

School district financial statements reporting guidelines–2020

The Office of the Auditor General created these reporting guidelines following the Governmental Accounting Standards Board's (GASB), the U.S Government Accountability Office's, and the American Institute of Certified Public Accountants' authoritative literature. They include illustrative examples of financial statements, disclosures, and schedules, as well as the auditors' report. The examples are neither authoritative nor required to be followed. Instead, they provide sample displays and disclosures to help ensure consistent and accurate presentation.

When District management uses these guidelines, management agrees to take responsibility for preparing and fairly presenting the District's basic financial statements, related note disclosures, and all accompanying information, including required supplementary information (RSI), supplementary information other than RSI, and other required disclosures. District management should ensure that its reports follow applicable authoritative guidance.

GASB Statement Implementation

GASB Statement 84 *Fiduciary Activities*, as originally issued, was effective for June 30, 2020, financial statements, and the *Uniform System of Financial Records* Chart of Accounts was revised in June 2019 to incorporate the effects of Statement 84. Districts should have followed the revised Chart as of July 1, 2019. Accordingly, these guidelines incorporate the effects of Statement 84 as well. However, in May 2020, Statement 95 *Postponement of the Effective Dates of Certain Authoritative Guidance* postponed the effective date of Statement 84 to June 30, 2021, financial statements. As a result, District management may choose not to implement Statement 84 for the June 30, 2020, financial statements.

For June 30, 2020, financial statements, District management should consider the following GASB guidance related to the COVID-19 pandemic and previously effective GASB standards:

- Technical Bulletin No. 2020-1 *Accounting and Financial Reporting Issues Related to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and Coronavirus Diseases*
- [Emergency Toolbox](#)

This font signifies an instruction or explanation that should not appear in the final report.

_____ School District No. _____
Financial statements
June 30, 2020

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Independent auditors' report

The Governing Board of
_____ School District No. ____

Report on the financial statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of _____ School District No. ____ as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the District as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of matter

Add an emphasis of matter paragraph for consistency here if the District implemented a new GASB accounting standard during fiscal year 2020 and the implementation of the new standard

had a material effect on the District's financial statements/disclosures (i.e., GASB Statement No. 84, Fiduciary Activities).

Other matters

Required supplementary information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages ___ through ___, budgetary comparison schedules on pages ___ through ___, schedule of the District's proportionate share of the net pension/OPEB liability on page ___, and schedule of District pension/OPEB contributions on page ___ be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Add the following 2 paragraphs if the District includes a schedule of expenditures of federal awards with its financial statements.

Supplementary information—schedule of expenditures of federal awards

Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is management's responsibility and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Add the following 3 paragraphs if the District issues a Comprehensive Annual Financial Report (CAFR).

Supplementary and other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and schedules and the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining and individual fund statements and schedules are management's responsibility and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated **[report date]** on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Auditors' report date

Illustrative auditors' reports, other than the preceding unmodified opinion on basic financial statements, are included in the AICPA Audit and Accounting Guide, State and Local Governments.

Management's discussion and analysis (MD&A)

This should be printed on the District's letterhead or otherwise clearly noted that it is the District's document. The District's MD&A must comply with the provisions of GASB Statement No. 34, but cannot go beyond those provisions. Refer to GASB Statement No. 34, paragraphs 8-11 and GASB Statement No. 37, paragraph 4.

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the year ended June 30, 2020. Please read it in conjunction with the transmittal letter on page ___ and the District's basic financial statements, which begin on page ___. ***Modify as needed.***

_____ School District No. _____ in 2020

Using this annual report—

Explain the reporting model—including how the statements relate to one another and the significant differences between them. Describe how the information in the fund financial statements reinforces the information in the government-wide statements, or at least provides additional information.

Overall analysis—

Discuss the District's current-year results in comparison with the prior year, emphasizing the current year. Explain the District's overall financial position from the statement of net position and results of operations from the statement of activities in a way that helps users assess whether conditions are better or worse than the previous year and why. The focus of the analysis should be on the primary government, addressing both governmental and business-type activities, as applicable.

The analysis must provide the reasons for significant changes rather than simply the amounts or percentages of changes. The analysis should also take into account any important economic factors that significantly affected the District's operating results during the year. Use graphics where appropriate. Also, where appropriate, incorporate the required elements listed in the next section. Further, explain any restrictions, commitments, or other limitations that significantly affect the future use of resources.

Required elements—

The District should present the information needed to support the preceding analysis. Accordingly, MD&A must include condensed financial information derived from the government-wide financial statements comparing the current year to the prior year and must include the following elements:

- ***Total assets, distinguishing between capital and other assets.***
- ***Total deferred outflows of resources.***
- ***Total liabilities, distinguishing between long-term liabilities and other liabilities.***
- ***Total deferred inflows of resources.***
- ***Total net position, distinguishing among net investment in capital assets, restricted amounts, and unrestricted amounts.***
- ***Program revenues, by major source.***
- ***General revenues, by major source.***

- *Total revenues.*
- *Program expenses, at a minimum by function.*
- *Total expenses.*
- *Excess (deficiency) before contributions to term and permanent endowments or permanent fund principal, special and extraordinary items, and transfers.*
- *Contributions.*
- *Special and extraordinary items.*
- *Transfers.*
- *Change in net position.*
- *Ending net position.*

Fund analysis—

Discuss individual funds' balances and transactions. Explain the reasons for any significant changes in fund balances or fund net position. Also, explain any restrictions, commitments, or other limitations that significantly affect the future use of fund resources.

Budget variations analysis—

If appropriate, and for the General Fund only, discuss significant variations between the original and final budget, and between the final budget and the actual amounts. Make a particular point of addressing any variations that could have a significant effect on future services or liquidity.

Capital asset and debt administration—

Describe significant capital asset and long-term debt activity, including commitments for capital expenditures. Also, discuss any changes in the District's credit ratings and debt limitations that may affect its ability to finance its plans.

