
FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
FLAGSTAFF, ARIZONA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30,2022



**FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
FLAGSTAFF, ARIZONA**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2022

Issued by:
Business and Finance Department

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INTRODUCTORY SECTION



January 18, 2023

Citizens and Governing Board
Flagstaff Unified School District No. 1
3285 East Sparrow Avenue
Flagstaff, Arizona 86004

State law mandates that school districts undergo an annual single audit and 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 (ACFR) of the Flagstaff Unified School District No. 1 for the fiscal year ended June 30, 2022.

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 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 from 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 CWDL, Certified Public Accountants, 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, 2022, 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 auditor 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, 2022, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditors' report is presented as the first component of the financial section of this report.

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 not only report 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

The Flagstaff Unified School District No. 1 was founded in a log cabin in 1883 and is one of nine public school districts located in Coconino County, Arizona. The District is large, 4,377 square miles, with most of the surrounding property being federal, state, or reservation land. It provides a program of public education from kindergarten through grade twelve, with an average daily membership (ADM) of 8,597 students for fiscal year 2021-22.

The District's Governing Board is organized under Section 15-321 of the Arizona Revised Statutes (ARS). The 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 expenditure 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.

In December 2018, the Governing Board adopted a revised Mission Statement, "The Flagstaff Unified School District provides all students with a high-quality education through diverse pathways to foster success in college, career, citizenship, and life." The Vision statement is "We will provide a challenging and supportive learning community in which our students may explore and develop their unique interests and skills in order to reach their highest potential." The Core Values statement is "We believe that engaging in continuous improvement and living out our core values are essential to fulfilling our purpose. Our Core Values guide our decision-making and efforts as we move closer to our vision of success."

In support of this vision, we expect:

- The guaranteed use of a rigorous and relevant curriculum, based on world class standards with frequent, common assessments to monitor student learning.
- All staff will collaborate for the purpose of continuously improving all district systems and sharing accountability for each student's learning.
- Administrators will recruit and retain the best teachers, provide the necessary professional development, and compensate them based on market demand and the degree of difficulty of their assigned responsibilities.
- Effective and efficient facility utilization and proper fiscal accountability for all funds.

The District has implemented a strategic plan to improve teaching and learning by integrating local, state, and federal programs, utilizing resources effectively, ensuring non-duplication of services, and providing ongoing assessment.

The District's Strategic Plan supports the federal Every Student Succeeds Act (ESSA) goals to:

- Advance equity by upholding critical protections for America's disadvantaged and high-need students.
- Require – for the first time – that all students in America be taught to high academic standards that will prepare them to succeed in college and careers.
- Ensure that vital information is provided to educators, families, students, and communities through annual statewide assessments that measure students' progress toward those high standards.
- Help to support and grow local innovations - including evidence-based and place-based interventions developed by local leaders and educators.
- Maintain an expectation that there will be accountability and action to effect positive change in our lowest-performing schools, where groups of students are not making progress, and where graduation rates are low over extended periods of time.

The Flagstaff Unified School District (FUSD) Strategic Plan identifies four focus areas in its commitment to improving and sustaining quality and outlines measures and metrics to track its success.

- Graduate Readiness: All FUSD students will have the necessary tools to successfully pursue their chosen path. Students will be prepared academically and socially to successfully transition from K to 1, elementary to middle, and middle to high school.
- Equity and Inclusion: All FUSD students, regardless of external factors, are safe and have access to the champions they need during their time in FUSD and after graduation.
- Culture of Possibility Thinking: All FUSD students and staff embody an ethic of excellence. They are courageous, agile, and engaged in professional growth.
- Workplace of Choice: All FUSD employees feel connected, supported, and empowered in their work.

The District has ten elementary school sites, three of which are magnets. Puente de Hózhó is a trilingual magnet school teaching Navajo, Spanish, and English. Marshall Elementary is an arts and science magnet school. Kinsey Inquiry and Discovery School provides learning experiences inspired by the environment, cultures and community of Northern Arizona. There are two middle schools which both house magnet options. Sinagua Middle School has a rigorous project-based technology and engineering magnet called MIT-e and the Puente Language Academy, which continues the language programs from the elementary magnet school. Mount Elden Middle School supports the Alpine Leadership Academy and the Honors/Pre-AP Academy. There are three high schools, two comprehensive and one alternative high school. Coconino High School offers the Coconino Institute of Technology

magnet along with the Puente High School Language Academy, and the International Baccalaureate (IB) Diploma Programme. Flagstaff High School supports the Advanced Placement Academy. Summit High School provides alternative programs including the online education program, Northern Arizona Distance Learning (grades 5-12). In addition to the required core classes and the wide range of electives, Flagstaff Unified School District's high schools also offer opportunities to earn college credit through dual enrollment with Coconino Community College and earn industry certifications through Career and Technical Education programs. Two schools, Puente de Hózhó and Sinagua Middle School both became authorized as International Baccalaureate schools during the 2021-22 school year.

The District monitors students' learning and achievement through the administration of statewide tests and district benchmark assessments. In April, students in grades 3-8 completed the state of Arizona's new exams, the Arizona Academic Standards Assessment (AASA), to measure proficiency in English Language Arts and Mathematics. Students in grades 9 and 11 took the ACT Aspire and ACT respectively. Proficiency in the content area of Science was measured by the AzSCI test administered to students in grades 5, 8, and 11. The District used the AIMSWeb Plus battery of assessments as benchmark measures of students in ELA and Math grade level skills. As an example, Kindergarten students take a sub-test that measures the Letter Naming Fluency, whereas a 3rd grade student is measured in Oral reading Fluency. These benchmark assessments are measured three times a year and data are analyzed and used for instructional and intervention decisions. In grades 6-8 students are also measured using a benchmark assessment given three times a year; the Study Island benchmark assessment. This assessment also measures student skills in ELA and Math, and the data is used to provide students with interventions or enrichment.

The Arizona Department of Education issues A-F Letter Grades to schools using achievement factors such as proficiency and growth on state ELA and Math assessments, proficiency of ELL students, graduation and dropout rates, and student attendance rates. This accountability system is slightly different for K-8 schools and high schools. No A-F Letter Grades have been issued to Arizona schools since 2019 due to the COVID-19 pandemic and disruption to statewide testing. New A-F Letter Grades are expected to be released in the Fall of 2022.

The District engages in several partnerships, including a Career and Technical Educational Partnership where community and business partners have been involved in developing a plan for expanding career and technical educational opportunities. The District has a cooperative arrangement with the City of Flagstaff, Coconino County, Coconino Association for Vocations Industry and Technology (CAVIAT), Coconino Community College, and Northern Arizona University to implement programs that benefit students and minimize duplication of services.

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. In funds where the District is not required to legally adopt a budget, over-expenditures of budgeted funds may occur. 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 revenue budget, so 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 best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Local Economy. The economy of the District is centered in the City of Flagstaff, which has a population of approximately 76,989 (2021). According to a November 2017 report commissioned by the Economic Collaborative of Northern Arizona (ECoNA), Flagstaff has experienced a trend of economic growth paired with above average population growth. Drivers of the economic growth include a major university, a regional hospital, opportunities for outdoor recreation, retail, and tourism. Most of the employment increases are in education, health care, restaurants, lodging, and service jobs. Northern Arizona University is the largest single employer in Flagstaff while the Flagstaff Unified School District ranks as the fourth largest. A list of Flagstaff's largest employers is included in the Statistical Section of this Annual Comprehensive Financial Report. Much of the population growth of Flagstaff can be attributed to the rapid increase of students enrolled at Northern Arizona University.

The District will continue to face many challenges as an institution in a community undergoing economic and social change. Flagstaff currently has one of Arizona's highest costs of living and minimum wage rate in the State. Failure of housing development to keep pace with the population growth has made housing affordability a critical issue for the community, creating challenges for recruiting and retaining the workforce population and retaining young families enrolling children in the District. Flagstaff is the governmental, educational, transportation, cultural, and commercial center for Northern Arizona. Government is one of the largest employment sectors. Tourism is also a large employer, as Flagstaff sees over 5 million visitors a year. In addition, Flagstaff houses Northern Arizona University and other scientific and high-tech research and development industries.

Long-Term Financial Planning. The citizens of Flagstaff have taken great pride in providing high-quality schools for their children by continuing to support District initiatives. Bonding of \$53.1 million was authorized in 2006 and \$20.8 million was authorized in 2012.

The 2012 proceeds were used to improve health and safety for students who use District buildings, to acquire and improve transportation vehicles, to purchase classroom technology, and for building renewal.

On November 6, 2018, District voters approved a \$75 million bonding authority and renewed a 15% Maintenance and Operations override. Both initiatives were approved by majorities of over 60%.

Significant projects funded by the 2018 bond authorization include the replacement of Killip Elementary, a major renovation of Mount Elden Middle School, a major districtwide sustainability program for lighting and HVAC, an enhanced bus replacement schedule, and a 1:1 technology device program.

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, 2021. This was the eleventh consecutive year the District has received this prestigious award. In addition, the District applied for 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, 2021 but has not received an award notification at this time. 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. The District believes that the current Annual Comprehensive Financial Report continues to meet the programs' requirements and will submit it to ASBO and GFOA to determine its eligibility for the fiscal year ended June 30, 2022.

The Flagstaff Unified School District embarked on a continuous improvement journey over a period of eighteen months and was designated as a Candidate for Systems Accreditation with Cognia (formerly AdvancEd) in January 2020. An Engagement Review, conducted by a team of outside evaluators from Cognia, occurred in November 2019. During the review, the Engagement Review Team conducted interviews with a range of stakeholders including students, Governing Board members, administrators, teachers and instructional staff, parents, and community members. School visits and classroom observations were scheduled during the review to measure the quality of our district. The evaluation team also analyzed the documents and evidence submitted by the schools and district prior to making its accreditation recommendation. This Engagement Review and Accreditation Process validated the great and hard work occurring in our district, provided an opportunity to celebrate and communicate about our quality performance with our stakeholders, and gave feedback to guide our ongoing continuous improvement efforts.

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 Finance and Business Services Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

