securities that are in an outside party’s possession. *Briefly describe the District’s formal investment policy with respect to custodial credit risk or indicate that it does not have one. If the District had any category 3 investments at fiscal year-end, add the following and modify as necessary:* At June 30, 2023, the District had $\_\_\_\_\_\_\_\_\_\_\_\_\_ of *name of investment type* that was uninsured, not registered in the District’s name, and held by the counterparty, and $\_\_\_\_\_\_\_\_\_ of *name of investment type* that was uninsured, not registered in the District’s name, and held by the counterparty’s trust department or agent but not in the District’s name. *Disclose amounts by investment type and how the investments were held. See Illustration 1 in GASB Statement No. 40 for an example of required disclosure. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risk. (GASB Statement No. 40, paragraph 9)*

*Normally, the line item investments held by trustees is category 3 (see questions 1.16.4 and 1.16.5 of the GASB Implementation Guide No. 2015-1).*

Concentration of credit risk—*If the District’s investments held at year-end were exposed to concentration of credit risk, briefly describe the District’s formal investment policy with respect to concentration of credit risk or indicate that it does not have one.* The District had investments at June 30, 2023, of 5 percent or more in \_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_. These investments were \_\_\_ percent and \_\_\_ percent, respectively, of the District’s total investments. *Modify as necessary depending on the number of investments in any one issuer of 5 percent or more. See Illustration 2 in GASB Statement No. 40 for an example of required disclosure. Investments the U.S. government issues or explicitly guarantees and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. (GASB Statement No. 40, paragraph 12)*

Interest rate risk—*Briefly describe the District’s formal investment policy with respect to interest rate risk or indicate that it does not have one. See Illustrations 1-5 in GASB Statement No. 40 for examples of required disclosure. List investments by investment type and amount using one of the following interest rate risk methods: segmented time distribution, specific identification, weighted average maturity, duration, or simulation model. Governments are encouraged to select the disclosure method that is most consistent with the method they use to identify and manage interest rate risk.*

*The interest rate risk disclosure for a government’s investments in mutual funds, external investment pools, or other pooled investments should be limited to investments in debt mutual funds, external debt investment pools, or other pooled debt investments that do not meet the requirements to measure investments at amortized cost in accordance with GASB Statement 79, paragraph 4. (GASB Statement No. 59, paragraph 6)*

At June 30, 2023, the District had the following investments in debt securities:

*Segmented time distribution example*

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Investment maturities | | | | | | |
| Investment type | Amount |  | Less than  1 Year |  | 1-5  Years |  | 6-10  Years |  | More than  10 Years |
| State Treasurer’s investment pools | $ |  | $ |  | $ |  | $ |  | $ |
| County Treasurer’s investment pool |  |  |  |  |  |  |  |  |  |
| U.S. Treasury securities |  |  |  |  |  |  |  |  |  |
| U.S. agency securities |  |  |  |  |  |  |  |  |  |
| Repurchase agreements |  |  |  |  |  |  |  |  |  |
| Local government bonds |  |  |  |  |  |  |  |  |  |
|  | $ |  | $ |  | $ |  | $ |  | $ |

*OR*

*Specific identification example*

|  |  |  |
| --- | --- | --- |
| Investment | Maturity | Amount |
| State Treasurer’s investment pool 5 |  | $ |
| State Treasurer’s investment pool 7 |  |  |
| County Treasurer’s investment pool |  |  |
| U.S. Treasury bills *(list each investment separately)* |  |  |
| Federal National Mortgage Association *(list each investment separately)* |  |  |
|  |  | $ |

*OR*

*Weighted average maturity example*

|  |  |  |
| --- | --- | --- |
| Investment type | Amount | Weighted average maturity  (years) *or* (months) |
| State Treasurer’s investment pool 5 | $ |  |
| State Treasurer’s investment pool 7 |  |  |
| County Treasurer’s investment pool |  |  |
| U.S. Treasury securities |  |  |
| U.S. agency securities |  |  |
| Local government bonds |  |  |
|  | $ |  |

*See Illustration 3 in GASB Statement No. 40 for an example of how to calculate weighted average maturity.*

*OR*

*Duration—See Illustration 4 in GASB Statement No. 40.*

*OR*

*Simulation model—See Illustration 5 in GASB Statement No. 40.*

*The District must also disclose the terms of investments with fair values that are highly sensitive to changes in interest rates. See Illustration 7 in GASB Statement No. 40 for an example of this required disclosure. Further, if a method requires an assumption regarding timing of cash flows (for example, whether an investment is or is not assumed to be called), interest rate changes, or other factors that affect interest rate information, the District should disclose that assumption.*

Foreign currency risk—*If the District’s deposits or investments held at year-end were exposed to foreign currency risk, disclose the following: briefly describe the District’s formal investment policy with respect to foreign currency risk or indicate that it does not have one. Also, the District should disclose the U.S. dollar balances of deposits or investments exposed to foreign currency risk organized by currency denomination and investment type. See Illustration 8 in GASB Statement No. 40 for an example of required disclosure.*

A reconciliation of cash, deposits, and investments to amounts shown on the statement of net position follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Cash, deposits, and investments: |  |  | Statement of net position: |  |
| Cash on hand | $ |  | Cash and cash equivalents | $ |
| Amount of deposits |  |  | Current investments |  |
| Amount of investments |  |  | Restricted assets: |  |
|  |  |  | Cash and cash equivalents |  |
|  |  |  | Cash and investments held by trustee(s) |  |
|  |  |  | Cash and investments held with pension plan―ASRS Contribution Prepayment Program |  |
|  |  |  | Endowment investments |  |
| Total | $ |  | Total | $ |

