

**Reference Manual Appendix 3**

**Sample Notes to Financial Statements**

\_\_\_\_\_ **School District**  
Notes to Financial Statements  
For the Year Ended June 30, 20\_\_\_\_

**Note 1 – Summary of accounting policies:**

The financial statements of *name of the school district* (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below:

A) Reporting entity:

The \_\_\_\_\_ District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of \_\_\_\_ members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, The Financial Reporting Entity, as amended by GASB Statement 39, Component Units. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District (*if applicable, add “and its component unit(s) and other organizational entities determined to be includable in the District’s financial reporting entity”*). The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District’s reporting entity.

*Describe entities included in the District’s reporting entity, as applicable*

i) Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District’s business office. The district accounts for assets held as an agent for various student organizations in an agency fund.

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ii) Public Library

The Public Library jointly shares the services of the District treasurer, appoints trustees for library purposes, and has title to real property used by the Library.

iii) Other Entities

*Consider disclosure about Parent Teacher Associations and educational foundations.*

B) Joint venture:

The District is a component district *in name of BOCES*. A Board of Cooperative Educational Services (BOCES) is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n (a) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$\_\_\_\_\_ for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued \$\_\_\_\_\_ of serial bonds on behalf of BOCES. As of year-end, the District had outstanding BOCES debt of \$\_\_\_\_\_.

The District's share of BOCES aid amounted to \$\_\_\_\_\_.

Financial statements for the BOCES are available from the BOCES administrative office.

C) Basis of presentation:

i) District-wide statements:

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary.



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Fiduciary Funds

Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

Private purpose trust funds: These funds are used to account for trust arrangements in which principal and income benefit annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Agency funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

D) Measurement focus and basis of accounting:

The District-wide and fiduciary fund financial statements are reported 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 transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within \_\_\_\_\_ days after the end of the fiscal year. *If “available” is defined differently than for real property taxes, add “except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.”*

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E) Property taxes:

Real property taxes are levied annually by the Board of Education no later than \_\_\_\_\_, and become a lien on \_\_\_\_\_. Taxes are collected during the period \_\_\_\_\_ to \_\_\_\_\_.

*Common and Central Schools*

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Uncollected real property taxes are subsequently enforced by the County (ies) in which the District is located. The County(ies) pay an amount representing uncollected real property taxes transmitted to the County(ies) for enforcement to the District no later than the following April 1.

*City Schools*

The City and Counties in which the District is located enforce uncollected real property taxes. An amount representing all uncollected real property taxes must be transmitted by the City to the District within two years from the return of unpaid taxes to the city. Real property taxes receivable expected to be collected within 60 days of year-end, less similar amounts collected during this period in the preceding year are recognized as revenue. Otherwise, deferred revenues offset real property taxes receivable.

F) Restricted resources:

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

G) Interfund transactions:

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid with one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note \_\_\_\_ for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H) Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses

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during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

I) Cash (and cash equivalents)/Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

Investments are stated at fair value.

J) Receivable (or Accounts receivable):

*Direct Write-off*

Receivables (accounts receivable) are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

*Allowance Method*

An allowance for uncollectible accounts has been provided for certain amounts that may not be collectible within \_\_\_\_ days.

K) Inventories and prepaid items:

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value that approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

*If reserve method is used*

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A reserve for these non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

L) Other assets/restricted assets (if applicable):

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the district-wide financial statements and their use is limited by applicable bond covenants

In the district-wide financial statements, bond issuance costs are capitalized and amortized over the life of the debt issue. In the funds statements these same costs are netted against bond proceeds and recognized in the period of issuance.

M) Capital assets:

Capital assets are reported at actual cost for acquisitions subsequent to \_\_\_\_\_. For assets acquired prior to \_\_\_\_\_, estimated historical costs, based on *[insert method of determining estimated historical costs, for example, appraisals conducted by independent third-party professionals]* were used. Donated assets are reported at estimated fair market value at the time received.

