

**Note 1 – Summary of Significant Accounting Policies – Continued**

For the year ended June 30, 2023, the District implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which (1) defines a subscription-based information technology arrangement (SBITA); (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The District had no significant arrangements as of and for the year ended June 30, 2023, therefore no changes have been made to the financial statement as a result of implementing this new standard.

**Cash and Investments**

Cash and investments consist of amounts in demand deposits and cash on deposit with the Cochise County Treasurer. Amounts designated by the board for capital reserves are held in a separate account with the Cochise County Treasurer and require board authorization for transfer or use of the designated funds.

**Budgetary Accounting**

The District is required, under Arizona Revised Statutes, to adopt a budget each fiscal year and to submit it to Cochise County Arizona’s Board of Supervisors no later than the first day of August each year. The adopted budget is on the modified cash basis of accounting, which is a legally acceptable basis for budgetary purposes. All annual appropriations lapse at fiscal year-end. The District is subject to expenditure limitations under Arizona Revised Statutes which do not permit the District to incur unsecured debt in excess of property taxes levied and to be collected plus available and unencumbered cash.

**Property Taxes**

The District levies property taxes on or before the third Monday in August that become due and payable in two 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 and becomes delinquent after the first business day of May.

**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 certain disclosures in the financial statements. Actual results could differ from those estimates.