# Note \_ - Receivables

*If the District had significant individual receivable accounts whose nature is obscured by aggregation, provide details about those accounts here. Also, describe any receivable balance not expected to be collected within 1 year. See GASB Statement No. 38, paragraph 13.*

Lease receivables—*The District, as lessor, should disclose the following about its lease activities (which may be grouped), other than short-term leases.*

The District leases *describe assets by major classes, such as building space,* to third parties under the provisions of various lease agreements. *Modify as appropriate – the District should provide a general description of its leasing arrangements.*

During the fiscal year ended June 30, 2023, the District recognized total lease-related revenues of $\_\_\_\_\_\_\_. *The District should include the total amount of revenue, for example, lease revenue, interest revenue, and any other lease-related revenue, recognized in the fiscal year from leases, if that amount cannot be determined based on the amounts displayed on the face of the financial statements. (GASB 87, paragraph 57 [b])*

*If the District has material variable lease payments, residual value guarantees, and/or termination penalties that are NOT included in the lease receivables, disclose the following information as applicable. (GASB 87, paragraph 57 [a], [c])*

*Variable lease payments*

The District’s lease contracts include variable lease payments, including residual value guarantees, that are not included in the lease receivable because they are not fixed in substance. *Modify as appropriate.* *Describe the basis, terms, and conditions on which variable payments not included in the measurement of the lease receivable are determined.* During the fiscal year ended June 30, 2023, the District recognized revenues of $\_\_\_\_\_\_\_ for variable lease payments not included in the measurement of the lease receivables.

*Other payments*

The District’s lease contracts include other payments, such as termination penalties, that are not included in the lease receivable. During the fiscal year ended June 30, 2023, the District recognized revenues of $\_\_\_\_\_\_\_ for other payments not included in the measurement of the lease receivables.

*The District should also provide relevant disclosures for the following transactions, if applicable:*

* *Leases of assets that are investments (see GASB 87, paragraph 41)*
* *Certain regulated leases (see GASB 87, paragraph 60)*
* *Sublease transactions (see GASB 87, paragraph 81)*
* *Sale-leaseback transactions (see GASB 87, paragraph 85)*
* *Lease-leaseback transactions (see GASB 87, paragraph 87)*

# Note \_ - Public-private and public-public partnerships

*If the District participates in public-private or public-public partnerships (P3s), the following disclosures should be made for the District acting as the transferor or as the operator:*

*A transferor should disclose the following about its P3 activities (which may be grouped for purposes of disclosure, see GASB 94, paragraphs 35-36):*

1. *A general description of its P3 arrangements, including the status of projects during the construction period, if applicable, and the basis, terms, and conditions on which any variable payments not included in the measurement of the receivable for installment payments are determined.*
2. *The nature and amounts of assets and deferred inflows of resources related to P3s that are recognized in the financial statements.*
3. *The discount rate or rates applied to the measurement of the receivable for installment payments, if any.*
4. *The amount of inflows of resources recognized in the reporting period for variable and other payments not previously included in the measurement of the receivable for installment payments, including inflows of resources related to residual value guarantees and termination penalties.*
5. *The nature and extent of rights retained by the transferor or granted to the operator under the P3 arrangements.*
6. *Some P3 arrangements may include provisions for guarantees and commitments. For each period in which a guarantee or commitment exists, disclosures should be made about the guarantees and commitments, including identification, duration, and significant contract terms.*

*An operator should disclose the following about its P3 activities (which may be grouped for purposes of disclosure, see GASB 94, paragraphs 57-59):*

1. *A general description of its P3 arrangements, including the status of projects during the construction period, if applicable, and the basis, terms, and conditions on which any variable payments not included in the measurement of the liability for installment payments are determined.*
2. *The nature and amounts of assets, liabilities, and deferred outflows of resources related to P3s that are recognized in the financial statements.*
3. *The discount rate or rates applied to the measurement of the liability for installment payments, if any.*
4. *Principal and interest requirements to maturity, presented separately, for the liability for installment payments for each of the 5 subsequent fiscal years and in 5-year increments thereafter.*
5. *The amount of outflows of resources recognized in the reporting period for variable payments not previously included in the measurement of the liability for installment payments.*
6. *The nature and extent of rights granted to the operator or retained by the transferor under P3 arrangements.*
7. *The components of any loss associated with an impairment (the impairment loss and any related change in the liability).*
8. *Some P3 arrangements may include provisions for guarantees and commitments. For each period in which a guarantee or commitment exists, disclosures should be made about the guarantees and commitments, including identification, duration, and significant contract terms.*

# Note \_ - Capital assets

*In the table below, intangible right-to-use lease assets for land/land improvements would only be presented in the capital assets not being depreciated/amortized section of the table below if the lease contract has a purchase option that the District has determined is reasonably certain of being exercised. Otherwise, they would be amortized over the lease term. (GASB 87, paragraph 32)*

*Note that if an agreement meets the GASB definition of a lease (GASB 87, paragraph 4) or SBITA (GASB 96, paragraph 6), prepaying the entire balance does NOT mean the agreement is no longer classified as a lease or SBITA. Although no liability would be recorded, the District would still be responsible for the recording and subsequent amortization of an intangible right-to-use lease or subscription asset, as applicable, including the appropriate disclosures.*