Other significant matters—

*Comment on any facts, decisions, or conditions known as of the auditors' report date that could significantly impact the District's financial position or results of operations. Examples of these types of situations include **the COVID-19 pandemic**, acceptance or termination of major grant awards, large changes in student count, claims adjudicated, natural disasters, significant changes in tax rates, etc. These matters should include situations that occurred during the year and up through the auditors' report date and include only known facts, decisions, and conditions.*

Statement of net position

June 30, 2020

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents			
Investments			
Cash and investments held by trustee(s)			
Receivables (net of allowances for uncollectibles):			
Property taxes			
Accounts			
Accrued interest			
Other			
Internal balances			
Due from other governments			
Cash and investments held by trustee(s)—restricted			
Inventories			
Prepaid items			
Net other postemployment benefits asset			
Capital assets, not being depreciated			
Capital assets, being depreciated, net			
Total assets			
Deferred outflows of resources			
Deferred outflows related to pensions and other postemployment benefits			
Deferred charge on debt refunding			
Deferred outflows for asset retirement obligations			
<i>List other deferred outflows</i>			
Total deferred outflows of resources			
Liabilities			
Accounts payable			
Accrued payroll and employee benefits			
Contracts payable			
Accrued interest			
Due to other governments			
Unearned revenue			
Noncurrent liabilities			
Due within 1 year			
Due in more than 1 year			
Total liabilities			
Deferred inflows of resources			
Deferred inflows related to pensions and other postemployment benefits			
Deferred credit on debt refunding			
Beneficial interest in irrevocable split-interest agreements			
<i>List other deferred inflows</i>			
Total deferred inflows of resources			

Statement of net position

June 30, 2020

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Net position			
Net investment in capital assets			
Restricted for:			
Debt service			
Capital projects			
Other purposes <i>Use this line for the accumulation of immaterial restricted amounts.</i>			
Unrestricted (deficit)	_____	_____	_____
Total net position	=====	=====	=====

Statement of activities

Year ended June 30, 2020

Functions/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Governmental activities:							
Instruction							
Support services:							
Students							
Instruction							
General administration							
School administration							
Central and other support services							
Operation and maintenance of plant							
Student transportation							
Operation of noninstructional services							
Interest on long-term debt							
Total governmental activities							
Business-type activities:							
<i>List any separately identifiable activities</i>							
Total business-type activities							
Total primary government							
General revenues:							
Taxes:							
Property taxes, levied for general purposes							
Property taxes, levied for debt service							
Shared revenue—State sales taxes							
Intergovernmental revenues not restricted:							
Federal							
State							
_____ County							
Investment earnings							
Gain on disposal of capital assets							
Miscellaneous							
Special item(s):							
<i>Describe nature of event or transaction</i>							
Extraordinary item(s):							
<i>Describe nature of event or transaction</i>							
Transfers							
Total general revenues, special and extraordinary items, and transfers							
Change in net position							
Net position, July 1, 2019, restated							
Net position, June 30, 2020							

**Balance sheet
Governmental funds**

June 30, 2020

	<u>General Fund</u>	<u>Major Fund</u>	<u>Major Fund</u>	<u>Major Fund</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
Assets						
Cash and cash equivalents						
Investments						
Cash and investments held by trustee(s)						
Receivables (net of allowances for uncollectibles):						
Property taxes						
Accounts						
Accrued interest						
Other						
Due from other funds						
Due from other governments						
Cash and investments held by trustee(s)—restricted						
Inventories						
Prepaid items						
Total assets						
Liabilities:						
Accounts payable						
Accrued payroll and employee benefits						
Contracts payable						
Accrued interest						
Due to other funds						
Due to other governments						
Bonds payable						
Bond interest payable						
Unearned revenue						
Total liabilities						
Deferred inflows of resources						
Unavailable revenue:						
Property taxes						
Intergovernmental						
Beneficial interest in irrevocable split-interest agreements						
<i>List other deferred inflows</i>						
Total deferred inflows of resources						
Fund balances:						
Nonspendable						
Restricted						
Committed						
Assigned						
Unassigned						
Total fund balances						
Total liabilities, deferred inflows of resources, and fund balances						

Reconciliation of the governmental funds balance sheet to the government-wide statement of net position

June 30, 2020

Fund balances—total governmental funds

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.

Long-term liabilities, including net pension/OPEB liabilities and bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Deferred outflows and inflows of resources related to pensions/OPEB and asset retirement obligations and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds. **Modify as appropriate.**

Internal service funds are used by management to charge the costs of certain activities, such as insurance, equipment maintenance, and telecommunications, to individual funds. **Modify as appropriate.** The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position. **Modify as appropriate.**

Net position of governmental activities

=====

Statement of revenues, expenditures, and changes in fund balances

Governmental funds

Year ended June 30, 2020

	General Fund	<i>Major</i> Fund	<i>Major</i> Fund	<i>Major</i> Fund	Other governmental funds	Total governmental funds
Revenues:						
Property taxes						
Intergovernmental grants and aid:						
Federal						
State						
_____ County						
Tuition						
Investment earnings						
Other						
Total revenues	_____	_____	_____	_____	_____	_____
Expenditures:						
Current:						
Instruction						
Support services:						
Students						
Instruction						
General administration						
School administration						
Central and other support services						
Operation and maintenance of plant						
Student transportation						
Operation of noninstructional services						
Debt service:						
Principal						
Interest and other charges						
Bond issuance costs						
Capital outlay						
Total expenditures	_____	_____	_____	_____	_____	_____
Excess (deficiency) of revenues over expenditures	_____	_____	_____	_____	_____	_____
Other financing sources (uses):						
General obligation bonds issued						
Premium/Discount on general obligation bonds						
Tax anticipation notes issued						
Capital lease agreement(s)						
Sale of capital assets						
Transfers in						
Transfers out						
Total other financing sources and uses	_____	_____	_____	_____	_____	_____
Special item(s):						
<i>Describe nature of event or transaction.</i>						
Extraordinary item(s):						
<i>Describe nature of event or transaction.</i>						
Net change in fund balances	_____	_____	_____	_____	_____	_____
Fund balances, July 1, 2019, restated	_____	_____	_____	_____	_____	_____
Changes in nonspendable resources:						
Increase (decrease) in inventories						
Increase (decrease) in prepaid items						
Fund balances, June 30, 2020	_____	_____	_____	_____	_____	_____

Reconciliation of the governmental funds statement of revenues, expenditures, and changes in fund balances to the government-wide statement of activities

Year ended June 30, 2020

Net change in fund balances—total governmental funds

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

- Capital outlay
 - Depreciation expense
-

In the statement of activities, only the gain/loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of capital assets sold.

District pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension/OPEB liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the statement of activities.

- District pension/OPEB contributions
 - Pension/OPEB expense
-

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. **OR** Collections of revenues in the governmental funds exceeded revenues reported in the statement of activities.

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are amortized in the statement of activities.