*Select wording as applicable, for example:*

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land/Site improvements			
Buildings and improvements			
Furniture and equipment			
Vehicles (optional)			
Infrastructure			

Certain infrastructure capital assets representing \_\_\_\_\_ are accounted for using the modified approach permitted for eligible assets under GASB 34. The modified approach requires that an asset management system be established which assures that an expenditure amount sufficient to preserve the assets in good condition for proper and efficient functioning is budgeted each year in lieu of depreciation. Accordingly, all expenditures made for those assets, other than additions and improvements that increase capacity or efficiency, are charged to expense in the period incurred instead of calculating depreciation. The school district is required to conduct a condition assessment of these assets at least once every three years.





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grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Funds statements:

In the fund basis statements there are five classifications of fund balance:

**Nonspendable** fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of \$XX,XXX.

**Restricted** - includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General fund are classified as restricted fund balance. The School District has established the following restricted fund balances:

*Only include the reserves that the district is currently using.  
An election may also be made to include those available to the district but not currently  
being used.*

Capital

According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund under Restricted Fund Balance.

Debt Service

According to General Municipal Law §6-1, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement.

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.





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Restricted fund balance includes the following:

General Fund:	
Capital	\$
Debt Service	
Employee Benefit Accrued Liability	
Insurance	
Liability Claims and Property Loss	
Repairs	
Retirement Contributions	
Tax Certiorari	
Uncollected Taxes in a City School District	
Unemployment Insurance	
Workers' Compensation	
Capital Fund*	
Debt Service Fund*	
Special Aid Fund*	
School Lunch Fund*	_____
 Total restricted funds	 \$ _____

*\*includes remaining fund balance in these funds not otherwise classified as nonspendable, committed or assigned.*

**Committed** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2011.

**Assigned** - Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$XXX,XXX.

**Unassigned** - Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

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Order of Use of Fund Balance:

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the general fund, committed fund balance is determine next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

*If the School District has a policy other than the default policy contained in GASB 54, disclose the School District's policy.*

T) New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2013, the District implemented the following new standard issued by GASB:

*GASB Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*

GASB 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources, and amends the net asset reporting provisions of GASB 34 by incorporating deferred inflows and outflows into the definitions of the residual measure and by renaming that measure as net position, rather than net assets.

U) Future Changes in Accounting Standards

GASB has issued Statement 65, *Items Previously Reported as Assets and Liabilities*, effective for the year ending June 30, 2014.

GASB has issued Statement 66, *GASB Technical Corrections – 2012 – an Amendment of Statements 10 and 62*, effective for the year ending June 30, 2014.

GASB has issued Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*, effective for the year ending June 30, 2015.

GASB has issued Statement 69, *Government Combinations and Disposals of Government Operations*, effective for the year ending June 30, 2015.

GASB has issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective for the year ending June 30, 2015.

The school district will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

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**Note 2 – Explanation of certain differences between fund statements and District-wide statements:  
(if applicable; depends on format elected for financial statements)**

Due to the differences in the measurement focus and basis of accounting used in the funds statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the District-wide statements, compared with the current financial resources focus of the governmental funds.

A) Total fund balances of governmental funds vs. net position of governmental activities:

Total fund balances of the District’s governmental funds differ from “net position” of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

B) Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories. The amounts shown below represent:

i) Long-term revenue differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

ii) Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation expense on those items as recorded in the Statement of Activities.

iii) Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

**Note 3 – Changes in accounting principles:**

*Describe those instances when a new accounting principle is adopted that is different from one used previously, and the impact of the new principle on the financial statements.*

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**Note 4 – Stewardship, compliance and accountability:**

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

*If budget is approved by the voters*

The voters of the District approved the proposed appropriation budget for the General Fund.