Capital asset activity for the year ended June 30, 2023, was as follows:

|  | Balance  July 1, 2022  (restated) |  | Increases |  | Decreases |  | Balance  June 30, 2023 |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Capital assets not being depreciated/amortized: |  |  |  |  |  |  |  |
| Land |  |  |  |  |  |  |  |
| Land improvements |  |  |  |  |  |  |  |
| Construction in progress |  |  |  |  |  |  |  |
| Intangibles: |  |  |  |  |  |  |  |
| Right-to-use lease assets: |  |  |  |  |  |  |  |
| Land |  |  |  |  |  |  |  |
| Land improvements |  |  |  |  |  |  |  |
| Total capital assets not being  depreciated/amortized |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Capital assets being depreciated/amortized: |  |  |  |  |  |  |  |
| Buildings |  |  |  |  |  |  |  |
| Equipment |  |  |  |  |  |  |  |
| Library books |  |  |  |  |  |  |  |
| Intangibles: *(list by major categories)* |  |  |  |  |  |  |  |
| Right-to-use subscription assets |  |  |  |  |  |  |  |
| Right-to-use lease assets: *(modify underlying*  *assets as appropriate)* |  |  |  |  |  |  |  |
| Land |  |  |  |  |  |  |  |
| Land improvements |  |  |  |  |  |  |  |
| Buildings |  |  |  |  |  |  |  |
| Equipment |  |  |  |  |  |  |  |
| Total |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Less accumulated depreciation/amortization for: |  |  |  |  |  |  |  |
| Buildings |  |  |  |  |  |  |  |
| Equipment |  |  |  |  |  |  |  |
| Library books |  |  |  |  |  |  |  |
| Capitalized collections |  |  |  |  |  |  |  |
| Intangibles: *(list by major categories)* |  |  |  |  |  |  |  |
| Right-to-use subscription assets |  |  |  |  |  |  |  |
| Right-to-use lease assets: *(modify underlying*  *assets as appropriate)* |  |  |  |  |  |  |  |
| Land |  |  |  |  |  |  |  |
| Land improvements |  |  |  |  |  |  |  |
| Buildings |  |  |  |  |  |  |  |
| Equipment |  |  |  |  |  |  |  |
| Total |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Total capital assets being depreciated/amortized, net |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Capital assets, net |  |  |  |  |  |  |  |

*If the District has any collections (such as art or historical treasures) that are not capitalized, describe the collection and disclose why the assets are not capitalized. See GASB Statement No. 34, paragraph 118.*

# Note \_ - Construction and other commitments

The District had major contractual commitments related to various capital projects at June 30, 2023, for the construction of *(list projects)*. At June 30, 2023, the District had spent $\_\_\_\_\_\_\_\_\_\_ on these projects and had remaining contractual commitments with contractors of $\_\_\_\_\_\_\_\_\_\_. These projects are being financed *(describe source of payment/financing and terms of the commitment)*.

The District had contractual commitments related to leases for which the lease term had not yet commenced at June 30, 2023, for *(list lease assets by major classes)*. At June 30, 2023, the District had made payments of $\_\_\_\_\_\_\_\_\_\_ to the lessors and had remaining contractual commitments with lessors of $\_\_\_\_\_\_\_\_\_\_, including the lease liabilities that will be recognized at the commencement of the lease terms. *(GASB 87, paragraph 37 [g])*

The District had contractual commitments related to subscription-based information technology arrangements for which the subscription term had not yet commenced at June 30, 2023, for *(describe IT software and/or underlying IT assets)*. At June 30, 2023, the District had made payments of $\_\_\_\_\_\_\_\_\_\_ to the vendors and had remaining contractual commitments with vendors of $\_\_\_\_\_\_\_\_\_\_, including the subscription liabilities that will be recognized at the commencement of the subscription terms. *(GASB 96, paragraph 60 [f])*

*If the District had other significant commitments, provide a description of the commitment, dollar amounts and basic terms of the commitment (including amounts spent to date and amounts remaining under the commitment), and source of payment.*

# Note \_ - Short-term liabilities

Payables—*If the District had significant individual payable accounts whose nature is obscured by aggregation, provide details about those accounts here. See GASB Statement No. 38, paragraph 13.*

Short-term debt—*If the District had short-term debt (e.g., anticipation notes, lines of credit, and similar loans) activity during the year, even if no short-term debt is outstanding at year-end, the District should explain why the debt was issued and present a schedule of changes that discloses beginning and ending balances as well as increases and decreases. See GASB Statement No. 38, paragraph 12, as amended by GASB Statement No. 88, paragraphs 4 and 6. The District should also disclose summarized information about assets pledged as collateral for the debt and terms specified in the debt agreement related to significant (1) events of default with finance-related consequences, (2) termination events with finance-related consequences, and (3) subjective acceleration clauses. See GASB Statement No. 88, paragraph 5.*

# Note \_ - Long-term liabilities

The following schedule details the District’s long-term liability and obligation activity for the year ended June 30, 2023:

|  | Balance  July 1, 2022 (as restated) |  | Additions |  | Reductions |  | Balance  June 30, 2023 |  | Due within  1 year |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Bonds payable: |  |  |  |  |  |  |  |  |  |
| General obligation bonds |  |  |  |  |  |  |  |  |  |
| Revenue bonds |  |  |  |  |  |  |  |  |  |
| Discounts/premiums |  |  |  |  |  |  |  |  |  |
| Total bonds payable |  |  |  |  |  |  |  |  |  |
| Certificates of participation payable |  |  |  |  |  |  |  |  |  |
| Financed purchases |  |  |  |  |  |  |  |  |  |
| Leases payable |  |  |  |  |  |  |  |  |  |
| Subscriptions liability |  |  |  |  |  |  |  |  |  |
| Asset retirement obligations |  |  |  |  |  |  |  |  |  |
| Net pension and other postemployment benefits liability |  |  |  |  |  |  |  |  |  |
| Insurance claims payable |  |  |  |  |  |  |  |  |  |
| Compensated absences payable |  |  |  |  |  |  |  |  |  |
| Total long-term liabilities |  |  |  |  |  |  |  |  |  |

*Complete the following sentence if the District had short-term or long-term debt outstanding. GASB Statement No. 88, paragraph 5.a.*

The District also had (an) unused line(s) of credit in the amount of $\_\_\_\_\_\_\_\_\_\_\_.