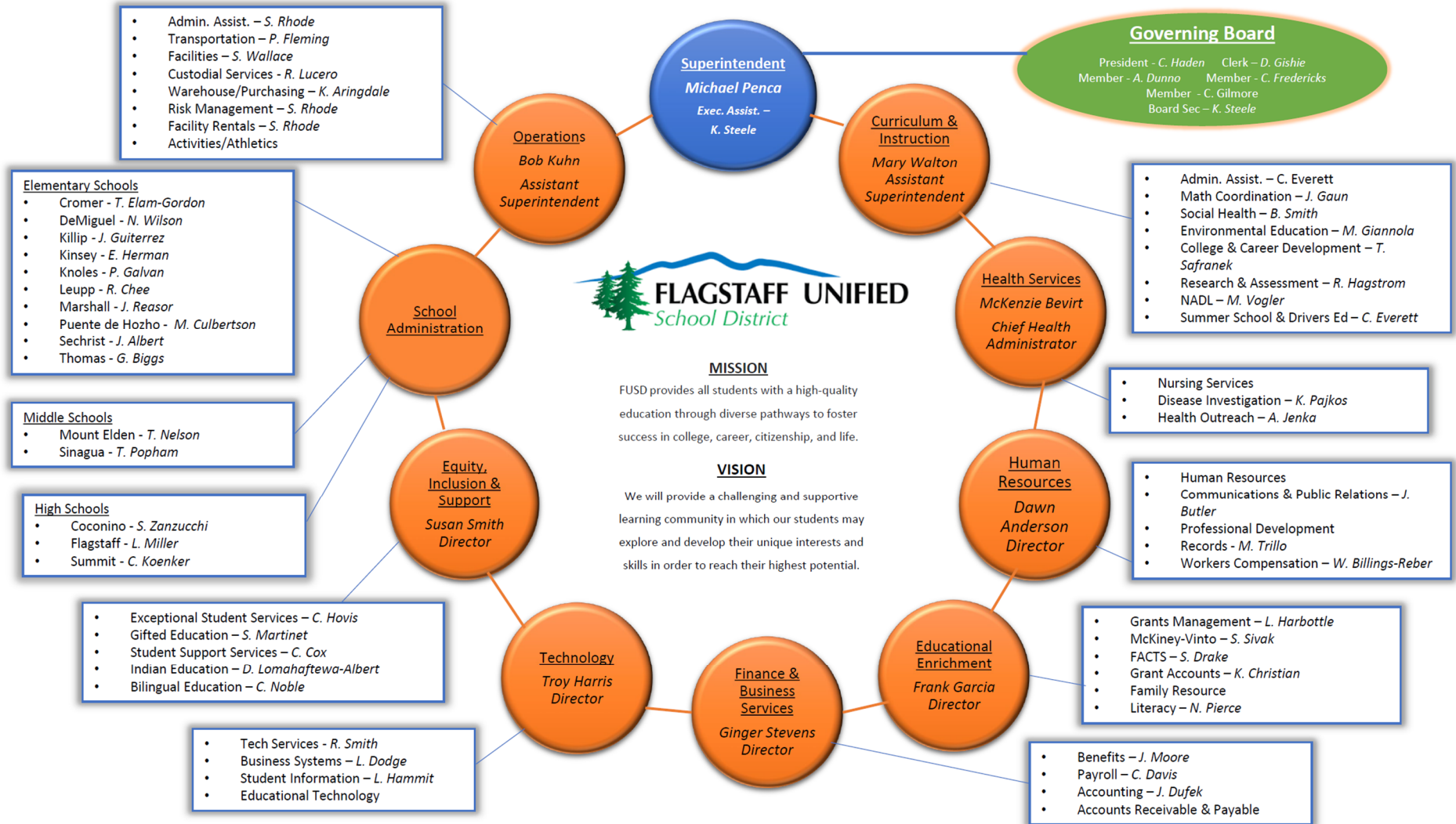
In closing, without the leadership and support of the Governing Board of the District, preparation of this report would not have been possible.

Respectfully submitted,



Michael A. Penca
Superintendent

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
ORGANIZATIONAL CHART
YEAR ENDED JUNE 30, 2022



FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
LIST OF PRINCIPAL AND ELECTED OFFICIALS
YEAR ENDED JUNE 30, 2022

GOVERNING BOARD

Dr. Carol Haden
President

Dorothy Denetsosie Gishie
Clerk

Anne Dunno
Member

Dr. Carole Gilmore
President

Christine Fredericks
Member

ADMINISTRATIVE STAFF

Michael Penca, Superintendent

Robert Kuhn, Assistant Superintendent of Operations

Mary K. Walton, Assistant Superintendent of Curriculum and Instruction

Ginger Stevens, Director of Business Services

Dawn Anderson, Director of Human Resources



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Flagstaff Unified School District 1

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2021.

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



A handwritten signature in black ink, appearing to read 'William A. Sutter'.

William A. Sutter
President

A handwritten signature in black ink, appearing to read 'David J. Lewis'.

David J. Lewis
Executive Director

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Governing Board
Flagstaff Unified School District No. 1
Flagstaff, Arizona

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Flagstaff Unified School District No. 1 (the "District"), as of and for the year ended June 30, 2022, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Flagstaff Unified School District No. 1, as of June 30, 2022, and the respective changes in financial position 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 (GAAS) 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 the District 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

The District's 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 twelve months 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 GAAS 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 GAAS 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, other postemployment benefit information, pension schedules, and budgetary comparison information, as listed within 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 nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are 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 and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the 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 REPORT DATE on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Scottsdale, Arizona
January 18, 2023

REQUIRED SUPPLEMENTARY INFORMATION

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1 MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2022

As management of the Flagstaff Unified School District No. 1 (District), we offer the 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, 2022.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$16,964,542 (net position). The District's total net position decreased by \$11,132.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$47,337,373, a decrease of \$7,125,145 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$16,255,885, or 20% of total General Fund expenditures.
- The District's net capital assets increased \$20,971,341 as a result of bond-funded construction projects during the current year.
- The District's long-term liabilities increased by \$13,992,705 primarily due to the sale of school improvement bonds during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic 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 statement of net position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows 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 to 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 vacation leave).

The government-wide financial statements distinguish functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District are for public education.

The government-wide financial statements can be found immediately following this MD&A.

**FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District are divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government'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 government'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.

The District maintains thirteen individual governmental funds. 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 Fund, Special Projects Fund, and Bond Building Fund, which are considered to be major funds. Data from the other ten governmental funds are combined into a single aggregated presentation.

An operating budget for expenditures is prepared, and adopted by the District each fiscal year for the General, Special Revenue, Debt Service, and Capital Projects Funds. Budgetary control is ultimately exercised at the fund level. Budgetary control is maintained through the use of periodic reports that compare actual expenditures against budgeted amounts. The expenditure budget can be revised annually, per Arizona Revised Statutes. The District also maintains an encumbrance accounting system as one technique of maintaining budgetary control. Encumbered amounts lapse at year-end. An annual budget of revenue from all sources is not prepared.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Proprietary Funds – The District maintains one type of proprietary fund. The internal service fund is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses its internal service fund to account for its employee benefit trust. Because this service predominantly benefits governmental functions, it has been included within governmental activities in the government-wide financial statements.

The basic governmental fund financial statements can be found on pages 13 - 16 of this report.

Notes to Basic Financial Statements

The notes to basic financial statements 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 basic financial statements can be found on pages 20 - 42 of this report.

**FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Required Supplementary Information Other than MD&A

The District reports a multi-year schedule of the District's changes in the cost sharing pension and other postemployment benefits (OPEB) liability, related ratios and contributions, and changes in the single employer OPEB liability and related ratios, which can be found beginning on page 43.

Governments have the option of reporting the General Fund and major special revenue budgetary statements as part of the basic financial statements or as required supplementary information (RSI) other than the MD&A. The District has elected to present the General Fund and Special Projects Fund budgetary comparison schedules as RSI other than the MD&A which can be found starting on page 47 of this report. Notes to the RSI are presented after the budgetary comparison schedules on page 49.

Other information

The combining statements in connection with nonmajor governmental funds are presented immediately following the required supplementary information other than the MD&A. Combining and individual fund statements and schedules can be found on pages 50 - 62 of this report.

The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The statistical section can be found on pages 63 - 84 of this report.

Government-Wide Financial Analysis

As noted earlier, 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 of resources exceeded liabilities and deferred inflows of resources by \$16,964,542 at the close of the most recent fiscal year.

A summary of the District's statement of net position is presented below:

	Governmental Activities		
	2022	2021	Net Change
ASSETS			
Current and other assets	\$ 71,141,736	\$ 74,380,286	\$ (3,238,550)
Capital assets	138,958,546	117,987,205	20,971,341
Total Assets	210,100,282	192,367,491	17,732,791
DEFERRED OUTFLOWS OF RESOURCES	21,132,754	22,024,905	(892,151)
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities	15,366,197	12,549,193	2,817,004
Long-term liabilities	171,230,255	180,900,357	(9,670,102)
Total Liabilities	186,596,452	193,449,550	(6,853,098)
DEFERRED INFLOWS OF RESOURCES	27,672,042	3,967,172	23,704,870
NET POSITION			
Net investment in capital assets	61,260,652	60,372,991	887,661
Restricted	36,694,048	40,475,356	(3,781,308)
Unrestricted	(80,990,158)	(83,872,673)	2,882,515
Total Net Position	\$ 16,964,542	\$ 16,975,674	\$ (11,132)

**FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, improvements, vehicles, equipment, and furniture), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related 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. An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's ongoing obligations.

At the end of the current fiscal year, the District was able to report positive balances in the investment in capital assets and restricted net position. The District reported a negative balance in unrestricted net position due to the District's reporting of its proportionate share of the net pension liability for its pension and OPEB plans required under Governmental Accounting Standards Board (GASB) Statements No. 68 and No. 75. Additional information on the District's net pension and OPEB liabilities can be found in Notes 10 and 11 of this report.

Overall, net position decreased \$11,132 or less than 1%. Key elements of this increase are indicated as follows:

	Governmental Activities		
	2022	2021	Net Change
REVENUES			
Program revenues:			
Charges for services	\$ 2,979,686	\$ 1,851,140	\$ 1,128,546
Operating grants and contributions	34,891,806	23,826,003	11,065,803
General revenues:			
Property taxes	63,544,198	61,151,330	2,392,868
State equalization and additional state aid	13,772,105	13,726,866	45,239
Federal aid unrestricted	1,031,414	681,742	349,672
State aid unrestricted	-	1,820,108	(1,820,108)
County equalization	1,768,291	2,365,797	(597,506)
Interest and other	3,324,079	1,231,236	2,092,843
Total Revenues	121,373,477	106,654,222	14,719,255
EXPENSES			
Instruction	50,016,437	47,073,831	2,942,606
Support Services:			
Students and instructional staff	22,080,136	21,481,239	598,897
Administration	21,443,989	21,336,996	106,993
Operation and maintenance of plant	11,599,681	10,819,443	780,238
Operation of noninstructional services	6,412,992	3,489,216	2,923,776
Student transportation	7,604,559	5,966,721	1,637,838
Interest on long-term debt	2,226,815	1,429,138	797,677
Total Expenses	121,384,609	111,596,584	9,788,025
Change in net position	(11,132)	(4,942,362)	4,931,230
Net Position - Beginning	16,975,674	21,918,036	(4,942,362)
Net Position - Ending	\$ 16,964,542	\$ 16,975,674	\$ (11,132)

**FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

The District reported an increase in charges for services of \$1,128,546 (61%). This increase was mainly due to increases in tuition, auxiliary operations, and student activities from the decline in COVID-19 restrictions.

Operating grants and contributions increased \$11,065,803 (46%). This increase was mainly due to new federal grant funding relating to the COVID-19 pandemic.

The District experienced an increase in property tax revenue as a result of an increase in assessed valuations.

State and county equalization, state aid, and additional state aid decreased \$2,372,375 (13%) due to decreases in the state budget formula and a one-time payment from the State of Arizona related to the District’s portion of the Transwestern Pipeline property tax settlement.

The changes in federal aid unrestricted was not considered significant.

The increase of \$2,092,843 in interest and other income was related to CTED payments received from CAVIAT.

The District incurred a 9% increase in expenses in the current year. The District’s mission is to provide an appropriate and outstanding educational experience for every student served within budget constraints. The increase in expenses was mainly due to increases in salaries and related benefits, food commodities, furniture and equipment, fuel, and general supplies.

FINANCIAL ANALYSIS OF THE GOVERNMENT 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 a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District’s governmental funds reported combined ending fund balances of \$47,337,373, a decrease of \$7,125,145 in comparison with the prior year. Approximately 32% of this total amount (\$15,386,585) constitutes unassigned fund balance, which is available for spending at the government’s discretion. The remaining fund balance is restricted to indicate that it is not available for new spending.

Fund balances as of June 30, 2022, and the changes in fund balances from the prior year are summarized below:

	Balance	Increase (Decrease) From 2020-21
GOVERNMENTAL FUND		
General Fund	\$ 16,255,885	\$ (3,847,398)
Special Projects Fund	461,949	511,362
Bond Building Fund	17,587,768	(4,222,544)
Nonmajor Governmental Funds	13,031,771	433,435

**FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

The General Fund is the chief operating fund of Flagstaff Unified School District No. 1. It is comprised of the District's Maintenance and Operations, Medicaid, Forest Fees, Impact Aid, Sale of District Assets, Auxiliary Operations, Unrestricted Gifts and Donations, Insurance Proceeds, Litigation Recovery, Indirect Costs, Unemployment Insurance, Unrestricted Capital Outlay, Energy and Water Savings, and IGA funds. As a measure of the General Fund's liquidity, it may be useful to compare both General Fund fund balance and total fund balance to total fund expenditures. General Fund fund balance represents 20% of total General Fund expenditures. The General Fund experienced a decrease of \$3,847,398 in the current year. This decrease was primarily due to the increases in salaries and related benefits.

