
SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2021



SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9

SEDONA, ARIZONA

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Issued by:
Business and Finance Department

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9

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INTRODUCTORY SECTION

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Mr. Dennis Deardon
Superintendent of Schools

Mrs. Stacy Saravo
Interim Director of HR & Finance

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Telephone: (928) 204-6800 • Fax: (928) 282-0232

www.sedona.k12.az.us

December 21, 2021

Citizens and Governing Board
Sedona-Oak Creek Joint Unified School District No. 9
995 Upper Red Rock Loop Road
Sedona, Arizona 86336

State law mandates that school districts required to undergo an annual single audit publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the Sedona-Oak Creek Joint Unified School District No. 9 (District) for the fiscal year ended June 30, 2021.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2021, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

Behind Every Great School is a Great Staff!

The independent audit of the financial statements of the District was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Reporting Package.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE DISTRICT

Residents of Coconino and Yavapai counties voted to form a new school district. This 93% voter approval resulted in the creation of the Sedona-Oak Creek Joint Unified School District No. 9 in fiscal year 1991-92. The District was formed from a portion of Cottonwood-Oak Creek Elementary School District No. 6 of Yavapai County, Arizona; Mingus Union High School District No. 4 of Yavapai County, Arizona; and Flagstaff Unified School District No. 1 of Coconino County, Arizona. The District is located in both Yavapai and Coconino counties. It provides a program of public education from pre-kindergarten through grade twelve, with total enrollment of 669 students. The projected enrollment for fiscal year 2021-22 is 720.

The District's Governing Board is organized under Section 15-321 of the Arizona Revised Statutes (A.R.S.). Management of the District is independent of other state or local governments. The County Treasurer collects taxes for the District, but exercises no control over its expenditures/expenses.

The membership of the Governing Board consists of five members elected by the public. Under existing statutes, the Governing Board's duties and powers include, but are not limited to, the acquisition, maintenance and disposition of school property; the development and adoption of a school program; and the establishment, organization and operation of schools. The Board also has broad financial responsibilities, including the approval of the annual budget, and the establishment of a system of accounting and budgetary controls.

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include education, student transportation, construction and maintenance of District facilities, food services, and athletic functions.

Sedona Oak Creek School District

The District ended the year with \$151,845 or 2.5% of carry-forward in the Maintenance and Operation Fund. The District's long range planning includes research and cost analysis into restructuring and reorganization of the current instructional delivery model in preparation for projected enrollment drops over the next four years. In response to this preparation the District has created a Junior High School for 7th and 8th Grade. Located at the High School, the Junior High students are provided the opportunity to participate in many more extracurricular activities and elective classes. By providing an exceptional educational experience for middle school aged children the District is optimistic the enrollment will increase at the Junior High. Projected enrollment for the Junior High School is 125 for fiscal year 2021.

The facilities at Sedona Oak Creek vary in age, but are in excellent condition. Big Park and the High School were both constructed approximately 25 years ago. The K-6 at West Sedona has some older structures but most were rebuilt in 2008. The District office is new construction, built in 2010. Additionally, the High School has a new Performing Arts Center constructed in 2010. Both the District Office and the Performing Arts Center were constructed using Bond funds (passed in 2006). These funds were also used to upgrade existing facilities. The District closed its District Office building at the end of the 2018-2019 school year and relocated its operations to Sedona Red Rock Junior/Senior High to reduce infrastructure costs. They are actively looking for opportunities to lease that building.

Sedona Red Rock Junior/Senior High School was opened in September 1994 and graduated its first senior class in the 1996-1997 school year. Sedona Red Rock High School is a performance-based school with a high level of personalization and a strong, integrated, core curriculum, where students demonstrate what they know and are able to do. We operate with the mission to acknowledge personal achievement, encourage intellectual growth, foster physical and emotional wellbeing, and instill responsible decision-making. For fiscal year 2021, we have a projected enrollment of 423 students. We offer a full complement of sports, Student Council, and student clubs including: Theatre, Orchestra, Yearbook, Key Club, and National Honor Society, as well as many others. The district is also providing the Capturing Kid's Hearts character education curriculum. In addition, the school offers expanded career and technology courses, made possible by the formation of VACTE (Valley Academy for Career & Technical Education).

Big Park Community School was closed at the end of the 2017-2018 school year. With the aforementioned trend of declining enrollment, the District did a school consolidation to better use its financial resources on a more limited physical infrastructure. This decision made it possible to expand educational opportunities and programming at West Sedona Elementary School. Big Park Community School is currently being leased to the Arizona School for the Deaf and Blind who service special students throughout Northern Arizona.

West Sedona Elementary School is a K-6 school of approximately 242 students projected for fiscal year 2021. The school staff is dedicated to providing a motivating, challenging, and enriched school program to all students. The school has received STEM accreditation through Advanced Ed and is proud of putting our elementary students on the pathway to expanding their opportunities through science, technology, engineering and math. Enrichment programs in music, library, physical education, character education and art are available to all students. An active Student Council and after school programming in yoga, dance, athletics, hiking and more provide students with opportunities to further their extra-curricular activities.

The annual expenditure budget serves as the foundation for the District's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual expenditure budget approved by the District's Governing Board.

The expenditure budget is prepared by fund for all Governmental Funds, and includes function and object code detail for the General Fund and some Special Revenue and Capital Projects Funds. The legal level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established at the individual fund level for all funds. Funds that are not required to legally adopt a budget may have over expenditures of budgeted funds. The budget for these funds is simply an estimate and does not prevent the District from exceeding the budget as long as the necessary revenue is earned. The District is not required to prepare an annual budget of revenue; therefore, a deficit budgeted fund balance may be presented. However, this does not affect the District's ability to expend monies.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Local Economy. The District is located in central Arizona approximately 127 miles north of the City of Phoenix, Arizona, and 27 miles south of the City of Flagstaff, Arizona, and is surrounded by the Coconino National Forest. The community is located in both Coconino County and Yavapai County and is situated at the southern entrance to Oak Creek Canyon, a major tourist attraction. Sedona was established in 1902 and became an incorporated city on January 4, 1988.

Sedona has a mild climate due to its elevation, being 3,200 feet higher than the desert area of Phoenix and 2,600 feet lower than the rim country area of Flagstaff.

The Greater Sedona Area (City of Sedona and the Village of Oak Creek) has an estimated population of 19,500.

From a small agricultural community, the City of Sedona has developed into a major tourist and art center. The primary contributors to the City's economy are tourism, services, retirement, and commerce. The two largest employment sectors are service and trade. Activities in these employment sectors are characterized by proprietor owned and operated business establishments.

The National Forest Service estimates that over three million visitors per year visit the "Red Rock Country" of Sedona and Oak Creek Canyon. The City is home to red sandstone geological formations, which have become a tourist attraction for the area. Along with the scenic attractions, the city offers approximately 50 art galleries where local artists display their works. The City of Sedona and the Village of Oak Creek have two nine-hole golf courses, two 18-hole golf courses, and approximately 100 restaurants servicing over 2,000 hotel/motel/resort units.

Sedona's natural beauty continues to attract visitors from all over the world. The tourist industry in Sedona has seen improvements as the national economy has improved. With a recent new highway design for entering Sedona, and the City's street improvement projects, the City is expecting an increase in tourism over the next few years.

Long-term Financial Planning. *Overrides Renewal.* The Finance Director and Superintendent made a recommendation to the Board to call for an election for the renewal of the current override in July 2018. The November 2018 election was successful in reinstating the previous override at the full 15% for the FY 19. With successful passage, the District was able to maintain the use of the additional funds for up to five years in those areas identified through the District's needs assessment. Areas include full day kindergarten, school safety, class sizes, and specials programs.

The District has conducted a long-range enrollment trend analysis based on historical data and current cohort projections. The study showed that the District's enrollment has been steadily decreasing over the past 10 years and as several small cohorts move through the system and enter the High School, the District will be faced with reduced funding. This is in large part due to the State of Arizona budget formula and the additional funding weights that are applied to high school students.

Study of Maximization of Dollars in the Classroom. The Business Manager, Superintendent, and School Principals perform an annual analysis of staffing needs in preparation of budget development. Examinations of classroom expenditures are continually performed. With the junior high restructuring, and the consolidation of the elementary schools, much of the savings were put into increased salaries for teaching staff.

Updating of Five-Year Capital Maintenance and Technology Plan. The Business Manager, Facilities Manager, IT Director and Superintendent meet annually to look at the condition of facilities and District technology equipment. At that time, the expenditure of available funds is determined based on urgency of need and requests from site principals. These needs and requests are then placed in a five-year plan. In FY19 the district upgraded its phone system to an internet based system reducing costs and providing better communication. The district also changed its email and educational software to Google Suite saving money by using this free platform. Each school site is placed on a rotation for equipment upgrades and software renewals. Both the capital maintenance plan and the technology plan have a contingency line item for emergency items in any given year.

The Governing Board approved entering into a Guaranteed Saving Agreement for Energy Saving Improvement with Midstate Energy during fiscal year 2015-16. This resulted in a Qualified Zone Academy Bond (QZAB) in the amount of \$1,850,240 for 15 years at 0% interest. The QZAB will be paid from the guaranteed net savings resulting from energy conservation. In addition, this project included lighting upgrades, water upgrades along with an energy behavior and data management system.

General Fund Balances. The District's budgeting process includes plans to increase the general fund cash balances and prepaid insurance accounts. By so doing, a positive cash balance in the general fund will aide in maintaining the current tax rates. The prepaid account balances will be available to offset or partially offset any future state cuts to District's funding levels.

AWARDS AND ACKNOWLEDGMENTS

Awards. The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its annual comprehensive financial report for the fiscal year ended June 30, 2020. This was the 27th consecutive year that the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its annual comprehensive financial report for the fiscal year ended June 30, 2020. In order to be awarded these certificates, the District published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

These certificates are valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the programs' requirements and we are submitting it to ASBO and GFOA to determine its eligibility for the fiscal year ended June 30, 2021 certificates.

Acknowledgments. The preparation of the annual comprehensive financial report on a timely basis was made possible by the dedicated service of the entire staff of the business and finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the Governing Board of the District, preparation of this report would not have been possible.

Respectfully submitted,



Dennis Dearden
Superintendent



Stacy Saravo
Director of HR & Finance



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

**Sedona-Oak Creek Joint Unified
School District No. 9**

**for its Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2020.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'W. Edward Chabal'.

W. Edward Chabal
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Sedona-Oak Creek Joint Unified School District No. 9
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

Sedona-Oak Creek JUSD #9
Organizational Chart 2020-2021

Governing Board
Randy Hawley - President
414-530-0796
Lauren Robinson - Vice President
928-274-8241
Karen McClelland, Member
928-301-2914
Barbara Trautwein, Member
818-903-7415
Maria Husted, Member
916-893-2796

Dennis Dearden, **Superintendent** - 928-204-6800

Sedona Red Rock High School
Dennis Dearden, Principal
928-204-6700

West Sedona School
Aaron Coleman, Principal
204-6600

District Office
204-6800
Stacy Saravo, Finance/HR
Director
Amanda Stanfield, Account
Assistant
Lesley Singletary, Payroll
Terri Prigge, AP

District-Wide Staff
Deana DeWitt, Assistant Superintendent/
Curriculum Director
928-204-6836
Jennifer Chilton, Director of Operations
928-204-6828
John Parks, Director of Technology
928-204-9700
Vicki Gann, Transportation Director
928-204-6639
Marcus Wilkins, (SFE) Food Service
928-204-6717

School Staff

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9

LIST OF PRINCIPAL OFFICIALS

GOVERNING BOARD

Randy Hawley, President

Heather Hermen, Vice President

Lauren Robinson, Member

Karen McClelland, Member

Karl Wiseman, Member

ADMINISTRATIVE STAFF

Dennis Dearden, Superintendent

Stacy Saravo, Director of HR & Finance

FINANCIAL SECTION

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Independent Auditor's Report

Governing Board
Sedona-Oak Creek Joint Unified School District No. 9

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sedona-Oak Creek Joint Unified School District No. 9 (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sedona-Oak Creek Joint Unified School District No. 9, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Sedona-Oak Creek Joint Unified School District No. 9 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, net pension liability information as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 auditing standards generally accepted in the United States of America, 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.

Supplementary 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 Financial Statements and Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management 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 auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements and Schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2021, on our consideration of Sedona-Oak Creek Joint Unified School District No. 9'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 Sedona-Oak Creek Joint Unified School District No. 9'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 Sedona-Oak Creek Joint Unified School District No. 9's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Flagstaff, Arizona
December 21, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)

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**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

As management of the Sedona-Oak Creek Joint Unified School District No. 9 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The District's total net position of governmental activities increased \$2.9 million which represents an 10 percent increase from the prior fiscal year primarily as a result of the retirement of \$4.5 million in general obligation bonds.
- General revenues accounted for \$13.1 million in revenue, or 87 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$1.9 million or 13 percent of total current fiscal year revenues.
- The District had approximately \$12.1 million in expenses related to governmental activities, a decrease of nine percent from the prior fiscal year.
- Among major funds, the General Fund had \$6.1 million current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$5.6 million in expenditures. The General Fund's fund balance increase from \$2.5 million at the prior fiscal year end to \$2.7 million at the end of the current fiscal year was primarily due to a decrease in property tax revenues.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The accrual basis of accounting is used for the government-wide financial statements.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021

OVERVIEW OF FINANCIAL STATEMENTS

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues. The governmental activities of the District include instruction, support services, operation and maintenance of plant services, student transportation services, operation of non-instructional services, and interest on long-term debt.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are reported as governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting and focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

OVERVIEW OF FINANCIAL STATEMENTS

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Other Federal Projects, Debt Service, and Unrestricted Capital Outlay Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process and pension plan. The District adopts an annual expenditure budget for all governmental funds. A schedule of revenues, expenditures and changes in fund balances – budget and actual has been provided for the General Fund and major Special Revenue Fund as required supplementary information. Schedules for the pension plan have been provided as required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$31.8 million at the current fiscal year end.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, and vehicles, furniture and equipment), less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related outstanding debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, a portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted and may be used to meet the District's ongoing obligations to its citizens and creditors.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2021 and June 30, 2020.

	As of June 30, 2021	As of June 30, 2020
Current and other assets	\$ 7,090,658	\$ 6,155,655
Capital assets, net	58,753,113	61,722,044
Total assets	<u>65,843,771</u>	<u>67,877,699</u>
Deferred outflows	<u>2,607,659</u>	<u>2,461,597</u>
Current and other liabilities	165,007	111,234
Long-term liabilities	36,008,491	40,132,011
Total liabilities	<u>36,173,498</u>	<u>40,243,245</u>
Deferred inflows	<u>524,101</u>	<u>1,254,294</u>
Net position:		
Net investment in capital assets	31,272,987	29,471,716
Restricted	4,168,568	3,211,411
Unrestricted	(3,687,724)	(3,841,370)
Total net position	<u>\$ 31,753,831</u>	<u>\$ 28,841,757</u>

At the end of the current fiscal year, the District reported a negative unrestricted net position of \$1.4 million as a result of the District's proportionate share of the state pension plan's unfunded liability. Positive net position was reported in the other two categories. The same situation held true for the prior fiscal year.

The District's financial position is the product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following are significant current year transactions that have had an impact on the Statement of Net Position.

- The principal retirement of \$4.5 million in outstanding bonded debt.
- The depreciation of existing assets resulting in the addition of \$3.0 million in accumulated depreciation.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

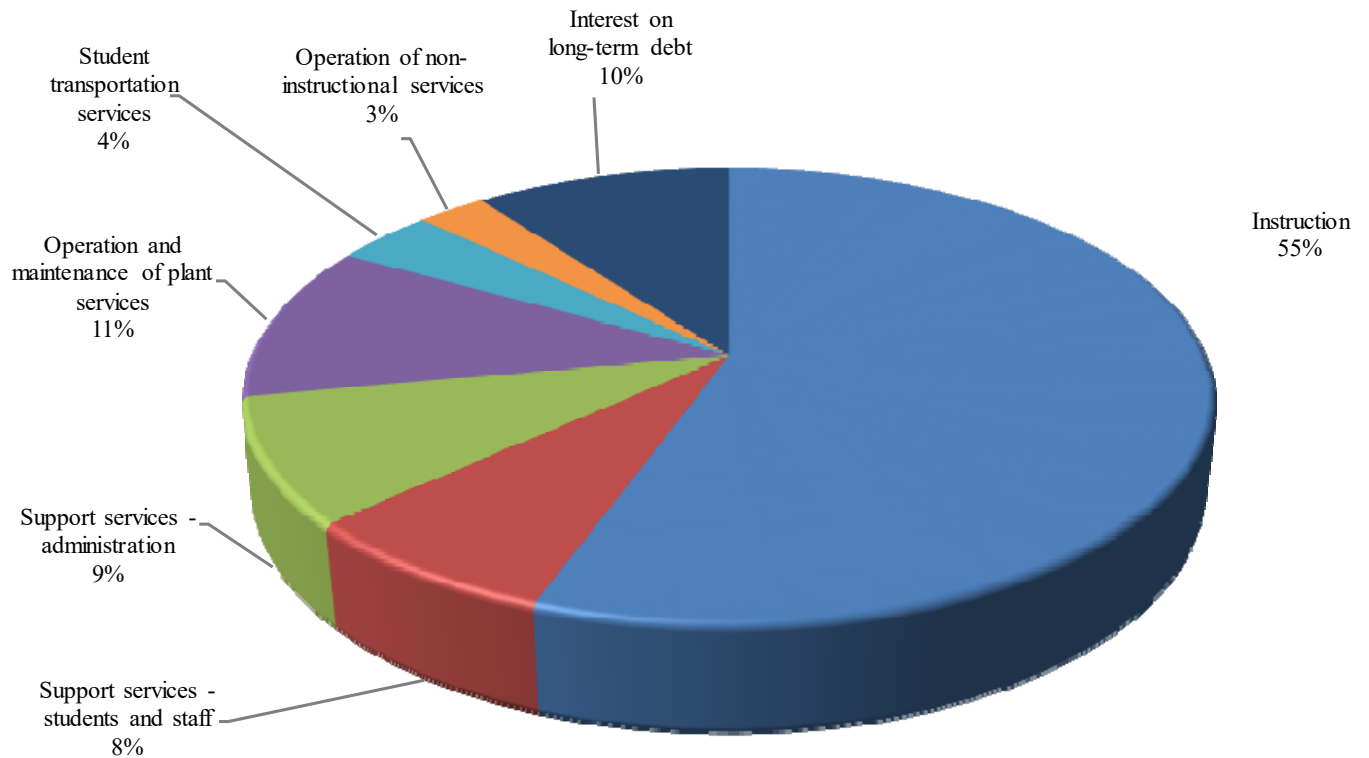
Changes in net position. The District's total revenues for the current fiscal year were \$15.0 million. The total cost of all programs and services was \$12.1 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2021 and June 30, 2020.