*In the following bonds, certificates of participation, and financed purchase disclosures, the District should disclose summarized information about assets pledged as collateral for the debt and terms specified in the debt agreement related to significant (1) events of default with finance-related consequences, (2) termination events with finance-related consequences, and (3) subjective acceleration clauses. The District should also separate information regarding (a) direct borrowings and direct placements of debt from (b) other debt. GASB Statement No. 88, paragraphs 5 and 6.*

*The District is not required to disclose collateral pledged as a security for a lease if that collateral is solely the asset underlying the lease. (GASB Statement No. 87, paragraph 39) If the District has issued debt for which the principal and interest payments are secured by lease payments, describe the existence, terms, and conditions of options by the lessee to terminate the lease or abate payments. (GASB 87, paragraph 57 [d])*

Bonds—The District’s bonded debt consists of various issues of general obligation and revenue bonds that are generally callable (noncallable) with interest payable semiannually (annually). Bond proceeds pay primarily for acquiring or constructing capital facilities. Bonds have also been issued to advance-refund previously issued bonds. The District repays general obligation bonds from voter-approved property taxes. Revenue bonds are repaid from tuition and fees and dormitory rentals and fees. *Modify as necessary. Include the following as applicable.* During the year, the District issued general obligation bonds totaling $\_\_\_\_\_ to *describe the purpose*. In addition, revenue bonds totaling $\_\_\_\_\_ were issued to *describe the purpose*.

Of the total general obligation bond and revenue bond amounts originally authorized, $\_\_\_\_\_ and $\_\_\_\_\_, respectively, remain unissued. *If all the authorized bonds were issued, delete the preceding sentence.* The following bonds were outstanding at June 30, 2023:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Description | Original  amount  authorized |  | Amount  issued |  | Maturity  ranges |  | Interest  rates |  | Outstanding principal |
| General obligation bonds | $ |  | $ |  |  |  |  |  | $ |
| General obligation bonds—refunding |  |  |  |  |  |  |  |  |  |
| Revenue bonds |  |  |  |  |  |  |  |  |  |
| Revenue bonds—refunding |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  | $ |

*If issuing an annual comprehensive financial report for the GFOA certificate program, it is recommended that the District disclose the information above for each debt issuance. The District should also describe the legal debt limit/margin and the applicability of federal arbitrage regulations.*

The following schedule details debt service requirements to maturity for the District’s bonds payable at June 30, 2023:

|  |  | General  obligation bonds | | |  | Revenue bonds | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Year ending June 30 |  | Principal |  | Interest |  | Principal |  | Interest |
| 2024 |  |  |  |  |  |  |  |  |
| 2025 |  |  |  |  |  |  |  |  |
| 2026 |  |  |  |  |  |  |  |  |
| 2027 |  |  |  |  |  |  |  |  |
| 2028 |  |  |  |  |  |  |  |  |
| 2029-33 |  |  |  |  |  |  |  |  |
| 2034-38 |  |  |  |  |  |  |  |  |
| 2039-43 |  |  |  |  |  |  |  |  |
| 2044-48 |  |  |  |  |  |  |  |  |
| 2049-53 |  |  |  |  |  |  |  |  |
| Total |  |  |  |  |  |  |  |  |

*If the District has variable-rate debt, disclose interest requirements based on the rate effective at the end of the reporting year. In addition, the District should add a paragraph following the table that discloses the terms under which interest rates may change. See GASB Statement No. 38, paragraph 10.*

*Pledged revenues are those specific revenues that have been formally committed to directly collateralize or secure debt (e.g., bonds, certificates of participation, etc.) of a pledging government, or directly or indirectly collateralize or secure debt of a component unit. For each period in which secured debt remains outstanding, the District must disclose the following:*

1. *Identification of the specific revenue pledged and the approximate pledge amount,*
2. *Identification of, and general purpose for, the debt the pledged revenue secures,*
3. *Commitment term,*
4. *Relationship of the pledged amount to the total for that specific revenue stream (i.e., percent of the specific revenue stream that has been pledged),*
5. *Comparison of the pledged revenues recognized during the period to the principal and interest requirements for the debt those revenues directly or indirectly collateralize.*

*See GASB Statement No. 48, paragraph 21, for more information regarding the disclosure requirements for pledged revenues. Also, see Appendix D, Examples 1-3, in GASB Statement No. 48 for examples of required disclosure. For more complex situations, the District may want to present tables with the required disclosures.*

*Complete the applicable portions of the following paragraph and schedule for the fiscal year in which a bond refunding occurs.*