The increase of \$511,362 in the Special Projects Fund was due to state and federal grant funding that has been received in the current year and will be expended in future periods.

The Bond Building Fund ending fund balance decreased by \$4,222,544 due to spending down bond proceeds.

The increase in the Nonmajor Governmental Funds of \$433,435 was mainly due to increases in classroom site fund, food service fund, and instructional improvement fund revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget totaled \$4,361,681. In Arizona, school districts build their original "adopted" budget based on a projection of the coming fiscal year's 100th day average daily attendance. In May, the District is allowed to increase or decrease its budget for differences between expected and actual student growth. The \$4,361,681 was allocated among various line items, mostly to regular education – instruction, regular education – students, regular education – instructional staff, operations and maintenance of plant, special education – instruction, and special education - students. Budgetary basis General Fund expenditures were \$705,756 more than budget during the fiscal year. Budgetary basis expenditures were 6% over budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$138,958,546 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, vehicles, furniture, and equipment. The net increase in the District's investment in capital assets for the current fiscal year was 18%.

Major capital asset events during the current fiscal year included the following projects:

- Killip regional detention basins
- HVAC upgrades
- MEMS renovation project
- New Killip Elementary School
- Lighting projects

Additional information on the District's capital assets can be found in Note 5 of this report.

**FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Capital asset activity as of June 30, 2022, is summarized below:

	Governmental Activities		
	2022	2021	Net Change
CAPITAL ASSETS			
Land	\$ 3,996,095	\$ 3,996,095	\$ -
Construction in progress	29,159,876	30,059,429	(899,553)
Land improvements	15,861,146	13,600,360	2,260,786
Buildings & improvements	81,810,482	61,181,909	20,628,573
Vehicles, equipment, and furniture	8,130,947	9,149,412	(1,018,465)
Total Capital Assets	\$ 138,958,546	\$ 117,987,205	\$ 20,971,341

Long-Term Debt

At end of the current fiscal year, the District's debt included compensated absences, financed purchases, bonds payable, and the net pension/OPEB liability. Compensated absences increased \$62,629 during the current year due to increases in pay rates. Financed purchases decreased due to scheduled principal payments. Bonds payable increased by a net \$14,405,334 due to the issuance of general obligation bonds. Additional information on the District's long-term debt can be found in Note 7 of this report.

	Governmental Activities		
	2022	2021	Net Change
LONG-TERM LIABILITIES			
Financed purchases	\$ 6,934,000	\$ 7,284,000	\$ (350,000)
General obligation bonds	86,545,860	72,140,526	14,405,334
Compensated absences	1,055,346	1,117,975	(62,629)
Total Long-term Liabilities	\$ 94,535,206	\$ 80,542,501	\$ 13,992,705

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Passage of November 2022 \$100 Million Bond
- Inflation funding and Average Daily Membership
- Escalations of Arizona State Retirement System and health insurance benefit costs
- Impact of Current Year Funding
- K-12 Aggregate Expenditure Limit
- Raises to the City of Flagstaff minimum wage
- Increases to property valuations and tax rates

The above factors were considered in preparing the District's budget for the 2022-23 fiscal year.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, 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, Flagstaff Unified School District No. 1, 3285 East Sparrow Avenue, Flagstaff, Arizona 86004 or via the District's website www.fusd1.org.

BASIC FINANCIAL STATEMENTS

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
ASSETS	
Cash and investments	\$ 51,472,675
Property taxes receivable	1,659,921
Intergovernmental receivable	15,119,262
Accounts receivable	375,865
Deposits	113,928
Net OPEB asset - cost-sharing plan	2,400,085
Capital assets, not depreciated	33,155,971
Capital assets, net of accumulated depreciation	105,802,575
Total Assets	210,100,282
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	17,061,279
Deferred outflows of resources related to OPEB - cost-sharing plan	430,100
Deferred outflows of resources related to OPEB - single employer plan	3,641,375
Total Deferred Outflows of Resources	21,132,754
LIABILITIES	
Accounts payable	8,122,793
Accrued wages and benefits	7,243,404
Long-term liabilities:	
Due within one year	7,029,373
Due in more than one year	87,505,833
Net pension liability	65,657,047
Net OPEB liability - cost-sharing plan	102,248
Net OPEB liability - single employer plan	10,935,754
Total Liabilities	186,596,452
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	21,672,143
Deferred inflows of resources related to OPEB - cost-sharing plan	2,032,646
Deferred inflows of resources related to OPEB - single employer plan	3,967,253
Total Deferred Inflows of Resources	27,672,042
NET POSITION	
Net investment in capital assets	61,260,652
Restricted:	
Teacher compensation and other qualified programs (A.R.S. 15-977)	4,759,490
Instructional improvement programs	322,327
Federal and state instructional programs	461,949
Food service	1,534,894
Community programs	3,021,087
Extracurricular activities	1,577,097
Student activities	503,275
Capital projects	17,587,768
Debt service	2,182,901
Self-insurance	4,743,260
Unrestricted	(80,990,158)
Total Net Position	\$ 16,964,542

See accompanying Notes to the Basic Financial Statements

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2022

Function/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Primary Government:					
Governmental Activities:					
Instruction	50,016,437	\$ 1,575,559	\$ 23,791,502	\$ -	\$ (24,649,376)
Support services:					
Students	9,936,731	221,641	3,417,133	-	(6,297,957)
Instructional staff	12,143,405	210,289	4,821,224	-	(7,111,892)
General administration	12,874,541	31,255	543,635	-	(12,299,651)
School administration	4,705,402	137,618	179,679	-	(4,388,105)
Business and other support services	3,864,046	106,072	183,640	-	(3,574,334)
Operation and maintenance of plant	11,599,681	326,193	353,395	61,898	(10,858,195)
Student transportation	7,604,559	184,067	705,473	-	(6,715,019)
Operation of noninstructional services	6,412,992	186,991	896,125	-	(5,329,876)
Interest on long-term debt	2,226,815	-	-	-	(2,226,815)
Total	\$ 121,384,609	\$ 2,979,686	\$ 34,891,806	\$ 61,898	\$ (83,451,219)
General revenues:					
Property taxes					63,544,198
Grants and contributions not restricted to specific programs:					
State equalization and additional state aid					13,772,105
County equalization					1,768,291
Federal aid not restricted					1,031,414
Investment earnings					214,641
Other					3,109,438
Total general revenues					83,440,087
Change in net position					(11,132)
Net position - beginning					16,975,674
Net position - ending					\$ 16,964,542

See accompanying Notes to the Basic Financial Statements

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Special Projects Fund	Bond Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 12,626,389	\$ -	\$ 21,695,723	\$ 12,107,303	\$ 46,429,415
Receivables:					
Property taxes	1,455,859	-	-	204,062	1,659,921
Intergovernmental	5,595,696	6,895,056	-	2,628,510	15,119,262
Accounts receivable	366,598	-	-	9,267	375,865
Deposits	-	-	-	113,928	113,928
Due from other funds	4,321,317	-	-	-	4,321,317
Total Assets	\$ 24,365,859	\$ 6,895,056	\$ 21,695,723	\$ 15,063,070	\$ 68,019,708
LIABILITIES					
Accounts payable	\$ 1,190,608	\$ 1,647,274	\$ 4,101,216	\$ 1,183,695	\$ 8,122,793
Accrued wages	5,786,024	764,516	6,739	686,125	7,243,404
Due to other funds	-	4,021,317	-	-	4,021,317
Total Liabilities	6,976,632	6,433,107	4,107,955	1,869,820	19,387,514
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	1,133,342	-	-	161,479	1,294,821
FUND BALANCES					
Restricted	-	461,949	17,587,768	13,901,071	31,950,788
Unassigned	16,255,885	-	-	(869,300)	15,386,585
Total Fund Balances	16,255,885	461,949	17,587,768	13,031,771	47,337,373
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 24,365,859	\$ 6,895,056	\$ 21,695,723	\$ 15,063,070	\$ 68,019,708

See accompanying Notes to the Basic Financial Statements

**FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2022**

Total Fund Balance - Governmental Funds \$ 47,337,373

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

Capital assets	\$ 304,565,350	
Accumulated depreciation	(165,606,804)	138,958,546

Property tax revenue not collected within 60 days subsequent to fiscal year end are reported as deferred inflows of resources in the governmental funds:		1,294,821
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Net OPEB asset:

In governmental funds, postretirement benefits costs are recognized as expenditures in the period they are paid. In the government-wide statements, they are recognized in the period they are incurred. The net OPEB asset at the end of the period was:

2,400,085

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Financed purchases	(6,934,000)	
Net pension liability	(65,657,047)	
Net OPEB liability - cost-sharing plan	(102,248)	
Net OPEB liability - single employer plan	(10,935,754)	
Government obligation bonds	(76,240,000)	
Unamortized premium	(10,305,860)	
Compensated absences	(1,055,346)	(171,230,255)

Deferred outflows and inflows of resources relating to pensions/OPEB:

In governmental funds, deferred outflows and inflows of resources relating to pensions/OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions/OPEB are reported:

Deferred outflows of resources relating to pensions	17,061,279	
Deferred inflows of resources relating to pensions	(21,672,143)	
Deferred outflows of resources relating to OPEB - cost-sharing plan	430,100	
Deferred inflows of resources relating to OPEB - cost-sharing plan	(2,032,646)	
Deferred outflows of resources relating to OPEB - single employer plan	3,641,375	
Deferred inflows of resources relating to OPEB - single employer plan	(3,967,253)	(6,539,288)

Internal service fund:

An internal service fund is used by the District's management to charge the costs of the proprietary and liability insurance programs to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.

4,743,260

Total Net Position - Governmental Activities \$ 16,964,542

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Special Projects Fund	Bond Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 54,212,929	\$ -	\$ -	\$ 9,193,016	\$ 63,405,945
Intergovernmental	18,458,835	17,364,163	-	13,629,111	49,452,109
Tuition	140,543	-	-	1,289,014	1,429,557
Food sales	-	-	-	46,666	46,666
Auxiliary operations	915,317	-	-	-	915,317
Student activities	-	-	-	291,532	291,532
Rental income	-	-	-	296,614	296,614
Contributions and donations	1,011,801	-	-	1,061,604	2,073,405
Investment earnings	68,248	1,434	-	128,663	198,345
Other	616,078	-	-	1,213,133	1,829,211
Total Revenues	75,423,751	17,365,597	-	27,149,353	119,938,701
EXPENDITURES					
Current					
Instruction	37,725,051	5,839,278	423,695	10,172,815	54,160,839
Support services:					
Students	7,232,401	2,499,818	-	366,163	10,098,382
Instructional staff	6,585,763	3,655,441	1,658,852	399,583	12,299,639
General administration	1,049,202	435,729	-	-	1,484,931
School administration	4,619,695	143,669	-	14,857	4,778,221
Business and other support services	3,545,463	145,794	-	24,882	3,716,139
Operations and maintenance of plant	10,948,858	283,152	107,260	189,264	11,528,534
Student transportation	6,177,071	565,282	88,191	724	6,831,268
Operations of noninstructional services	831,768	349,382	-	5,245,355	6,426,505
Debt service:					
Principal	350,000	-	-	6,370,000	6,720,000
Interest	146,866	-	-	2,416,512	2,563,378
Fiscal charges	-	-	211,598	1,800	213,398
Capital outlay:					
Facilities acquisition	1,757,623	2,936,690	21,827,101	2,113,322	28,634,736
Total Expenditures	80,969,761	16,854,235	24,316,697	27,315,277	149,455,970
Excess (Deficiency) of Revenues Over Expenditures	(5,546,010)	511,362	(24,316,697)	(165,924)	(29,517,269)
Other Financing Sources (Uses)					
Transfers in	418,385	-	-	-	418,385
Transfers out	-	-	-	(418,385)	(418,385)
Insurance proceeds	1,280,227	-	-	-	1,280,227
Premium on issuance of bonds	-	-	2,094,153	1,017,744	3,111,897
School improvement bonds issued	-	-	18,000,000	-	18,000,000
Net Financing Sources (Uses)	1,698,612	-	20,094,153	599,359	22,392,124
NET CHANGE IN FUND BALANCE	(3,847,398)	511,362	(4,222,544)	433,435	(7,125,145)
Fund Balance - Beginning	20,103,283	(49,413)	21,810,312	12,598,336	54,462,518
Fund Balance - Ending	\$ 16,255,885	\$ 461,949	\$ 17,587,768	\$ 13,031,771	\$ 47,337,373

See accompanying Notes to the Basic Financial Statements

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2022

Net Change in Fund Balances - Governmental Funds \$ (7,125,145)

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

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capital outlay:	\$ 30,083,545	
Depreciation expense:	<u>(7,941,064)</u>	22,142,481

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. (1,171,140)

Some revenues reported in the governmental funds that did not provide current financial resources in prior years have been recognized previously in the statement of activities and therefore are not reported as revenues in the statement of activities.