	<u>Fiscal Year Ended June 30, 2021</u>	<u>Fiscal Year Ended June 30, 2020</u>
Revenues:		
Program revenues:		
Charges for services	\$ 488,258	\$ 631,630
Operating grants and contributions	1,411,314	1,246,484
Capital grants and contributions	18,973	33,029
General revenues:		
Property taxes	11,397,571	11,253,891
Investment income	25,212	95,468
Unrestricted state aid	1,570,899	1,562,525
Unrestricted federal aid	63,449	82,860
Total revenues	<u>14,975,676</u>	<u>14,905,887</u>
Expenses:		
Instruction	6,696,606	7,184,358
Support services - students and staff	934,826	934,837
Support services - administration	1,069,113	1,253,481
Operation and maintenance of plant services	1,331,986	1,442,730
Student transportation services	477,327	617,456
Operation of non-instructional services	329,512	386,972
Interest on long-term debt	1,224,232	1,478,245
Total expenses	<u>12,063,602</u>	<u>13,298,079</u>
Changes in net position	2,912,074	1,607,808
Net position, beginning	<u>28,841,757</u>	<u>27,233,949</u>
Net position, ending	<u>\$ 31,753,831</u>	<u>\$ 28,841,757</u>

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Expenses - Fiscal Year 2021



The following is a significant current year transaction that has had an impact on the change in net position.

- An increase of \$441,527 in property tax revenues primarily due to an increase in the assessed values of the District.
- A decrease of \$487,752 in instruction expenses primarily due to unfilled instructional positions during the current year.

The following table presents the cost of the District's major functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Year Ended June 30, 2021		Year Ended June 30, 2020	
	Total	Net (Expense)/	Total	Net (Expense)/
	Expenses	Revenue	Expenses	Revenue
Instruction	\$ 6,696,606	\$ (5,444,112)	\$ 7,184,358	\$ (6,054,125)
Support services - students and staff	934,826	(836,383)	934,837	(800,270)
Support services - administration	1,069,113	(1,056,454)	1,253,481	(1,251,835)
Operation and maintenance of plant services	1,331,986	(1,020,007)	1,442,730	(1,177,038)
Student transportation services	477,327	(477,327)	617,456	(581,608)
Operation of non-instructional services	329,512	(86,542)	386,972	(43,815)
Interest on long-term debt	1,224,232	(1,224,232)	1,478,245	(1,478,245)
Total	<u>\$ 12,063,602</u>	<u>\$ (10,145,057)</u>	<u>\$ 13,298,079</u>	<u>\$ (11,386,936)</u>

- The cost of all governmental activities this year was \$12.1 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$1.9 million.
- Net cost of governmental activities of \$10.1 million was financed by general revenues, which are made up of primarily property taxes of \$11.4 million and state aid of \$1.6 million. Investment earnings accounted for \$25,212 of funding.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$7.0 million, an increase of \$1.3 million due primarily to staffing shortages during the current year.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The General Fund comprises 39 percent of the total fund balance. Approximately \$2.2 million, or 82 percent of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the District. The fund balance increased \$246,924 in the General Fund to \$2.7 million as of fiscal year end due primarily to staffing and expenditure changes related to the COVID-19 pandemic. General Fund revenues increased \$57,117, or one percent. General Fund expenditures decreased \$340,811, or six percent.

Expenditures in the Unrestricted Capital Outlay Fund decreased \$192,630 primarily as a result of a reduction in activity due to the COVID-19 pandemic.

The Other Federal Projects Fund fund balance decreased to (\$146,225) primarily as a result of increased expenditures from the COVID-19 funds.

The Debt Service Fund's fund balance increased \$490,532 million to \$1.1 million at fiscal year-end primarily due to an increase in property tax revenues.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the General Fund annual expenditure budget for changes in student counts. The difference between the original budget and the final amended budget was a \$70.710 decrease, or one percent.

Significant variances for the final amended budget and actual revenues resulted from the District not being required by the State of Arizona to prepare a revenue budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information. The favorable variance of \$491,336 in instruction expenditures was a result of various unfilled positions and lower than anticipated costs of salaries and employee benefits.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the District had invested \$99.0 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount is the same as the prior fiscal year. Total depreciation expense for the current fiscal year was \$3.0 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2021 and June 30, 2020.

	As of June 30, 2021	As of June 30, 2020
Capital assets - non-depreciable	\$ 4,971,462	\$ 4,971,462
Capital assets - depreciable, net	53,781,651	56,750,582
Total	\$ 58,753,113	\$ 61,722,044

Additional information on the District's capital assets can be found in Note 6.

Debt Administration. At year end, the District had \$28.9 million in long-term debt outstanding, \$4.5 million due within one year. Long-term debt decreased by \$5.1 million due to principal payments.

The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 30 percent of the total net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 20 percent of the net full cash assessed valuation or \$1,500 per student). The current total debt limitation for the District is \$218.4 million and the Class B debt limit is \$145.6 million, which are more than the District's outstanding general obligation and Class B debt, respectively.

Additional information on the District's long-term debt can be found in Notes 8 through 10.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2021-22 budget. Among them:

- Fiscal year 2020-21 budget balance carry forward (estimated \$180,750).
- District student population (estimated 720).
- Employee salaries.
- The impact of the COVID-19 pandemic on student enrollment and uncertainty moving forward.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Also considered in the development of the budget is the local economy and inflation of the surrounding area.

Budgeted expenditures in the General Fund increased four percent to \$5.8 million in fiscal year 2021-22. The reason for the increase in budgeted expenditures was the result of increasing student counts. State aid and property taxes are expected to be the primary funding sources. No new programs were added to the 2021-22 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Sedona-Oak Creek Joint Unified School District No. 9, 995 Upper Red Rock Loop Road, Sedona, Arizona 86336.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 5,733,310
Property taxes receivable	198,282
Accounts receivable	218,935
Due from governmental entities	479,007
Prepaid items	456,870
Inventory	4,254
Total current assets	7,090,658
Noncurrent assets:	
Capital assets not being depreciated	4,971,462
Capital assets, net of accumulated depreciation	53,781,651
Total noncurrent assets	58,753,113
Total assets	65,843,771
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred charge on refunding	1,395,933
Pension plan items	1,211,726
Total deferred outflows of resources	2,607,659
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	93,963
Accrued payroll and employee benefits	71,444
Compensated absences payable	13,000
Obligations under capital leases	123,349
Bonds payable	4,420,000
Total current liabilities	4,721,756
Noncurrent liabilities:	
Non-current portion of long-term obligations	31,451,742
Total noncurrent liabilities	31,451,742
Total liabilities	36,173,498
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension plan items	524,101
<u>NET POSITION</u>	
Net investment in capital assets	31,272,987
Restricted for:	
Restricted for Instruction	1,539,648
Food service	4,254
Non-instructional purposes	564,179
Debt service	1,113,292
Capital outlay	947,195
Unrestricted	(3,687,724)
Total net position	\$ 31,753,831

The notes to the basic financial statements are an integral part of this statement.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 6,696,606	\$ 188,792	\$ 1,044,729	\$ 18,973	\$ (5,444,112)
Support services - students and staff	934,826		98,443		(836,383)
Support services - administration	1,069,113		12,659		(1,056,454)
Operation and maintenance of plant services	1,331,986	249,051	62,928		(1,020,007)
Student transportation services	477,327				(477,327)
Operation of non-instructional services	329,512	50,415	192,555		(86,542)
Interest and fiscal charges	1,224,232				(1,224,232)
Total governmental activities	<u>\$ 12,063,602</u>	<u>\$ 488,258</u>	<u>\$ 1,411,314</u>	<u>\$ 18,973</u>	<u>(10,145,057)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	5,058,386
Property taxes, levied for debt service	5,895,696
Property taxes, levied for capital outlay	443,489
Investment income	25,212
Unrestricted state aid	1,570,899
Unrestricted federal aid	63,449
Total general revenues	<u>13,057,131</u>

Changes in net position

2,912,074

Net position, beginning of year

28,841,757

Net position, end of year

\$ 31,753,831

The notes to the basic financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Other Federal Projects	Debt Service
<u>ASSETS</u>			
Cash and investments	\$ 1,904,917	\$	\$ 727,176
Property taxes receivable	101,157		88,269
Accounts receivable	21,226		
Due from governmental entities	240,158	146,225	
Due from other funds	198,326		
Prepaid items	456,870		
Inventory			
Total assets	\$ 2,922,654	\$ 146,225	\$ 815,445
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 64,802	\$ 4,978	\$
Due to other funds		137,553	
Accrued payroll and employee benefits	62,630	3,694	
Total liabilities	127,432	146,225	
Deferred inflows of resources:			
Unavailable revenues - property taxes	68,029		21,933
Unavailable revenues - intergovernmental		146,225	
Total deferred inflows of resources	68,029	146,225	21,933
Fund balances (deficits):			
Nonspendable	456,870		
Restricted			793,512
Assigned	23,447		
Unassigned	2,246,876	(146,225)	
Total fund balances	2,727,193	(146,225)	793,512
 Total liabilities, deferred inflows of resources and fund balances	 \$ 2,922,654	 \$ 146,225	 \$ 815,445

The notes to the basic financial statements are an integral part of this statement.

<u>Unrestricted Capital Outlay</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 832,592	\$ 2,268,625	\$ 5,733,310
8,856		198,282
	197,709	218,935
20,883	71,741	479,007
		198,326
		456,870
	4,254	4,254
<u>\$ 862,331</u>	<u>\$ 2,542,329</u>	<u>\$ 7,288,984</u>
\$ 3,643	\$ 20,540	\$ 93,963
	60,773	198,326
	5,120	71,444
<u>3,643</u>	<u>86,433</u>	<u>363,733</u>
6,741		96,703
	16,482	162,707
<u>6,741</u>	<u>16,482</u>	<u>259,410</u>
	4,254	461,124
851,947	2,236,886	3,882,345
	214,756	238,203
	(16,482)	2,084,169
<u>851,947</u>	<u>2,439,414</u>	<u>6,665,841</u>
<u>\$ 862,331</u>	<u>\$ 2,542,329</u>	<u>\$ 7,288,984</u>

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SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Total governmental fund balances

Amounts reported for <i>governmental activities</i> in the Statement of Net Position are different because:		6,665,841
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 98,964,006	
Less accumulated depreciation	<u>(40,210,893)</u>	58,753,113
Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.		
Property taxes	96,703	
Intergovernmental	<u>162,707</u>	259,410
Deferred items related to the refunding of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds.		
		1,395,933
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	1,211,726	
Deferred inflows of resources related to pensions	<u>(524,101)</u>	687,625
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences payable	(115,288)	
Obligations under capital leases	(1,356,839)	
Net pension liability	(6,972,192)	
Bonds payable	<u>(27,563,772)</u>	<u>(36,008,091)</u>
Net position of governmental activities		<u><u>\$ 31,753,831</u></u>

The notes to the basic financial statements are an integral part of this statement.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	General	Other Federal Projects	Debt Service
Revenues:			
Other local	\$ 6,546	\$	\$ 12,140
Property taxes	5,058,706		6,051,277
State aid and grants	998,247		
Federal aid, grants and reimbursements	63,449	331,968	
Total revenues	6,126,948	331,968	6,063,417
Expenditures:			
Current -			
Instruction	2,400,512	331,965	
Support services - students and staff	810,277	40,261	
Support services - administration	766,968		
Operation and maintenance of plant services	1,186,578	66,293	
Student transportation services	368,332		
Operation of non-instructional services	39,428		
Capital outlay	26,182	39,674	
Debt service -			
Principal retirement			4,515,000
Interest and fiscal charges			1,356,085
Total expenditures	5,598,277	478,193	5,871,085
Excess (deficiency) of revenues over expenditures	528,671	(146,225)	192,332
Other financing sources (uses):			
Transfers in	8,537		353
Transfers out	(123,350)		
Total other financing sources (uses)	(114,813)		353
Changes in fund balances	413,858	(146,225)	192,685
Fund balances, beginning of year	2,480,269		600,827
Increase (decrease) in reserve for prepaid items	(166,934)		
Increase (decrease) in reserve for inventory			
Fund balances, end of year	\$ 2,727,193	\$ (146,225)	\$ 793,512

The notes to the basic financial statements are an integral part of this statement.

Unrestricted Capital Outlay	Non-Major Governmental Funds	Total Governmental Funds
\$ 5,385	\$ 854,553	\$ 878,624
439,360		11,549,343
81,693	557,932	1,637,872
	658,856	1,054,273
<u>526,438</u>	<u>2,071,341</u>	<u>15,120,112</u>
	991,433	3,723,910
	79,563	930,101
	15,408	782,376
	10,302	1,263,173
		368,332
	244,063	283,491
444,871	61,884	572,611
	123,349	4,638,349
		1,356,085
<u>444,871</u>	<u>1,526,002</u>	<u>13,918,428</u>
81,567	545,339	1,201,684
	123,350	132,240
	(8,890)	(132,240)
	<u>114,460</u>	
<u>81,567</u>	<u>659,799</u>	<u>1,201,684</u>
770,380	1,789,095	5,640,571
		(166,934)
	(9,480)	(9,480)
<u>\$ 851,947</u>	<u>\$ 2,439,414</u>	<u>\$ 6,665,841</u>

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Changes in fund balances - total governmental funds		\$	1,201,684
<p>Amounts reported for <i>governmental activities</i> in the Statement of Activities are different because:</p> <p>Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense.</p>			
Less current year depreciation	(2,968,931)		(2,968,931)
<p>Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>			
Property taxes	(151,772)		
Intergovernmental	7,332		(144,440)
<p>Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>			
Capital lease principal retirement	123,349		
Bond principal retirement	4,515,000		4,638,349
<p>Governmental funds report pension contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension liability, adjusted for deferred items, is reported as pension expense in the Statement of Activities.</p>			
Current year pension contributions	476,174		
Pension expense	(271,597)		204,577
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>			
Prepaid items	(166,934)		
Inventory	(9,480)		
Amortization of deferred bond items	131,853		
Compensated absences	25,396		(19,165)
Changes in net position in governmental activities		\$	<u>2,912,074</u>

The notes to the basic financial statements are an integral part of this statement.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Sedona-Oak Creek Joint Unified School District No. 9 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

A. Reporting Entity

Residents of Coconino and Yavapai counties voted to form a new school district in fiscal year 1991-92. This 93 percent voter approval resulted in the creation of the Sedona-Oak Creek Joint Unified School District No. 9. The District was formed from a portion of Cottonwood-Oak Creek Elementary School District No. 6 of Yavapai County, Arizona; Mingus Union High School District No. 4 of Yavapai County, Arizona; and Flagstaff Unified School District No. 1 of Coconino County, Arizona. The District is located in both Yavapai and Coconino counties.

The Governing Board is organized under Section 15-321 of the Arizona Revised Statutes (A.R.S.). Management of the District is independent of other state or local governments. The County Treasurer collects taxes for the District, but exercises no control over its expenditures/expenses.

The membership of the Governing Board consists of five members elected by the public. Under existing statutes, the Governing Board's duties and powers include, but are not limited to, the acquisition, maintenance and disposition of school property; the development and adoption of a school program; and the establishment, organization and operation of schools.

The Board also has broad financial responsibilities, including the approval of the annual budget, and the establishment of a system of accounting and budgetary controls.

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include education, student transportation, construction and maintenance of District facilities, food services, bookstore, and athletic functions.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities or fiduciary activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, unrestricted federal and state aid, and other items not included among program revenues are reported instead as general revenues.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property taxes, federal, state aid, tuition and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Food services and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Unearned revenues arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Delinquent property taxes and other receivables that will not be collected within the available period have been reported as unavailable revenues on the governmental fund financial statements.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

The District reports the following major governmental funds:

General Fund – The General Fund is the District’s primary operating fund. It accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds. The General Fund includes the District’s Maintenance and Operation Fund as well as certain activities budgeted in separate funds in accordance with A.R.S. These funds are maintained as separate funds for budgetary purposes but do not meet the criteria for separate reporting in the financial statements.

Other Federal Projects Fund – The Other Federal Projects Fund accounts for financial assistance received for other supplemental federal projects.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

Unrestricted Capital Outlay Fund – The Unrestricted Capital Outlay Fund accounts for transactions relating to the acquisition of capital items.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Cash and Investments

A.R.S. 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 of the Debt Service and Bond Building Funds that may be invested separately. Interest earned from investments purchased with pooled monies is allocated to each of the District's funds based on their average balances. As required by statute, interest earnings of the Bond Building Fund are recorded initially in that fund, but then transferred to the Debt Service Fund. All investments are stated at fair value.

Statute authorizes the District to separately invest monies of the Bond Building and Debt Service Funds in the State Treasurer's investment pools; obligations issued and 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. Monies in these funds may also be invested. 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.

Statute does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. Arizona statute requires a pooled collateral program for public deposits and a Statewide Collateral Pool Administrator (Administrator) in the State Treasurer's Office. The purpose of the pooled collateral program is to ensure that governmental entities' public deposits placed in participating depositories are secured with collateral of 102 percent of the public deposits, less any applicable federal depository insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository's compliance with the program.

E. Investment Income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments. Investment income is included in other local revenue in the fund financial statements.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Interfund balances between governmental funds are eliminated on the Statement of Net Position.

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

G. 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 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 of the next year and becomes delinquent after the first business day of May.

Pursuant to A.R.S., a lien against assessed real and personal property attaches on the first day of January preceding assessment and levy; however according to case law, an enforceable legal claim to the asset does not arise.

H. Inventory

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. Inventories are recorded as expenses when consumed on the government-wide financial statements and as expenditures when purchased on the fund financial statements. The United States Department of Agriculture (USDA) commodity portion of the food services inventory consists of food donated by the USDA. It is valued at estimated market prices paid by the USDA.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as expenses when consumed in the government-wide financial statements and as expenditures when purchased in the fund financial statements.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

J. Capital Assets

Capital assets, which include land and improvements; buildings and improvements; and vehicles, furniture, and equipment are reported in the government-wide financial statements.

Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	15 – 20 years
Buildings and improvements	7 – 50 years
Vehicles, furniture and equipment	3 – 20 years

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

L. Compensated Absences

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay in varying amounts. Only benefits considered vested are recognized in the financial statements. The liability for vacation and sick leave is reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to pay for compensated absences.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Pensions

For purposes of measuring the net pension liability, related deferred outflows of resources and deferred inflows of resources, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's 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.

N. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Deferred amounts on refunding result from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses in governmental funds.