*If budget is defeated by the voters*

The voters of the District defeated the proposed appropriation budget; consequently, the Board of Education adopted a contingency budget, which includes appropriations for teachers' salaries and other ordinary contingent expenses. Under a contingency budget, the district's tax levy may not be greater than the tax levied for the prior school year. However, the administrative component of a contingency budget, exclusive of the capital component, may not comprise a greater percentage of the budget than the lesser of that percentage of the prior year's budget, or that percentage in the last defeated budget.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year or *"The following supplemental appropriations occurred during the year:*

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

Encumbrances

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Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

*Disclose events such as the following examples  
approved by the voters*

The District's unreserved undesignated fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. Actions the District plans to pursue to address this issue include \_\_\_\_\_.

The Capital Projects had a deficit fund balance of \$\_\_\_\_\_. This will be funded when the District obtains permanent financing for its current construction project.

The Special Aid Fund shows an unreserved deficit fund balance of \$\_\_\_\_\_. This deficit results from revenues that are due and expected to be received in no later than \_\_\_\_ days. In accordance with GASB #33, Accounting and Financial Reporting for Nonexchange Transactions, this amount does not meet the availability criteria for recognition as revenue in the current period.

The District did not make transfers among functional units in accordance with §170.2(I) of the New York State Commissioner of Education's Regulations, which provide that the Board shall have the power and duty to make transfers between and within functional unit appropriations for teachers' salaries and ordinary contingent expenses. Actions the District plans to pursue to address this issue include \_\_\_\_\_.

The following funds had an excess of actual expenditures over budget for the year:

The District directed the temporary use of \$\_\_\_\_\_ of bond proceeds to finance general operating expenditures, and thus avoid the need to borrow on tax and revenue anticipation notes. The law limits the use of bond proceeds to the specific purposes for which they were borrowed. Actions the District plans to pursue to address this issue include \_\_\_\_\_.

Tax anticipation notes of \$\_\_\_\_\_ were authorized and issued within the last ten days of the year, in anticipation of the collection of taxes to be levied in the following year. A major portion of the proceeds was used to fund expenditures of the current year. The law restricts the use of such tax anticipation note proceeds to the purpose for which the taxes will be levied. Actions the District plans to pursue to address this issue include \_\_\_\_\_.

The District made interfund transfers during the year, which exceeded amounts provided in the District's budget.

The District failed to comply with §436 budget cap requirements, in that \_\_\_\_\_.

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**Note 5 – Cash (and cash equivalents) - custodial credit, concentration of credit, interest rate and foreign currency risks:**

Cash

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District’s investment policies, as discussed previously in these Notes.

The District’s aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$\_\_\_\_\_ within the governmental funds and \$\_\_\_\_\_ in the fiduciary funds.

**Note 6 – Investments:**

The District has few investments (primarily donated scholarship funds), and chooses to disclose its investments by specifically identifying each. The District’s investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value, and are categorized as either:

- (A) Insured or registered, or investments held by the District or by the District’s agent in the District’s name, or
- (B) Uninsured and unregistered, with the investments held by the financial institutes trust department in the District’s name, or
- (C) Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the District’s name.

Investment			
Fund			
Carrying amount (fair value)			
Unrealized investment gain/loss			
Type of investment			
Category			

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk.

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The District does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

At year-end, the District held \$\_\_\_\_\_ in investments consisting of various investments in securities issued by the United States and its agencies.

*If applicable, disclose securities underlying repurchase agreements held by the District.*

*If applicable, disclose the nature of reverse repurchase agreements, dollar repurchase agreements and securities lending transactions.*

*If applicable, disclose that the District is committed to resell securities under yield maintenance repurchase agreements, including carrying amount, market value, and description of terms of the agreement, including settlement price, agreed upon yields and maturity dates.*

*If applicable, disclose that during the year the District had material under-collateralized deposits, or uninsured, unregistered securities held by the financial institution, in the amount of \$\_\_\_\_\_.*

**Investment pool:**

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

Total investments of the cooperative as of year-end are \$\_\_\_\_\_, which consisted of \$\_\_\_\_\_ in repurchase agreements, \$\_\_\_\_\_ in U. S. Treasury Securities, \$\_\_\_\_\_ in U.S. Government Guaranteed Securities and \$\_\_\_\_\_ in collateralized bank deposits, with various interest rate and due dates.