Property taxes	138,253
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Governmental funds report pension contributions as expenditures when made. However, in the statement of activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions.

Pension contributions	7,514,608
Pension expense	(6,204,284)
Other post employment benefits contributions - cost-sharing plan	242,769
Other post employment benefits expense - cost-sharing plan	202,168
Other post employment benefits contributions - single employer plan	613,566
Other post employment benefits expense - single employer plan	(1,257,294)

The issuance of long-term debt (e.g. bonds, financed purchases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The issuance of long-term debt increases long-term liabilities on the statement of net position and the repayment of principal on long-term debt reduces long-term debt on the statement of net position.

Issuance of general obligation bonds payable	(18,000,000)
Premium on issuance	(3,111,897)
Principal payment on financed purchases	350,000
Principal payment on general obligation bonds	6,370,000
Amortization of deferred bond items	336,563

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 the governmental funds.

Net decrease (increase) in compensated absences	62,629
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The Internal Service Funds are used by management to charge the cost of insurance and field trips to the individual funds. The changes in net position of the Internal Service Funds are reported with governmental activities in the Statement of Activities.

	<u>(1,114,409)</u>
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Change in Net Position of Governmental Activities \$ (11,132)

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Governmental Activities - Internal Service Fund
	<u> </u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 5,043,260
Total Assets	<u>\$ 5,043,260</u>
 LIABILITIES	
Current Liabilities:	
Due to other funds	300,000
Total Liabilities	<u>300,000</u>
 NET POSITION	
Unrestricted	4,743,260
Total Net Position	<u>\$ 4,743,260</u>

See accompanying Notes to the Basic Financial Statements

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FISCAL YEAR ENDED JUNE 30, 2022

	Governmental Activities - Internal Service Fund
OPERATING REVENUES	
Contributions	\$ 9,975,266
OPERATING EXPENSES	
Premiums	11,105,971
Operating Loss	<u>(1,130,705)</u>
NONOPERATING REVENUES	
Investment income	16,296
Total Nonoperating Revenues	<u>16,296</u>
Change in Net Position	<u>(1,114,409)</u>
Net Position - Beginning	<u>5,857,669</u>
Net Position - Ending	<u>\$ 4,743,260</u>

See accompanying Notes to the Basic Financial Statements

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from contributions	\$ 9,975,266
Cash payments to suppliers for goods and services	<u>(11,105,971)</u>
Net cash provided by/(used) for operating activities	<u>(830,705)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	<u>16,296</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 <u>(814,409)</u>
Cash and Cash Equivalents - Beginning of Year	<u>5,857,669</u>
Cash and Cash Equivalents - End of Year	<u>\$ 5,043,260</u>
 RECONCILIATION OF OPERATING INCOME TO CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	\$ (1,130,705)
Changes in operating assets and liabilities:	
Due to other funds	<u>300,000</u>
 Net Cash and Cash Equivalents Provided by Operating Activities	 <u>\$ (830,705)</u>

See accompanying Notes to the Basic Financial Statements

NOTES TO BASIC FINANCIAL STATEMENTS

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Flagstaff Unified School District No. 1 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the District's more significant accounting policies follows.

Reporting Entity

The District is a special purpose government that is governed by a separately elected governing body. It is legally separate from, and fiscally independent of, other state and local governments. In evaluating how to define the District for financial reporting purposes, management has identified the Employee Benefit Trust as a blended component unit as discussed below. The decision to include the blended component unit in the reporting entity has been made by applying criteria set forth in accounting principles generally accepted in the United States of America. The Employee Benefit Trust is a legally separate organization for which the elected officials of the primary government (i.e., the District) is financially accountable. The primary government is financially accountable for the blended component unit as it appoints a voting majority of the blended component unit's governing body. The blended component unit is described below:

Blended Component Unit

Blended component units, although legally separate entities, are, in substance, part of the District's operations. The Flagstaff Unified School District No. 1 Employee Benefit Trust is responsible for providing health insurance for the District's employees. The District's Governing Board appoints the Trust's Board of Directors. The Flagstaff Unified School District No. 1 Employee Benefit Trust provides services entirely to the district, and therefore has been included as an Internal Service Fund in accordance with the criteria established by the GASB. The component unit is an internal service fund, and does not issue separate financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District had no business-type activities during the fiscal year.

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 and other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 provider have been met.

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, except expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due. However, since debt service resources are provided during the current year for payment of long-term principal and interest due early in the following year (within one month), the expenditures and related liabilities have been recognized in the Debt Service Fund.

Property taxes, intergovernmental grants and aid, tuition, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

Major Governmental Funds

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. For budget purposes, it is described as the Maintenance and Operation Fund by Arizona Revised Statutes (A.R.S.) and is budgeted within six subsections titled regular education programs, special education programs, pupil transportation, desegregation, dropout prevention, and K-3 reading program. The General Fund is comprised of the following funds within the fund financial statements: Maintenance and Operations, Medicaid, Forest Fees, E-rate, Impact Aid, Sale and Lease of District Assets, Auxiliary Operations, Gifts and Donations – General, Insurance Proceeds, Litigation Recovery, Indirect Cost, Unemployment Insurance, Unrestricted Capital Outlay, Energy and Water Savings, and Intergovernmental Agreements.

The *Special Projects Fund* accounts for the revenues and expenditures of state and federally funded projects.

The *Bond Building Fund* accounts 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.

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Additionally, the District reports the following fund type:

The *Proprietary Fund* is an Internal Service Fund that accounts for activities related to the District's employee benefits insurance trust program.

The Proprietary Fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting and are presented in a single column.

Amounts reported as program revenues include 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use for governmental activities, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Deferred Outflows of resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

Deposits and Investments

Arizona Revised Statutes (A.R.S.) requires the District to deposit certain cash with the County Treasurer. That cash is pooled for investment purposes, except for cash in the Debt Service and Bond Building Funds, which are invested separately. As required by statute, interest earned by the Bond Building Fund is recorded in the Debt Service Fund.

A.R.S. authorize the District to invest public monies in the State and County Treasurer's investment pools; U.S. Treasury obligations; specified state and local government bonds; and interest-earning investment contracts such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories.

Statute authorizes the District to deposit monies of Auxiliary Operations and Student Activities 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 withholding accounts for taxes, employee insurance programs, and federal savings bonds. 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. Statute requires collateral for deposits of monies at 102% of all deposits not covered by federal depository insurance.

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

Deposits and Investments (Continued)

The State Board of Investments provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. No comparable oversight is provided for the County Treasurer's investment pool, and that pool's structure does not provide for shares.

Property Taxes Receivables

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

The District does not report a reserve for uncollectible property taxes as they are considered 100 percent collectible due to the County attaching a lien against all amounts past due as noted above.

Intergovernmental Receivable

Intergovernmental receivables are comprised of federal grants (\$7,948,860), state grants (\$359,992), state equalization and unrestricted state aid (\$4,788,081), career and technical education funding (\$1,297,193), classroom site funds (\$633,612), and instructional improvement funds (\$91,524).

Short-Term Interfund Receivables and Payables

During the course of operations, individual funds within the District's pooled cash accounts may borrow money from other funds within the pool on a short-term basis. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund financial statements and are eliminated in the preparation of the government-wide financial statements.

Deposits

Deposits in the amount of \$113,928 represents cash deposits with Mohave Educational Services in the food service cooperative.

Prepays

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. The costs of prepaid items are accounted for using the consumption method (expensed when consumed). The District did not report any prepaids in the current year.

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Property, plant, and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at acquisition value. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Asset Class	Years
Land improvements	20 years
Building and improvements	20-50 years
Vehicles, equipment, furniture	5-15 years

Deferred Outflows of Resources

The District recognizes the liquidation of net position that is applicable to a future reporting period in the government-wide financial statements as deferred outflows of resources. Reported amounts are related to the requirements of accounting and financial reporting for pensions and other postemployment benefits (OPEB) under GASB 68 and GASB 75.

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.

Pension and Other Postemployment Benefit (OPEB) Plans

For purposes of measuring the net pension/OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Arizona State Retirement System (ASRS) and additions to/deductions from ASRS's fiduciary net position have been determined on the same basis as they are reported by ASRS. 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.

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

Deferred Inflows of Resources

The deferred inflows of resources reported in the governmental fund financial statements represent resources that are not available to the District as of June 30, 2022 or within 60 days of fiscal year-end. These deferred inflows of resources represent a reconciling item between the governmental fund financial statements and the government-wide financial statements.

The District also recognizes the acquisition of net position that is applicable to a future reporting period as deferred inflows of resources. Reported amounts are related to the requirements of accounting and financial reporting for pensions/OPEB under GASB 68 and GASB 75.

Net Position

In the government-wide financial statements, net position is reported in three categories: investment in capital assets; restricted net position; and unrestricted net position. The investment in capital assets is separately reported because the District's capital assets make up a significant portion of total net position. Restricted net position account for the portion of net position restricted by parties outside the District. Unrestricted net position is the remaining net position not included in the previous two categories.

Fund Balance

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, committed, assigned, and unassigned fund balance classifications.

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

Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations. The committed fund balances are self-imposed limitations approved by the District's Governing Board, which is the highest level of decision-making authority within the District. Only the District Governing Board can remove or change the constraints placed on committed fund balances through formal board action at a public meeting. Fund balances must be committed prior to fiscal year-end. Assigned fund balances are resources constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The District's Governing Board has not authorized any management officials to make assignments of resources for a specific purpose.

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

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

Fund Balance (Continued)

The District has not adopted a spending priority policy. When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, in accordance with GASB 54, the District uses restricted fund balance first. For the disbursement of unrestricted fund balances, the District follows the spending policy described in GASB 54 to use committed amounts first, followed by assigned amounts, and lastly unassigned amounts.