- Debt issued or incurred
 - Principal repaid
 - Amortization of bond discount/premium
 - Amortization of deferred charge/credit on bond refunding
-

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses are reported regardless of when the financial resources are available.

- (Increase **or** Decrease) in compensated absences
 - (Increase **or** Decrease) in claims and judgments
-

Reconciliation of the governmental funds statement of revenues, expenditures, and changes in fund balances to the government-wide statement of activities

Year ended June 30, 2020

Some cash outlays, such as purchases of inventories, are reported as expenditures in the governmental funds when purchased. In the statement of activities, however, they are reported as expenses when consumed.

(Increase *or* Decrease) in inventories

(Increase *or* Decrease) in prepaids

Internal service funds are used by management to charge the costs of certain activities, such as insurance, equipment maintenance, and telecommunications to individual funds. ***Modify as appropriate.*** The net revenue (expense) of certain internal service funds is reported with governmental activities in the statement of activities. ***Modify as appropriate.***

Change in net position of governmental activities

=====

Statement of net position

Proprietary funds

June 30, 2020

	Business-type activities—enterprise funds			Governmental activities— internal service funds
	Major Fund	Major Fund	Other enterprise funds	
			Totals	
Assets				
Current assets:				
Cash and cash equivalents				
Investments				
Receivables (net of allowances for uncollectibles)				
Accounts				
Accrued interest				
Other				
Due from other funds				
Due from other governments				
Inventories				
Prepaid items				
Total current assets				
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents				
Investments				
Net other postemployment benefits asset				
Capital assets, net of accumulated depreciation, where applicable:				
Land				
Buildings, net				
Equipment, net				
Intangibles, net				
Construction in progress				
Total capital assets, net				
Total noncurrent assets				
Total assets				
Deferred outflows of resources				
Deferred outflows related to pensions and other postemployment benefits				
Deferred charge on debt refunding				
List other deferred outflows				
Total deferred outflows of resources				
Liabilities				
Current liabilities:				
Accounts payable				
Accrued payroll and employee benefits				
Contracts payable				
Due to other funds				
Due to other governments				
Unearned revenue				
Compensated absences payable, current portion				
Claims and judgments payable, current portion				
Revenue bonds payable, current portion				
Notes payable, current portion				
Capital leases payable, current portion				
Total current liabilities				

Statement of net position

Proprietary funds

June 30, 2020

	Business-type activities—enterprise funds			Governmental activities— internal service funds
	Major Fund	Major Fund	Other enterprise funds Totals	
Noncurrent liabilities:				
Compensated absences payable				
Claims and judgments payable				
Revenue bonds payable				
Notes payable				
Capital leases payable				
Net pension and other postemployment benefits liability				
Total noncurrent liabilities				
Total liabilities				
Deferred inflows of resources				
Deferred inflows related to pensions and other postemployment benefits				
Deferred credit on debt refunding				
Beneficial interest in irrevocable split-interest agreements				
<i>List other deferred inflows</i>				
Total deferred inflows of resources				
Net position				
Net investment in capital assets				
Restricted for:				
Debt service				
<i>List and describe purpose of other restrictions.</i>				
Unrestricted (deficit)				
Total net position				

Statement of revenues, expenses, and changes in fund net position

Proprietary funds

Year ended June 30, 2020

	Business-type activities—enterprise funds			Totals	Governmental activities—internal service funds
	Major Fund	Major Fund	Other enterprise funds		
Operating revenues:					
Charges for services					
Insurance premiums					
Miscellaneous					
Total operating revenues					
Operating expenses:					
Personal services					
Professional services					
Supplies					
Utilities					
Repairs and maintenance					
Insurance claims and services					
Depreciation					
Other					
Total operating expenses					
Operating income (loss)					
Nonoperating revenues (expenses):					
Noncapital grants					
Investment earnings					
Miscellaneous revenue					
Interest expense					
Miscellaneous expense					
Gain (loss) on disposal of capital assets					
Total nonoperating revenues (expenses)					
Income (loss) before contributions, gains, losses, and transfers					
Capital contributions					
Special item(s):					
<i>Describe nature of event or transaction</i>					
Extraordinary item(s):					
<i>Describe nature of event or transaction</i>					
Transfers in					
Transfers out					
Increase (decrease) in net position					
Net position, July 1, 2019					
Net position, June 30, 2020					

Statement of cash flows

Proprietary funds

Year ended June 30, 2020

	Business-type activities—enterprise funds			Governmental activities—internal service funds
	Major Fund	Major Fund	Other enterprise funds Totals	
Cash flows from operating activities:				
Receipts from customers				
Receipts from other funds for goods and services provided				
Other receipts <i>Describe if necessary</i>				
Payments to suppliers and providers of goods and services				
Payments for employee wages and benefits				
Payments to other funds for goods and services				
Other payments <i>Describe if necessary</i>				
Net cash provided by (used for) operating activities				
Cash flows from noncapital financing activities:				
Noncapital grant receipts				
Cash transfers from other funds				
Cash transfers to other funds				
Net cash provided by (used for) noncapital financing activities				
Cash flows from capital and related financing activities:				
Proceeds from sale of revenue bonds				
Cash contributions for capital purposes				
Proceeds from sale of capital assets				
Purchases of capital assets				
Payments made to contractors				
Principal paid on revenue bond maturities				
Interest paid on revenue bonds				
Net cash provided by (used for) capital and related financing activities				
Cash flows from investing activities:				
Proceeds from sales and maturities of investments				
Interest received on investments				
Purchases of investments				
Net cash provided by (used for) investing activities				
Net increase (decrease) in cash and cash equivalents				
Cash and cash equivalents, July 1, 2019				
Cash and cash equivalents, June 30, 2020				

Statement of cash flows

Proprietary funds

Year ended June 30, 2020

	<u>Business-type activities—enterprise funds</u>			<u>Governmental activities—internal service funds</u>
	<u>Major Fund</u>	<u>Major Fund</u>	<u>Other enterprise funds</u>	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)				
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation				
Amortization				
Provision for uncollectible accounts				
Expenses incurred but not reported				
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Net other postemployment benefits asset				
Net pension and other postemployment benefits liability				
Deferred outflows related to pensions and other postemployment benefits				
Deferred inflows related to pensions and other postemployment benefits				
<i>List other appropriate assets, deferred outflows of resources, liabilities, and deferred inflows of resources.</i>				
Net cash provided by (used for) operating activities	<u> </u>	<u> </u>	<u> </u>	<u> </u>

If statement of net position line items are other than cash and cash equivalents, provide a reconciliation.