P. Net Position Flow Assumption

In the government-wide fund financial statements the District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

Q. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. 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.

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Governing Board. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. No committed fund balance amounts are reported.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Governing Board or the Finance Director, a management official delegated that authority, by the formal Governing Board action in accordance with adopted policy.

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 – FUND BALANCE CLASSIFICATIONS

The District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The table below provides detail of the major components of the District’s fund balance classifications at year end. Voter approved initiatives include monies restricted in the Classroom Site and Instructional Improvement funds.

	General Fund	Other Federal Projects Fund	Debt Service Fund	Unrestricted Capital Outlay Fund	Non-Major Governmental Funds
Fund Balances:					
Nonspendable:					
Inventory	\$	\$	\$	\$	\$ 4,254
Prepaid items	456,870				
Restricted:					
Debt service			1,091,359		
Capital projects				851,947	88,507
Bond building projects					44,552
Voter approved initiatives					704,303
Federal and state projects					8,265
Civic center activities					392,185
Extracurricular activities					450,006
Gifts and donations					356,062
Insurance refund					158,519
Other purposes					34,487
Assigned:					
Net investment in capital assets	23,447				214,756
Unassigned	2,246,876	(146,225)			(16,482)
Total fund balances	\$ 2,727,193	\$ (146,225)	\$ 1,091,359	\$ 851,947	\$ 2,439,414

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Individual Deficit Fund Balances – At year end, the following individual major and non-major governmental funds reported deficits in fund balance.

	Deficit
Major Fund:	
Other Federal Projects	\$ (146,225)
Non-Major Governmental Funds:	
Professional Development and Technology Grants	(609)
Limited English and Immigrant Students	(429)
Special Education Grants	(15,444)

The deficits arose because of pending grant reimbursements. Additional revenues received in fiscal year 2021-22 are expected to eliminate the deficits.

Excess Expenditures Over Budget – At year end, the District had expenditures in funds that exceeded the budgets, however, this does not constitute a violation of any legal provisions.

NOTE 4 – CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District’s deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District’s deposits was \$259,843, and the bank balance was \$261,900. None of the District’s deposits were uninsured and uncollateralized at year end.

Fair Value Measurements. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

The County Treasurer’s pool is an external investment pool with no regulatory oversight. The pool is not required to register (and is not registered) with the Securities and Exchange Commission. The fair value of each participant’s position in the County Treasurer investment pool approximates the value of the participant’s shares in the pool and the participants’ shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 – CASH AND INVESTMENTS

At year end, the District’s investments consisted of the following:

Investment Type	Average Maturities	Fair Value
County Treasurer’s investment pool	1.027 years	\$ 5,473,467

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The District has no investment policy that would further limit its investment choices. As of year end, the District’s investment in the County Treasurer’s investment pool did not receive a credit quality rating from a national rating agency.

Custodial Credit Risk – Investments. The District’s investment in the County Treasurer’s investment pools represents a proportionate interest in the pool’s portfolio; however, the District’s portion is not identified with specific investments and is not subject to custodial credit risk.

NOTE 5 – RECEIVABLES

Receivable balances, net of allowance for uncollectibles, have been disaggregated by type and presented separately in the financial statements with the exception of due from governmental entities. Due from governmental entities, net of allowance for uncollectibles, as of year end for the District’s individual major funds and non-major governmental funds in the aggregate were as follows:

	General Fund	Other Federal Projects Fund	Unrestricted Capital Outlay Fund	Non-Major Governmental Funds
Due from other governmental entities:				
Due from federal government	\$	\$ 146,225	\$	\$ 71,741
Due from state government	240,158		20,883	
Net due from governmental entities	\$ 240,158	\$ 146,225	\$ 20,883	\$ 71,741

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 – CAPITAL ASSETS

A summary of capital asset activity for the current fiscal year follows:

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 4,971,462	\$	\$	\$ 4,971,462
Total capital assets, not being depreciated	<u>4,971,462</u>			<u>4,971,462</u>
Capital assets, being depreciated:				
Land improvements	11,689,877			11,689,877
Buildings and improvements	80,133,633			80,133,633
Vehicles, furniture and equipment	2,169,034			2,169,034
Total capital assets being depreciated	<u>93,992,544</u>			<u>93,992,544</u>
Less accumulated depreciation for:				
Land improvements	(8,193,990)	(591,232)		(8,785,222)
Buildings and improvements	(27,074,611)	(2,341,587)		(29,416,198)
Vehicles, furniture and equipment	(1,973,361)	(36,112)		(2,009,473)
Total accumulated depreciation	<u>(37,241,962)</u>	<u>(2,968,931)</u>		<u>(40,210,893)</u>
Total capital assets, being depreciated, net	<u>56,750,582</u>	<u>(2,968,931)</u>		<u>53,781,651</u>
Governmental activities capital assets, net	<u>\$ 61,722,044</u>	<u>\$ (2,968,931)</u>	\$	<u>\$ 58,753,113</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$2,678,459
Support services – students and staff	12,331
Support services – administration	219,915
Operation and maintenance of plant services	32,382
Student transportation services	12,076
Operation of non-instructional services	13,768
Total depreciation expense – governmental activities	<u>\$2,968,931</u>

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 – SHORT TERM DEBT – REVOLVING LINE OF CREDIT

The District has a revolving line of credit to provide cash flow during the year to mitigate the impact of timing differences of expenditures and the receipt of state aid and property tax revenues. At year end, the District had \$1.5 million in unused line of credit.

NOTE 8 – OBLIGATIONS UNDER CAPITAL AND OPERATING LEASES

Capital Leases – The District has acquired energy efficiency upgrades under the provisions of long-term lease agreements classified as a capital lease. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Revenues from the General Fund are transferred to the Energy and Water Savings Fund, a non-major governmental fund, and are used to pay the capital lease obligation. This lease, in the amount of \$1,850,241, qualifies as a Qualified Zone Academy Bond (QZAB). Under the QZAB program, the District has to repay principal only since the interest is paid by the financial institution that provided the bonds to the District. The financial institution receives a tax credit from the federal government in lieu of the interest. The future minimum lease obligations and the net present value of these minimum lease payments at year end were as follows:

Year Ending June 30:	<u>Governmental Activities</u>
2022	\$ 123,349
2023	123,349
2024	123,349
2025	123,349
2026	123,349
2027-31	616,745
2032	<u>123,349</u>
Total minimum lease payments	1,356,839
Present value of minimum lease payments	<u>\$ 1,356,839</u>
Due within one year	<u>\$ 123,349</u>

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 – OBLIGATIONS UNDER CAPITAL AND OPERATING LEASES

Operating Leases – The District leases copiers under the provisions of long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases totaled \$43,957 for the current fiscal year. The operating leases have remaining noncancelable lease terms of two years and provide renewal options.

The future minimum rental payments required under the operating leases at year end, were as follows:

Year Ending June 30:	Governmental Activities
2022	\$ 36,984
2023	15,410
Total minimum payments required	<u>\$ 52,394</u>

NOTE 9 – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at year end consisted of the following outstanding general obligation bonds. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt.

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Remaining Maturities</u>	<u>Outstanding Principal June 30, 2021</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds:					
Refunding Bonds, Series 2015	\$ 20,850,000	4.00-5.00%	7/1/22-28	\$ 15,440,000	\$ 3,105,000
Crossover Refunding Bonds, Series 2017	11,630,000	2.50-5.00%	7/1/22-28	<u>9,185,000</u>	<u>1,315,000</u>
Total				<u>\$ 24,625,000</u>	<u>\$ 4,420,000</u>

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 – GENERAL OBLIGATION BONDS PAYABLE

Annual debt service requirements to maturity on general obligation bonds at year end are summarized as follows:

Year ending June 30:	Governmental Activities	
	Principal	Interest
2022	\$ 4,420,000	\$ 1,141,976
2023	3,935,000	920,976
2024	2,920,000	724,226
2025	3,070,000	578,226
2026	3,210,000	461,350
2027-28	7,070,000	484,950
Total	<u>\$ 24,625,000</u>	<u>\$ 4,311,704</u>

Defeased Debt - In prior years, the District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At year end, \$16,950,000 of defeased bonds are still outstanding.

NOTE 10 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the current fiscal year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 29,140,000	\$	\$ 4,515,000	\$ 24,625,000	\$ 4,420,000
Premium	3,358,598		419,826	2,938,772	
Total bonds payable	<u>32,498,598</u>		<u>4,934,826</u>	<u>27,563,772</u>	<u>4,420,000</u>
Obligations under capital leases	1,480,188		123,349	1,356,839	123,349
Net pension liability	6,012,541	959,651		6,972,192	
Compensated absences payable	140,684	30,407	55,803	115,288	13,000
Governmental activity long-term liabilities	<u>\$ 40,132,011</u>	<u>\$ 990,058</u>	<u>\$ 5,113,978</u>	<u>\$ 36,008,091</u>	<u>\$ 4,556,349</u>

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end, interfund balances were as follows:

Due to/from other funds – At year end, the Other Federal Projects Fund and several Non-Major Governmental Funds had negative cash balances of \$137,553 and \$60,773, respectively, in the Treasurer’s pooled cash accounts totaling \$198,326. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with the General Fund. All interfund balances are expected to be paid within one year.

Interfund transfers:

	Transfers in			Total
	General Fund	Debt Service Fund	Non-Major Governmental Funds	
Transfers out				
General Fund	\$	\$	\$ 123,350	\$ 123,350
Non-Major Governmental Funds	8,537	353		8,890
Total	<u>\$ 8,537</u>	<u>\$ 353</u>	<u>\$ 123,350</u>	<u>\$ 132,240</u>

Transfers between funds were used to (1) move investment income earned in the Bond Building Fund, a non-major governmental fund that is required by statute to be expended in the Debt Service Fund, (2) move federal grant funds, restricted for indirect costs to the General Fund, and 3) move energy rebate savings from the General Fund to the Energy Water Savings Fund, a non-major governmental fund.

NOTE 12 – CONTINGENT LIABILITIES

Compliance – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures/expenses that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 – 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 was unable to obtain insurance at a cost it considered to be economically justifiable. Therefore, the District joined and is covered by three public entity risk pools: the Arizona School Risk Retention Trust, Inc. (ASRRT), Kairos, and the Arizona School Alliance for Workers' Compensation (Alliance).

ASRRT is a public entity risk pool currently operating as a common risk management and insurance program for school districts and community colleges in the State. The District pays an annual premium to ASRRT for its general insurance coverage. The agreement provides that ASRRT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

The District's employees have health and accident insurance coverage with Kairos. Kairos is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the state. The District pays a monthly premium to Kairos for employees' health and accident insurance coverage. The agreement provides that Kairos will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

The Alliance is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays quarterly premiums to the Alliance for its employee workers' compensation coverage. The agreement provides that the Alliance will be self-sustaining through members' premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event.

NOTE 14 – PENSIONS

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. 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 the ASRS website at www.azasrs.gov.

The ASRS OPEB plans are not further disclosed because of their relative insignificance to the District's financial statements.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 – PENSIONS

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

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

*With actuarially reduced benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member’s death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. 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.

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 current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.22 percent (12.04 percent for retirement and 0.18 percent for long-term disability) of the members’ annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 12.22 percent (11.65 percent for retirement, 0.39 percent for health insurance premium benefit, and 0.18 percent for long-term disability) of the active members’ annual covered payroll. The District’s contributions to the pension plan for the year ended June 30, 2021 were \$476,174.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 – PENSIONS

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to ASRS. The District was required by statute to contribute at the actuarially determined rate of 10.21 percent (10.14 for retirement and 0.07 percent for long-term disability). ACR contributions are included in employer contributions presented above.

The District’s pension plan contributions are paid by the same funds as the employee’s salary, with the largest component coming from the General Fund.

Pension Liability. The net pension liability was measured as of June 30, 2020. The total liability used to calculate the net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2019, to the measurement date of June 30, 2020. The District’s proportion of the net liability was based on the District’s actual contributions to the applicable plan relative to the total of all participating employers’ contributions to the plan for the year ended June 30, 2020.

At June 30, 2021, the District reported the following amounts for its proportionate share of the pension plan net liability. In addition, at June 30, 2020, the District’s percentage proportion for the plan and the related change from its proportion measured as of June 30, 2019 was:

Net Liability	District % Proportion	Increase (Decrease)
\$ 6,972,192	0.040	(0.001)

Pension Expense and Deferred Outflows/Inflows of Resources. The District has deferred outflows and inflows of resources related to the net pension liability. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. The District’s pension expense for the year ended June 30, 2021 was \$271,597.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 – PENSIONS

The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 63,076	\$
Net difference between projected and actual earnings on pension investments	672,476	
Changes in proportion and differences between contributions and proportionate share of contributions		524,101
Contributions subsequent to the measurement date	476,174	
Total	\$ 1,211,726	\$ 524,101

The amounts of deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an adjustment of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2022	\$ (394,896)
2023	155,085
2024	243,242
2025	207,993

Actuarial Assumptions. The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2019
Actuarial roll forward date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Inflation	2.3%
Projected salary increases	2.7-7.2%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 – PENSIONS

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2016. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2017, actuarial valuation.

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 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, excluding any expected inflation.

On June 29, 2018, the ASRS Board approved updated strategic asset allocation targets, to be effective July 2018. 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%	6.39%
Credit	20	5.44
Interest rate sensitive bonds	10	0.22
Real estate	20	5.85
Total	100%	

Discount Rate. The discount rate used to measure the total pension 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 plan’s 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 investments was applied to all periods of projected benefit payments to determine the total pension liability.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 – PENSIONS

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Rate	6.5%	7.5%	8.5%
Net liability	\$ 9,534,377	\$ 6,972,192	\$ 4,830,336

Contributions payable. The District’s accrued payroll and employee benefits included \$12,868 of outstanding pension contribution amounts payable to ASRS for the year ended June 30, 2021.

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

REQUIRED SUPPLEMENTARY INFORMATION

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other local	\$	\$	\$ 3,481	\$ 3,481
Property taxes			5,058,706	5,058,706
State aid and grants			998,188	998,188
Total revenues			<u>6,060,375</u>	<u>6,060,375</u>
Expenditures:				
Current -				
Instruction	2,985,926	2,853,538	2,362,202	491,336
Support services - students and staff	771,714	763,422	810,277	(46,855)
Support services - administration	547,571	676,694	725,404	(48,710)
Operation and maintenance of plant services	1,316,770	1,173,259	1,176,933	(3,674)
Student transportation services	449,013	380,513	368,332	12,181
Operation of non-instructional services	10,372	163,230	39,428	123,802
Capital outlay			14,862	(14,862)
Total expenditures	<u>6,081,366</u>	<u>6,010,656</u>	<u>5,497,438</u>	<u>513,218</u>
Excess (deficiency) of revenues over expenditures	<u>(6,081,366)</u>	<u>(6,010,656)</u>	<u>562,937</u>	<u>6,573,593</u>
Other financing sources (uses):				
Transfers out			(123,350)	(123,350)
Total other financing sources (uses)			<u>(123,350)</u>	<u>(123,350)</u>
Changes in fund balances	<u>(6,081,366)</u>	<u>(6,010,656)</u>	<u>439,587</u>	<u>6,450,243</u>
Fund balances, beginning of year			2,094,753	2,094,753
Increase (decrease) in reserve for prepaid items			(166,934)	(166,934)
Fund balances (deficits), end of year	<u>\$ (6,081,366)</u>	<u>\$ (6,010,656)</u>	<u>\$ 2,367,406</u>	<u>\$ 8,378,062</u>

See accompanying notes to this schedule.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OTHER FEDERAL PROJECTS
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Federal aid, grants and reimbursements	\$	\$ 331,968	\$ 331,968
Total revenues		<u>331,968</u>	<u>331,968</u>
Expenditures:			
Current -			
Instruction	175,390	331,965	(156,575)
Support services - students and staff		40,261	(40,261)
Operation and maintenance of plant services		66,293	(66,293)
Capital outlay		39,674	(39,674)
Total expenditures	<u>175,390</u>	<u>478,193</u>	<u>(302,803)</u>
Changes in fund balances	<u>(175,390)</u>	<u>(146,225)</u>	<u>29,165</u>
Fund balances, beginning of year			
Fund balances (deficits), end of year	<u>\$ (175,390)</u>	<u>\$ (146,225)</u>	<u>\$ 29,165</u>

See accompanying notes to this schedule.

SEDONA-OAK CREEK JOINT USD NO.9
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
District's proportion of the net pension (assets) liability	0.04%	0.04%	0.05%	0.05%
District's proportionate share of the net pension (assets) liability	\$ 6,972,192	\$ 6,012,541	\$ 7,022,053	\$ 7,452,539
District's covered payroll	\$ 4,378,786	\$ 4,343,721	\$ 4,983,706	\$ 4,680,390
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	159.23%	138.42%	140.90%	159.23%
Plan fiduciary net position as a percentage of the total pension liability	69.33%	73.24%	73.40%	69.92%

SCHEDULE OF PENSION CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 476,174	\$ 501,372	\$ 485,628	\$ 543,224
Contributions in relation to the actuarially determined contribution	<u>476,174</u>	<u>501,372</u>	<u>485,628</u>	<u>543,224</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 4,087,330	\$ 4,378,786	\$ 4,343,721	\$ 4,983,706
Contributions as a percentage of covered payroll	11.65%	11.45%	11.18%	10.90%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

<u>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2016	June 30, 2015	June 30, 2014
0.05%	0.05%	0.05%
\$ 7,545,920	\$ 7,696,109	\$ 7,547,655
\$ 4,383,180	\$ 4,506,630	\$ 4,588,860
172.16%	170.77%	164.48%
67.06%	68.35%	69.49%

<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 504,546	\$ 475,575	\$ 490,772
<u>504,546</u>	<u>475,575</u>	<u>490,772</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 4,680,390	\$ 4,383,180	\$ 4,506,630
10.78%	10.85%	10.89%

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The District budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, except for the following item.

- Certain activities reported in the General Fund are budgeted in separate funds in accordance with Arizona Revised Statutes.
- Employee insurance expenditures are budgeted in the year the employee insurance account is funded.

The following schedule reconciles expenditures and fund balances at the end of year.

	<u>Total</u> <u>Expenditures</u>	<u>Fund Balances</u> <u>End of Year</u>
Statement of Revenues, Expenditures and Changes in		
Fund Balances – Governmental Funds	\$ 5,598,277	\$ 2,727,193
Activity budgeted as special revenue funds	(73,658)	(358,087)
Employee insurance account	<u>(27,181)</u>	<u>(1,700)</u>
Schedule of Revenues, Expenditures and Changes in Fund		
Balances – Budget and Actual – General Fund	<u>\$ 5,497,438</u>	<u>\$ 2,367,406</u>

NOTE 2 – PENSION PLAN SCHEDULES

Actuarial Assumptions for Valuations Performed. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

Factors that Affect Trends. The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2016. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2017, actuarial valuation.

**COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS
AND SCHEDULES**

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GOVERNMENTAL FUNDS

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2021

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<u>ASSETS</u>			
Cash and investments	\$ 2,135,566	\$ 133,059	\$ 2,268,625
Accounts receivable	197,709		197,709
Due from governmental entities	71,741		71,741
Inventory	4,254		4,254
Total assets	<u>\$ 2,409,270</u>	<u>\$ 133,059</u>	<u>\$ 2,542,329</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 20,540	\$	\$ 20,540
Due to other funds	60,773		60,773
Accrued payroll and employee benefits	5,120		5,120
Total liabilities	<u>86,433</u>		<u>86,433</u>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental	<u>16,482</u>		<u>16,482</u>
Fund balances (deficits):			
Nonspendable	4,254		4,254
Restricted	2,103,827	133,059	2,236,886
Assigned	214,756		214,756
Unassigned	(16,482)		(16,482)
Total fund balances	<u>2,306,355</u>	<u>133,059</u>	<u>2,439,414</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 2,409,270</u>	 <u>\$ 133,059</u>	 <u>\$ 2,542,329</u>

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2021

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Other local	\$ 853,612	\$ 941	\$ 854,553
State aid and grants	557,932		557,932
Federal aid, grants and reimbursements	658,856		658,856
Total revenues	<u>2,070,400</u>	<u>941</u>	<u>2,071,341</u>
Expenditures:			
Current -			
Instruction	991,433		991,433
Support services - students and staff	79,563		79,563
Support services - administration	15,408		15,408
Operation and maintenance of plant services	10,302		10,302
Operation of non-instructional services	244,063		244,063
Capital outlay	61,884		61,884
Debt service -			
Principal retirement		123,349	123,349
Total expenditures	<u>1,402,653</u>	<u>123,349</u>	<u>1,526,002</u>
Excess (deficiency) of revenues over expenditures	<u>667,747</u>	<u>(122,408)</u>	<u>545,339</u>
Other financing sources (uses):			
Transfers in		123,350	123,350
Transfers out	(8,537)	(353)	(8,890)
Total other financing sources (uses)	<u>(8,537)</u>	<u>122,997</u>	<u>114,460</u>
Changes in fund balances	<u>659,210</u>	<u>589</u>	<u>659,799</u>
Fund balances, beginning of year	1,656,625	132,470	1,789,095
Increase (decrease) in reserve for inventory	(9,480)		(9,480)
Fund balances, end of year	<u>\$ 2,306,355</u>	<u>\$ 133,059</u>	<u>\$ 2,439,414</u>

SPECIAL REVENUE FUNDS

Classroom Site - to account for the financial activity for the portion of state sales tax collections and permanent state school fund earnings as approved by the voters in 2000.

Instructional Improvement - to account for the activity of monies received from gaming revenue.

English Language Learner - to account for monies received to provide for the incremental cost of instruction to English language learners.

Title I Grants - to account for financial assistance received for the purpose of improving the teaching and learning of children failing, or most at-risk of failing, to meet challenging state academic standards.

Professional Development and Technology Grants - to account for financial assistance received to increase student academic achievement through improving teacher quality.

Title IV Grants - to account for financial assistance received for chemical abuse awareness programs and expanding projects that benefit educational and health needs of the communities.

Limited English and Immigrant Students - to account for financial assistance received for educational services and costs for limited English and immigrant children.

Special Education Grants - to account for supplemental financial assistance received to provide a free, appropriate public education to disabled children.

Vocational Education - to account for financial assistance received for preparation of individuals for employment or advancement in a career not requiring a baccalaureate or advanced degree.

Medicaid Reimbursement - to account for reimbursements related to specific health services provided to eligible students.

National Forest Fees - to account for monies allocated for the purposes of benefitting public schools and public roads in counties where forests are situated.

E-Rate - to account for financial assistance received for broadband internet and telecommunication costs.

State Vocational Education - to account for financial assistance received for the preparation of individuals for employment.

College Credit Exam Incentives - to account for financial assistance received for college credit exams.

Rural Assistance - to account for the state assistance received to assist homeless of special needs pupils.

Other State Projects - to account for financial assistance received for other State projects.

School Plant - to account for proceeds from the sale or lease of school property.

Food Service - to account for the financial activity of school activities that have as their purpose the preparation and serving of regular and incidental meals and snacks in connection with school functions.

Civic Center - to account for monies received from the rental of school facilities for civic activities.

Community School - to account for activity related to academic and skill development for all citizens.

Auxiliary Operations - to account for activity arising from bookstore, athletic and miscellaneous District related operations.

Extracurricular Activities Fees Tax Credit - to account for activity related to monies collected in support of extracurricular activities to be taken as a tax credit by the tax payer in accordance with A.R.S. §43-1089.01.

Gifts and Donations - to account for activity related to gifts, donations, bequests and private grants made to the District.

Insurance Proceeds - to account for the monies received from insurance claims.

Textbooks - to account for monies received from students to replace or repair lost or damaged textbooks.

Litigation Recovery - to account for monies received for and derived from litigation.

Indirect Costs - to account for monies received from federal projects for administrative costs.

Insurance Refund - to account for insurance premium payments that are refunded to the District.

Grants and Gifts to Teachers - to account for grants and gifts under \$1,500 received from private sources that are designated for use by a teacher for instructional purposes.

Career Technical Education - to account for monies received from Career Technical Education Districts for vocational education programs.

Student Activities - to account for monies raised by students to finance student clubs and organizations.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021**

	Classroom Site	Instructional Improvement	Title I Grants
<u>ASSETS</u>			
Cash and investments	\$ 496,202	\$ 208,101	\$
Accounts receivable			
Due from governmental entities			49,411
Inventory			
Total assets	\$ 496,202	\$ 208,101	\$ 49,411
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			46,064
Accrued payroll and employee benefits			3,347
Total liabilities			49,411
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances (deficits):			
Nonspendable			
Restricted	496,202	208,101	
Assigned			
Unassigned			
Total fund balances	496,202	208,101	
 Total liabilities, deferred inflows of resources and fund balances	 \$ 496,202	 \$ 208,101	 \$ 49,411

<u>Professional Development and Technology Grants</u>	<u>Limited English and Immigrant Students</u>	<u>Special Education Grants</u>	<u>College Credit Exam Incentives</u>	<u>Food Service</u>	<u>Civic Center</u>
\$	\$	\$	\$ 8,265	\$ 14,692	\$ 392,185
609	429	15,444		5,848	
				4,254	
<u>\$ 609</u>	<u>\$ 429</u>	<u>\$ 15,444</u>	<u>\$ 8,265</u>	<u>\$ 24,794</u>	<u>\$ 392,185</u>
\$	\$	\$	\$	\$ 20,540	\$
609	429	13,671			
		1,773			
<u>609</u>	<u>429</u>	<u>15,444</u>		<u>20,540</u>	
<u>609</u>	<u>429</u>	<u>15,444</u>			
				4,254	
			8,265		392,185
<u>(609)</u>	<u>(429)</u>	<u>(15,444)</u>			
<u>(609)</u>	<u>(429)</u>	<u>(15,444)</u>	<u>8,265</u>	<u>4,254</u>	<u>392,185</u>
<u>\$ 609</u>	<u>\$ 429</u>	<u>\$ 15,444</u>	<u>\$ 8,265</u>	<u>\$ 24,794</u>	<u>\$ 392,185</u>

(Continued)

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021**

	Community School	Auxiliary Operations	Extracurricular Activities Fees Tax Credit
<u>ASSETS</u>			
Cash and investments	\$ 13,475	\$ 214,756	\$ 414,828
Accounts receivable			
Due from governmental entities			
Inventory			
Total assets	\$ 13,475	\$ 214,756	\$ 414,828
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Accrued payroll and employee benefits			
Total liabilities			
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances (deficits):			
Nonspendable			
Restricted	13,475		414,828
Assigned		214,756	
Unassigned			
Total fund balances	13,475	214,756	414,828
Total liabilities, deferred inflows of resources and fund balances	\$ 13,475	\$ 214,756	\$ 414,828

<u>Gifts and Donations</u>	<u>Textbooks</u>	<u>Insurance Refund</u>	<u>Grants and Gifts to Teachers</u>	<u>Career Technical Education</u>	<u>Student Activities</u>
\$ 158,353 197,709	\$ 5,569	\$ 158,519	\$ 3,753	\$ 11,690	\$ 35,178
<u>\$ 356,062</u>	<u>\$ 5,569</u>	<u>\$ 158,519</u>	<u>\$ 3,753</u>	<u>\$ 11,690</u>	<u>\$ 35,178</u>
\$	\$	\$	\$	\$	\$
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
356,062	5,569	158,519	3,753	11,690	35,178
<u>356,062</u>	<u>5,569</u>	<u>158,519</u>	<u>3,753</u>	<u>11,690</u>	<u>35,178</u>
<u>\$ 356,062</u>	<u>\$ 5,569</u>	<u>\$ 158,519</u>	<u>\$ 3,753</u>	<u>\$ 11,690</u>	<u>\$ 35,178</u>

(Continued)

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021**

	Totals
<u>ASSETS</u>	
Cash and investments	\$ 2,135,566
Accounts receivable	197,709
Due from governmental entities	71,741
Inventory	4,254
Total assets	\$ 2,409,270
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	\$ 20,540
Due to other funds	60,773
Accrued payroll and employee benefits	5,120
Total liabilities	86,433
Deferred inflows of resources:	
Unavailable revenues - intergovernmental	16,482
Fund balances (deficits):	
Nonspendable	4,254
Restricted	2,103,827
Assigned	214,756
Unassigned	(16,482)
Total fund balances	2,306,355
 Total liabilities, deferred inflows of resources and fund balances	 \$ 2,409,270

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SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	Classroom Site	Instructional Improvement	English Language Learner
Revenues:			
Other local	\$ 3,094	\$ 848	\$
State aid and grants	457,160	33,799	48,500
Federal aid, grants and reimbursements			
Total revenues	460,254	34,647	48,500
Expenditures:			
Current -			
Instruction	439,250		48,500
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	439,250		48,500
Excess (deficiency) of revenues over expenditures	21,004	34,647	
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	21,004	34,647	
Fund balances (deficits), beginning of year	475,198	173,454	
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ 496,202	\$ 208,101	\$

<u>Title I Grants</u>	<u>Professional Development and Technology Grants</u>	<u>Title IV Grants</u>	<u>Limited English and Immigrant Students</u>	<u>Special Education Grants</u>	<u>Vocational Education</u>
\$	\$	\$	\$	\$	\$
205,654	18,613	13,487	15,654	197,658	15,235
<u>205,654</u>	<u>18,613</u>	<u>13,487</u>	<u>15,654</u>	<u>197,658</u>	<u>15,235</u>
139,915	3,009		10	169,864	15,235
23,604	14,617	10,160	5,188	17,380	
			6,379		
<u>163,519</u>	<u>17,626</u>	<u>10,160</u>	<u>11,577</u>	<u>187,244</u>	<u>15,235</u>
<u>42,135</u>	<u>987</u>	<u>3,327</u>	<u>4,077</u>	<u>10,414</u>	
				(8,537)	
				(8,537)	
<u>42,135</u>	<u>987</u>	<u>3,327</u>	<u>4,077</u>	<u>1,877</u>	
(42,135)	(1,596)	(3,327)	(4,506)	(17,321)	
<u>\$</u>	<u>\$ (609)</u>	<u>\$</u>	<u>\$ (429)</u>	<u>\$ (15,444)</u>	<u>\$</u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	<u>State Vocational Education</u>	<u>College Credit Exam Incentives</u>	<u>Food Service</u>
Revenues:			
Other local	\$	\$	\$ 50,520
State aid and grants	16,825	1,648	
Federal aid, grants and reimbursements			192,555
Total revenues	<u>16,825</u>	<u>1,648</u>	<u>243,075</u>
Expenditures:			
Current -			
Instruction	4,078		
Support services - students and staff	153		
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services			244,063
Capital outlay	12,594		
Total expenditures	<u>16,825</u>		<u>244,063</u>
Excess (deficiency) of revenues over expenditures		<u>1,648</u>	<u>(988)</u>
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances		<u>1,648</u>	<u>(988)</u>
Fund balances (deficits), beginning of year		6,617	14,722
Increase (decrease) in reserve for inventory			(9,480)
Fund balances, end of year	<u>\$</u>	<u>\$ 8,265</u>	<u>\$ 4,254</u>

Civic Center	Community School	Auxiliary Operations	Extracurricular Activities Fees Tax Credit	Gifts and Donations	Textbooks
\$ 249,820	\$ 120	\$ 53,725	\$ 125,721	\$ 235,982	\$ 5,569
<u>249,820</u>	<u>120</u>	<u>53,725</u>	<u>125,721</u>	<u>235,982</u>	<u>5,569</u>
	15,829	58,780	2,479	14,461	
1,037		600		13,771	
10,302					
<u>11,339</u>	<u>15,829</u>	<u>5,695</u>	<u>1,664</u>	<u>28,232</u>	
		<u>65,075</u>	<u>4,143</u>		
<u>238,481</u>	<u>(15,709)</u>	<u>(11,350)</u>	<u>121,578</u>	<u>207,750</u>	<u>5,569</u>
<u>238,481</u>	<u>(15,709)</u>	<u>(11,350)</u>	<u>121,578</u>	<u>207,750</u>	<u>5,569</u>
153,704	29,184	226,106	293,250	148,312	
<u>\$ 392,185</u>	<u>\$ 13,475</u>	<u>\$ 214,756</u>	<u>\$ 414,828</u>	<u>\$ 356,062</u>	<u>\$ 5,569</u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	Insurance Refund	Grants and Gifts to Teachers	Career Technical Education
Revenues:			
Other local	\$	\$ 21	\$ 123,210
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	_____	21	123,210
Expenditures:			
Current -			
Instruction			71,804
Support services - students and staff			8,461
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay			35,552
Total expenditures	_____	_____	115,817
Excess (deficiency) of revenues over expenditures	_____	21	7,393
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses)	_____	_____	_____
Changes in fund balances	_____	21	7,393
Fund balances (deficits), beginning of year	158,519	3,732	4,297
Increase (decrease) in reserve for inventory			
Fund balances, end of year	\$ 158,519	\$ 3,753	\$ 11,690

<u>Student Activities</u>	<u>Totals</u>
\$ 4,982	\$ 853,612
	557,932
	658,856
<u>4,982</u>	<u>2,070,400</u>
8,219	991,433
	79,563
	15,408
	10,302
	244,063
	61,884
<u>8,219</u>	<u>1,402,653</u>
<u>(3,237)</u>	<u>667,747</u>
	(8,537)
	<u>(8,537)</u>
<u>(3,237)</u>	<u>659,210</u>
38,415	1,656,625
	(9,480)
<u>\$ 35,178</u>	<u>\$ 2,306,355</u>

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	Classroom Site		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 3,094	\$ 3,094
State aid and grants		457,160	457,160
Federal aid, grants and reimbursements			
Total revenues		<u>460,254</u>	<u>460,254</u>
Expenditures:			
Current -			
Instruction	904,163	439,250	464,913
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>904,163</u>	<u>439,250</u>	<u>464,913</u>
Excess (deficiency) of revenues over expenditures	<u>(904,163)</u>	<u>21,004</u>	<u>925,167</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	<u>(904,163)</u>	<u>21,004</u>	<u>925,167</u>
Fund balances (deficits), beginning of year		475,198	475,198
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (904,163)</u>	<u>\$ 496,202</u>	<u>\$ 1,400,365</u>

Instructional Improvement			English Language Learner		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 848	\$ 848	\$	\$	\$
	33,799	33,799		48,500	48,500
	<u>34,647</u>	<u>34,647</u>		<u>48,500</u>	<u>48,500</u>
152,788		152,788	56,096	48,500	7,596
<u>152,788</u>		<u>152,788</u>	<u>56,096</u>	<u>48,500</u>	<u>7,596</u>
<u>(152,788)</u>	<u>34,647</u>	<u>187,435</u>	<u>(56,096)</u>		<u>56,096</u>
<u>(152,788)</u>	<u>34,647</u>	<u>187,435</u>	<u>(56,096)</u>		<u>56,096</u>
	173,454	173,454			
<u>\$ (152,788)</u>	<u>\$ 208,101</u>	<u>\$ 360,889</u>	<u>\$ (56,096)</u>	<u>\$</u>	<u>\$ 56,096</u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	Title I Grants		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		205,654	205,654
Total revenues		<u>205,654</u>	<u>205,654</u>
Expenditures:			
Current -			
Instruction	147,825	139,915	7,910
Support services - students and staff		23,604	(23,604)
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>147,825</u>	<u>163,519</u>	<u>(15,694)</u>
Excess (deficiency) of revenues over expenditures	<u>(147,825)</u>	<u>42,135</u>	<u>189,960</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	<u>(147,825)</u>	<u>42,135</u>	<u>189,960</u>
Fund balances (deficits), beginning of year		(42,135)	(42,135)
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (147,825)</u>	<u>\$</u>	<u>\$ 147,825</u>

<u>Professional Development and Technology Grants</u>			<u>Title IV Grants</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
\$	\$	\$	\$	\$	\$
	18,613	18,613		13,487	13,487
	18,613	18,613		13,487	13,487
24,122	3,009 14,617	(3,009) 9,505	10,658	10,160	498
<u>24,122</u>	<u>17,626</u>	<u>6,496</u>	<u>10,658</u>	<u>10,160</u>	<u>498</u>
<u>(24,122)</u>	<u>987</u>	<u>25,109</u>	<u>(10,658)</u>	<u>3,327</u>	<u>13,985</u>
<u>(24,122)</u>	<u>987</u>	<u>25,109</u>	<u>(10,658)</u>	<u>3,327</u>	<u>13,985</u>
	(1,596)	(1,596)		(3,327)	(3,327)
<u>\$ (24,122)</u>	<u>\$ (609)</u>	<u>\$ 23,513</u>	<u>\$ (10,658)</u>	<u>\$</u>	<u>\$ 10,658</u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	Limited English and Immigrant Students		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		15,654	15,654
Total revenues		15,654	15,654
Expenditures:			
Current -			
Instruction		10	(10)
Support services - students and staff		5,188	(5,188)
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay	9,000	6,379	2,621
Total expenditures	9,000	11,577	(2,577)
Excess (deficiency) of revenues over expenditures	(9,000)	4,077	13,077
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	(9,000)	4,077	13,077
Fund balances (deficits), beginning of year		(4,506)	(4,506)
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (9,000)	\$ (429)	\$ 8,571