During the year ended June 30, 2023, the District issued general obligation (revenue) bonds with an average interest rate of \_\_ percent to advance-refund older, higher-rate issues with an average interest rate of \_\_ percent. The District realized net proceeds of $\_\_\_\_\_ after payment of $\_\_\_\_\_ in underwriting fees, insurance, and other issuance costs, plus $\_\_\_\_\_ of \_\_\_\_\_ sinking fund monies. The District used these proceeds to purchase securities that it placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. The refunded debt is considered defeased, and related liabilities are not included in the District’s financial statements. Details of the refunding transactions are as follows:

|  | *Bond*  *category* |
| --- | --- |
| Amount of refunding bonds issued |  |
| Amount of bonds refunded |  |
| Reduction in debt service payments |  |
| Economic gain (loss) |  |

*Complete the following paragraph for the fiscal year in which bonds are defeased using only existing resources. GASB Statement No. 86*

During the year ended June 30, 2023, the District defeased $\_\_\_\_\_\_\_\_\_\_ of general obligation (revenue) bonds to *include reason for defeasance*. Accordingly, the related liabilities are not included in the District’s financial statements. The District placed $\_\_\_\_\_\_\_\_\_\_ of cash and other monetary assets acquired with existing resources *modify as necessary* in an irrevocable trust to provide resources for all future debt service payments of $\_\_\_\_\_\_\_\_\_\_ on the defeased debt.

*For all periods following an advance refunding,* *or in-substance defeasance using only existing resources, that end with defeased bonds still outstanding, complete the next paragraph.*

In prior years, the District defeased certain general obligation and revenue bonds by placing the proceeds of new bonds and existing resources *modify as necessary* in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for these defeased bonds are not included in the District’s financial statements. At June 30, 2023, the following outstanding bonds were considered defeased:

|  |  |
| --- | --- |
| Description | Amount *(Principal balance of defeased bonds outstanding at June 30, 2023.)* |
| General obligation bonds |  |
| Revenue bonds |  |

*For all in-substance defeasances for which substitution of essentially risk-free monetary assets with monetary assets that are not essentially risk-free is not prohibited, the District should disclose the information required by GASB Statement No. 86, paragraphs 10 and 11, as applicable.*

*If the refunded (old) debt is variable-rate debt, it cannot be considered defeased because of the uncertainty of the future debt service requirements. It is possible to defease old fixed-rate debt with new variable-rate debt, but additional disclosures should be made. See footnote 4 of GASB Statement No. 7 for additional details.*

Certificates of participation—The District has issued certificates of participation that are generally callable (noncallable) with interest payable semiannually (annually) to purchase or construct *describe the assets and any related collateral arrangements for assets pledged as collateral, as required by GASB Statement No. 88, paragraph 5(b)*. During the year, the District issued certificates totaling $\_\_\_\_\_ to *describe the purpose*.

Of the total amount(s) originally authorized, $\_\_\_\_\_ remains unissued. *If all the authorized certificates were issued, delete the preceding sentence.* The following certificates were outstanding at June 30, 2023:

| Description | Original  amount  authorized |  | Amount  issued |  | Maturity ranges |  | Interest  rates |  | Outstanding principal |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| *List by COP issue* |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |

*Describe other significant features of certificates of participation issues. Also, if the District advance-refunded any certificates of participation or defeased any certificates of participation using only existing resources during the fiscal year, modify the wording in the second- and third-to-last paragraph of the bonds payable note accordingly, as applicable.*

*In all periods following an advance refunding or in-substance defeasance using only existing resources for which certificates of participation defeased in substance remain outstanding, the amount of those certificates of participation, if any, outstanding at fiscal year-end should be disclosed. Modify the wording of the last paragraph of the bonds payable note accordingly.*

*For all in-substance defeasances for which substitution of essentially risk-free monetary assets with monetary assets that are not essentially risk-free is not prohibited, the District should disclose the information required by GASB Statement No. 86, paragraphs 10 and 11, as applicable.*

The following schedule details debt service requirements to maturity for the District’s certificates of participation payable at June 30, 2023:

| Year ending June 30 |  | Principal |  | Interest |
| --- | --- | --- | --- | --- |
| 2024 |  |  |  |  |
| 2025 |  |  |  |  |
| 2026 |  |  |  |  |
| 2027 |  |  |  |  |
| 2028 |  |  |  |  |
| 2029-33 |  |  |  |  |
| 2034-38 |  |  |  |  |
| 2039-43 |  |  |  |  |
| 2044-48 |  |  |  |  |
| 2049-53 |  |  |  |  |
| Total |  |  |  |  |

Financed purchases—The District has acquired *describe assets by major classes* under contract agreements at a total purchase price of $\_\_\_\_\_. The following schedule details debt service requirements to maturity for the District’s financed purchases at June 30, 2023:

| Year ending June 30 |  | Principal |  | Interest |
| --- | --- | --- | --- | --- |
| 2024 |  |  |  |  |
| 2025 |  |  |  |  |
| 2026 |  |  |  |  |
| 2027 |  |  |  |  |
| 2028 |  |  |  |  |
| 2029-33 |  |  |  |  |
| 2034-38 |  |  |  |  |
| 2039-43 |  |  |  |  |
| Total |  |  |  |  |

Leases—*The District, as lessee, should disclose the following about its lease activities (which may be grouped), other than short-term leases.*

The District has obtained the right to use *describe assets by major classes* under the provisions of various lease agreements. *Modify accordingly – the District should provide a general description of its leasing arrangements.*

The total amount of lease assets and the related accumulated amortization are as follows: *(GASB 87, paragraph 37 [b])*

|  |  |
| --- | --- |
| Total intangible right-to-use lease assets |  |
| Less: accumulated amortization |  |
| Carrying value |  |