The District has classified its fund balances as follows:

	General Fund	Special Projects Fund	Bond Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Restricted					
Teacher compensation and other qualified programs (A.R.S. 15-977)	\$ -	\$ -	\$ -	\$ 4,759,490	\$ 4,759,490
Instructional improvement programs	-	-	-	322,327	322,327
Federal and state instructional programs	-	461,949	-	-	461,949
Food service	-	-	-	1,534,894	1,534,894
Community programs	-	-	-	3,021,087	3,021,087
Extracurricular activities	-	-	-	1,577,097	1,577,097
Student activities	-	-	-	503,275	503,275
Capital projects	-	-	17,587,768	-	17,587,768
Debt service	-	-	-	2,182,901	2,182,901
Total restricted	-	461,949	17,587,768	13,901,071	31,950,788
Unassigned	16,255,885	-	-	(869,300)	15,386,585
Total	\$ 16,255,885	\$ 461,949	\$ 17,587,768	\$ 13,031,771	\$ 47,337,373

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The District adopts an annual operating budget for expenditures for all governmental fund types on essentially the same modified accrual basis of accounting used to record actual expenditures (See Notes to Required Supplementary Information for exceptions). The Governing Board presents a proposed budget to the Superintendent of Public Instruction and County School Superintendent on or by July 5. The Governing Board legally adopts the final budget by July 15, after a public hearing has been held. Once adopted the budget can be increased or decreased only for specific reasons set forth in the A.R.S. All appropriations lapse at year-end.

Budgetary control over expenditures is exercised at the fund level. However, the General Fund is budgeted within four subsections (see preceding description of General Fund), any of which may be over-expended with the prior approval of the Governing Board at a public meeting, providing the expenditures for all subsections do not exceed the General Fund's total budget.

An annual budget of revenue from all sources for the fiscal year is not prepared.

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

The following funds exceeded the final revised budget:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Student transportation	\$ 5,424,546	\$ 5,637,290	\$ 212,744
Other Special Revenue Fund			
Regular education	2,295,601	2,524,362	228,761
Special education	1,178,475	1,295,912	117,437
Capital outlay	5,925	6,515	590
Food Service Fund			
Operation of noninstructional services	2,700,000	3,756,402	1,056,402
Adjacent Ways Fund			
Capital outlay	750,000	1,979,441	1,229,441
Bond Building Fund			
Regular education	1,801,073	2,189,807	388,734
Pupil transportation services	72,535	88,191	15,656
Debt service	174,035	211,598	37,563
Capital outlay	17,952,357	21,827,101	3,874,744

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits and investments at June 30, 2022 consist of the following:

Deposits:	
Cash in bank	\$ 11,861,389
Investments:	
Cash on deposit with county treasurer	38,887,571
State treasurer's investment pool	723,715
Total deposits and investments	<u>\$ 51,472,675</u>

Deposits

Custodial Credit Risk – This is the risk that, in the event of a failure by a counterparty, the District will not be able to recover its deposits or collateralized securities that are in the possession of an outside party. The District had a carrying value of \$11,861,389 for cash on deposit with a local financial institution and a bank balance of \$11,308,337 at June 30, 2022. The District does not have a formal policy regarding custodial credit risk. However, of the bank balance, \$500,000 was insured by federal depository insurance and remaining balance was collateralized by the State of Arizona Pooled Collateral Program.

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

At June 30, 2022, the District’s investments were reported at fair value. The District’s investments consisted of only cash on deposit with the County Treasurer.

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

Interest Rate Risk – The District does not have a formal investment policy regarding interest rate risk; however, the District manages its exposure to declines in fair values by limiting the average maturity of its investment portfolio to one year or less.

Credit Risk – The District does not have a formal investment policy regarding credit risk. However, the District is prohibited by state law from investing in investments other than State and County Treasurer’s investment pools, U.S. Treasury obligations, specified state and local government bonds and interest-earning investment contracts such as savings accounts, certificates of deposit, and repurchase agreements. The District’s investment in the County Treasurer’s investment pool did not receive a credit quality rating from a national rating agency.

NOTE 4 – RECEIVABLES

Property taxes are recognized as revenues in the fiscal year they are levied in the government-wide financial statements and represent a reconciling item between the government-wide and fund financial statements. In the fund financial statements property taxes are recognized as revenues in the fiscal year they are levied and collected or if they are collected within 60 days subsequent to fiscal year-end. Property taxes not collected within 60 days subsequent to fiscal year-end or collected in advance of the fiscal year for which they are levied are reported as deferred inflows of resources.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also record unearned revenue in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

	<u>Unavailable</u>
Delinquent property taxes receivable:	
General Fund	\$ 1,133,342
Nonmajor Governmental Funds	161,479
Total	<u>\$ 1,294,821</u>

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance			Balance
	July 01, 2021	Additions	Deductions	June 30, 2022
Capital assets not being depreciated				
Land	\$ 3,996,095	\$ -	\$ -	\$ 3,996,095
Construction in progress	30,059,429	23,990,361	(24,889,914)	29,159,876
Total capital assets not being depreciated	<u>34,055,524</u>	<u>23,990,361</u>	<u>(24,889,914)</u>	<u>33,155,971</u>
Capital assets being depreciated				
Land improvements	30,935,559	3,818,411	(323,590)	34,430,380
Buildings and improvements	191,388,188	26,788,137	(3,711,242)	214,465,083
Vehicles, equipment, and furniture	22,309,484	376,550	(172,118)	22,513,916
Total capital assets being depreciated	<u>244,633,231</u>	<u>30,983,098</u>	<u>(4,206,950)</u>	<u>271,409,379</u>
Less accumulated depreciation				
Land improvements	(17,335,199)	(1,510,931)	276,896	(18,569,234)
Buildings and improvements	(130,206,279)	(5,090,278)	2,641,956	(132,654,601)
Vehicles, equipment, and furniture	(13,160,072)	(1,339,855)	116,958	(14,382,969)
Total accumulated depreciation	<u>(160,701,550)</u>	<u>(7,941,064)</u>	<u>3,035,810</u>	<u>(165,606,804)</u>
Total capital assets, being depreciated, net	<u>83,931,681</u>	<u>23,042,034</u>	<u>(1,171,140)</u>	<u>105,802,575</u>
Governmental activities capital assets, net	<u>\$ 117,987,205</u>	<u>\$ 47,032,395</u>	<u>\$ (26,061,054)</u>	<u>\$ 138,958,546</u>

Depreciation expenses was charged to governmental functions as follows:

Governmental Activities:	
Instruction	\$ 6,538,715
Support Services:	
Students	5,875
Instructional Staff	35,795
General Administration	290,137
School Administration	1,080
Business and Other Support Services	1,852
Operations and Maintenance of Plant	120,075
Student Transportation	938,310
Operation of Noninstructional Services	9,225
	<u>\$ 7,941,064</u>

As of June 30, 2022, the District reported the following construction commitments:

Project	Governmental activities	
	Spent-to-date	Estimated remaining
Killip Elementary School Renovations	\$ 21,736,118	\$ 1,339,785
HVAC Upgrades	2,646,510	4,126,071
Killip Detention Basins	2,949,083	840,387
Total	<u>\$ 27,331,711</u>	<u>\$ 6,306,243</u>

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2022, interfund receivables and payables were as follows:

<u>Due to other funds</u>	<u>Due from other funds</u>	
	General Fund	
Internal Service Fund	\$	300,000
Special Projects Fund		4,021,317
<u>Total</u>	\$	<u>4,321,317</u>

The \$4,334,136 interfund receivable payable was due to cash shortfalls at June 30, 2022. Cash will be received subsequent to June 30, 2022 to repay the short-term borrowing in the Special Projects Fund. The \$300,000 receivable from the Internal Service Fund to the General Fund was for health insurance contributions owed to the General Fund.

Interfund transfers for the year ended June 30, 2022 consisted of the following:

<u>Transfer to</u>	<u>Transfer from</u>	
	Non-major Governmental Funds	
General fund	\$	418,385

The transfer from the Non-major Governmental Funds to the General Fund were made to record the District's indirect costs on grants passed through the Arizona Department of Education.

NOTE 7 – LONG-TERM OBLIGATIONS

Financed Purchases

The District has acquired energy conservation equipment under the provisions of finance purchase arrangements. The financed purchase was recorded at the present value of the future minimum payments as of the inception date. Revenues from the General Fund will be used to pay the principal payments. The assets acquired through the financed purchase that meet the District's capitalization threshold are as follows:

	<u>Governmental Activities</u>	
Asset:		
Building improvements	\$	9,365,638
Less: accumulated depreciation		(330,131)
<u>Total</u>	\$	<u>9,035,507</u>

No depreciation had been recorded on the asset as the asset remains in construction in progress.

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

Obligations Under Capital Leases (Continued)

The future minimum obligations and the net present value of the minimum payments at year end were as follows:

Year ending June 30:	Governmental Activities
2023	\$ 546,098
2024	567,556
2025	580,305
2026	599,433
2027	618,816
2028-2032	3,392,478
2033-2035	<u>1,882,746</u>
Total minimum payments	<u>8,187,432</u>
Less: amount representing interest	<u>(1,253,432)</u>
Present value of net minimum capital lease payments	<u>\$ 6,934,000</u>

Bonds Payable

Bonds payable at year-end consisted of the following outstanding general obligation bonds payable issued to provide funds for the acquisition and construction of major capital facilities. The bonds are noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt.

General obligation bonds currently outstanding are as following at June 30, 2022:

Purpose	Interest Rate	Maturity	Original Issue	Balance
Governmental Activities:				
School Improvement Bonds, Project of 2012, Series B (2013)	1.50-3.00%	7/1/23	\$ 10,600,000	\$ 6,450,000
School Improvement Bonds, Project of 2012, Series B (2017)	3.00 - 5.00%	7/1/23 - 7/1/26	9,175,000	6,250,000
School Improvement Bonds, Project of 2018, Series A (2019)	2.00-5.00%	7/1/23 - 7/1/33	21,120,000	17,640,000
School Improvement Refunding Bonds (2020)	1.25-1.30%	7/1/22	7,100,000	-
School Improvement Bonds, Project of 2018, Series B (2021)	1.50-4.00%	7/1/23 - 7/1/36	27,900,000	27,900,000
School Improvement Bonds, Project of 2018, Series C (2022)	5.00%	7/1/23 - 7/1/37	18,000,000	18,000,000
			<u>\$ 93,895,000</u>	<u>\$ 76,240,000</u>

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

Bonds Payable (Continued)

Debt service requirements on long-term debt at June 30, 2022 are as follows:

Year ended, June 30,	Governmental Activities	
	Principal	Interest
2023	\$ 6,200,000	\$ 3,003,875
2024	6,600,000	2,790,875
2025	5,610,000	2,546,375
2026	6,505,000	2,283,225
2027	4,875,000	1,998,525
2028-2032	26,200,000	6,580,575
2033-2036	20,250,000	1,855,788
Total	<u>\$ 76,240,000</u>	<u>\$ 21,059,238</u>

Compensated Absences

Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During fiscal year ended June 30, 2022, the District paid for compensated absences from the General Fund.

Changes in long-term liabilities for the year ended June 30, 2022 are as follows:

	Balance July 01, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
General obligation bonds	\$ 64,610,000	\$ 18,000,000	\$ (6,370,000)	\$ 76,240,000	\$ 6,200,000
Unamortized premium	7,530,526	3,111,897	(336,563)	10,305,860	-
Financed purchases	7,284,000	-	(350,000)	6,934,000	376,000
Compensated absences	1,117,975	25,465	(88,094)	1,055,346	453,373
Total	<u>\$ 80,542,501</u>	<u>\$ 21,137,362</u>	<u>\$ (7,144,657)</u>	<u>\$ 94,535,206</u>	<u>\$ 7,029,373</u>

Line of Credit

During the fiscal year, the District entered into a line of credit with Coconino County for a maximum amount of \$10,000,000. The line of credit was not used during the current year.

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8 – 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 general property and liability insurance at a cost it considered to be economically justifiable. Therefore, the District joined the Arizona School Risk Retention Trust, Inc. (ASRRT). 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 established an Employee Benefit Trust Fund to account for future risk retention activities. The District's employees have health and accident insurance coverage with the Northern Arizona Public Employees Benefit Trust (NAPEBT). NAPEBT is a cooperative group of governmental entities that joined together to form a public entity risk pool for health and accident insurance coverage. The District pays a monthly premium to NAPEBT for employees' health and accident insurance coverage. The agreement provides that NAPEBT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts. Under this program, the Employee Benefit Trust Fund collects contributions and pays premiums on insurance.