Noncash investing, capital, and noncapital financing activities: *Report information about all investing, capital, and noncapital financing activities during the year that affected recognized assets, deferred outflows of resources, liabilities, or deferred inflows of resources but did not result in cash receipts or cash payments during the year. Present this information in a separate schedule, which may be in either a narrative or a tabular format, and clearly describe the cash and noncash aspects of transactions involving similar items. The schedule may be presented, if space permits, on the same page as the statement of cash flows.*

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.

The 2012 GAAFR also emphasizes the importance of including only material disclosures and discourages negative disclosures such as “there are no subsequent events to report.” See GAAFR, p. 346, for more information.

Note 1 - Summary of significant accounting policies

_____ School District No. ___'s accounting policies conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

If the District implemented GASB Statement No. 84, include the following paragraph. Also, add a similar paragraph for any additional new accounting standards adopted with a brief description of their impact on the District's financial statement.

For the year ended June 30, 2020, the District implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes. Fiduciary funds the District reported in the prior year do not meet these new fiduciary activities criteria and have been reclassified as governmental activities.

A. Reporting entity

The District is a special-purpose government that a separately elected governing body governs. It is legally separate from and fiscally independent of other State and local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements present only the activities of those organizational entities for which its elected governing board is financially accountable.

See GASB Statement Nos. 14, 34, 39, 61, and 80 for additional required disclosures concerning component units, related organizations, joint ventures, and jointly governed organizations.

B. Basis of presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information's usefulness.

Government-wide statements—Provide information about the primary government (the District). The statements include a statement of net position and a statement of activities. These statements report the overall government's financial activities, except for fiduciary activities. They also distinguish between the District's governmental and business-type activities. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties. ***Modify as appropriate for business-type activities.***

_____ School District No. _____
Notes to financial statements
June 30, 2020

A statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses to programs or functions. Program revenues include:

- charges to customers for goods, services, or privileges provided;
- operating grants and contributions; and
- capital grants and contributions.

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes, are reported as general revenues.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double-counting of internal activities. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

Fund financial statements—Provide information about the District's funds. Separate statements are presented for the governmental and proprietary fund categories. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from transactions associated with the fund's principal activity. Accordingly, revenues, such as charges for services, **modify as appropriate and describe any other examples of significant operating revenues of the proprietary funds** in which each party receives and gives up essentially equal values are operating revenues. Other revenues result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues along with investment earnings and revenues ancillary activities generate. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses. **Modify as appropriate in accordance with GASB Statement No. 34, paragraph 102.**

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources used for maintenance and operation, except those required to be accounted for and reported in another fund.

The _____ Fund accounts for **explain fund's purpose. Also, for each major special revenue fund, identify the fund's significant revenues and other financing sources as GASB Statement No. 54, paragraph 32, requires. Repeat for each major governmental fund.**

The District reports the following major enterprise funds:

The _____ Fund accounts for **explain fund's purpose. Repeat for each major enterprise fund.**

The District reports the following fund types:

The *internal service funds* account for multi-government agreements and insurance **modify as appropriate and describe any other goods or services applicable to the District's internal service funds** provided within the District or to other governments on a cost-reimbursement basis.

C. Basis of accounting

_____ School District No. _____
Notes to financial statements
June 30, 2020

The government-wide and proprietary fund 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. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Under the terms of grant agreements, the District funds certain programs by a combination of grants and general revenues. Therefore, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. The District applies grant resources to such programs before using general revenues. **Modify if the District's policy is to apply unrestricted revenues first. This policy should be consistent with the flow assumption used for single audit purposes.**

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. The District's major revenue sources that are susceptible to accrual are property taxes, tuition, intergovernmental grants and aids, and investment earnings. **Add or delete major revenue sources that are susceptible to accrual from this list, as necessary.** Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, and asset retirement obligations, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

D. Cash and investments

Add the following paragraph to define the proprietary funds' cash and cash equivalents.

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, 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.**

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

E. Inventories

Inventories in the government-wide and proprietary funds’ financial statements are recorded as assets when purchased and expensed when consumed. These inventories are stated at cost using the **describe valuation method** and **describe valuation method**, respectively.

The District accounts for its inventories in the governmental funds using the purchase method. Inventories of the governmental funds consist of expendable supplies held for consumption and are recorded as expenditures at the time of purchase. Amounts on hand at year-end are shown on the balance sheet as an asset for informational purposes only and as nonspendable fund balance to indicate that they do not constitute “available spendable resources.” These inventories are stated at cost using the **describe valuation method. When the consumption method is used to account for governmental fund inventories, modify the above paragraph accordingly.**

F. Property tax calendar

The _____ County Treasurer is responsible for collecting property taxes for all governmental entities within the County. The County levies real and personal property taxes on or before the third Monday in August that become due and payable in 2 equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

G. 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 methods, and estimated useful lives of capital assets are as follows:

	<u>Capitalization threshold</u>	<u>Depreciation method</u>	<u>Estimated useful life</u>
Land			
Land improvements			
Buildings			
Equipment			
Intangibles <i>(may list by major category)</i>			

H. Deferred outflows and inflows of resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods. **Modify as applicable.**

I. 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.

J. Fund balance classifications

The governmental funds' fund balances are reported separately within classifications based on a hierarchy of the constraints placed on those resources' use. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form, such as inventories, or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations the District's Governing Board approved, which is the highest level of decision-making authority within the District. Only the Governing Board can remove or change the constraints placed on committed fund balances. **Modify as necessary to describe the formal action needed to establish, modify, or rescind the commitment.**

Assigned fund balances are resources constrained by the District's intent to be used for specific purposes, but that are neither restricted nor committed. The Governing Board has authorized the superintendent, _____, and _____ to assign resources for a specific purpose. **Modify as necessary to describe the officials authorized to make assignments and the policy pursuant to which authorization is given.**

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the District's policy to use (the District will use) restricted fund balance first. It is the District's policy to use (the District will use) committed amounts first when disbursing unrestricted fund balances, followed by assigned amounts, and lastly unassigned amounts. **Modify as necessary to describe the District's hierarchy for use of its fund balances. If the District does not have a formal policy for its use of unrestricted fund balance amounts, it should consider that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.**

K. Investment earnings

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

L. Compensated absences *Modify as appropriate.*

Compensated absences payable consists of vacation 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 government-wide and proprietary funds' financial statements. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal year-end.

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.