The following schedule details minimum lease payments to maturity for the District’s leases payable at June 30, 2023:

| Year ending June 30 |  | Principal |  | Interest |
| --- | --- | --- | --- | --- |
| 2024 |  |  |  |  |
| 2025 |  |  |  |  |
| 2026 |  |  |  |  |
| 2027 |  |  |  |  |
| 2028 |  |  |  |  |
| 2029-33 |  |  |  |  |
| 2034-38 |  |  |  |  |
| 2039-43 |  |  |  |  |
| Total |  |  |  |  |

*If the District has material variable lease payments, residual value guarantees, and/or other payments that are NOT included in the lease liability, disclose the following information as applicable. (GASB 87, paragraph 37 [a], [d], [e])*

*Variable lease payments*

The District’s lease contracts include variable lease payments that are not included in the lease liability because they are not fixed in substance. *Describe the basis, terms, and conditions on which variable payments not included in the measurement of the lease liability are determined.* During the fiscal year ended June 30, 2022, the District recognized expenses of $\_\_\_\_\_\_\_ for variable lease payments not included in the measurement of the lease liabilities.

*Other payments*

The District’s lease contracts include other payments, such as residual value guarantees and termination penalties, that are not included in the lease liability because they are not reasonably certain of being required. *Modify as appropriate. Describe the existence, terms, and conditions of residual value guarantees.* During the fiscal year ended June 30, 2022, the District recognized expenses of $\_\_\_\_\_\_\_ for other payments not included in the measurement of the lease liabilities.

*The District should also provide relevant disclosures for the following transactions, if applicable.*

* *The components of any impairment loss and any related change in the lease liability (see GASB 87, paragraph 37 [h])*
* *Sublease transactions (see GASB 87, paragraph 81)*
* *Sale-leaseback transactions (see GASB 87, paragraph 85)*
* *Lease-leaseback transactions (see GASB 87, paragraph 87)*

Subscription-based information technology arrangements (SBITAs)—*The District should disclose the following about its SBITAs (which may be grouped), other than short-term SBITAs.*

The District has obtained the right to use *describe IT software and/or underlying IT assets* under the provisions of various subscription-based information technology arrangements. *Modify accordingly – the District should provide a general description of its SBITAs.*

The total amount of subscription assets and the related accumulated amortization are as follows: *(GASB 96, paragraph 60 [b])*

|  |  |
| --- | --- |
| Total intangible right-to-use subscription assets |  |
| Less: accumulated amortization |  |
| Carrying value |  |

The following schedule details minimum subscription payments to maturity for the District’s subscriptions liability at June 30, 2023:

| Year ending June 30 |  | Principal |  | Interest |
| --- | --- | --- | --- | --- |
| 2024 |  |  |  |  |
| 2025 |  |  |  |  |
| 2026 |  |  |  |  |
| 2027 |  |  |  |  |
| 2028 |  |  |  |  |
| 2029-33 |  |  |  |  |
| 2034-38 |  |  |  |  |
| 2039-43 |  |  |  |  |
| Total |  |  |  |  |

*If the District has material variable subscription payments and/or other payments that are NOT included in the subscriptions liability, disclose the following information as applicable. (GASB 96, paragraph 60 [a], [c], [d])*

*Variable subscription payments*

The District’s SBITAs include variable subscription payments that are not included in the subscriptions liability because they are not fixed in substance. *Describe the basis, terms, and conditions on which variable payments not included in the measurement of the subscriptions liability are determined.* During the fiscal year ended June 30, 2023, the District recognized expenses of $\_\_\_\_\_\_\_ for variable subscription payments not included in the measurement of the subscriptions liability.

*Other payments*

The District’s SBITAs include other payments, such as termination penalties, that are not included in the subscriptions liability because they are not reasonably certain of being required. *Modify as appropriate.* During the fiscal year ended June 30, 2023, the District recognized expenses of $\_\_\_\_\_\_\_ for other payments not included in the measurement of the subscriptions liability.

*The District should also provide relevant disclosures for the components of any impairment loss and any related change in the subscriptions liability, as applicable (see GASB 96, paragraph 60 [g])*

Asset retirement obligations—*If the District has recognized asset retirement obligations, it should disclose the information required by GASB Statement No. 83, paragraphs 27 – 29.*

# Note \_ - Conduit debt

*The District (as the issuer) should disclose the following general information about conduit debt obligations (GASB 91, paragraph 25):*

1. *A general description of the issuer’s conduit debt obligation(s).*
2. *A general description of the issuer’s limited commitment(s).*
3. *A general description of the issuer’s voluntary commitment(s).*
4. *A general description of the issuer’s additional commitment(s), including:*
   1. *The legal authority and limits for extending the commitment(s).*
   2. *The length of time of the commitment(s).*
   3. *Arrangements, if any, for recovering payments from the third-party obligor(s).*
5. *The aggregate outstanding principal amount of all conduit debt obligations that share the same type of commitment(s) at the end of the reporting period.*

*If the District has also recognized a liability in accordance with GASB 91, paragraphs 10-17, it should make additional disclosures as follows (GASB 91, paragraph 26):*

1. *A brief description of the timing of recognition and measurement of the liability and information about the changes in the recognized liability, including the following:*
   1. *Beginning-of-period balances.*
   2. *Increases, including initial recognition and adjustments increasing estimates.*
   3. *Decreases, including payments made and adjustments decreasing estimates.*
   4. *End-of-period balances.*
2. *Cumulative amounts of payments that have been made on the recognized liability at the reporting date, if any.*
3. *Amounts expected to be recovered from those payments, if any.*

# Note \_ - Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all such risks of loss, including workers’ compensation, employees’ health, and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past 3 fiscal years. *Modify as appropriate.*

*Provide similar disclosures for all other district risk-financing activities when it assumes the risks of loss, including its participation in a risk pool or being self-insured for health, dental, and other benefits to its employees. See GASB Codification §§C50.145 and Po20 for disclosure requirements.*

# Note \_ - Pension and other postemployment benefits

The notes to the financial statements should not include immaterial disclosures (GASB Statement 38). Accordingly, the District should omit the disclosures shown below for any OPEB plan that is not material. If a net OPEB asset or liability is included for the plan on the statement of net position, the District may mention the plan and state that it is not further disclosed because of its relative insignificance to the District’s financial statements.