Special Education Grants			Vocational Education		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	197,658	197,658		15,235	15,235
	197,658	197,658		15,235	15,235
192,562	169,864 17,380	22,698 (17,380)	15,625	15,235	390
192,562	187,244	5,318	15,625	15,235	390
(192,562)	10,414	202,976	(15,625)		15,625
	(8,537)	(8,537)			
	(8,537)	(8,537)			
(192,562)	1,877	194,439	(15,625)		15,625
	(17,321)	(17,321)			
\$ (192,562)	\$ (15,444)	\$ 177,118	\$ (15,625)	\$	\$ 15,625

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	Medicaid Reimbursement		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 7	\$ 7
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		7	7
Expenditures:			
Current -			
Instruction	1,457		1,457
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	1,457		1,457
Excess (deficiency) of revenues over expenditures	(1,457)	7	1,464
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	(1,457)	7	1,464
Fund balances (deficits), beginning of year		1,463	1,463
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (1,457)	\$ 1,470	\$ 2,927

National Forest Fees			E-Rate		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 461	\$ 461
	52,729	52,729		10,720	10,720
	52,729	52,729		11,181	11,181
			66,962	11,129	55,833
	28,333	(28,333)		7,231	(7,231)
				9,645	(9,645)
	215	(215)		11,105	(11,105)
	28,548	(28,548)	66,962	39,110	27,852
	24,181	24,181	(66,962)	(27,929)	39,033
	24,181	24,181	(66,962)	(27,929)	39,033
	185,735	185,735		97,742	97,742
\$	\$ 209,916	\$ 209,916	\$ (66,962)	\$ 69,813	\$ 136,775

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	State Vocational Education		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$	\$
State aid and grants		16,825	16,825
Federal aid, grants and reimbursements			
Total revenues		<u>16,825</u>	<u>16,825</u>
Expenditures:			
Current -			
Instruction		4,078	(4,078)
Support services - students and staff		153	(153)
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay	11,168	12,594	(1,426)
Total expenditures	<u>11,168</u>	<u>16,825</u>	<u>(5,657)</u>
Excess (deficiency) of revenues over expenditures	<u>(11,168)</u>		<u>11,168</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	<u>(11,168)</u>		<u>11,168</u>
Fund balances (deficits), beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (11,168)</u>	<u>\$</u>	<u>\$ 11,168</u>

College Credit Exam Incentives			Rural Assistance		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	1,648	1,648		59	59
	<u>1,648</u>	<u>1,648</u>		<u>59</u>	<u>59</u>
6,260		6,260			
<u>6,260</u>		<u>6,260</u>			
<u>(6,260)</u>	<u>1,648</u>	<u>7,908</u>		<u>59</u>	<u>59</u>
<u>(6,260)</u>	<u>1,648</u>	<u>7,908</u>		<u>59</u>	<u>59</u>
	6,617	6,617		11,929	11,929
<u>\$ (6,260)</u>	<u>\$ 8,265</u>	<u>\$ 14,525</u>	<u>\$</u>	<u>\$ 11,988</u>	<u>\$ 11,988</u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	Other State Projects		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues			
Expenditures:			
Current -			
Instruction	11,881		11,881
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	11,881		11,881
Excess (deficiency) of revenues over expenditures	(11,881)		11,881
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	(11,881)		11,881
Fund balances (deficits), beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (11,881)	\$	\$ 11,881

School Plant			Food Service		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 2,303	\$ 2,303	\$	\$ 50,520	\$ 50,520
				192,555	192,555
	<u>2,303</u>	<u>2,303</u>		<u>243,075</u>	<u>243,075</u>
18,369		18,369	268,780	244,063	24,717
<u>18,369</u>		<u>18,369</u>	<u>268,780</u>	<u>244,063</u>	<u>24,717</u>
<u>(18,369)</u>	<u>2,303</u>	<u>20,672</u>	<u>(268,780)</u>	<u>(988)</u>	<u>267,792</u>
<u>(18,369)</u>	<u>2,303</u>	<u>20,672</u>	<u>(268,780)</u>	<u>(988)</u>	<u>267,792</u>
	21,144	21,144		14,722	14,722
				(9,480)	(9,480)
<u>\$ (18,369)</u>	<u>\$ 23,447</u>	<u>\$ 41,816</u>	<u>\$ (268,780)</u>	<u>\$ 4,254</u>	<u>\$ 273,034</u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	Civic Center		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 249,820	\$ 249,820
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	<u>138,969</u>	<u>249,820</u>	<u>249,820</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration		1,037	(1,037)
Operation and maintenance of plant services	138,969	10,302	128,667
Operation of non-instructional services			
Capital outlay			
Total expenditures	<u>138,969</u>	<u>11,339</u>	<u>127,630</u>
Excess (deficiency) of revenues over expenditures	<u>(138,969)</u>	<u>238,481</u>	<u>377,450</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	<u>(138,969)</u>	<u>238,481</u>	<u>377,450</u>
Fund balances (deficits), beginning of year		153,704	153,704
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$ (138,969)</u>	<u>\$ 392,185</u>	<u>\$ 531,154</u>

Community School			Auxiliary Operations		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 120	\$ 120	\$	\$ 53,725	\$ 53,725
	<u>120</u>	<u>120</u>		<u>53,725</u>	<u>53,725</u>
30,132	15,829	14,303	155,880	58,780	97,100
				600	(600)
<u>30,132</u>	<u>15,829</u>	<u>14,303</u>	<u>155,880</u>	<u>5,695</u>	<u>(5,695)</u>
(30,132)	(15,709)	14,423	(155,880)	<u>65,075</u>	<u>90,805</u>
				(11,350)	144,530
<u>(30,132)</u>	<u>(15,709)</u>	<u>14,423</u>	<u>(155,880)</u>	<u>(11,350)</u>	<u>144,530</u>
	29,184	29,184		226,106	226,106
<u>\$ (30,132)</u>	<u>\$ 13,475</u>	<u>\$ 43,607</u>	<u>\$ (155,880)</u>	<u>\$ 214,756</u>	<u>\$ 370,636</u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	Extracurricular Activities Fees Tax Credit		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 125,721	\$ 125,721
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues	271,196	125,721	125,721
Expenditures:			
Current -			
Instruction	271,196	2,479	268,717
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay		1,664	(1,664)
Total expenditures	271,196	4,143	267,053
Excess (deficiency) of revenues over expenditures	(271,196)	121,578	392,774
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	(271,196)	121,578	392,774
Fund balances (deficits), beginning of year		293,250	293,250
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (271,196)	\$ 414,828	\$ 686,024

Gifts and Donations			Insurance Proceeds		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 235,982	\$ 235,982	\$	\$ 100	\$ 100
	<u>235,982</u>	<u>235,982</u>		<u>100</u>	<u>100</u>
146,237	14,461	131,776	20,369		20,369
	13,771	(13,771)			
<u>146,237</u>	<u>28,232</u>	<u>118,005</u>	<u>20,369</u>		<u>20,369</u>
<u>(146,237)</u>	<u>207,750</u>	<u>353,987</u>	<u>(20,369)</u>	<u>100</u>	<u>20,469</u>
<u>(146,237)</u>	<u>207,750</u>	<u>353,987</u>	<u>(20,369)</u>	<u>100</u>	<u>20,469</u>
	148,312	148,312		20,453	20,453
<u>\$ (146,237)</u>	<u>\$ 356,062</u>	<u>\$ 502,299</u>	<u>\$ (20,369)</u>	<u>\$ 20,553</u>	<u>\$ 40,922</u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	Textbooks		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 5,569	\$ 5,569
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		<u>5,569</u>	<u>5,569</u>
Expenditures:			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay			
Total expenditures			
Excess (deficiency) of revenues over expenditures		<u>5,569</u>	<u>5,569</u>
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances		<u>5,569</u>	<u>5,569</u>
Fund balances (deficits), beginning of year			
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	<u>\$</u>	<u>\$ 5,569</u>	<u>\$ 5,569</u>

Litigation Recovery			Indirect Costs		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 119	\$ 119	\$	\$ 75	\$ 75
	<u>119</u>	<u>119</u>		<u>75</u>	<u>75</u>
1,904		1,904			
			798	6,000	(5,202)
<u>1,904</u>		<u>1,904</u>	<u>798</u>	<u>6,000</u>	<u>(5,202)</u>
<u>(1,904)</u>	<u>119</u>	<u>2,023</u>	<u>(798)</u>	<u>(5,925)</u>	<u>(5,127)</u>
				8,537	8,537
				<u>8,537</u>	<u>8,537</u>
<u>(1,904)</u>	<u>119</u>	<u>2,023</u>	<u>(798)</u>	<u>2,612</u>	<u>3,410</u>
	1,912	1,912		16,257	16,257
<u>\$ (1,904)</u>	<u>\$ 2,031</u>	<u>\$ 3,935</u>	<u>\$ (798)</u>	<u>\$ 18,869</u>	<u>\$ 19,667</u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	Insurance Refund		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues			
Expenditures:			
Current -			
Instruction	158,519		158,519
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	158,519		158,519
Excess (deficiency) of revenues over expenditures	(158,519)		158,519
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	(158,519)		158,519
Fund balances (deficits), beginning of year		158,519	158,519
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (158,519)	\$ 158,519	\$ 317,038

Grants and Gifts to Teachers			Career Technical Education		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 21	\$ 21	\$	\$ 123,210	\$ 123,210
	21	21		123,210	123,210
9,600		9,600	126,596	71,804 8,461	54,792 (8,461)
9,600		9,600	126,596	35,552 115,817	(35,552) 10,779
(9,600)	21	9,621	(126,596)	7,393	133,989
(9,600)	21	9,621	(126,596)	7,393	133,989
	3,732	3,732		4,297	4,297
\$ (9,600)	\$ 3,753	\$ 13,353	\$ (126,596)	\$ 11,690	\$ 138,286

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	Student Activities		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 4,982	\$ 4,982
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		4,982	4,982
Expenditures:			
Current -			
Instruction	37,869	8,219	29,650
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Operation of non-instructional services			
Capital outlay			
Total expenditures	37,869	8,219	29,650
Excess (deficiency) of revenues over expenditures	(37,869)	(3,237)	34,632
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	(37,869)	(3,237)	34,632
Fund balances (deficits), beginning of year		38,415	38,415
Increase (decrease) in reserve for inventory			
Fund balances (deficits), end of year	\$ (37,869)	\$ 35,178	\$ 73,047

Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 856,677	\$ 856,677
	557,991	557,991
	722,305	722,305
	<u>2,136,973</u>	<u>2,136,973</u>
2,513,921	1,002,562	1,511,359
34,780	79,563	(44,783)
798	56,972	(56,174)
157,338	19,947	137,391
268,780	244,063	24,717
20,168	73,204	(53,036)
<u>2,995,785</u>	<u>1,476,311</u>	<u>1,519,474</u>
<u>(2,995,785)</u>	<u>660,662</u>	<u>3,656,447</u>
	8,537	8,537
	<u>(8,537)</u>	<u>(8,537)</u>
<u>(2,995,785)</u>	<u>660,662</u>	<u>3,656,447</u>
	2,013,260	2,013,260
	(9,480)	(9,480)
<u>\$ (2,995,785)</u>	<u>\$ 2,664,442</u>	<u>\$ 5,660,227</u>

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DEBT SERVICE FUND

Debt Service - to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2021

	Debt Service		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 12,140	\$ 12,140
Property taxes		6,051,277	6,051,277
Total revenues		<u>6,063,417</u>	<u>6,063,417</u>
Expenditures:			
Debt service -			
Principal retirement	6,500,000	4,515,000	1,985,000
Interest and fiscal charges		1,356,085	(1,356,085)
Total expenditures	<u>6,500,000</u>	<u>5,871,085</u>	<u>628,915</u>
Excess (deficiency) of revenues over expenditures	<u>(6,500,000)</u>	<u>192,332</u>	<u>6,692,332</u>
Other financing sources (uses):			
Transfers in		353	353
Total other financing sources (uses)		<u>353</u>	<u>353</u>
Changes in fund balances	<u>(6,500,000)</u>	<u>192,685</u>	<u>6,692,685</u>
Fund balances, beginning of year		600,827	600,827
Fund balances (deficits), end of year	<u>\$ (6,500,000)</u>	<u>\$ 793,512</u>	<u>\$ 7,293,512</u>

CAPITAL PROJECTS FUNDS

Unrestricted Capital Outlay - to account for transactions relating to the acquisition of capital items.

Adjacent Ways - to account for monies received to finance improvements of public ways adjacent to school property.

Bond Building - to account for proceeds from District bond issues that are expended on the acquisition or lease of sites; construction or renovation of school buildings; supplying school buildings with furniture, equipment, and technology; improving school grounds; or purchasing pupil transportation vehicles.

Energy and Water Savings - to account for capital investment monies, energy related rebate, or grant monies, and monies from other funding sources to fund energy or water savings projects in school facilities in accordance with A.R.S. §15-910.02.

Building Renewal Grant - to account for building renewal grant monies requested from the School Facilities Board that are used for infrastructure or for major upgrades, repairs, or renovations to areas, systems, or buildings that will maintain or extend their useful life.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2021

	<u>Adjacent Ways</u>	<u>Bond Building</u>	<u>Energy and Water Savings</u>
<u>ASSETS</u>			
Cash and investments	\$ 73,541	\$ 44,552	\$ 14,850
Total assets	\$ 73,541	\$ 44,552	\$ 14,850
<u>LIABILITIES AND FUND BALANCES</u>			
Fund balances:			
Restricted	\$ 73,541	\$ 44,552	\$ 14,850
Total fund balances	73,541	44,552	14,850
Total liabilities and fund balances	\$ 73,541	\$ 44,552	\$ 14,850

<u>Building Renewal Grant</u>	<u>Totals</u>
\$ 116	\$ 133,059
<u>\$ 116</u>	<u>\$ 133,059</u>
 \$ 116	 \$ 133,059
<u>116</u>	<u>133,059</u>
 \$ 116	 \$ 133,059
<u>116</u>	<u>133,059</u>

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2021

	<u>Adjacent Ways</u>	<u>Bond Building</u>	<u>Energy and Water Savings</u>
Revenues:			
Other local	\$ 408	\$ 353	\$ 180
Total revenues	<u>408</u>	<u>353</u>	<u>180</u>
Expenditures:			
Debt service -			
Principal retirement			123,349
Total expenditures			<u>123,349</u>
Excess (deficiency) of revenues over expenditures	<u>408</u>	<u>353</u>	<u>(123,169)</u>
Other financing sources (uses):			
Transfers in			123,350
Transfers out		(353)	
Total other financing sources (uses)		<u>(353)</u>	<u>123,350</u>
Changes in fund balances	<u>408</u>		<u>181</u>
Fund balances, beginning of year	73,133	44,552	14,669
Fund balances, end of year	<u>\$ 73,541</u>	<u>\$ 44,552</u>	<u>\$ 14,850</u>

<u>Building Renewal Grant</u>	<u>Totals</u>
<u>\$</u>	<u>\$ 941</u>
	<u>941</u>
	123,349
	<u>123,349</u>
	(122,408)
	123,350
	<u>(353)</u>
	<u>122,997</u>
	589
116	132,470
<u>\$ 116</u>	<u>\$ 133,059</u>

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2021

	Unrestricted Capital Outlay		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	\$	\$ 5,385	\$ 5,385
Property taxes		439,360	439,360
State aid and grants		81,693	81,693
Total revenues		526,438	526,438
Expenditures:			
Capital outlay	1,227,115	444,871	782,244
Debt service - Principal retirement			
Total expenditures	1,227,115	444,871	782,244
Excess (deficiency) of revenues over expenditures	(1,227,115)	81,567	1,308,682
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Changes in fund balances	(1,227,115)	81,567	1,308,682
Fund balances, beginning of year		770,380	770,380
Fund balances (deficits), end of year	\$ (1,227,115)	\$ 851,947	\$ 2,079,062

Adjacent Ways			Bond Building		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 408	\$ 408	\$	\$ 353	\$ 353
	<u>408</u>	<u>408</u>		<u>353</u>	<u>353</u>
70,562		70,562	446,652		446,652
<u>70,562</u>		<u>70,562</u>	<u>446,652</u>		<u>446,652</u>
<u>(70,562)</u>	<u>408</u>	<u>70,970</u>	<u>(446,652)</u>	<u>353</u>	<u>447,005</u>
				<u>(353)</u>	<u>(353)</u>
				<u>(353)</u>	<u>(353)</u>
<u>(70,562)</u>	<u>408</u>	<u>70,970</u>	<u>(446,652)</u>		<u>446,652</u>
	73,133	73,133		44,552	44,552
<u>\$ (70,562)</u>	<u>\$ 73,541</u>	<u>\$ 144,103</u>	<u>\$ (446,652)</u>	<u>\$ 44,552</u>	<u>\$ 491,204</u>

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SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2021

	Energy and Water Savings		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Other local	\$	\$ 180	\$ 180
Property taxes			
State aid and grants			
Total revenues		180	180
Expenditures:			
Capital outlay			
Debt service -			
Principal retirement	123,350	123,349	1
Total expenditures	123,350	123,349	1
Excess (deficiency) of revenues over expenditures	(123,350)	(123,169)	181
Other financing sources (uses):			
Transfers in		123,350	123,350
Transfers out			
Total other financing sources (uses)		123,350	123,350
Changes in fund balances	(123,350)	181	123,531
Fund balances, beginning of year		14,669	14,669
Fund balances (deficits), end of year	\$ (123,350)	\$ 14,850	\$ 138,200

Building Renewal Grant			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 6,326	\$ 6,326
				439,360	439,360
				81,693	81,693
				527,379	527,379
			1,744,329	444,871	1,299,458
			123,350	123,349	1
			1,867,679	568,220	1,299,459
			(1,867,679)	(40,841)	1,826,838
				123,350	123,350
				(353)	(353)
				122,997	122,997
			(1,867,679)	82,156	1,949,835
	116	116		902,850	902,850
\$	\$ 116	\$ 116	\$ (1,867,679)	\$ 985,006	\$ 2,852,685

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STATISTICAL SECTION

The statistical section presents financial statement trends as well as detailed financial and operational information not available elsewhere in the report. The statistical section is intended to enhance the reader's understanding of the information presented in the financial statements, notes to the financial statements, and other supplementary information presented in this report. The statistical section is comprised of the five categories of statistical information presented below.

Financial Trends

These schedules contain information on financial trends to help the reader understand how the District's financial position and financial activities have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate revenue.

Debt Capacity

These schedules present information to help the reader evaluate the District's current levels of outstanding debt as well as assess the District's ability to make debt payments and/or issue additional debt in the future.