The following amounts are included as unrestricted and restricted cash:

<u>Fund</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>	<u>Description of Investments</u>
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The above amounts represent the cost of the investment pool shares, and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateral requirements. Additional information concerning the cooperative is presented in the annual report of \_\_\_\_\_.

**Note 7 – Receivables:**

*Disclose if the details are not already disclosed  
in the financial statements*

Receivables at year-end for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

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Description	Governmental Activities				Total
	General	Special Aid		Nonmajor	
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -
Due from State and Federal	-	-	-	-	-
Due from other governments	-	-	-	-	-
Other	-	-	-	-	-
Allowance for uncollectible accounts	-	-	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

District management has deemed the amounts to be fully collectible.

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**Note 8 – Capital assets:**

Capital asset balances and activity were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land				-
Construction in progress				-
Total nondepreciable	-	-	-	-
Capital assets that are depreciated:				
Land/site improvements				
Buildings				-
Furniture and equipment				
Vehicles				-
Total depreciated assets	-	-	-	-
Less accumulated depreciation:				
Land/site improvements				
Buildings				-
Furniture and equipment				
Vehicles				-
Total accumulated depreciation	-	-	-	-
Total depreciated assets, net	-	-	-	-

Depreciation expense was charged to governmental functions as follows:

- Administrative services
- Regular instruction
- Vocational instruction
- Special education instruction
- Pupil services
- Operating & maintenance of plant
- Pupil transportation
- Community services
- Depreciation not charged to a specific function

\*\*\*\* depreciation expense should be allocated at a minimum to the same level of functional activity reported in the Statement of Activities, if an informative allocation methodology is computed by the District.

\_\_\_\_\_  
-

*If the district determines that it has infrastructure assets, refer to GASB publications for additional disclosure guidance.*

\_\_\_\_\_ **School District**  
Notes to Financial Statements  
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**Note 9 – Short-term debt:**

Transactions in short-term debt for the year are summarized below:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
RAN						
TAN						
Budget note						
BAN						

*If applicable, disclose the amount of interest that has been included in direct expenses for a particular function in the Statement of Activities, for example, relating to expenditures for a new program, or for borrowing for installment payments.*

Interest on short-term debt for the year was composed of:

Interest paid		\$	-
Less interest accrued in the prior year			-
Plus interest accrued in the current year			-
			<hr style="width: 100%;"/>
Total expense		\$	<hr style="width: 100%;"/> -



\_\_\_\_\_ **School District**  
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The following is a summary of debt service requirements:

	Serial bonds		Other debt, specify	
	Principal	Interest	Principal	Interest
Fiscal year ending June 30,				
20__				-
20__				-
20__				-
20__				-
20__				-
5 subsequent years				-
5 subsequent years				-
etc.				-
Totals	-	-	-	-

*For the year in which defeased*

On \_\_\_\_\_, 20\_\_, the District issued \$\_\_\_\_\_ in general obligation bonds with an average interest rate of \_\_\_\_% to advance refund \$\_\_\_\_\_ of outstanding \_\_\_\_ Series bonds with an average interest rate of \_\_\_\_%. The net proceeds of \$\_\_\_\_\_ (after payment of \$\_\_\_\_\_ in underwriting fees, insurance and other issuance costs) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased, and the liability for those bonds has been removed from the District's financial statements. The district advance refunded the bonds to revise its payment schedules due to changes in New York State's aid payment schedules. The economic gain (loss) on the transaction (the difference between the present values of the debt service payments on the old and new debt) is approximately \$\_\_\_\_\_.