If the District provides its own retirees’ healthcare benefits, the District should also follow the accounting and disclosure requirements of GASB Statement No. 74 or 75, as applicable.

If the District makes employer contributions to a 457 plan that meets the definition of a pension plan, the District should follow the accounting and disclosure requirements of Statement No. 68 or 73, as applicable. (GASB Statement No. 97)

Plan description—District employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at [18TUwww.azasrs.gov](http://www.azasrs.gov)U18T.

Benefits provided—The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

|  |  |  |
| --- | --- | --- |
|  | Retirement  Initial membership date: | |
|  | Before July 1, 2011 | On or after July 1, 2011 |
| Years of service and age required to receive benefit | Sum of years and age equals 80  10 years, age 62  5 years, age 50\*  any years, age 65 | 30 years, age 55  25 years, age 60  10 years, age 62  5 years, age 50\*  any years, age 65 |
| Final average salary is based on | Highest 36 consecutive months  of last 120 months | Highest 60 consecutive months  of last 120 months |
| Benefit percent per year of service | 2.1% to 2.3% | 2.1% to 2.3% |

\*With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member’s death. For retired members, the retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member’s account balance that includes the member’s contributions and employer’s contributions, plus interest earned.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from $100 per month to $260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

Contributions—In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2023, statute required active ASRS members to contribute at the actuarially determined rate of 12.17 percent (12.03 percent for retirement and 0.14 percent for long-term disability) of the members’ annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 12.17 percent (11.92 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.14 percent for long-term disability) of the active members’ annual covered payroll. *If the District also made alternative contributions for retired members who returned to work, add the following sentence:* In addition, the District was required by statute to contribute at the actuarially determined rate of 9.68 percent (9.62 percent for retirement and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked for the District in positions that an employee who contributes to the ASRS would typically fill. The District’s contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2023, were $\_\_\_\_\_\_\_\_\_\_\_\_, $\_\_\_\_\_\_\_\_\_\_\_\_, and $\_\_\_\_\_\_\_\_\_\_\_\_, respectively. *Source: district records*

Liability—At June 30, 2023, the District reported the following asset and liabilities for its proportionate share of the ASRS’ net pension/OPEB asset or liability. *Source: ASRS schedule of pension/OPEB amounts by employer*

| ASRS | Net pension/OPEB (asset) liability |
| --- | --- |
| Pension |  |
| Health insurance premium benefit |  |
| Long-term disability |  |

The net asset and net liabilities were measured as of June 30, 2022. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2021, to the measurement date of June 30, 2022.

The District’s proportion of the net asset or net liability was based on the District’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2022. The District’s proportion measured as of June 30, 2022, and the change from its proportions measured as of June 30, 2021, were: *Source: ASRS schedule of employer pension/OPEB allocations and calculation of difference between percentage from ASRS schedules of employer pension/OPEB allocations for current and prior measurement date*

| ASRS | Proportion  June 30, 2022 | Increase (decrease) from  June 30, 2021 |
| --- | --- | --- |
| Pension | % |  |
| Health insurance premium benefit |  |  |
| Long-term disability |  |  |

*If any changes expected to have a significant effect on the measurement of the District’s proportionate share of the collective net pension/OPEB liability occurred between the measurement date and the reporting date, the District should provide a brief description of the nature of the changes and the amount of the expected resultant change in the District’s proportionate share of the collective net pension/OPEB liability, if known.*

Expense—For the year ended June 30, 2023, the District recognized the following pension and OPEB expense. *Source: ASRS schedule of pension/OPEB amounts by employer*

| ASRS | Pension/OPEB expense |
| --- | --- |
| Pension |  |
| Health insurance premium benefit |  |
| Long-term disability |  |

Deferred outflows/inflows of resources—At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources: *Source: ASRS schedule of pension/OPEB amounts by employer*

| ASRS | Pension | | |  | Health insurance premium benefit | | |  | Long-term disability | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Deferred outflows of resources |  | Deferred inflows of resources |  | Deferred outflows of resources |  | Deferred inflows of resources |  | Deferred outflows of resources |  | Deferred inflows of resources |
| Differences between expected and actual experience | $ |  | $ |  | $ |  | $ |  | $ |  | $ |
| Changes of assumptions or other inputs |  |  |  |  |  |  |  |  |  |  |  |
| Net difference between projected and actual earnings on plan investments |  |  |  |  |  |  |  |  |  |  |  |
| Changes in proportion and differences between district contributions and proportionate share of contributions |  |  |  |  |  |  |  |  |  |  |  |
| District contributions subsequent to the measurement date *Source: district records* |  |  |  |  |  |  |  |  |  |  |  |
| Total | $ |  | $ |  | $ |  | $ |  | $ |  | $ |