The District joined the Arizona School Alliance for Workers' Compensation, Inc. (Alliance) together with other school districts in the state for risks of loss related to workers' compensation claims. 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 annual 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. There have not been any claims in the past three years in excess of insurance coverage and no significant reductions in insurance coverage.

NOTE 9 – CONTINGENT LIABILITIES

Federal grants - In the normal course of operations, the District receives grant funds from various federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of audits of grant funds is not believed by District officials to be material.

Litigation - Each year the District receives notices of claims for damages occurring generally from negligence, bodily injury, breach of contract, and other legal matters. The filing of such claims commences a statutory period for initiating a lawsuit against the District arising therefrom. The District has comprehensive general liability insurance with the ASRRT. The District is not aware of any litigation that might result in a materially adverse outcome.

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 – PENSION PLAN

Cost Sharing Pension Plan

At June 30, 2022, the District reported the following related to pension and OPEB plans to which it contributes:

	Net Pension Liability (Asset)	Net OPEB Liability (Asset)
Net assets	\$ -	\$ (2,400,085)
Net liability	65,657,047	102,248
Deferred outflows of resources	17,061,279	430,100
Deferred inflows of resources	21,672,143	2,032,646
Expense	6,204,284	(202,168)
Contributions	7,514,608	242,769

Arizona State Retirement System

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); and a cost-sharing, multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2, and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its Web site at www.azasrs.gov.

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

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

**With actuarially reduced benefits.*

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 – PENSION PLAN (CONTINUED)

Arizona State Retirement System (Continued)

Benefits Provided (Continued)

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

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

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

Contributions

In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2022, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.41% (12.22% for retirement and 0.19% 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 12.41% (12.01% for retirement, 0.21% for health insurance premium benefit, and 0.19% for long-term disability) of the active members' annual covered payroll. In addition, the District was required by statute to contribute at the actuarially determined rate of 10.22% (10.13 percent for retirement and 0.09 percent for long-term disability) of annual covered payroll of retired members who worked for the District in positions that would typically be filled by an employee who contributes to the ASRS. The District's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2022, were \$7,514,608, \$129,138, and \$113,631, respectively.

During the fiscal year ended June 30, 2022, the District paid for ASRS pension as follows: 72% from the General Fund, 16% from the Special Projects Fund, and 12% from nonmajor governmental funds.

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 – PENSION PLANS (CONTINUED)

Arizona State Retirement System (Continued)

Pension/OPEB Liability

At June 30, 2022, the District reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

	Net (Assets) Liability	District % Proportion	Increase (Decrease)
Pension	\$ 65,657,047	0.49969%	-0.00760%
Health insurance premium benefit	(2,400,085)	0.49262%	-0.00786%
Long-term disability	102,248	0.49533%	-0.00724%

The net asset and net liabilities were measured as of June 30, 2021. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2020, to the measurement date of June 30, 2021. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2020, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increases from 2.7–7.2 percent to 2.9–8.4 percent.

The District's proportion of the net asset or net liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021, and the change from its proportions measured as of June 30, 2020, were noted above.

Pension Expense

For the year ended June 30, 2022, the District recognized pension expense for ASRS as follows:

	Pension/OPEB Expense
Pension	\$ 6,204,284
Health insurance premium benefit	(276,324)
Long-term disability	74,156

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 – PENSION PLANS (CONTINUED)

Arizona State Retirement System (Continued)

Deferred Outflows/Inflows of Resources

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	Pension	Health Insurance Premium Benefit	Long-Term Disability
Differences between expected and actual experience	\$ 1,000,881	\$ -	\$ 29,535
Changes of assumptions or other inputs	8,545,790	118,989	32,700
Changes in proportion and differences between contributions and proportionate share of contributions	-	2,545	3,562
Contributions subsequent to the measurement date	7,514,608	129,138	113,631
Total	\$ 17,061,279	\$ 250,672	\$ 179,428

	Deferred Inflows of Resources		
	Pension	Health Insurance Premium Benefit	Long-Term Disability
Differences between expected and actual experience	\$ -	\$ 832,354	\$ 8,332
Changes of assumptions or other inputs	-	97,037	128,835
Net difference between projected and actual earnings on pension plan investments	20,802,462	890,310	70,814
Changes in proportion and differences between contributions and proportionate share of contributions	869,681	351	4,613
Total	\$ 21,672,143	\$ 1,820,052	\$ 212,594

The \$7,757,377 reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions and OPEB will be recognized in expenses as follows:

Year Ending June 30:	Deferred Outflows (Inflows) of Resources		
	Pension	Health Insurance Premium Benefit	Long-Term Disability
2023	\$ (238,466)	\$ (398,331)	\$ (19,613)
2024	(132,444)	(381,782)	(18,382)
2025	(4,585,877)	(418,603)	(20,941)
2026	(7,168,685)	(462,612)	(31,655)
2027	-	(37,190)	(12,024)
Thereafter	-	-	(44,182)
Total	\$ (12,125,472)	\$ (1,698,518)	\$ (146,797)

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 – PENSION PLANS (CONTINUED)

Arizona State Retirement System (Continued)

Actuarial Assumptions

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

	Health Insurance Premium		
	Pensions	Benefit	Long-Term Disability
Actuarial valuation date	June 30, 2020	June 30, 2020	June 30, 2020
Actuarial roll forward date	June 30, 2021	June 30, 2021	June 30, 2021
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Investment rate of return	7.0%	7.0%	7.0%
Projected salary increases	2.9-8.4%	2.9-8.4%	2.9-8.4%
Inflation rate	2.3%	2.3%	2.3%
Permanent base increases	Included	Included	Included
Mortality rates	2017 SRA Scale U-MP	2017 SRA Scale U-MP	2017 SRA Scale U-MP
Recovery rates	2012 GLDT	2012 GLDT	2012 GLDT

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

The long-term expected rate of return on ASRS plan investments was determined to be 7.00% using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected	
	Target Allocation	Geometric Real Rate of Return
Equity	50%	4.90%
Fixed income - credit	20%	5.20%
Fixed income - interest rate sensitive	10%	0.70%
Real Estate	20%	5.70%
Total	100%	

Discount Rate

The discount rate used to measure the ASRS total pension/OPEB liability was 7.00%, which was a decrease of 0.5 from the discount rate used as of June 30, 2020. 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 statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022

Sensitivity of the District’s Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate

The following table presents the District’s proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.00%, as well as what the District’s proportionate share of the net pension/OPEB (asset)/liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate.

	Proportionate share of the net liability (asset)		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Pension	\$ 103,273,036	\$ 65,657,047	\$ 34,295,721
Health insurance premium benefit	(1,589,106)	(2,400,085)	(3,089,685)
Long-term disability	133,141	102,248	72,358

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report.

Contributions Payable

The District’s accrued payroll and employee benefits included \$898,906 of outstanding pension and OPEB contributions payable to ASRS for the year ended June 30, 2022.

NOTE 11 – SINGLE EMPLOYER POSTEMPLOYMENT BENEFITS PLAN

Plan Description

Under authority of the Governing Board, the District provides postretirement insurance (health and dental) benefits, for certain retirees in accordance with the Flagstaff Unified School District Retirement Plan (Plan). The plan is a single employer defined benefit plan administered by the District. The District contributes 100% of these premiums for teachers and support staff who retire with 15 years of service at the District and attained age of 50 and for administrators who retire with 10 years of service at the District and reach the age of 55, for employees who retired prior to fiscal year 2010. Employees who retire after 2010 are allowed to join the District’s health insurance plan at the same premium rates offered to employees. For the current fiscal year, the District paid \$776,766 for these benefits. The District’s regular insurance providers underwrite the retiree policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. The number of participants as of the effective date of the biennial OPEB valuation, follows.

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022

NOTE 11 – SINGLE EMPLOYER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Benefits Provided

The District provides postretirement insurance (medical and dental) benefits (OPEB), in accordance with the District’s Post Employment Benefit Plan, to eligible employees. Currently, 897 retirees meet those eligibility requirements.

	Number of Participants
Retirees receiving benefits	83
Active employees	814
Total	897

Funding Policy

For each eligible retiree, the District pays for postemployment benefits on a pay-as-you-go basis. Generally, resources from the General Fund are used to pay these benefits. Although the District is studying the establishment of a trust that would be used to accumulate and invest assets necessary to pay for the accumulated liability, these financial statements assume that pay-as-you-go funding will continue. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Total OPEB Liability

The District’s total OPEB liability of \$10,935,754 had a measurement date of June 30, 2021, based on an actuarial valuation dated June 30, 2021.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Actuarially determined amounts are subject of continual revision as actual results are compared to past expectations and new estimates are made about the future.

The total OPEB liability as of June 30, 2022, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2021
Measurement date	June 30, 2021
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age
Inflation rate	2.90%
Discount rate	2.16%
Payroll increase	2.70%
Healthcare cost trend rate	5%, graded down to 4.50% over 13 years

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022

NOTE 11 – SINGLE EMPLOYER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Pre-retirement mortality rates were based on the PubG-2010 Headcount Weighted General Employee mortality table with generational mortality improvements in accordance with Ultimate MP 2020 Unisex scales projected from the year 2017. Post-retirement mortality rates for healthy retirees were based on the 2017 State Retirees of Arizona (SRA) mortality table with generational mortality improvements in accordance with the Ultimate MP 2017 Unisex scales projected from the year 2017. Post-retirement mortality rates for disabled retirees were based on the PubNS-2010 Headcount Weighted Non-Safety Disabled Retiree mortality table with generational mortality improvements in accordance with the Ultimate MP 2020 Unisex scales projected from the year 2017.

Changes in Total OPEB Liability

The following table shows the changes in the OPEB liability for the year ended June 30, 2022:

Beginning Balance	\$ 12,080,897
Changes for the year:	
Service cost	807,534
Interest	278,827
Changes of assumptions	(235,311)
Difference between expected and actual experience	(1,449,521)
Benefit payments	<u>(546,672)</u>
Net change	<u>(1,145,143)</u>
Ending Balance	<u>\$ 10,935,754</u>

Discount Rate

The discount rate used to measure the OPEB liability was 2.16%. The discount rate decreased from 2.21% to 2.16% based on changes to the Bond Buyer 20 index municipal bond rate from June 30, 2020, to June 30, 2021. The discount rate was determined by using a yield or index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of June 30, 2021.