*For the years after the year in which defeased*

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds 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 the defeased bonds are not included in the District's financial statements. \$\_\_\_\_\_ of bonds outstanding are considered defeased.

Interest on long-term debt for the year was composed of:

Interest paid	
Less interest accrued in the prior year	
Plus interest accrued in the current year	
Total expense	-

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*If applicable, also describe interest arrangements for variable-rate debt computed using the rate effective at year-end, and terms of interest rate changes for variable rate debt.*

*If applicable, also describe long-term debt related to business type activities, if any.*

*If applicable, also describe debt refundings, including a general description of the transactions, focusing on the primary government (including its blended component units).*

*If applicable, disclose the amount of interest that has been included in direct expenses for a particular function in the Statement of Activities, for example, relating to expenditures for a new program, or for borrowing for installment payments.*

*If applicable, disclose long-term debt that has been authorized but unissued at year-end.*

The following is a summary of capital lease obligations:

	Total
Fiscal year ended June 30,	
20__	
20__	
20__	
20__	
20__	
5 subsequent years	
5 subsequent years	
etc.	
 Total minimum lease payments	
Less amount representing interest	
 Present value of minimum lease payments	

**Note 11 – Pension plans:**

General information:

The District participates in the New York State Employees’ Retirement System (NYSERS) and the New York State Teachers’ Retirement System (NYSTRS). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

Provisions and administration:



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 Notes to Financial Statements  
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**Note 12 – Interfund transactions – governmental funds:**

Fund: _____	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General				
Special Aid				
School Lunch				
School Store				
Debt Service				
Capital Projects	_____	_____	_____	_____
Total government activities	-	-	-	-
Fiduciary	_____	_____	_____	_____

*Describe the nature of interfund transfer revenues and expenditures.*

The District typically transfers from the General Fund to the \_\_\_\_\_ Fund, to \_\_\_\_\_.

The District also made a one-time transfer of \$\_\_\_\_\_ from the Debt Service Fund to the General Fund. This amount was an accumulation of excess levies in the Debt Service Fund for debt previously fully paid.

**Note 13 – Post-employment (health insurance) benefits:**

The District provides post employment (health insurance, life insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District’s contractual agreements.

The District implemented GASB Statement #45, Accounting and Financial Reporting by employers for Postemployment Benefits Other than Pensions, in the school year ended June 30, \_\_\_\_\_. This required the District to calculate and record a net other post-employment benefit obligation at year-end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

Currently, \_\_\_\_ retired employees have elected to use accumulated sick pay to finance health insurance payments under the District’s group plans. This plan pays for \_\_\_\_% of the cost of premiums until the accumulated sick pay amount is exhausted, at which time the insurance payments become the responsibility of the retiree. *(give appropriate District criteria)*

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The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended \_\_\_\_\_ the District recognized \$\_\_\_\_\_ for its share of insurance premiums for currently enrolled retirees.

The District has obtained an actuarial valuation report as of \_\_\_\_\_ which indicates that the total liability for other post employment benefits is \$\_\_\_\_\_, which is reflected in the Statement of Net Position.

[Note: The specific note disclosure requirements can be found on pages 16, 17, 18, and 19 of the GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions".

*Until changes are made in the law to permit funding, there is no legal authority to fund OPEB, other than "pay as you go". Accordingly, references to OPEB funding will need to be modified to reflect law that is current at the time of disclosure.*

Annual OPEB Cost and Net OPEB Obligation: The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to HP:

Annual required contribution  
Interest on net OPEB obligation  
Adjustment to annual required contribution  
Annual OPEB cost (expense)  
Contributions made  
Increase in net OPEB obligation  
Net OPEB obligation—beginning of year  
Net OPEB obligation—end of year



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**Note 14 – Risk management:**

General

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

Consortiums and Self Insured Plans

*Disclose other risks, such as consortiums and self-insured risks, such as the following*

The District participates in \_\_\_\_\_, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of \_\_\_\_\_ individual governmental units located within the pool’s geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members up to \$\_\_\_\_\_ per insured event. The pool obtains independent coverage for insured events in excess of the \$\_\_\_\_\_ limit, and the District has essentially transferred all related risk to the pool.