Note _ - Change in accounting principle *Include this note if the District implemented GASB Statement No. 84*

Net position and fund balance as of July 1, 2019, have been restated as follows for the implementation of GASB Statement No. 84, *Fiduciary Activities*.

	Governmental activities	Total governmental funds
Net position as previously reported at June 30, 2019	\$	\$
Prior period adjustment—implementation of GASB 84:		
Reclassification of fiduciary funds as governmental activities/funds		
Net position/fund balance as restated, July 1, 2019	\$	\$

Note _ - Reconciliations of certain information in governmental fund statements to information in government-wide statements

If aggregated information presented in the reconciliations of the government-wide financial statements to the fund financial statements obscures the nature of the individual elements of a particular reconciling item, provide details about those reconciling items here. See GASB Statement No. 34, paragraph 77.

Note _ - Stewardship, compliance, and accountability

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 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.*

_____ School District No. _____
Notes to financial statements
June 30, 2020

Deficit fund balances or net position—*Disclose deficit fund balance or net position of individual nonmajor funds since it cannot be seen in the aggregated nonmajor funds column. See GASB Cod. §2300.106.* At June 30, 2020, the following nonmajor funds reported deficits in fund balance or net position:

Fund	Deficit
Governmental funds: <i>List individual funds</i>	
Proprietary funds: <i>List individual funds</i>	

Note _ - Deposits and investments

The required GASB risk disclosures for deposits and investments should be made for the primary government, including its blended component units. Risk disclosures should also be made for the governmental and business-type activities, individual major funds, nonmajor funds in the aggregate, or fiduciary fund types when the risk exposures are significantly greater than the deposit and investment risks of the primary government. For example, a primary government's total investments may not be exposed to concentration of credit risk. However, if the District has all of its investments in 1 issuer for an opinion unit, disclosure should be made for the opinion unit's exposure to a concentration of credit risk.

Arizona Revised Statutes require the District to deposit all cash with the County Treasurer, except as discussed below. Cash with the County Treasurer is pooled for investment purposes, except for cash in the bond building and debt service funds, which may be invested separately. As statute requires, interest earned by the bond building fund in the amount of \$_____ was recorded in the debt service fund. *Delete preceding sentence if the voters authorized or federal laws or rules required such interest earnings to be recorded in the bond building fund. Voter authorization must have been given in a separate question at the bond election.*

Statute authorizes the District to separately invest monies of the bond building and debt service funds in the State Treasurer's investment pool, obligations issued or guaranteed by the United States or any of its agencies or instrumentalities, specified State and local government bonds and notes, and interest-bearing savings accounts or certificates of deposit.

Statute authorizes the District to deposit monies of the auxiliary operations and student activities funds in bank accounts. The District may also invest these monies. In addition, statute authorizes the District to maintain various bank accounts such as clearing accounts to temporarily deposit receipts before they are transmitted to the County Treasurer, revolving accounts to pay minor disbursements, and withholdings accounts for taxes and employee insurance programs. Some of these bank accounts may be interest bearing.

Statutes require collateral for deposits at 102 percent of all deposits not covered by federal depository insurance. Statute does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk.

Deposits—At June 30, 2020, 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 June 30, 2020, add the following recap and modify as necessary.*

_____ School District No. _____
Notes to financial statements
June 30, 2020

At June 30, 2020, \$_____ 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	
	<u>\$</u>

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, 2020. 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.

	Amount	Fair value measurement using		
		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				
List additional investment types				
Total investments categorized by fair value level	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

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	<u>\$</u>

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 pool 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.

_____ School District No. _____
Notes to financial statements
June 30, 2020

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

<i>List investment types</i>	Amount
Total investments measured at amortized cost	<div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="border-bottom: 1px solid black; width: 100%;"></div>

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, 2020, credit risk for the District’s investments was as follows: **Modify as necessary.**

Investment type	Rating	Rating agency	Amount
U.S. agency securities			\$
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 as of June 30, 2020, 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 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. 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 June 30, 2020, add the following and modify as necessary:** At June 30, 2020, 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, 2020, 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**

School District No. _____
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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. Districts 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 No. 79, paragraph 4. (GASB Statement No. 59, paragraph 6)

At June 30, 2020, the District had the following investments in debt securities:

Segmented time distribution example

Investment type	Amount	Investment maturities			
		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					
Local government bonds					
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

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)		
		<u>\$</u>

OR

_____ School District No. _____
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Weighted average maturity example

Investment type	Amount	Weighted average maturity (years) <i>or</i> (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 statements of net position follows:

Cash, deposits, and investments:	
Cash on hand	\$
Amount of deposits	
Amount of investments	
Total	\$

School District No. _____

Notes to financial statements
June 30, 2020

	Governmental activities	Business- type activities	Total
Statement of net position:			
Cash and cash equivalents	\$	\$	\$
Investments			
Cash and investments held by trustee(s)			
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.

Note _ - Capital assets

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Governmental activities:				
Capital assets not being depreciated:				
Land				
Construction in progress				
Total capital assets not being depreciated				
Capital assets being depreciated:				
Land improvements				
Buildings				
Equipment				
Intangibles <i>(may list by major categories)</i>				
Total				
Less accumulated depreciation for:				
Land improvements				
Buildings				
Equipment				
Intangibles <i>(may list by major categories)</i>				
Total				
Total capital assets being depreciated, net				
Governmental activities capital assets, net				
Business-type activities:				
Capital assets not being depreciated:				
Land				
Construction in progress				
Total capital assets not being depreciated				
Capital assets being depreciated:				
Land improvements				
Buildings				

School District No. _____

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	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Equipment				
Intangibles <i>(may list by major categories)</i>				
Total				
Less accumulated depreciation for:				
Land improvements				
Buildings				
Equipment				
Intangibles <i>(may list by major categories)</i>				
Total				
Total capital assets being depreciated, net				
Business-type activities 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.

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	
Support services:	
Students	
Instruction	
General administration	
School administration	
Central and other support services	
Operation and maintenance of plant	
Student transportation	
Operation of noninstructional services	
Internal service funds	
Total governmental activities depreciation expense	_____
Business-type activities:	
List activities	
Total business-type activities depreciation expense	_____

Note _ - Construction and other commitments

The District had major contractual commitments related to various capital projects at June 30, 2020, for the construction of ***(list projects)***. At June 30, 2020, 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)***.

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

Note _ - Restricted assets

If restricted assets' nature and purpose are obscured by aggregation or otherwise not sufficiently explained in the financial statements, provide that information here.