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from district contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions and OPEB will be recognized as expenses as follows: *Source: ASRS schedule of net deferred outflows and inflows of resources by employer to be recognized in pension/OPEB expense, 5 years and in aggregate thereafter, which is by measurement date. The schedule below should be by the District’s reporting fiscal year. For example, in the schedule below, report the June 30, 2023 (measurement date), ASRS schedule amount for the District’s June 30, 2024 (reporting date).*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Year ending June 30 | Pension |  | Health insurance premium benefit |  | Long-term disability |
| 2024 |  |  |  |  |  |
| 2025 |  |  |  |  |  |
| 2026 |  |  |  |  |  |
| 2027 |  |  |  |  |  |
| 2028 |  |  |  |  |  |
| Thereafter |  |  |  |  |  |

Actuarial assumptions—The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

|  |  |
| --- | --- |
| Actuarial valuation date | June 30, 2021 |
| Actuarial roll forward date | June 30, 2022 |
| Actuarial cost method | Entry age normal |
| Investment rate of return | 7.0% |
| Projected salary increases | 2.9–8.4% for pensions/not applicable for OPEB |
| Inflation | 2.3% |
| Permanent benefit increase | Included for pensions/not applicable for OPEB |
| Mortality rates | 2017 SRA Scale U-MP for pensions and health insurance premium benefit |
| Recovery rates | 2012 GLDT for long-term disability |
| Healthcare cost trend rate | Not applicable |

Actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

|  |  |  |
| --- | --- | --- |
| Asset class | Target allocation | Long-term expected geometric real rate of return |
| Equity | 50% | 3.90% |
| Fixed income - credit | 20% | 5.30% |
| Fixed income - interest rate sensitive | 10% | (0.20%) |
| Real estate | 20% | 6.00% |
| Total | 100% |  |

Discount rate—At June 30, 2022, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the District’s proportionate share of the ASRS net pension/OPEB (asset) liability to changes in the discount rate—The following table presents the District’s proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.0 percent, as well as what the District’s proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate: *Source: ASRS schedule of pension amounts by employer*

|  |  |  |  |
| --- | --- | --- | --- |
| District’s proportionate share of the | 1% Decrease (6.0%) | Current discount rate (7.0%) | 1% Increase (8.0%) |
| Net pension liability | $ | $ | $ |
| Net health insurance premium benefit liability (asset) |  |  |  |
| Net long-term disability liability |  |  |  |

Plan fiduciary net position—Detailed information about the plans’ fiduciary net position is available in the separately issued ASRS financial report.

Contributions payable—The District’s accrued payroll and employee benefits included $\_\_\_\_\_\_\_\_\_ of outstanding pension and OPEB contribution amounts payable to ASRS for the year ended June 30, 2023. *If the District reported other payables to ASRS for pensions or OPEB at fiscal year-end, the District should disclose the payable amount, significant terms related to the payable, and a description of what gave rise to the payable.*

# Note \_ - Operating expenses

The District’s operating expenses are presented by functional classification in the statement of revenues, expenses, and changes in net position—primary government. The operating expenses can also be classified into the following:

|  |  |
| --- | --- |
| Personal services |  |
| Contract services |  |
| Supplies and other services |  |
| Communications and utilities |  |
| Scholarships |  |
| Depreciation/amortization |  |
| Other |  |
| Total |  |

# Note \_ - Other disclosures

*If the District had related organizations (GASB Cod. §2600, paragraph 128); joint ventures or jointly governed organizations (GASB Cod. §J50); related-party transactions or going concern considerations (GASB Cod. §2250); donor-restricted endowments (GASB Cod. §2300); significant contingencies (GASB Cod. §§1500 and C50); significant subsequent events (GASB Cod. §§2250, 2300, and C50); or restricted assets obscured by aggregation, disclose the details here. Also, see the financial statement disclosure checklist for a list of other disclosures that may apply.*

# Note \_ - Discretely presented component unit disclosures

*The District must include those disclosures of the discretely presented component unit that are essential to the fair presentation of the District’s basic financial statements. Determining which discretely presented component unit disclosures are essential to fair presentation is a matter of professional judgment and a consideration of the nature and significance of the component unit’s relationship to the District. See GASB Statement No. 61, paragraph 11, for disclosure requirements.*

*The District should segregate discretely presented component unit disclosures from disclosures relating to the District. The District can accomplish this by presenting component unit information after the district information for each relevant disclosure or by presenting the component unit’s disclosures after the District’s disclosures. GASB Implementation Guide No. 2015-1, question 4.39.6.*

*In addition, the District is required to display major discretely presented component unit financial statements separately in the District’s financial statements. Determination that a component unit is “major” should be based on the nature and significance of its relationship to the primary government. (GASB Statement No. 61, paragraph 7, and GASB Cod. §2600.108). The reporting requirements may be satisfied by one of the following:*

* *Presenting each major component unit in a separate column in the District’s statements of net position and activities.*
* *Including combining statements of major component units after the District’s statements.*
* *Presenting condensed financial statements in the notes. If the District presents condensed financial statements, it must include all the requirements in GASB Statement No. 34, paragraph 127.*

*Nonmajor component units should be aggregated in a single column. A combining statement for the nonmajor component units is not required but may be presented as supplementary information. (GASB Statement No. 34, paragraph 126, footnote 50, and GASB Statement No. 61, paragraph 7)*

*Further, the notes to the financial statements should disclose, for each major component unit, the nature and amount of significant transactions with the primary government and other component units.*