The District participates in \_\_\_\_\_, a risk-sharing pool, to insure Workers’ Compensation claims. This is a public entity risk pool created under Article 5 of the Workers’ Compensation Law, to finance liability and risks related to Workers’ Compensation claims. The District’s share of the liability for unbilled and open claims is \$\_\_\_\_\_.

The District has chosen to establish a self-funded health benefit program for its employees. The benefit programs administrator, \_\_\_\_\_, is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The benefit program reports on a fiscal year ending June 30. The program is accounted for in the General Fund of the district. At year-end, the district has a liability of \$\_\_\_\_\_ which represents reported and unreported claims which were incurred on or before year-end, but which were not paid by the District as of that date. This amount consists of claims reported to the District by the benefits program administrator of \$\_\_\_\_\_, and the estimated incurred claims which were not reported to either the benefits program administrator or the District of \$\_\_\_\_\_. Claims activity is summarized below:

	Current Year			
Claims Reported for the fiscal years ended June 30:	Balance at Beginning of Year	Claims and Changes in Estimates	Claims Payments	Balance at End of Year
20__				
20__				
20__				
20__				
20__				

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Incurred but not reported  
for the fiscal years ended  
June 30:

20\_\_  
20\_\_  
20\_\_  
20\_\_  
20\_\_

**Note 15 – Commitments and contingencies:**

*When a loss contingency exists, the likelihood that the future event will confirm the loss or impairment of an asset, or the incurring of a liability, can range from probable to remote. An estimated loss from a contingency should be accrued by a charge to income if information available prior to issuance of the financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated. If there is a reasonable possibility that a loss may occur, disclosure of the loss is required, including the nature of the contingency and an estimate of the possible loss or range of loss (or a statement that such an estimate cannot be made).*

The District has received grants, which are subject to audit by agencies of the State and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the District's administration believes disallowances, if any, will be immaterial.

The District does not accrue a liability for accumulating, non-vesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of GASB #16, the value for accumulating, non-vesting sick leave is considered a contingent liability. The District reports \$ \_\_\_\_\_ for accumulating, non-vesting sick leave.

A judgment has been filed against the District for \_\_\_\_\_. This judgment is being appealed. Our attorney estimates that the case will either be won on appeal, or the amount of the judgment will be reduced and will have no material affect on the financial statements.

An audit of certain issues in the District is currently being conducted by the New York State Comptroller's Office. As of the date of issuance of these financial statements no report has been received.

The District has signed commitments for future construction projects (*describe and quantify*).

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Notes to Financial Statements  
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**Note 16 – Lease obligations (operating leases):**

The District leases certain equipment (specify type: copiers, autos, office space, computers or other) under the terms of various non-cancelable leases. Rental expense for the year was \$\_\_\_\_\_.

Minimum annual rentals for each of the remaining years of the lease are:

For the fiscal years ended June 30,:

20\_\_  
20\_\_  
20\_\_  
20\_\_  
20\_\_

The District as lessee leases a building for use as a school, for monthly payments of \$\_\_\_\_\_. The lease expires in \_\_\_\_\_. Minimum annual rentals for each of the remaining years of the lease are:

For the fiscal years ended June 30,:

20\_\_  
20\_\_  
20\_\_  
20\_\_  
20\_\_

**Note 17 – Donor-restricted endowments:**

The District administers endowment funds, which are restricted by the donor for the purposes of \_\_\_\_\_.

Donor-restricted endowments are reported at fair value. The amount of net appreciation on investments of donor-restricted endowments that is available for authorization for expenditure by the District is \$\_\_\_\_\_.