_____ School District No. _____
Notes to financial statements
June 30, 2020

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 and lines of credit) 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, 2020:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due within 1 year
Governmental activities					
General obligation bonds payable					
Discounts/premiums					
Total bonds payable					
Capital leases payable					
Asset retirement obligations					
Net pension and other					
postemployment benefits liability					
Insurance claims payable					
Compensated absences payable					
Claims and judgments payable					
<i>Add other line items as needed</i>					
Total governmental activities long-term liabilities					
Business-type activities					
Revenue bonds payable					
Discounts/premiums					
Total bonds payable					
Notes payable					
Capital leases payable					
Net pension and other					
postemployment benefits liability					
Compensated absences payable					
Claims and judgments payable					
<i>Add other line items as needed</i>					
Total business-type activities long-term liabilities					

_____ School District No. _____
Notes to financial statements
 June 30, 2020

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 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.

Bonds—The District’s bonded debt consists of various issues of general obligation 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. During the year, the District issued general obligation bonds totaling \$_____ to **describe the purpose**.

Of the total amount(s) originally authorized, \$_____ remains unissued. **If all the authorized bonds were issued, delete the preceding sentence.** The following bonds were outstanding at June 30, 2020:

Description	Original amount issued	Maturity ranges	Interest rates	Outstanding principal
General obligation bonds	\$			\$
General obligation bonds—refunding				
<i>List any other type of bonds</i>				\$

If issuing a CAFR 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, 2020:

Year ending June 30	Governmental activities General obligation bonds		Business-type activities <i>Use separate columns as needed</i>	
	Principal	Interest	Principal	Interest
2021				
2022				
2023				
2024				
2025				
2026-30				
2031-35				
2036-40				
2041-45				
2046-50				

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Notes to financial statements
 June 30, **2020**

	Governmental activities General obligation bonds	Business-type activities <i>Use separate columns as needed</i>
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:

- a. Identification of the specific revenue pledged and the approximate pledge amount.***
- b. Identification of, and general purpose for, the debt the pledged revenue secures.***
- c. Commitment term.***
- d. 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).***
- e. 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 disclosures. 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, **2020**, the District issued general obligation 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, **2020**, 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

_____ School District No. _____
Notes to financial statements
June 30, 2020

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 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, 2020, the following outstanding bonds were considered defeased:

Description	Amount (<i>principal balance of defeased bonds outstanding at June 30, 2020.</i>)
<i>List types of bonds</i>	

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.

Capital leases—The District has acquired **describe assets by major classes** under the provisions of various long-term lease agreements classified as capital leases for accounting purposes because they provide for a bargain purchase option or a transfer of ownership by the end of the lease term. **Modify accordingly.**

The following assets were acquired through capital leases:

	Governmental activities	Business-type activities
<i>List major class of assets</i>		
Less: accumulated depreciation		
Carrying value		

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Notes to financial statements
June 30, 2020

The following schedule details minimum lease payments to maturity for the District's capital leases payable at June 30, 2020:

Year ending June 30	Governmental activities	Business-type activities
2021		
2022		
2023		
2024		
2025		
2026-30		
2031-35		
Total minimum lease payments		
Less amount representing executory costs		
Less amount representing interest		
Present value of net minimum lease payments		

Insurance claims—The *name of the self-insurance fund* (an internal service fund) accounts for the financing of the uninsured risk of loss for certain health benefits (comprehensive, major medical, dental) to eligible employees and their dependents. Under this program, the fund provides coverage for up to a maximum of \$_____ for each claim, not to exceed an annual aggregate of \$_____. The fund purchases commercial insurance for claims in excess of this coverage. Settled claims did not exceed this commercial insurance coverage in any of the past 3 fiscal years. *Modify as appropriate.*

The fund's insurance claims payable liability totaling \$_____ at June 30, 2020, is the estimated ultimate cost of settling claims that have been reported but not settled and claims that have been incurred but not reported. This estimate is based on actuarial estimates *or describe methodology*. Changes in the fund's claims payable for the years ended June 30, 2019 and 2020, were as follows:

	2019	2020
Claims payable, beginning of year		
Current-year claims and changes in estimates		
Claim payments		
Claims payable, end of year		

Compensated absences and claims and judgments—Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. Claims and judgments are generally paid from the fund that accounts for the activity that gave rise to the claim. During fiscal year 2020, the District paid for compensated absences as follows: ___ percent from the General Fund, ___ percent from major funds, and ___ percent from other funds. The District paid for claims and judgments as follows: ___ percent from the General Fund and ___ percent from the _____ fund. *Modify as appropriate.*

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

_____ School District No. _____

Notes to financial statements
June 30, 2020

Note _ - Fund balance classifications of the governmental funds

The fund balance classifications of the governmental funds as of June 30, 2020, were as follows:

	General Fund	<i>Major</i> Fund	Other governmental funds	Total
Fund balances:				
Nonspendable:				
Inventories				
Prepaid items				
<i>List other nonspendable resources</i>				
Total nonspendable				
Restricted for:				
Instruction				
Support services:				
Students				
Instruction				
Operation of noninstructional services				
Debt service				
Capital outlay				
<i>List other purposes</i>				
Total restricted				
Committed to:				
<i>List specific purposes</i>				
Total committed				
Assigned to:				
<i>List specific purposes</i>				
Total assigned				
Unassigned				
Total fund balances				

The District should display the specific purpose in sufficient detail to disclose its major commitments and assignments. At a minimum, disclosures should be by function. (GASB Statement No. 54, paragraph 25, and GASB Implementation Guide 2017-1, paragraph 4.38)

Minimum fund balance policies—When the District has formally adopted a minimum fund balance policy, it should disclose its policy setting forth the minimum amount. (GASB Statement No. 54, paragraph 27)

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 and 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.*

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Notes to financial statements
June 30, 2020

Note _ - Operating leases

The District leases *describe assets by major classes* under the provisions of various long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases were \$_____ for the year ended June 30, 2020. The operating leases have remaining noncancelable terms of ___ years (from __ to __ years) and provide renewal options. The following future minimum payments were required under the operating leases at June 30, 2020:

Year ending June 30	Governmental activities	Business-type activities
2021		
2022		
2023		
2024		
2025		
2026-30		
2031-35		
Total minimum lease payments		

Note _ - Pensions and other postemployment benefits

The notes to the financial statements should not include immaterial disclosures (GASB Statement No. 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.

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 www.azasrs.gov.