Demographic and Economic Information

These schedules present various demographic and economic indicators to help the reader understand the environment in which the District's financial activities take place and to help make comparisons with other school districts.

Operating Information

These schedules contain information about the District's operations and various resources to help the reader draw conclusions as to how the District's financial information relates to the services provided by the District.

Note: For locally assessed property (i.e., excluding mines, utilities, etc.) Proposition 117, approved by voters in 2012, amended the Arizona Constitution to require that all property taxes after fiscal year 2014-15 be based upon property values limited to five percent in annual growth. The aggregate assessed value of all taxable properties within a taxing jurisdiction (i.e., after applying assessment ratios based on the use of a property), including property values with a growth limit, is currently referred to as net limited assessed value and formerly as primary assessed value. In accordance with Proposition 117, this value is used for all taxing purposes beginning fiscal year 2015-16. Aggregate assessed value without a growth limit is currently referred to as net full cash assessed value and formerly as secondary assessed value. This remains the value utilized for determining debt capacity limits.

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SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net Position:					
Net investment in capital assets	\$ 31,272,987	\$ 29,471,716	\$ 30,086,616	\$ 28,368,334	\$ 26,648,752
Restricted	4,168,568	3,211,411	15,764,061	15,818,382	16,734,956
Unrestricted	(3,687,724)	(3,841,370)	(18,652,441)	(19,730,869)	(19,884,107)
Total net position	\$ 31,753,831	\$ 28,841,757	\$ 27,198,236	\$ 24,455,847	\$ 23,499,601
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net Position:					
Net investment in capital assets	\$ 25,408,093	\$ 23,913,922	\$ 23,348,151	\$ 19,493,473	\$ 19,327,175
Restricted	2,820,169	2,795,858	2,794,318	2,529,102	2,395,429
Unrestricted	(5,757,738)	(5,658,504)	1,689,013	5,787,750	6,066,848
Total net position	\$ 22,470,524	\$ 21,051,276	\$ 27,831,482	\$ 27,810,325	\$ 27,789,452

Source: The source of this information is the District's financial records.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Expenses					
Instruction	\$ 6,696,606	\$ 7,184,358	\$ 6,299,359	\$ 7,321,559	\$ 8,545,899
Support services - students and staff	934,826	934,837	1,124,119	1,138,338	1,387,351
Support services - administration	1,069,113	1,253,481	1,227,755	1,371,192	1,396,041
Operation and maintenance of plant services	1,331,986	1,442,730	1,384,425	1,545,821	1,615,260
Student transportation services	477,327	617,456	483,695	542,336	779,431
Operation of non-instructional services	329,512	386,972	389,568	442,514	496,768
Interest on long-term debt	1,224,232	1,478,245	2,386,434	2,298,082	1,936,150
Total expenses	<u>12,063,602</u>	<u>13,298,079</u>	<u>13,295,355</u>	<u>14,659,842</u>	<u>16,156,900</u>
Program Revenues					
Charges for services:					
Instruction	188,792	361,097	165,551	212,057	196,529
Operation of non-instructional services	50,415	123,683	251,456	237,783	246,585
Other activities	249,051	146,850	196,531	111,790	345,514
Operating grants and contributions	1,411,314	1,246,484	1,355,059	1,433,456	1,598,834
Capital grants and contributions	18,973	33,029	45,344	231,864	232,312
Total program revenues	<u>1,918,545</u>	<u>1,911,143</u>	<u>2,013,941</u>	<u>2,226,950</u>	<u>2,619,774</u>
Net (Expense)/Revenue	<u>\$ (10,145,057)</u>	<u>\$ (11,386,936)</u>	<u>\$ (11,281,414)</u>	<u>\$ (12,432,892)</u>	<u>\$ (13,537,126)</u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenses					
Instruction	\$ 7,205,062	\$ 7,656,295	\$ 7,654,278	\$ 8,059,989	\$ 7,307,559
Support services - students and staff	1,002,977	981,460	1,006,469	1,126,897	1,059,592
Support services - administration	1,271,784	1,200,008	1,463,559	1,055,667	1,154,780
Operation and maintenance of plant services	1,454,391	1,435,298	1,210,914	1,463,387	1,427,384
Student transportation services	687,536	661,428	651,201	668,650	636,967
Operation of non-instructional services	573,512	569,894	476,531	513,160	529,185
Interest on long-term debt	2,363,335	2,338,982	2,801,123	2,934,460	3,125,842
Total expenses	<u>14,558,597</u>	<u>14,843,365</u>	<u>15,264,075</u>	<u>15,822,210</u>	<u>15,241,309</u>
Program Revenues					
Charges for services:					
Instruction	175,271	357,286	437,887	622,258	421,046
Operation of non-instructional services	236,152	235,551	205,994	242,356	255,131
Other activities	109,431	152,976	116,454	93,527	123,333
Operating grants and contributions	1,781,525	1,615,949	1,330,918	1,451,306	1,453,236
Capital grants and contributions	50,641	9,312	11,588	76,101	60,166
Total program revenues	<u>2,353,020</u>	<u>2,371,074</u>	<u>2,102,841</u>	<u>2,485,548</u>	<u>2,312,912</u>
Net (Expense)/Revenue	<u>\$ (12,205,577)</u>	<u>\$ (12,472,291)</u>	<u>\$ (13,161,234)</u>	<u>\$ (13,336,662)</u>	<u>\$ (12,928,397)</u>

Source: The source of this information is the District's financial records.

(Concluded)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net (Expense)/Revenue	\$ (10,145,057)	\$ (11,386,936)	\$ (11,281,414)	\$ (12,432,892)	\$ (13,537,126)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	5,058,386	4,931,763	5,447,284	5,392,843	6,136,657
Property taxes, levied for debt service	6,193,543	5,811,571	5,965,071	5,742,454	6,237,728
Property taxes, levied for capital outlay	145,642	510,557	401,962	546,691	125,539
Investment income	25,212	95,468	402,452	105,420	100,284
Unrestricted state aid	1,570,899	1,562,525	1,748,479	1,910,021	1,852,090
Unrestricted federal aid	63,449	82,860	58,555	96,248	113,905
Total general revenues	13,057,131	12,994,744	14,023,803	13,793,677	14,566,203
Changes in Net Position	\$ 2,912,074	\$ 1,607,808	\$ 2,742,389	\$ 1,360,785	\$ 1,029,077

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net (Expense)/Revenue	\$ (12,205,577)	\$ (12,472,291)	\$ (13,161,234)	\$ (13,336,662)	\$ (12,928,397)
General Revenues:					
Taxes:					
Property taxes, levied for general purposes	5,701,895	6,225,774	5,476,430	6,338,424	5,433,028
Property taxes, levied for debt service	5,876,137	5,999,791	5,937,428	5,965,459	5,628,470
Property taxes, levied for capital outlay	118,224			273,019	369,450
Investment income	27,246	127,899	25,197	17,311	14,862
Unrestricted state aid	1,741,326	1,717,747	1,626,124	1,653,051	1,596,703
Unrestricted federal aid	159,997	113,107	117,212	122,330	92,575
Loss on disposal of assets					
Other					
Total general revenues	<u>13,624,825</u>	<u>14,184,318</u>	<u>13,182,391</u>	<u>14,369,594</u>	<u>13,135,088</u>
Changes in Net Position	<u>\$ 1,419,248</u>	<u>\$ 1,712,027</u>	<u>\$ 21,157</u>	<u>\$ 1,032,932</u>	<u>\$ 206,691</u>

Source: The source of this information is the District's financial records.

(Concluded)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Fund:					
Nonspendable	\$ 456,870	\$ 623,804	\$ 745,693	\$ 823,392	\$ 802,938
Restricted					
Committed					
Assigned	23,447	21,144	17,507	15,714	9,277
Unassigned	2,246,876	1,835,321	1,813,300	1,174,233	1,772,609
Total General Fund	<u>\$ 2,727,193</u>	<u>\$ 2,480,269</u>	<u>\$ 2,576,500</u>	<u>\$ 2,013,339</u>	<u>\$ 2,584,824</u>
All Other Governmental Funds:					
Nonspendable	\$ 4,254	\$ 13,734	\$ 7,440	\$ 9,109	\$
Restricted	4,180,192	2,989,347	15,833,849	15,950,327	16,892,579
Committed					
Assigned	214,756	226,106	156,453	67,517	86,948
Unassigned	(162,707)	(68,885)	(48,606)	(55,688)	
Total all other governmental funds	<u>\$ 4,236,495</u>	<u>\$ 3,160,302</u>	<u>\$ 15,949,136</u>	<u>\$ 15,971,265</u>	<u>\$ 16,979,527</u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund:					
Nonspendable	\$ 1,038,828	\$ 1,013,647	\$ 1,021,681	\$ 727,831	\$ 623,869
Restricted				34,453	39,079
Committed					
Assigned	9,287	9,249	9,218	9,181	9,103
Unassigned	1,184,701	1,244,566	658,114	1,525,224	1,061,318
Total General Fund	<u>\$ 2,232,816</u>	<u>\$ 2,267,462</u>	<u>\$ 1,689,013</u>	<u>\$ 2,296,689</u>	<u>\$ 1,733,369</u>
All Other Governmental Funds:					
Nonspendable	\$	\$	\$	\$	\$
Restricted	\$ 3,052,321	\$ 3,159,714	\$ 3,261,372	\$ 2,956,055	\$ 2,922,361
Committed					
Assigned	54,232	25,353	28,625	38,502	52,157
Unassigned	(16,894)				
Total all other governmental funds	<u>\$ 3,089,659</u>	<u>\$ 3,185,067</u>	<u>\$ 3,289,997</u>	<u>\$ 2,994,557</u>	<u>\$ 2,974,518</u>

Source: The source of this information is the District's financial records.

(Concluded)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Federal sources:					
Federal grants	\$ 861,718	\$ 746,951	\$ 883,432	\$ 936,817	\$ 1,276,155
National School Lunch Program	192,555	219,474	187,102	212,508	235,635
Total federal sources	<u>1,054,273</u>	<u>966,425</u>	<u>1,070,534</u>	<u>1,149,325</u>	<u>1,511,790</u>
State sources:					
State equalization assistance	1,079,881	1,051,484	1,174,278	1,341,762	1,343,708
State grants	18,473	75,345	31,252	19,069	26,853
School Facilities Board		20,116			
Other revenues	539,518	511,041	706,633	667,508	580,487
Total state sources	<u>1,637,872</u>	<u>1,657,986</u>	<u>1,912,163</u>	<u>2,028,339</u>	<u>1,951,048</u>
Local sources:					
Property taxes	11,549,343	11,071,208	11,860,552	11,679,612	12,472,588
Food service sales	50,415	123,683	154,742	151,501	150,617
Investment income	25,212	95,468	402,452	105,420	100,284
Other revenues	802,997	708,924	674,615	848,366	1,037,810
Total local sources	<u>12,427,967</u>	<u>11,999,283</u>	<u>13,092,361</u>	<u>12,784,899</u>	<u>13,761,299</u>
Total revenues	<u><u>\$ 15,120,112</u></u>	<u><u>\$ 14,623,694</u></u>	<u><u>\$ 16,075,058</u></u>	<u><u>\$ 15,962,563</u></u>	<u><u>\$ 17,224,137</u></u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Federal sources:					
Federal grants	\$ 861,718	\$ 746,951	\$ 883,432	\$ 936,817	\$ 1,276,155
National School Lunch Program	192,555	219,474	187,102	212,508	235,635
Total federal sources	<u>1,054,273</u>	<u>966,425</u>	<u>1,070,534</u>	<u>1,149,325</u>	<u>1,511,790</u>
State sources:					
State equalization assistance	1,079,940	1,051,484	1,174,278	1,341,762	1,343,708
State grants	18,473	75,345	31,252	19,069	26,853
School Facilities Board		20,116			
Other revenues	539,459	511,041	706,633	667,508	580,487
Total state sources	<u>1,637,872</u>	<u>1,657,986</u>	<u>1,912,163</u>	<u>2,028,339</u>	<u>1,951,048</u>
Local sources:					
Property taxes	11,549,343	11,071,208	11,860,552	11,679,612	12,472,588
Food service sales	50,415	123,683	154,742	151,501	150,617
Investment income	26,153	95,468	402,452	105,420	100,284
Other revenues	802,056	708,924	674,615	848,366	1,037,810
Total local sources	<u>12,427,967</u>	<u>11,999,283</u>	<u>13,092,361</u>	<u>12,784,899</u>	<u>13,761,299</u>
Total revenues	<u><u>\$ 15,120,112</u></u>	<u><u>\$ 14,623,694</u></u>	<u><u>\$ 16,075,058</u></u>	<u><u>\$ 15,962,563</u></u>	<u><u>\$ 17,224,137</u></u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Expenditures:					
Current -					
Instruction	\$ 3,723,910	\$ 4,018,636	\$ 3,866,651	\$ 5,039,609	\$ 4,419,715
Support services - students and staff	930,101	961,340	1,101,708	1,176,598	1,179,109
Support services - administration	782,376	865,962	1,088,435	1,239,761	1,172,351
Operation and maintenance of plant services	1,263,173	1,357,701	1,342,465	1,521,568	1,498,407
Student transportation services	368,332	444,136	417,942	471,260	440,371
Operation of non-instructional services	283,491	344,480	362,022	421,721	437,481
Capital outlay	572,611	890,282	335,711	569,495	2,434,527
Debt service -					
Principal retirement	4,638,349	16,728,349	4,388,349	4,213,349	3,930,000
Interest and fiscal charges	1,356,085	1,817,991	2,567,378	2,513,001	2,207,422
Bond issuance costs					213,509
Total expenditures	<u>\$ 13,918,428</u>	<u>\$ 27,428,877</u>	<u>\$ 15,470,661</u>	<u>\$ 17,166,362</u>	<u>\$ 17,932,892</u>
Expenditures for capitalized assets	\$	\$	\$ 16,149	\$ 150,516	\$ 131,511
Debt service as a percentage of noncapital expenditures	43%	68%	45%	40%	36%

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenditures:					
Current -					
Instruction	\$ 4,649,472	\$ 4,778,171	\$ 4,945,124	\$ 5,221,237	\$ 5,277,343
Support services - students and staff	1,004,539	970,524	1,002,969	1,085,165	1,043,112
Support services - administration	1,135,269	1,106,798	1,323,147	907,335	1,082,342
Operation and maintenance of plant services	1,418,698	1,396,840	1,168,106	1,407,816	1,384,945
Student transportation services	490,259	472,126	457,046	461,736	450,805
Operation of non-instructional services	552,115	551,876	459,752	492,938	513,605
Capital outlay	576,321	298,464	281,928	438,149	1,481,091
Debt service -					
Principal retirement	3,795,000	3,965,000	3,565,000	3,375,000	3,200,000
Interest and fiscal charges	2,575,483	2,422,047	2,877,744	3,008,481	3,133,731
Bond issuance costs		311,425			
Total expenditures	<u>\$ 16,197,156</u>	<u>\$ 16,273,271</u>	<u>\$ 16,080,816</u>	<u>\$ 16,397,857</u>	<u>\$ 17,566,974</u>
Expenditures for capitalized assets	\$ 187,010	\$ 102,996	\$ 45,955	\$ 139,068	\$ 1,412,589
Debt service as a percentage of noncapital expenditures	40%	41%	40%	39%	39%

Source: The source of this information is the District's financial records.

(Concluded)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Excess (deficiency) of revenues over expenditures	\$ 1,499,531	\$ (12,805,183)	\$ 604,397	\$ (1,203,799)	\$ (708,755)
Other financing sources (uses):					
Capital lease agreements					1,850,235
Refunding bonds issued					11,630,000
Premium on sale of bonds					1,706,286
Payment to refunded bond escrow agent					
Transfers in	132,240	367,969	31,711	182,204	45,052
Transfers out	(132,240)	(367,969)	(31,711)	(182,204)	(45,052)
Insurance recoveries			16,003		
Total other financing sources (uses)			<u>16,003</u>		<u>15,186,521</u>
Changes in fund balances	<u>\$ 1,499,531</u>	<u>\$ (12,805,183)</u>	<u>\$ 620,400</u>	<u>\$ (1,203,799)</u>	<u>\$ 14,477,766</u>
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Excess (deficiency) of revenues over expenditures	\$ (155,235)	\$ 170,128	\$ (606,086)	\$ 479,397	\$ (2,037,074)
Other financing sources (uses):					
Transfers in	42,669	76,191	476,912	47,431	22,133
Transfers out	(42,669)	(76,191)	(476,912)	(47,431)	(22,133)
Total other financing sources (uses)		<u>311,425</u>			
Changes in fund balances	<u>\$ (155,235)</u>	<u>\$ 481,553</u>	<u>\$ (606,086)</u>	<u>\$ 479,397</u>	<u>\$ (2,037,074)</u>

Source: The source of this information is the District's financial records.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NET LIMITED ASSESSED VALUE AND FULL CASH VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Commercial, Industrial, Utilities and Mining	\$ 116,943,469	\$ 111,845,351	\$ 110,966,998	\$ 101,512,699	\$ 93,682,313
Agricultural and Vacant	54,347,004	54,041,802	56,059,221	57,035,838	56,113,046
Residential (Owner Occupied)	255,035,211	244,818,552	233,648,921	234,903,672	225,423,747
Residential (Rental)	192,198,421	176,115,543	164,952,057	143,736,660	134,369,298
Historical Property	19,051	18,165	19,209	18,295	17,423
Certain Government Property Improvements	8,515	8,105	7,724	7,355	7,024
Total	\$ 618,551,671	\$ 586,847,518	\$ 565,654,130	\$ 537,214,519	\$ 509,612,851
Gross Full Cash Value	\$ 6,578,880,999	\$ 5,868,145,398	\$ 5,588,994,589	\$ 5,445,129,486	\$ 5,239,996,226
Ratio of Net Limited Assessed Value to Gross Full Cash Value	9%	10%	10%	10%	10%
Total Direct Rate	2.96	3.05	3.20	3.23	3.58

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Commercial, Industrial, Utilities and Mining	\$ 91,063,249	\$ 90,861,941	\$ 90,017,590	\$ 106,980,513	\$ 115,290,997
Agricultural and Vacant	58,404,950	60,663,363	61,131,097	66,280,085	105,793,208
Residential (Owner Occupied)	217,592,151	208,021,557	200,029,543	230,639,894	289,981,096
Residential (Rental)	123,150,086	113,517,352	104,701,036	90,176,740	61,101,945
Certain Government Property Improvements	6,688	6,369	5,324	5,324	5,324
Total	\$ 490,233,718	\$ 473,086,386	\$ 455,884,590	\$ 494,082,556	\$ 572,172,570
Gross Full Cash Value	\$ 4,875,855,110	\$ 4,214,994,727	\$ 3,999,938,822	\$ 4,243,462,068	\$ 4,873,573,352
Ratio of Net Limited Assessed Value to Gross Full Cash Value	10%	11%	11%	12%	12%
Total Direct Rate	3.52	3.67	3.54	2.78	2.89