Sensitivity Results

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	Discount Rate 1% Lower (1.16%)	Current Discount Rate (2.16%)	Discount Rate 1% Higher (3.16%)
Net OPEB liability	\$ 11,940,606	\$ 10,935,754	\$ 10,028,450

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022

NOTE 11 – SINGLE EMPLOYER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% decrease in healthcare cost trend rates	Current healthcare cost trend rates	1% increase in healthcare cost trend rates
Net OPEB liability	\$ 9,753,458	\$ 10,935,754	\$ 12,344,842

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of \$1,257,294. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,757,257	\$ 1,676,542
Change in assumptions or other inputs	270,552	2,290,711
District contributions subsequent to the measurement date	613,566	-
	<u>\$ 3,641,375</u>	<u>\$ 3,967,253</u>

The \$613,566 reported as deferred outflows of resources related to OPEB resulting from District benefit payments made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (59,161)
2024	(59,161)
2025	(49,641)
2026	45,526
2027	(192,031)
Thereafter	(624,976)
	<u>\$ (939,444)</u>

**REQUIRED SUPPLEMENTARY INFORMATION OTHER
THAN MD&A**

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS
COST-SHARING PENSION PLAN
JUNE 30, 2022

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	Reporting Fiscal Year (Measurement Date)							
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Proportion of the net pension liability	0.49969%	0.50729%	0.50915%	0.49399%	0.49421%	0.50971%	0.49345%	0.49345%
Proportionate share of the net pension liability	\$ 65,657,047	\$ 87,895,704	\$ 74,087,249	\$ 68,894,220	\$ 76,988,285	\$ 82,272,314	\$ 76,862,149	\$ 72,095,114
Covered payroll	\$ 57,256,060	\$ 55,447,459	\$ 54,391,522	\$ 49,183,865	\$ 48,875,110	\$ 47,055,941	\$ 44,746,009	\$ 43,281,345
Proportionate share of the net pension liability as a percentage of its covered payroll	114.67%	158.52%	136.21%	140.07%	157.52%	174.84%	171.77%	166.57%
Plan fiduciary net position as a percentage of the total pension liability	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

SCHEDULE OF CONTRIBUTIONS

	Reporting Fiscal Year							
	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 7,514,608	\$ 6,544,245	\$ 6,348,734	\$ 6,004,824	\$ 5,349,107	\$ 5,191,995	\$ 5,183,572	\$ 4,892,962
Contributions in relation to the actuarially determined contribution	7,514,608	6,544,245	6,348,734	6,004,824	5,349,107	5,191,995	5,183,572	4,892,962
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 63,742,301	\$ 57,256,060	\$ 55,447,459	\$ 54,391,522	\$ 49,183,865	\$ 48,875,110	\$ 47,055,941	\$ 44,746,009
Contributions as a percentage of covered payroll	11.79%	11.43%	11.45%	11.04%	10.88%	10.62%	11.02%	10.93%

See accompanying Notes to Required Supplementary Information

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB ASSET/LIABILITY AND CONTRIBUTIONS – HEALTH
BENEFIT SUPPLEMENT
COST-SHARING PENSION PLANS
JUNE 30, 2022

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

	Reporting Fiscal Year (Measurement Date)			
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
Proportion of the net OPEB liability	0.49533%	0.50257%	0.50459%	0.49387%
Proportionate share of the net OPEB liability	\$ 102,248	\$ 381,255	\$ 328,713	\$ 258,049
Covered payroll	\$ 55,447,459	\$ 55,192,498	\$ 54,391,522	\$ 49,183,865
Proportionate share of the net OPEB liability as a percentage of its covered payroll	0.18%	0.69%	0.60%	0.52%
Plan fiduciary net position as a percentage of the total OPEB liability	90.39%	68.01%	72.85%	77.83%

SCHEDULE OF CONTRIBUTIONS

	Reporting Fiscal Year			
	2022	2021	2020	2019
Actuarially determined contribution	\$ 113,631	\$ 92,124	\$ 91,130	\$ 87,026
Contributions in relation to the actuarially determined contribution	113,631	92,124	91,130	87,026
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 63,742,301	\$ 55,447,459	\$ 55,192,498	\$ 54,391,522
Contributions as a percentage of covered payroll	0.18%	0.17%	0.17%	0.16%

See accompanying Notes to Required Supplementary Information

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY AND CONTRIBUTIONS – LONG-TERM
DISABILITY
COST-SHARING PENSION PLANS
JUNE 30, 2022

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

	Reporting Fiscal Year (Measurement Date)				
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
Proportion of the net OPEB liability	0.49533%	0.50257%	0.50459%	0.49387%	0.49074%
Proportionate share of the net OPEB liability	\$ 102,248	\$ 381,255	\$ 328,713	\$ 258,049	\$ 177,882
Covered payroll	\$ 55,447,459	\$ 55,192,498	\$ 54,391,522	\$ 49,183,865	\$ 48,875,110
Proportionate share of the net OPEB liability as a percentage of its covered payroll	0.18%	0.69%	0.60%	0.52%	0.36%
Plan fiduciary net position as a percentage of the total OPEB liability	90.39%	68.01%	72.85%	77.83%	84.44%

SCHEDULE OF CONTRIBUTIONS

	Reporting Fiscal Year				
	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 113,631	\$ 92,124	\$ 91,130	\$ 87,026	\$ 78,694
Contributions in relation to the actuarially determined contribution	113,631	92,124	91,130	87,026	78,694
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 63,742,301	\$ 55,447,459	\$ 55,192,498	\$ 54,391,522	\$ 49,183,865
Contributions as a percentage of covered payroll	0.18%	0.17%	0.17%	0.16%	0.16%

See accompanying Notes to Required Supplementary Information

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY AND CONTRIBUTIONS
SINGLE EMPLOYER PLAN
JUNE 30, 2022

	June 30 (Measurement Date)				
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
Total OPEB liability					
Service cost	\$ 807,534	\$ 893,333	\$ 762,775	\$ 485,903	\$ 752,977
Interest	278,827	484,675	347,681	349,898	294,481
Difference between expected and actual experience	(1,449,521)	155,939	3,892,562	(866,423)	901,188
Changes of assumptions	(235,311)	(1,988,616)	453,768	(366,915)	(1,196,188)
Benefit payments	(546,672)	(830,787)	(623,341)	(714,658)	(1,374,077)
Net change in total OPEB liability	(1,145,143)	(1,285,456)	4,833,445	(1,112,195)	(621,619)
Total OPEB liability, beginning of year	12,080,897	13,366,353	8,532,908	9,645,103	10,266,722
Total OPEB liability, end of year	\$ 10,935,754	\$ 12,080,897	\$ 13,366,353	\$ 8,532,908	\$ 9,645,103
Covered-Employee payroll	\$ 52,582,839	\$ 50,690,950	\$ 48,574,508	\$ 45,484,424	\$ 45,639,555
Net OPEB liability (asset) as a percentage of covered-employee payroll	20.80%	23.83%	27.52%	18.76%	21.13%

Note: In the future, as data becomes available, ten years of information will be presented.

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL GENERAL FUND – BUDGETARY BASIS
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ 50,867,296	\$ 50,867,296
Intergovernmental	-	-	14,929,672	14,929,672
Tuition	-	-	140,543	140,543
Investment earnings	-	-	51,009	51,009
Other	-	-	140,704	140,704
Total Revenues	-	-	66,129,224	66,129,224
EXPENDITURES				
Regular education:				
Instruction	29,024,848	27,250,895	25,442,665	1,808,230
Support services - students	3,182,107	2,751,350	3,028,370	(277,020)
Support services - instructional staff	2,914,688	2,659,649	2,735,620	(75,971)
Support services - general administration	1,179,981	1,107,229	973,277	133,952
Support services - school administration	4,352,738	4,109,110	4,386,333	(277,223)
Support services - central services	2,780,913	2,681,776	2,662,715	19,061
Operations and maintenance of plant	9,366,028	8,438,788	9,160,483	(721,695)
Operation of noninstructional services	148,460	133,460	155,851	(22,391)
School sponsored cocurricular activities	40,236	41,236	84,199	(42,963)
School sponsored athletics	406,510	347,319	491,218	(143,899)
Other instructional programs	-	-	55,025	(55,025)
Total regular education	53,396,509	49,520,812	49,175,756	345,056
Special education:				
Instruction	6,215,627	5,992,812	6,069,240	(76,428)
Support services - students	3,718,380	3,583,546	4,011,003	(427,457)
Support services - instructional staff	1,685,769	1,573,808	741,118	832,690
Support services - general administration	70,034	70,842	51,841	19,001
Support services - central services	400	400	106	294
Total special education	11,690,210	11,221,408	10,873,308	348,100
Pupil transportation:				
Student transportation services	5,443,652	5,424,546	5,637,290	(212,744)
Desegregation:				
Instruction	1,968,044	1,907,966	1,907,966	-
Support services - students	-	60,085	60,085	-
Support services - instructional staff	273,278	273,278	273,278	-
Total desegregation	2,241,322	2,241,329	2,241,329	-
Dropout prevention:				
Instruction	49,781	49,781	57,620	(7,839)
Support services - instructional staff	66,089	66,089	58,162	7,927
Total desegregation	115,870	115,870	115,782	88
K-3 reading program:				
Instruction	190,200	192,117	192,117	-
Support services - instructional staff	192,116	192,116	192,116	-
Total K-3 reading program	382,316	384,233	384,233	-
Total Expenditures	73,269,879	68,908,198	68,427,698	480,412
Excess (Deficiency) of Revenues				
Over Expenditures	(73,269,879)	(68,908,198)	(2,298,474)	66,609,636
Fund Balance - Beginning	-	-	5,077,393	5,077,393
Fund Balance - Ending	\$ (73,269,879)	\$ (68,908,198)	\$ 2,778,919	\$ 71,687,117

See accompanying Notes to Required Supplementary Information

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variances -
	Original	Final		Final to Actual
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 17,364,163	\$ 17,364,163
Investment earnings	-	-	1,434	1,434
Total Revenues	-	-	17,365,597	17,365,597
EXPENDITURES				
Regular education:				
Instruction	5,327,241	5,327,241	3,301,552	2,025,689
Support services - students	3,935,602	3,935,602	2,439,085	1,496,517
Support services - instructional staff	3,278,681	3,278,681	2,031,959	1,246,722
Support services - general administration	585,082	585,082	362,604	222,478
Support services - school administration	231,818	231,818	143,669	88,149
Support services - central services	233,716	233,716	144,845	88,871
Operations and maintenance of plant	452,515	452,515	280,446	172,069
Operation of noninstructional services	563,748	563,748	349,382	214,366
Total regular education	14,608,402	14,608,402	9,053,542	5,554,860
Special education:				
Instruction	4,085,012	4,085,012	2,531,682	1,553,330
Support services - students	93,120	93,120	57,711	35,409
Support services - instructional staff	2,614,704	2,614,704	1,620,460	994,244
Support services - general administration	4,386	4,386	2,718	1,668
Support services - school administration	113,606	113,606	70,407	43,199
Support services - central services	9,149	9,149	5,670	3,479
Operations and maintenance of plant	4,366	4,366	2,706	1,660
Total special education	6,924,342	6,924,342	4,291,354	2,632,988
Pupil transportation:				
Student transportation services	904,497	904,497	560,561	343,936
Desegregation:				
Instruction	9,752	9,752	6,044	3,708
Support services - students	4,876	4,876	3,022	1,854
Support services - instructional staff	4,876	4,876	3,022	1,854
Total desegregation	19,505	19,505	12,088	7,417
Capital outlay				
Facilities acquisition	4,738,515	4,738,515	2,936,690	1,801,825
Total Expenditures	27,195,261	27,195,261	16,854,235	10,341,026
Excess (Deficiency) of Revenues				
Over Expenditures	(27,195,261)	(27,195,261)	511,362	27,706,623
Fund Balance - Beginning	-	-	(49,413)	(49,413)
Fund Balance - Ending	\$ (27,195,261)	\$ (27,195,261)	\$ 461,949	\$ 27,657,210

See accompanying Notes to Required Supplementary Information

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO THE REQUIRED
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022

NOTE 1 – AVAILABILITY OF PRIOR YEAR PENSION INFORMATION

Information prior to the measurement date of June 30, 2014, was not available. GASB Statement No. 68 requires the District to present 10 years of pension information as required supplementary information. However, until a full 10 years of trend data is compiled, the District will present information for only those years for which information is available.

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

The District’s adopted budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, with the following exception:

- 1) The General Fund as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances includes the District’s Maintenance and Operation Fund in addition to several other District funds as required by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*; however, for budgetary purposes, the District prepares a separate Maintenance and Operation Fund budget.

The following adjustments are necessary to present actual revenues, expenditures, other financing sources and uses, beginning fund balance and ending fund balance on a budgetary basis in order to present only the activity of the District’s Maintenance and Operation Fund for budgetary purposes.