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:

School District No. _____

Notes to financial statements
June 30, 2020

	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 earning. 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, 2020, statute required active ASRS members to contribute at the actuarially determined rate of 12.11 percent (11.94 percent for retirement and 0.17 percent for long-term disability) of the members' annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 12.11 percent (11.45 percent for retirement, 0.49 percent for health insurance premium benefit, and 0.17 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 10.41 percent (10.29 percent for retirement, 0.05 percent for health insurance premium benefit, and 0.07 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, 2020, were \$ _____, \$ _____, and \$ _____, respectively. ***Source: District records***

_____ School District No. _____
Notes to financial statements
June 30, 2020

During fiscal year 2020, the District paid for pension and OPEB contributions as follows: ___ percent from the General Fund, ___ percent from major funds, and ___ percent from other funds.

Liability—At June 30, 2020, 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**

	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, 2019. 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, 2018, to the measurement date of June 30, 2019. 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, 2019, and the change from its proportions measured as of June 30, 2018, 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**

	Proportion June 30, 2019 %	Increase (decrease) from June 30, 2018
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 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 liability, if known.

Expense—For the year ended June 30, 2020, the District recognized the following pension and OPEB expense. **Source: ASRS schedule of pension/OPEB amounts by employer**

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

Deferred outflows/inflows of resources—At June 30, 2020, 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**

School District No. _____

Notes to financial statements
June 30, 2020

	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						
<i>Source: district records</i>						
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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions and OPEB will be recognized in 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, 2020 (measurement date), ASRS schedule amount for the District's June 30, 2021 (reporting date).**

Year ending June 30	Pension	Health insurance premium benefit	Long-term disability
2021			
2022			
2023			
2024			
2025			
Thereafter			

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

Actuarial valuation date	June 30, 2018
Actuarial roll forward date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7–7.2% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pensions/not applicable for OPEB

School District No. _____

Notes to financial statements
June 30, 2020

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, 2018, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on ASRS plan investments was determined to be 7.5 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 and by adding expected inflation. 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%	6.09%
Credit	20%	5.36%
Interest rate sensitive bonds	10%	1.62%
Real estate	20%	5.85%
Total	<u>100%</u>	

Discount rate—The discount rate used to measure the ASRS total pension/OPEB liability was 7.5 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 7.5 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 (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate: *Source: ASRS schedule of pension/OPEB amounts by employer*

District’s proportionate share of the	1% Decrease (6.5%)	Current discount rate (7.5%)	1% Increase (8.5%)
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.

_____ School District No. _____
Notes to financial statements
June 30, 2020

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, 2020. *If the District reported other payables to ASRS for pensions or OPEB as of June 30, 2020, the District should disclose the payable amount, significant terms related to the payable, and a description of what gave rise to the payable.*

Note _ - Interfund balances and activity

Interfund receivables and payables—Interfund balances at June 30, 2020, were as follows:

Payable from <i>List funds</i>	Payable to					Total
	General Fund	Major Fund	Nonmajor governmental funds	Nonmajor enterprise funds	Internal service funds	
Total	_____	_____	_____	_____	_____	_____

Describe the purpose for interfund balances and describe interfund balances that are not expected to be repaid within 1 year from the date of the financial statements. See Illustration 14 in GASB Statement No. 38 for an example of such disclosure.

Interfund transfers—Interfund transfers for the year ended June 30, 2020, were as follows:

Transfer from <i>List funds</i>	Transfer to					Total
	General Fund	Major Fund	Nonmajor governmental funds	Nonmajor enterprise funds	Internal service funds	
Total	_____	_____	_____	_____	_____	_____

Describe the principal purposes of the District’s interfund transfers.

Describe and give the amount of significant transfers not expected to occur on a routine basis.

Describe the intent for and amount of significant interfund transfers for which the transfer’s purpose was not routine or was inconsistent with the activities of the fund making the transfer. See Illustration 16 in GASB Statement No. 38 for an example of such disclosure.

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 (GASB Cod. §2250); 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.

**Required supplementary information
Budgetary comparison schedule
General Fund¹**

Year ended June 30, 2020

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues: ²				
Property taxes				
Intergovernmental grants and aid:				
Federal				
State				
_____ County				
Tuition				
Investment earnings				
Other				
Total revenues	_____	_____	_____	_____
Expenditures:				
Current:				
Instruction				
Support services:				
Students				
Instruction				
General administration				
School administration				
Central and other support services				
Operation and maintenance of plant				
Student transportation				
Operation of noninstructional services				
Capital outlay				
Total expenditures	_____	_____	_____	_____
Excess (deficiency) of revenues over expenditures	_____	_____	_____	_____
Other financing sources (uses):				
Tax anticipation notes issued				
Capital lease agreement(s)				
Transfers in				
Transfers out				
Total other financing sources and uses	_____	_____	_____	_____
Special item(s):				
<i>Describe nature of event or transaction</i>				
Extraordinary item(s):				
<i>Describe nature of event or transaction</i>				
Net change in fund balances	_____	_____	_____	_____
Fund balances, July 1, 2019	_____	_____	_____	_____
Changes in nonspendable resources:				
Increase (decrease) in inventories				
Increase (decrease) in prepaid items				
Fund balances, June 30, 2020	=====	=====	=====	=====

¹ Present additional schedules for each major special revenue fund that has a legally adopted annual budget.

² The District should include estimated revenues used in preparing the budget even though those revenue estimates are not "legally adopted."

_____ School District No. _____
Required supplementary information
Notes to budgetary comparison schedules
Year ended June 30, 2020

Note 1 - Budgeting and budgetary control

Districts participating in the Accounting Responsibility Program may delete references to the County School Superintendent, as appropriate.

The District adopts an annual operating budget for expenditures for all governmental fund types. The Governing Board presents a proposed budget to the Superintendent of Public Instruction and County School Superintendent on or by July 5. The Governing Board legally adopts the final budget by July 15, after a public hearing has been held. Once adopted, the budget can be increased or decreased only for specific reasons set forth in Arizona Revised Statutes. ***Disclose the reason for any significant budget increase or decrease here.***

Note 2 - Budgetary basis of accounting

The District budget is prepared on a basis consistent with generally accepted accounting principles, except for the following items:

- Certain activities reported in the General Fund are budgeted in separate funds in accordance with Arizona Revised Statutes.
- Prepaid items are budgeted in the year prepaid.
- Net changes in the fair value of investments is not budgeted.
- Present value of net minimum capital lease payments is not budgeted at the inception of the agreement.
- USDA-donated commodities are not budgeted as an expenditure.