Source: The source of this information is the State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

Note: On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. Primary taxes are used for general District operations. Secondary taxes are used to service District bonded debt requirements and other voter-approved overrides.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NET FULL CASH ASSESSED VALUE OF TAXABLE PROPERTY BY CLASS
LAST TEN FISCAL YEARS

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Commercial, Industrial, Utilities and Mining	\$ 143,490,605	\$ 126,589,649	\$ 127,060,933	\$ 113,838,194	\$ 95,944,475
Agricultural and Vacant	62,278,786	58,014,274	61,576,747	66,191,665	57,931,370
Residential (Owner Occupied)	296,842,321	268,278,362	252,572,726	261,908,719	229,683,457
Residential (Rental)	225,240,799	196,335,869	181,507,695	162,211,530	138,269,494
Historical Property	23,774	21,082	21,901	22,304	17,423
Certain Government Property Improvements	11,308	9,989	10,020	8,391	7,024
Total	\$ 727,887,593	\$ 649,249,225	\$ 622,750,022	\$ 604,180,803	\$ 521,853,243
Gross Full Cash Value	\$ 6,578,880,999	\$ 5,868,145,398	\$ 5,588,994,589	\$ 5,445,129,486	\$ 5,239,996,226
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	11%	11%	11%	11%	10%
Estimated Net Full Cash Value	6,389,373,651	5,696,834,147	5,419,475,735	5,276,660,723	5,092,006,327
Total Direct Rate	2.96	3.05	3.20	3.23	3.58

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Commercial, Industrial, Utilities and Mining	\$ 92,538,323	\$ 91,957,723	\$ 93,049,111	\$ 107,350,626	\$ 116,888,021
Agricultural and Vacant	59,533,114	61,119,544	61,550,442	66,737,615	108,355,285
Residential (Owner Occupied)	222,833,947	211,008,805	200,930,184	230,904,093	290,828,050
Residential (Rental)	127,452,326	115,900,457	105,219,314	90,362,706	61,547,602
Certain Government Property Improvements	6,688	9,540	5,324	5,324	5,324
Total	\$ 502,380,992	\$ 480,011,873	\$ 460,754,375	\$ 495,360,364	\$ 577,624,282
Gross Full Cash Value	\$ 4,875,855,110	\$ 4,214,994,727	\$ 3,999,938,822	\$ 4,243,462,068	\$ 4,873,573,352
Ratio of Net Full Cash Assessed Value to Gross Full Cash Value	10%	11%	12%	12%	12%
Estimated Net Full Cash Value	4,750,900,492	4,108,044,427	3,895,891,115	4,141,638,388	5,199,281,016
Total Direct Rate	3.52	3.67	3.54	2.78	2.89

Source: The source of this information is the State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

Note: On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. The net full cash assessed value is used for determining the District's bonding capacity and as the ceiling for net limited assessed value.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
PROPERTY TAX ASSESSMENT RATIOS
LAST TEN FISCAL YEARS**

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Commercial, Industrial, Utilities and Mining	18 %	18 %	18 %	18 %	18 %
Agricultural and Vacant	15	15	15	15	15
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	15	14	15	14

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Commercial, Industrial, Utilities and Mining	19 %	19 %	20 %	20 %	20 %
Agricultural and Vacant	16	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	16	15	15	15

Source: The source of this information is the State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

Note: Additional classes of property exist, but do not amount to a significant portion of the District's total valuation, therefore they are not included on this schedule.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
DIRECT AND OVERLAPPING PROPERTY TAX RATES - COCONINO COUNTY
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Overlapping Rates								District Direct Rates		
	State Equalization	Coconino County	Coconino County Library District	Coconino County Flood Control District	Coconino Community College District	Coconino County Fire District	Sedona-Oak Creek Fire District	Primary	Secondary	Total	
	2021	0.44	0.53	0.26	0.23	0.45	0.10	2.48	1.87	1.09	2.96
2020	0.46	0.54	0.26	0.23	0.46	0.10	2.50	1.93	1.12	3.05	
2019	0.47	0.56	0.26	0.18	0.60	0.10	2.47	2.01	1.20	3.20	
2018	0.49	0.57	0.26	0.40	0.61	0.10	2.54	1.98	1.24	3.23	
2017	0.50	0.58	0.26	0.40	0.62	0.10	2.45	2.19	1.39	3.58	
2016	0.51	0.57	0.26	0.40	0.61	0.10	2.43	2.13	1.39	3.52	
2015	0.51	0.56	0.26	0.10	0.61	0.10	2.13	2.23	1.44	3.67	
2014	0.51	0.55	0.26	0.10	0.59	0.10	2.02	2.13	1.41	3.54	
2013	0.47	0.47	0.24	0.10	0.49	0.10	1.63	1.41	1.37	2.78	
2012	0.43	0.43	0.24	0.09	0.47	0.09	1.40	1.77	1.12	2.89	

Source: The source of this information is the Property Tax Rates and Assessed Values, Arizona Tax Research Foundation.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
DIRECT AND OVERLAPPING PROPERTY TAX RATES - YAVAPAI COUNTY
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Overlapping Rates								District Direct Rates		
	State Equalization	Yavapai County	Yavapai County Library District	Yavapai County Flood Control District	Yavapai Community College District	Yavapai County Fire District	Sedona-Red Rock Fire District	Primary	Secondary	Total	
	2021	0.44	1.93	0.16	0.20	1.61	0.09	2.48	1.87	1.09	2.96
2020	0.46	2.02	0.17	0.21	1.69	0.10	2.50	1.93	1.12	3.05	
2019	0.47	1.78	0.17	0.22	1.95	0.10	2.47	2.01	1.20	3.20	
2018	0.49	1.84	0.18	0.23	1.98	0.10	2.54	1.98	1.24	3.23	
2017	0.50	1.90	0.19	0.20	2.06	0.10	2.45	2.19	1.39	3.58	
2016	0.51	1.93	0.17	0.21	2.09	0.10	2.43	2.13	1.39	3.52	
2015	0.51	1.96	0.15	0.21	2.08	0.10	2.11	2.23	1.44	3.67	
2014	0.51	1.93	0.15	0.22	2.05	0.10	2.02	2.13	1.41	3.54	
2013	0.47	1.64	0.17	0.30	1.89	0.10	1.63	1.41	1.37	2.78	
2012		1.43	0.15	0.25	1.58	0.09	1.40	1.77	1.12	2.89	

Source: The source of this information is the Property Tax Rates and Assessed Values, Arizona Tax Research Foundation.

Note: Beginning in fiscal year 2009-10, an overlapping rate for state equalization was established.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<u>Taxpayer</u>	<u>2021</u>		<u>2012</u>	
	<u>Net Limited Assessed Valuation</u>	<u>Percentage of District's Net Limited Assessed Valuation</u>	<u>Net Full Cash Assessed Valuation</u>	<u>Percentage of District's Net Full Cash Assessed Valuation</u>
New Enchantment LLC	\$ 6,880,624	4.03 %		%
Arizona Public Service Co (Yavapai)	5,910,250	3.46	4,927,939	0.87
90 Ridge Trail Drive Sedona LLC	5,051,267	2.96		
HTS-CHC (Sedona) LLC	6,037,822	3.54		
Sedona Rouge LLC	-		1,249,619	0.22
Signature Resorts Inc	2,197,261	1.29	1,282,946	0.23
Sedona Vacation Club Inc	3,855,632	2.26		
Diamondrock AZ LA Owner LLC	3,017,722	1.77		
Jackett Sedona LLC	-		1,435,007	0.25
Arizona Public Service Co (Coconino)	2,964,701	1.74		
KHP V Sedona LLC	2,589,653	1.52		
ACM BLH Poco Diablo 1 Holding Co LLC	2,472,317	1.45		
Rams Shopping Center LLC	-		1,917,219	0.34
Massachusetts Mutual Life			3,812,536	0.68
New Enchantment, LP			1,981,237	0.35
Sedona Development Partners, LLC			1,469,841	0.26
New Enchantment, LLC			3,380,000	0.60
Northern Arizona Healthcare			1,608,927	0.29
Total	<u>40,977,249</u>	<u>24.02 %</u>	<u>23,065,271</u>	<u>4.09 %</u>

Source: The source of this information is the Yavapai County Assessor's records.

Note: On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years	Collected to the End of the Current Fiscal Year	
			Amount	Percentage of Levy		Amount	Percentage of Levy
Coconino County	2021	\$ 2,903,120	\$ 2,853,295	98.28 %	\$	\$ 2,853,295	98.28 %
	2020	2,863,173	2,768,082	96.68	95,091	2,863,173	100.00
	2019	3,026,204	2,973,774	98.27	51,310	3,025,084	99.96
	2018	3,012,789	2,974,165	98.72	37,584	3,011,749	99.97
	2017	3,242,571	3,187,307	98.30	54,038	3,241,345	99.96
	2016	3,074,560	3,006,083	97.77	67,423	3,073,506	99.97
	2015	3,232,644	3,181,287	98.41	50,192	3,231,479	99.96
	2014	3,159,554	3,093,295	97.90	65,507	3,158,802	99.98
	2013	3,715,105	3,630,145	97.71	84,556	3,714,701	99.99
	2012	4,012,988	3,075,515	76.64	937,068	4,012,583	99.99
Yavapai County	2021	\$ 8,534,817	\$ 8,412,058	98.56 %	\$	\$ 8,412,058	98.56 %
	2020	8,350,531	8,165,825	97.79 %	184,706	8,350,531	100.00
	2019	8,802,488	8,708,457	98.93 %	92,525	8,800,982	99.98
	2018	8,653,335	8,524,328	98.51 %	128,369	8,652,697	99.99
	2017	9,195,197	9,042,508	98.34 %	152,210	9,194,718	99.99
	2016	8,679,444	8,546,611	98.47 %	132,512	8,679,123	100.00
	2015	8,982,617	8,822,648	98.22 %	159,751	8,982,399	100.00
	2014	8,393,291	8,230,737	98.06 %	158,993	8,389,730	99.96
	2013	8,824,540	8,615,062	97.63 %	208,163	8,823,225	99.99
	2012	8,352,541	8,037,026	96.22 %	315,008	8,352,034	99.99

Source: The source of this information is the Coconino & Yavapai County Treasurer's records.

Notes: 1) Amounts collected are on a cash basis.

2) Unsecured personal property taxes are not included in this schedule because the dates of the monthly rolls vary each year. On the average, 90% of unsecured property taxes are collected within 90 days after the due date.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	General Obligation Bonds					Total Outstanding Debt				
	General Obligation Bonds	Less: Amounts Restricted for Principal	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Capital Leases	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Percentage of Personal Income
2021	\$ 27,563,772	\$ 1,113,292	\$ 26,450,480	0.40 %	\$ 1,478	\$ 1,356,839	\$ 28,920,611	0.44 %	\$ 1,615	0.38 %
2020	32,498,598	778,341	31,720,257	0.54	2,000	1,480,188	33,978,786	0.58	2,142	0.49
2019	49,731,317	13,339,773	36,391,544	0.65	2,333	1,603,537	51,334,854	0.92	3,291	0.75
2018	54,465,234	13,562,617	40,902,617	0.75	2,796	1,726,886	56,192,120	1.03	3,841	1.55
2017	59,058,126	14,442,698	44,615,428	0.85	3,067	1,850,235	60,908,361	1.16	4,187	1.07
2016	50,154,732	796,421	49,358,311	1.01	3,291		50,154,732	1.03	3,344	0.86
2015	54,688,500	919,383	53,769,117	1.28	3,654		54,688,500	1.30	3,716	1.07
2014	55,119,075	818,091	54,300,984	1.36	2,858		55,119,075	1.38	2,901	1.78
2013	62,135,696	798,690	61,337,006	1.45	6,115		62,135,696	1.46	6,195	1.34
2012	65,409,717	849,345	64,560,372	1.32	3,398		65,409,717	1.34	3,443	1.38

Source: The source of this information is the District's financial records.

Note: N/A indicates that the information is not available.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2021**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping:			
Yavapai County Community College District	\$ 16,505,000	1.89 %	\$ 311,344
Subtotal, Overlapping Debt			<u>311,344</u>
Direct:			
Sedona-Oak Creek Joint Unified School District No. 9			<u>28,920,611</u>
Total Direct and Overlapping Governmental Activities Debt			<u><u>\$ 29,231,955</u></u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt		
As a Percentage of Net Limited Assessed Valuation		4.28 %
Net Direct and Overlapping General Bonded Debt		
Per Capita	\$ 1,495	
As a Percentage of Net Limited Assessed Valuation		4.33 %
As a Percentage of Gross Full Cash Value		0.41 %

Source: The source of this information is the District's records and the State and County Abstract of the Assessment Roll, Arizona Department of Revenue and the applicable governmental unit.

- Notes:**
- 1) Estimated percentage of debt outstanding applicable to the District is calculated based on a portion of the District's net limited assessed valuation as a percentage of the net limited assessed valuation of the overlapping jurisdiction.
 - 2) Outstanding debt as of June 30, 2020 is presented for the overlapping governments as this is the most recent available information.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Class B Bond Legal Debt Margin Calculation for Fiscal Year 2021:

Net full cash assessed valuation	\$ 727,887,593
Debt limit (20% of assessed value)	145,577,519
Debt applicable to limit	<u>27,563,772</u>
Legal debt margin	<u><u>\$ 118,013,747</u></u>

Total Legal Debt Margin Calculation for Fiscal Year 2021:

Net full cash assessed valuation	\$ 727,887,593
Debt limit (30% of assessed value)	218,366,278
Debt applicable to limit	<u>27,563,772</u>
Legal debt margin	<u><u>\$ 190,802,506</u></u>

Fiscal Year Ended June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Debt Limit	\$ 218,366,278	\$ 194,774,768	\$ 186,825,007	\$ 181,254,241	\$ 156,555,973
Total net debt applicable to limit	<u>27,563,772</u>	<u>32,498,598</u>	<u>49,731,317</u>	<u>54,465,234</u>	<u>54,765,000</u>
Legal debt margin	<u><u>\$ 190,802,506</u></u>	<u><u>\$ 162,276,170</u></u>	<u><u>\$ 137,093,690</u></u>	<u><u>\$ 126,789,007</u></u>	<u><u>\$ 101,790,973</u></u>
Total net debt applicable to the limit as a percentage of debt limit	13%	17%	27%	30%	35%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Debt Limit	\$ 150,714,298	\$ 144,003,562	\$ 123,131,661	\$ 148,608,109	\$ 173,287,285
Total net debt applicable to limit	<u>46,400,000</u>	<u>50,195,000</u>	<u>54,160,000</u>	<u>61,100,000</u>	<u>64,300,000</u>
Legal debt margin	<u><u>\$ 104,314,298</u></u>	<u><u>\$ 93,808,562</u></u>	<u><u>\$ 68,971,661</u></u>	<u><u>\$ 87,508,109</u></u>	<u><u>\$ 108,987,285</u></u>
Total net debt applicable to the limit as a percentage of debt limit	31%	35%	44%	41%	37%

Source: The source of this information is the District's financial records.

- Notes:**
- 1) The District's general obligation bonds are subject to two limits: the Constitutional debt limit (total debt limit) on all general obligation bonds outstanding and the statutory debt limit on Class B bonds outstanding. The calculations of the debt margins are presented in detail for the current fiscal year only.
 - 2) Prior to FY17, net bond premium was restricted by amount and not subject to the statutory debt limit. Beginning with FY17, any additional net premium used for capital projects, bond counsel, printing and preparation of offering documents, a financial advisor, paying agent costs or to pay down debt is counted against both debt limits with the exception of amounts of premium deposited into the Debt Service Fund or a refunding escrow to pay interest payments.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
COCONINO COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
2020	145,326	\$ 7,556,660	\$ 53,036	8.7 %	17,902
2019	147,275	6,875,489	48,129	5.5	15,864
2018	142,854	6,875,489	48,129	5.5	15,598
2017	140,776	3,621,040	25,722	5.7	14,629
2016	142,560	5,705,476	40,022	6.1	14,547
2015	141,602	5,808,231	41,018	7.0	15,000
2014	139,372	5,102,688	36,612	7.1	14,716
2013	136,539	3,094,520	22,664	8.1	19,000
2012	134,313	4,620,811	34,353	8.1	10,030
2011	134,162	4,725,407	35,105	9.2	19,000

Sources: The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis. The source of the "Population" and "Unemployment Rate" information is the Arizona Office of Employment and Population Statistics.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
YAVAPAI COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>Estimated District Population</u>
2020	236,426	10,687,662	44,490	6.1	17,902
2019	232,386	9,352,066	40,312	4.0	15,864
2018	228,970	9,352,100	40,312	5.0	15,598
2017	224,363	8,287,072	36,936	4.8	14,629
2016	216,850	7,900,004	36,431	4.9	14,547
2015	217,778	7,740,919	35,545	5.9	15,000
2014	215,357	6,999,749	32,503	6.3	14,716
2013	215,133	5,665,528	26,335	8.6	19,000
2012	211,583	6,248,490	29,490	8.6	10,030
2011	211,247	6,246,876	29,586	10.0	19,000

Sources: The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis. The source of the "Population" and "Unemployment Rate" information is the Arizona Office of Employment and Population Statistics.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

Employer	2021		2012	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
New Enchantment LLC	532	5.46 %	500	6.02 %
Enchantment Resort	282	2.89	-	-
Sweeney Hotels International Inc	226	2.32	-	-
L'Auberge de Sedona Resort	186	1.91	250	3.01
Hilton Resorts & Spa	158	1.62	202	2.43
Orchards Inn Sedona	145	1.49	-	-
Sedona-Oak Creek School District	121	1.24	185	2.23
Sedona Rouge Hotel & Spa	99	1.02	250	3.01
City of Sedona	94	0.96	95	1.14
Los Abridados Resort	80	0.82	190	2.29
Safeway	-	-	100	1.20
Sedona Development Partners, LLC	-	-	52	0.63
Radisson Poco Diablo Resort	-	-	95	1.14
Bashas'	-	-	85	1.02
Total	1,923	19.73 %	2,004	24.12 %
Total employment	9,752		8,300	

Source: The source of this information is the Sedona Chamber of Commerce and the Office of Economic Opportunity.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees as of June 30				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Supervisory					
Superintendent	1	1	1	1	1
Principals	2	2	2	4	4
Assistant principals	1	1	1		
Spec Ed Director	1	1	1	1	1
Curriculum Coord	1	1	1	1	1
Total supervisory	<u>6</u>	<u>6</u>	<u>6</u>	<u>7</u>	<u>7</u>
Instruction					
Teachers	47	49	49	61	60
Other professionals (instructional)	3	6	6	9	7
Aides	9	11	11	15	16
Nurse/Health Aides	3	2	2	2	3
Total instruction	<u>62</u>	<u>68</u>	<u>68</u>	<u>87</u>	<u>86</u>
Student Services					
Librarians	2	1	2	2	2
Technicians	3	2	2	3	3
Total student services	<u>5</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>5</u>
Support and Administration					
Clerical/Other	12	9	11	17	15
Technical/Maint Support	14	10	10	10	10
Bus Drivers	9	5	5	11	16
Total support and administration	<u>35</u>	<u>24</u>	<u>26</u>	<u>38</u>	<u>41</u>
Total	<u>108</u>	<u>101</u>	<u>104</u>	<u>137</u>	<u>139</u>

(Continued)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Supervisory					
Superintendent	1	1	1	1	1
Principals	3	3	3	3	3
Assistant principals	1	1	1	1	1
Spec Ed Director	1	1	1	1	1
Curriculum Coord	1				
Total supervisory	<u>7</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>
Instruction					
Teachers	61	68	68	68	68
Other professionals (instructional)	9	5	5	5	5
Aides	14	13	13	13	14
	2	3	3	3	3
Total instruction	<u>86</u>	<u>89</u>	<u>89</u>	<u>89</u>	<u>90</u>
Student Services					
Librarians	2	2	2	2	2
Technicians	2	2	2	2	2
Total student services	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
Support and Administration					
Clerical/Other	13	15	15	15	15
Technical/Maint Support	10	5	5	5	3
Bus Drivers	23				15
Total support and administration	<u>46</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>33</u>
Total	<u><u>143</u></u>	<u><u>119</u></u>	<u><u>119</u></u>	<u><u>119</u></u>	<u><u>133</u></u>

Source: The source of this information is District personnel records.