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

**Note 18 – On-behalf-of payments:**

During the year, the District made direct payments to a third party (or received payments from another government) for fringe benefits and salaries of another legally separate entity, in the aggregate amount of \$\_\_\_\_\_.

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Notes to Financial Statements  
For the Year Ended June 30, 20\_\_\_\_

**Note 19 - Overpayments**

Due to a change in financial data used to compute State Aid in a prior year, the District received an overpayment of \$\_\_\_\_\_. This is recorded in the General Fund as a liability in the amount owed back to the State. The overpayment is being recovered through reductions in state aid payments. As of the end of the year the total amount due to the State over the next \_\_\_\_ (months, years) is \$ \_\_\_\_\_.

**Note 20 – Related party transactions:**

*If applicable, disclose the nature of the relationship, a description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods in which an operating statement is presented, and such other information as is deemed necessary for an understanding of the effects of transactions on the financial statements. Also disclose the dollar amounts of transactions for each of the periods for which operating statements are presented, and the effects of any change in the method of establishing the terms from that used in the preceding period. Also disclose amounts due from or to related parties as of the balance sheet date, and their terms and manner of settlement.*

**Note 21 – Discretely presented component units:**

*If applicable, include disclosures about significant transactions between discretely presented component units with the primary government, condensed financial statements for major discretely presented component units (when required), and the nature and amount of inconsistencies in financial statements caused by transactions between component units having different fiscal years, or changes in component unit fiscal years.*

**Note 22 – Derivatives not reported at fair value on the Statement of Net Position:**

*Refer to GASB Technical Bulletin 2003-1, for additional guidance on disclosures required under this heading.*

**Note 23 – Impairment losses and insurance recoveries:**

Program expenses in the Statement of Activities include an impairment loss of \$ \_\_\_\_\_ due to the change in the use of the \_\_\_\_\_ school building from education to storage.

An impairment gain of \$ \_\_\_\_\_ realized through an insurance recovery of \$ \_\_\_\_\_ on a damaged school building with a gross impairment loss of \$ \_\_\_\_\_ is reported as an extraordinary item in the Statement of Activities. The fund financial statements report an insurance recovery as an other financing source and restoration costs as expenditures.

*There are a variety of considerations to be assessed for disclosure in this regard, many of which are identified in GASB #42, such as whether capital asset impairment was considered unusual or infrequent by management (as outlined in APB Opinion #30). The specific disclosures required in the Notes and financial statements will be different, depending on those assessments. For example, the specific prior use vs. future use to which the asset is put could influence the wording of the disclosure, and the type of valuation that is used.*

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Notes to Financial Statements  
For the Year Ended June 30, 20\_\_

**Note 24 – Subsequent events:**

The District has signed contracts for the construction of \_\_\_\_\_. The total anticipated cost of this project is \$\_\_\_\_\_, of which \$\_\_\_\_\_ has been expended through the end of this fiscal year.

On (date), the District issued \$\_\_\_\_\_ in revenue anticipation notes at % maturing \_\_\_\_\_.

On (date), the District issued \$\_\_\_\_\_ in serial bonds with interest rates ranging from \_\_\_5 to \_\_\_% over the life of the bonds. Final maturity is in \_\_\_\_\_.

List other events, as applicable.

**Note 25 – Real estate held as investments by endowments:**

*This Note applies to real estate held as an endowment investment, not to other real estate. Changes made to comply with the change from cost to fair value reporting should be treated as an adjustment of prior periods, with restatement of financial statements presented for the affected periods. If restatement is not practical, the cumulative effect should be reported as a restatement of beginning net position,, equity or fund balance for the current period.*

The District reports land and other real estate held by endowments at fair value at year-end. Changes in fair value during the period are reported as investment income. The methods and significant assumptions used to estimate fair value are \_\_\_\_\_. No investments are reported at amortized cost. No income from the investments is assigned to another fund.