Modify as appropriate.

The following schedule reconciles the excess (deficiency) of revenues over expenditures from the statement of revenues, expenditures, and changes in fund balances to the budgetary comparison schedules:

	<u>General Fund</u>	<u>Major Special Revenue Fund</u>	<u>Major Special Revenue Fund</u>
Excess (deficiency) of revenues over expenditures from the statement of revenues, expenditures, and changes in fund balances			
Activities budgeted in separate funds			
Current-year prepaid items			
Prior-year prepaid items			
Net increase (decrease) in fair value of investments			
Present value of net minimum capital lease payments			
USDA-donated commodities			
Excess (deficiency) of revenues over expenditures from the budgetary comparison schedules			

_____ School District No. _____
Required supplementary information
Notes to budgetary comparison schedules
Year ended June 30, 2020

Note 3 - Expenditures in excess of appropriations

For the year ended June 30, 2020, expenditures exceeded final budget amounts at the legal level of budgetary control (subsections within the General Fund, or by fund) as follows:

<u>Fund/department</u>	<u>Excess</u>
General Fund:	
<i>List subsections</i>	
_____ Fund	

Describe actions taken or planned to address such violations. Also, only those unfavorable variances attributable to the budgetary schedules presented as supplementary information here should be discussed in this note. However, any significant unfavorable budget variances for all funds should be disclosed in the stewardship, compliance, and accountability note to the financial statements.

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Required supplementary information
Schedule of the District's proportionate share of the net pension/OPEB liability
June 30, 2020

Payroll amounts presented in the schedule below should be for the fiscal year ended on the measurement date of the net pension/OPEB liability. For example, the payroll reported in the fiscal year 2020 column (the District's fiscal year-end) should be the payroll for fiscal year 2019 (the measurement date of the net pension/OPEB liability).

Sources:

- *District's proportion of the net pension/OPEB liability: plan schedule of employer allocations.*
- *Districts proportionate share of the net pension/OPEB liability: plan schedule of pension/OPEB amounts by employer.*
- *District covered payroll: District records.*

ASRS—Pension	Reporting fiscal year (measurement date)							2014 through 2011 Information not available
	2020 (2019) %	2019 (2018) %	2018 (2017) %	2017 (2016) %	2016 (2015) %	2015 (2014) %		
District's proportion of the net pension liability	%	%	%	%	%	%	%	Information not available
District's proportionate share of the net pension liability	\$	\$	\$	\$	\$	\$	\$	
District's covered payroll	\$	\$	\$	\$	\$	\$	\$	
District's proportionate share of the net pension liability as a percentage of its covered payroll	%	%	%	%	%	%	%	
Plan fiduciary net position as a percentage of the total pension liability	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%		

See accompanying notes to pension/OPEB plan schedules.

_____ School District No. _____

Required supplementary information

Schedule of the District's proportionate share of the net pension/OPEB liability

June 30, 2020

ASRS—Health insurance premium benefit

	Reporting fiscal year (measurement date)			
	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2011
District's proportion of the net OPEB (asset)	%	%	%	Information not available
District's proportionate share of the net OPEB (asset)	\$	\$	\$	
District's covered payroll	\$	\$	\$	
District's proportionate share of the net OPEB (asset) as a percentage of its covered payroll	%	%	%	
Plan fiduciary net position as a percentage of the total OPEB liability	101.62%	102.20%	103.57%	

ASRS—Long-term disability

	Reporting fiscal year (measurement date)			
	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2011
District's proportion of the net OPEB liability	%	%	%	Information not available
District's proportionate share of the net OPEB liability	\$	\$	\$	
District's covered payroll	\$	\$	\$	
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	%	%	%	
Plan fiduciary net position as a percentage of the total OPEB liability	72.85%	77.83%	84.44%	

See accompanying notes to pension/OPEB plan schedules.

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 Required supplementary information
 Schedule of District pension/OPEB contributions
 June 30, 2020

If the District has the information required below for periods prior to fiscal year 2014 for pensions and 2017 for OPEB, the District should modify the schedule below to provide information for as many years as such information is available.

Amounts presented in the schedule below should be for the District's fiscal year-end.

Statutorily required contributions presented below should exclude amounts, if any, associated with payables to the pension plan that arose in a prior fiscal year and those associated with separately financed specific liabilities of the District to the pension plan.

Sources:

- **Statutorily required contributions: The sum of the following:**
 - *For active members: actual covered payroll from District records multiplied by the pension, health insurance premium benefit, or long-term disability portion of the employer contribution rate, as applicable.*
 - *For retired members: actual covered payroll from District records multiplied by the pension, health insurance premium benefit, or long-term disability portion of the alternative contribution rate, as applicable.*
- **District contributions in relation to the statutorily required contributions: District records.**
- **District covered payroll: District records.**

ASRS—Pension	Reporting fiscal year							2013 through 2011
	2020	2019	2018	2017	2016	2015	2014	
Statutorily required contribution	\$	\$	\$	\$	\$	\$	\$	Information not available
District's contributions in relation to the statutorily required contribution								
District's contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	\$	
District's covered payroll	\$	\$	\$	\$	\$	\$	\$	
District's contributions as a percentage of covered payroll	%	%	%	%	%	%	%	

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ASRS—Health insurance premium benefit

	Reporting fiscal year				2016 through 2011
	2020	2019	2018	2017	
Statutorily required contribution	\$	\$	\$	\$	Information not available
District's contributions in relation to the statutorily required contribution					
District's contribution deficiency (excess)	\$	\$	\$	\$	
District's covered payroll	\$	\$	\$	\$	
District's contributions as a percentage of covered payroll	%	%	%	%	

ASRS—Long-term disability

	Reporting fiscal year				2016 through 2011
	2020	2019	2018	2017	
Statutorily required contribution	\$	\$	\$	\$	Information not available
District's contributions in relation to the statutorily required contribution					
District's contribution deficiency (excess)	\$	\$	\$	\$	
District's covered payroll	\$	\$	\$	\$	
District's contributions as a percentage of covered payroll	%	%	%	%	

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Required supplementary information
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June 30, 2020

Note 1 – Factors that affect trends

Disclose information about the factors that significantly affect trends in the amounts reported in the schedules including, for example, changes in benefit provisions, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions. Information about investment-related factors that significantly affect trends in the amounts reported should be limited to those factors over which the pension plan or the District have influence—for example, changes in investment policies. Information about external economic factors—for example, changes in market prices—should not be presented.