(Concluded)

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Average Daily Membership	Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Free/Reduced Students
2021	669	\$ 7,351,383	\$ 10,989	2.55 %	\$ 12,063,602	\$ 18,032	1.14 %	47	14.2	61.1 %
2020	746	7,992,255	10,715	0.50	13,298,079	17,829	2.86	49	15.2	59.0
2019	767	8,179,223	10,661	(0.30)	13,295,355	17,330	9.11	49	15.7	58.5
2018	923	9,870,517	10,694	17.84	14,659,842	15,883	(0.91)	61	15.1	46.0
2017	1,008	9,147,434	9,075	3.12	16,156,900	16,029	15.73	60	16.8	52.0
2016	1,051	9,250,352	8,800	7.58	14,558,597	13,850	5.81	61	17.2	42.3
2015	1,134	9,276,335	8,180	1.33	14,843,365	13,089	(0.61)	68	16.7	46.0
2014	1,159	9,356,144	8,073	2.76	15,264,075	13,170	1.47	68	17.0	47.5
2013	1,219	9,576,227	7,856	1.10	15,822,210	12,980	6.88	68	17.9	48.4
2012	1,255	9,752,152	7,771	1.06	15,241,309	12,144	(2.82)	68	18.5	49.1

Source: The source of this information is the District's financial records.

Note: Operating expenditures are total expenditures less debt service and capital outlay.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
CAPITAL ASSETS INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Schools</u>										
K-8 Schools										
Buildings	11	11	11	11	11	11	11	11	11	11
Square feet	178,564	178,564	178,564	178,564	178,564	178,564	178,564	178,564	178,564	178,564
Capacity	2,062	2,062	2,062	2,062	2,062	2,062	2,062	2,062	2,062	2,062
Enrollment	490	487	451	451	495	660	762	762	762	762
High										
Buildings	6	6	6	6	6	6	6	6	6	6
Square feet	157,068	157,068	157,068	157,068	157,068	157,068	157,068	157,068	157,068	157,068
Capacity	791	791	791	791	791	791	791	791	791	791
Enrollment	303	303	467	467	514	437	492	492	492	492
Other										
Buildings	6	6	6	6	6	6	6	6	6	6
Square feet	14,245	14,245	14,245	14,245	14,245	14,245	14,245	14,245	14,245	14,245
Capacity	100	100	100	100	100	100	100	100	100	100
Enrollment					100					
<u>Administrative</u>										
Buildings	2	2	2	2	2	2	2	2	2	2
Square feet	13,093	13,093	13,093	13,093	13,093	13,093	13,093	13,093	13,093	13,093
<u>Transportation</u>										
Garages	1	1	1	1	1	1	1	1	1	1
Buses	13	13	13	13	13	13	13	13	13	13
<u>Athletics</u>										
Football/Soccer fields	2	2	2	2	2	2	2	2	2	2
Running tracks	1	1	1	1	1	1	1	1	1	1
Baseball/softball	4	4	4	4	4	4	4	4	4	4
Swimming pools	1	1	1	1	1	1	1	1	1	1
Playgrounds	2	2	2	2	2	2	2	2	2	2

Source: The source of this information is the District's facilities records.

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Sedona-Oak Creek Joint Unified School District No. 9
Single Audit Reporting Package
Year Ended June 30, 2021

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
SINGLE AUDIT REPORTING PACKAGE
FOR THE YEAR ENDED JUNE 30, 2021

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**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
*Government Auditing Standards***

Independent Auditor's Report

Governing Board
Sedona-Oak Creek Joint Unified School District No. 9

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sedona-Oak Creek Joint Unified School District No. 9, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Sedona-Oak Creek Joint Unified School District No. 9's basic financial statements, and have issued our report thereon dated December 21, 2021.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sedona-Oak Creek Joint Unified School District No. 9's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sedona-Oak Creek Joint Unified School District No. 9's internal control. Accordingly, we do not express an opinion on the effectiveness of Sedona-Oak Creek Joint Unified School District No. 9's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items FS-2021-001 and FS-2021-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sedona-Oak Creek Joint Unified School District No. 9's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Sedona-Oak Creek Joint Unified School District No. 9's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Sedona-Oak Creek Joint Unified School District No. 9's responses to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Sedona-Oak Creek Joint Unified School District No. 9's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Flagstaff, Arizona
December 21, 2021

**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Independent Auditor's Report

Governing Board
Sedona-Oak Creek Joint Unified School District No. 9

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sedona-Oak Creek Joint Unified School District No. 9's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Sedona-Oak Creek Joint Unified School District No. 9's major federal programs for the year ended June 30, 2021. Sedona-Oak Creek Joint Unified School District No. 9's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Sedona-Oak Creek Joint Unified School District No. 9 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Sedona-Oak Creek Joint Unified School District No. 9 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Sedona-Oak Creek Joint Unified School District No. 9's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Sedona-Oak Creek Joint Unified School District No. 9's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Sedona-Oak Creek Joint Unified School District No. 9's compliance based on our audit.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate it would influence the judgment made by a reasonable user of the report on compliance about Sedona-Oak Creek Joint Unified School District No. 9's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Sedona-Oak Creek Joint Unified School District No. 9's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Sedona-Oak Creek Joint Unified School District No. 9's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Sedona-Oak Creek Joint Unified School District No. 9's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sedona-Oak Creek Joint Unified School District No. 9 as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Sedona-Oak Creek Joint Unified School District No. 9's basic financial statements. We issued our report thereon dated December 21, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Flagstaff, Arizona
February 14, 2022

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2020 - 6/30/2021

<i>Federal Awarding Agency/Program Title</i>	<i>Federal CFDA Number</i>	<i>Additional Award Identification (Optional)</i>	<i>Name of Funder Pass-Through Entity</i>	<i>Identifying Number Assigned By Funder Pass-Through Entity</i>	<i>Total Amount Provided to Sub-Recipients</i>	<i>Federal Expenditures</i>	<i>Federal Program Total</i>	<i>Cluster Name</i>	<i>Cluster Total</i>
DEPARTMENT OF AGRICULTURE									
SCHOOL BREAKFAST PROGRAM	10.553		ARIZONA DEPARTMENT OF EDUCATION	7A2300A23		\$1,758	\$1,758	CHILD NUTRITION CLUSTER	\$192,555
NATIONAL SCHOOL LUNCH PROGRAM	10.555		ARIZONA DEPARTMENT OF EDUCATION	7A2300A23		\$4,597	\$4,597	CHILD NUTRITION CLUSTER	\$192,555
SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559		ARIZONA DEPARTMENT OF EDUCATION	7A2300A23		\$186,200	\$186,200	CHILD NUTRITION CLUSTER	\$192,555
SCHOOLS AND ROADS - GRANTS TO STATES	10.665		YAVAPAI COUNTY	N/A		\$28,548	\$28,548	FOREST SERVICE SCHOOLS AND ROADS CLUSTER	\$28,548
TOTAL DEPARTMENT OF AGRICULTURE						\$221,103			
DEPARTMENT OF TREASURY									
COVID-19 CORONAVIRUS RELIEF FUND	21.019	COVID-19	ARIZONA GOVERNER'S OFFICE	ERMT-21-2195		\$331,965	\$331,965	N/A	\$0
TOTAL DEPARTMENT OF TREASURY						\$331,965			
DEPARTMENT OF EDUCATION									
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010		ARIZONA DEPARTMENT OF EDUCATION	S010A200003		\$163,519	\$163,519	N/A	\$0
SPECIAL EDUCATION_ GRANTS TO STATES	84.027		ARIZONA DEPARTMENT OF EDUCATION	H027A200007		\$192,676	\$192,676	SPECIAL EDUCATION CLUSTER (IDEA)	\$195,781
CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	84.048		ARIZONA DEPARTMENT OF EDUCATION	V048A200003		\$15,235	\$15,235	N/A	\$0
SPECIAL EDUCATION_ PRESCHOOL GRANTS	84.173		ARIZONA DEPARTMENT OF EDUCATION	H173A200003		\$3,105	\$3,105	SPECIAL EDUCATION CLUSTER (IDEA)	\$195,781
ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365		ARIZONA DEPARTMENT OF EDUCATION	S365A200003		\$11,577	\$11,577	N/A	\$0
SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS	84.367		ARIZONA DEPARTMENT OF EDUCATION	S367A200049		\$17,626	\$17,626	N/A	\$0
STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM	84.424		ARIZONA DEPARTMENT OF EDUCATION	S424A200003		\$10,160	\$10,160	N/A	\$0
COVID-19 EDUCATION STABILIZATION FUND	84.425	COVID-19, 84.425D	ARIZONA DEPARTMENT OF EDUCATION	S425D200038		\$108,331	\$146,228	N/A	\$0
COVID-19 EDUCATION STABILIZATION FUND	84.425	COVID-19, 84.425D	ARIZONA DEPARTMENT OF EDUCATION	SD25D210038		\$37,897	\$146,228	N/A	\$0
TOTAL DEPARTMENT OF EDUCATION						\$560,126			
TOTAL EXPENDITURE OF FEDERAL AWARDS						\$1,113,194			

Please Note:
Italicized award lines indicate pass-through funding

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2020 - 6/30/2021

Significant Accounting Policies Used in Preparing the SEFA

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Sedona-Oak Creek Joint Unified School District No. 9 under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

10% De Minimis Cost Rate

The auditee did not use the de minimis cost rate.

Assistance Listing Numbers

The program titles and Assistance Listing numbers were obtained from the federal or pass-through grantor or through sam.gov. If the three-digit Assistance Listing extension is unknown, there is a U followed by a two-digit number in the Assistance Listing extension to identify one or more Federal award lines from that program. The first Federal program with an unknown three-digit extension is indicated with U01 for all award lines associated with that program, the second is U02, etc.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: Yes

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516 of Uniform Guidance: No

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	Special Education Cluster
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee: No

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: Yes

Findings and Questioned Costs Related to Federal Awards: No

Summary Schedule of Prior Audit Findings required to be reported: Yes

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Finding Number: FS-2021-001

Repeat Finding: Yes, FS-2020-001, FS-2019-001

Type of Finding: Material Weakness

Description: Internal Controls Over Financial Reporting and Capital Assets

CRITERIA

District management is responsible for establishing and maintaining internal control over the District's accounting records and financial reporting in order to meet financial reporting objectives of the District. Controls should include the preparation of complete and accurate financial statements. The Uniform System of Financial Records (USFR) prescribes required procedures in the areas of accounting records and capital assets.

CONDITION

The District lacked adequate financial controls over financial reporting and capital assets.

CAUSE

District policies and internal controls in place were not always operating effectively or were not always followed. The District did not retain sufficient documentation to support the updates to the capital asset schedule.

EFFECT

The District's internal controls over accounting records and financial reporting at the financial statement and general ledger level were not adequate to ensure that a misstatement would be prevented and/or detected. Audit adjustments were necessary to properly report balances and activity of the District's financial statements.

CONTEXT

The District's capital asset listing balances did not agree to the prior year ending balances in Building and Improvements by \$767,157, with \$87,749 in associated accumulated depreciation, a net difference of \$679,408. Similarly, the vehicles, furniture, and equipment balance did not agree by \$37,177, with \$75,827 in associated accumulated depreciation, a net difference of \$38,650. There was no documentation to support these differences. It was additionally noted that 191 capital asset's depreciation was calculated incorrectly resulting in an overstatement of depreciation expense by \$432,513.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Finding Number: FS-2021-001

VIEWS OF RESPONSIBLE OFFICIALS

See Corrective Action Plan.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Finding Number: FS-2021-002

Repeat Finding: Yes, FS-2020-002

Type of Finding: Material Weakness

Description: Internal Controls Over Accounting Records and Cash

CRITERIA

District management is responsible for establishing and maintaining internal control over the general ledger to ensure all transactions are properly recorded in accordance with Generally Accepted Accounting Principles (GAAP). Additionally, according to the Uniform System of Financial Records (USFR) guidelines, the District's records of cash must be reconciled to those of the County Treasurer on a timely basis to ensure funds on deposit with the County Treasurer are accurate. This activity may be performed by either the District or the County School Superintendent's (CSS) office. Differences identified during the reconciliation process must be investigated and promptly resolved.

CONDITION

The District lacked adequate financial controls over financial reporting at the general ledger to ensure that all financial activities were properly processed and recorded.

CAUSE

District policies and internal controls in place were not always operating effectively or were not always followed. Adequate management review over journal entries did not occur.

EFFECT

The District's internal controls over accounting records and financial reporting at the financial statement and general ledger level were not adequate to ensure that a misstatement would be prevented and/or detected. Cash on deposit with the County Treasurer in the Debt Service Fund was overstated. Audit adjustments were necessary to properly report balances and activity of the District's financial statements.

CONTEXT

Cash on deposit in the Debt Service Fund as recorded in the District's accounting records did not agree to the County Treasurer's records. The District had \$1,338,895 of cash on deposit recorded, while the County Treasurer's records reflected a balance of \$927,176.

RECOMMENDATION

The District should ensure that review procedures are adopted and implemented over accounting records, including adequate review of year-end journal entries entered to capture all debt service activity.

**SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Finding Number: FS-2021-002

VIEWS OF RESPONSIBLE OFFICIALS

See Corrective Action Plan.



Mr. Dennis Deardon
Superintendent of Schools

Mrs. Stacy Saravo
Interim Director of HR & Finance

221 Brewer Rd. • Sedona, Arizona 86336
Telephone: (928) 204-6800 • Fax: (928) 282-0232

www.sedona.k12.az.us

February 14, 2022

To Whom It May Concern:

The accompanying Corrective Action Plan has been prepared as required by U.S. Office of Management and Budget Uniform Guidance. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

In addition, we have also prepared the accompanying Summary Schedule of Prior Audit Findings which includes the status of audit findings reported in the prior year's audit.

Sincerely,

Stacy Saravo
Director of HR & Finance

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2021

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*

Finding Number: FS-2021-001

Contact Person: Stacy Saravo

Anticipated Completion Date: 06/30/2022

Planned Corrective Action: Due to staff turnover this has been a repeat finding. The District is now working with a consultant to clean up our areas of our General Fixed Assets that have been long standing. They will ensure a complete physical inventory of all fixed assets and stewardship items throughout each of its buildings and grounds. They are working on written processes and procedures for purchase and disposal of these items which would include tagging and recording them upon receipt and an electronic google document for disposal to insure communication to both the IT and Finance Departments. They will continue to work in conjunction with the auditors to establish agreed upon procedures for recording replacement items within buildings and renovations within buildings to insure that depreciation is still calculated appropriately. They are also working with the building Principals to develop a district wide procedure/checklist for staff checking out at the end of the year to help verify inventory as well as staff checking in at the beginning of the year to verify and sign off on the inventory of the office/classroom that they will be occupying.

Finding Number: FS-2021-002

Contact Person: Stacy Saravo

Anticipated Completion Date: 06/30/2022

Planned Corrective Action: Due to staff turnover this has been a repeated finding. The District has added staffing and has now implemented procedures that work to ensure that review of account records between the District and the County School Superintendent's (CSS) office are done on a regular and timely basis.

SEDONA-OAK CREEK JOINT UNIFIED SCHOOL DISTRICT NO. 9
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021

**Status of Findings Related to Financial Statements Reported in Accordance with
*Government Auditing Standards***

Finding Number: FS-2020-001

Status: Not corrected, see current year finding FS-2021-001.

Planned Corrective Action: Due to staff turnover this has been a repeat finding. The District is now working with a consultant to clean up our areas of our General Fixed Assets that have been long standing. They will ensure a complete physical inventory of all fixed assets and stewardship items throughout each of its buildings and grounds. They are working on written processes and procedures for purchase and disposal of these items which would include tagging and recording them upon receipt and an electronic google document for disposal to insure communication to both the IT and Finance Departments. They will continue to work in conjunction with the auditors to establish agreed upon procedures for recording replacement items within buildings and renovations within buildings to insure that depreciation is still calculated appropriately. They are also working with the building Principals to develop a district wide procedure/checklist for staff checking out at the end of the year to help verify inventory as well as staff checking in at the beginning of the year to verify and sign off on the inventory of the office/classroom that they will be occupying.

Finding Number: FS-2020-002

Status: Not corrected, see current year finding FS-2021-002.

Planned Corrective Action: Due to staff turnover this has been a repeated finding. The District has added staffing and has now implemented procedures that work to ensure that review of account records between the District and the County School Superintendent's (CSS) office are done on a regular and timely basis.

Status of Findings and Questioned Costs Related to Federal Awards

Finding Number: 2020-001

Program Name/Assistance Listing Title: Special Education Cluster

Assistance Listing Number: 84.027, 84.173

Status: Fully corrected.