	General Fund				
	Total Revenues	Total Expenditures	Other Financing Sources and Uses	Fund balance beginning of year	Fund balance end of year
Statement of revenues, expenditures and changes in fund balance	\$ 75,423,751	\$ 80,969,761	\$ 1,698,612	\$ 20,103,283	\$ 16,255,885
Non-maintenance and operation activity included in the General Fund	(9,294,527)	(11,355,895)	(1,698,612)	(15,025,890)	(14,663,134)
Prepays made in the current year	-	(1,762,797)	-	-	1,762,797
Prepays made in the prior year	-	576,629	-	-	(576,629)
Schedule of revenues, expenditures, and changes in fund balance - budget to actual	<u>\$ 66,129,224</u>	<u>\$ 68,427,698</u>	<u>\$ -</u>	<u>\$ 5,077,393</u>	<u>\$ 2,778,919</u>

NOTE 3 – OTHER POSTEMPLOYMENT BENEFIT PLAN

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 presented a decrease in the discount rate from 2.21% to 2.16%. The assumed percentage of future retirees that would elect spouse coverage remained the same. The District’s other postemployment benefit plan is a nontrusted plan. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
NONMAJOR GOVERNMENTAL FUNDS
FUND DESCRIPTIONS
JUNE 30, 2022

SPECIAL PROJECTS FUNDS

Classroom Site Fund – accounts for the revenues and expenditures of State apportioned educational sales tax monies.

Instructional Improvement Fund - accounts for revenues and expenditures for State apportioned Indian Gaming monies.

Other Special Revenue Fund - accounts for the revenues and expenditures of the following activities or objectives: civic center, community school, extracurricular activity fee tax credit, career technical and vocational education program, fingerprinting, textbooks, and grants and gifts to teachers.

Civic Center Fund - accounts for restricted monies received from the rental of school facilities for civic activities.

Food Service Fund - accounts for the financial operations of preparing and serving regular and incidental meals and snacks in connection with school functions.

Student Activities Fund – accounts for monies raised by students to finance student clubs and organizations.

CAPITAL PROJECTS FUND

Adjacent Ways Fund - accounts for monies received to finance such improvements as public streets or alleys adjacent to school property.

Emergency Deficiencies Correction Fund - Accounts for monies received from the School Facilities Board or Coconino County to correct emergency deficiencies.

Building Renewal Grant Fund - Accounts for monies received from the School Facilities Board for school improvements.

DEBT SERVICE FUND

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

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds					Capital Project Funds			Debt Service Fund		Non-Major Governmental Funds
	Classroom Site Fund	Instructional Improvement Fund	Other Special Revenue Fund	Civic Center	Food Service Fund	Student Activities Fund	Adjacent Ways Fund	Emergency Deficiencies Correction	Building Renewal Grant Fund	Debt Service Fund	
ASSETS											
Cash and investments	\$ 4,557,046	\$ 344,969	\$ 780,881	\$ 2,699,443	\$ 982,990	\$ 505,820	\$ 93,373	\$ -	\$ -	\$ 2,142,781	\$ 12,107,303
Receivables:											
Property taxes	-	-	-	-	-	-	10,863	-	-	193,199	204,062
Intergovernmental	633,612	91,524	1,297,193	-	606,181	-	-	-	-	-	2,628,510
Accounts receivable	-	-	-	9,267	-	-	-	-	-	-	9,267
Deposits	-	-	-	-	113,928	-	-	-	-	-	113,928
Total Assets	\$ 5,190,658	\$ 436,493	\$ 2,078,074	\$ 2,708,710	\$ 1,703,099	\$ 505,820	\$ 104,236	\$ -	\$ -	\$ 2,335,980	\$ 15,063,070
LIABILITIES											
Accounts payable	\$ -	\$ 2,439	\$ 220,994	\$ 33,424	\$ 168,205	\$ 2,545	\$ 756,088	\$ -	\$ -	\$ -	\$ 1,183,695
Accrued wages	431,168	111,727	140,052	3,178	-	-	-	-	-	-	686,125
Total Liabilities	431,168	114,166	361,046	36,602	168,205	2,545	756,088	-	-	-	1,869,820
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenues	-	-	-	-	-	-	8,400	-	-	153,079	161,479
FUND BALANCES											
Restricted	4,759,490	322,327	1,926,076	2,672,108	1,534,894	503,275	-	-	-	2,182,901	13,901,071
Unassigned	-	-	(209,048)	-	-	-	(660,252)	-	-	-	(869,300)
Total Fund Balances	4,759,490	322,327	1,717,028	2,672,108	1,534,894	503,275	(660,252)	-	-	2,182,901	13,031,771
Total Liabilities and Fund Balances	\$ 5,190,658	\$ 436,493	\$ 2,078,074	\$ 2,708,710	\$ 1,703,099	\$ 505,820	\$ 104,236	\$ -	\$ -	\$ 2,335,980	\$ 15,063,070

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2022

	Special Revenue Funds						Capital Project Funds			Debt Service Fund	Non-Major Governmental Funds	
	Classroom Site Fund	Instructional Improvement Fund	Special Projects Fund	Other Special Revenue Fund	Civic Center	Food Service Fund	Student Activities Fund	Adjacent Ways Fund	Emergency Deficiencies Correction	Building Renewal Grant Fund		Debt Service Fund
REVENUES												
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 429,621	\$ -	\$ -	\$ 8,763,395	\$ 9,193,016
Intergovernmental	7,603,347	340,144	17,364,163	-	-	5,623,722	-	-	-	61,898	-	13,629,111
Tuition	-	-	-	1,289,014	-	-	-	-	-	-	-	1,289,014
Food Services Sales	-	-	-	-	-	46,666	-	-	-	-	-	46,666
Student Activities	-	-	-	-	-	-	291,532	-	-	-	-	291,532
Rental Income	-	-	-	-	296,614	-	-	-	-	-	-	296,614
Contributions and donations	-	-	-	1,061,604	-	-	-	-	-	-	-	1,061,604
Investment earnings	26,857	353	1,434	1,254	2,945	1,312	2	1,778	173	-	93,989	128,490
Other	-	-	-	1,117,485	-	33,256	-	-	-	-	62,392	1,213,133
Total Revenues	7,630,204	340,497	17,365,597	3,469,357	299,559	5,704,956	291,534	431,399	173	61,898	8,919,776	27,149,180
EXPENDITURES												
Current												
Instruction	7,368,475	311,997	5,839,278	2,063,624	185,113	-	243,606	-	-	-	-	10,172,815
Support services:												
Students	281,028	3,122	2,499,818	79,765	2,248	-	-	-	-	-	-	366,163
Instructional staff	173,923	43,294	3,655,441	181,645	721	-	-	-	-	-	-	399,583
School administration	-	455	143,669	-	14,402	-	-	-	-	-	-	14,857
Business and other support services	-	117	145,794	5,867	18,898	-	-	-	-	-	-	24,882
Operations and maintenance of plant	-	-	283,152	440	26,871	-	-	-	161,953	-	-	27,311
Student transportation	-	-	565,282	724	-	-	-	-	-	-	-	724
Operations of noninstructional services	-	-	349,382	1,488,209	744	3,756,402	-	-	-	-	-	5,245,355
Debt service:												
Principal	-	-	-	-	-	-	-	-	-	-	6,370,000	6,370,000
Interest and other	-	-	-	-	-	-	-	-	-	-	2,418,312	2,418,312
Capital outlay:												
Facilities acquisition	-	-	2,936,690	6,515	65,468	-	-	1,979,441	-	61,898	-	2,113,322
Total Expenditures	7,823,426	358,985	16,854,235	3,826,789	314,465	3,756,402	243,606	1,979,441	161,953	61,898	8,788,312	27,153,324
Excess (Deficiency) of Revenues Over Expenditures	(193,222)	(18,488)	511,362	(357,432)	(14,906)	1,948,554	47,928	(1,548,042)	(161,780)	-	131,464	(4,144)
Other Financing Sources (Uses)												
Premium on bond issuance	-	-	-	-	-	-	-	-	-	-	1,017,744	1,017,744
Transfers out	-	-	-	-	-	(418,385)	-	-	-	-	-	(418,385)
Net Financing Sources (Uses)	-	-	-	-	-	(418,385)	-	-	-	-	1,017,744	599,359
NET CHANGE IN FUND BALANCE	(193,222)	(18,488)	511,362	(357,432)	(14,906)	1,530,169	47,928	(1,548,042)	(161,780)	-	1,149,208	595,215
Fund Balance - Beginning	4,952,712	340,815	(49,413)	2,074,460	2,687,014	4,725	455,347	887,790	161,780	-	1,033,693	12,436,556
Fund Balance - Ending	\$ 4,759,490	\$ 322,327	\$ 461,949	\$ 1,717,028	\$ 2,672,108	\$ 1,534,894	\$ 503,275	\$ (660,252)	\$ -	\$ -	\$ 2,182,901	\$ 13,031,771

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
CLASSROOM SITE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variances -
	Original	Final		Final to Actual
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 7,603,347	\$ 7,603,347
Investment earnings	-	-	26,857	26,857
Total Revenues	-	-	7,630,204	7,630,204
EXPENDITURES				
Regular education:				
Instruction	10,316,722	9,905,159	6,392,903	3,512,256
Support services - students	246,040	236,225	152,462	83,763
Support services - instructional staff	206,146	197,922	127,741	70,181
School sponsored cocurricular activities	358,120	343,833	221,914	121,919
Total regular education	11,127,027	10,683,138	6,895,020	3,788,118
Special education:				
Instruction	1,093,357	1,049,740	677,514	372,226
Support services - students	207,477	199,200	128,566	70,634
Support services - instructional staff	63,893	61,344	39,592	21,752
Total special education	1,364,726	1,310,284	845,672	464,612
Desegregation:				
Instruction	123,761	118,823	76,690	42,133
Support services - instructional staff	9,754	9,365	6,044	3,321
Total K-3 reading program	133,514	128,188	82,734	45,454
Total Expenditures	12,625,267	12,121,610	7,823,426	4,294,863
Excess (Deficiency) of Revenues				
Over Expenditures	(12,625,267)	(12,121,610)	(193,222)	11,925,067
NET CHANGE IN FUND BALANCE	(12,625,267)	(12,121,610)	(193,222)	11,928,388
Fund Balance - Beginning	-	-	4,952,712	4,952,712
Fund Balance - Ending	\$ (12,625,267)	\$ (12,121,610)	\$ 4,759,490	\$ 16,881,100

**FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
INSTRUCTIONAL IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance -
	Original	Final		Final to Actual
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 340,144	\$ 340,144
Investment earnings	-	-	353	353
Total Revenues	-	-	340,497	340,497
EXPENDITURES				
Regular education:				
Instruction	906,665	345,396	309,980	35,416
Support services - students	9,132	3,479	3,122	357
Support services - instructional staff	126,631	48,240	43,294	4,946
Support services - school administration	1,331	507	455	52
Support services - central services	342	130	117	13
School sponsored cocurricular activities	5,900	2,247	2,017	230
Total regular education	1,050,000	400,000	358,985	41,015
Total Expenditures	1,050,000	400,000	358,985	41,015
Excess (Deficiency) of Revenues				
Over Expenditures	(1,050,000)	(400,000)	(18,488)	381,512
Fund Balance - Beginning	-	-	340,815	340,815
Fund Balance - Ending	\$ (1,050,000)	\$ (400,000)	\$ 322,327	\$ 722,327

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
OTHER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variances - Final to Actual
	Original	Final		
REVENUES				
Tuition	- \$	- \$	1,289,014	\$ 1,289,014
Contributions and donations	-	-	1,061,604	1,061,604
Investment earnings	-	-	1,254	1,254
Other	-	-	1,117,485	1,117,485
Total Revenues	-	-	3,469,357	3,469,357
EXPENDITURES				
Regular education:				
Instruction	134,096	134,096	147,459	(13,363)
Support services - students	3,106	3,106	3,416	(310)
Support services - instructional staff	273	273	300	(27)
Support services - central services	2,621	2,621	2,882	(261)
School sponsored cocurricular activities	533,139	533,139	586,267	(53,128)
School sponsored athletics	265,865	265,865	292,359	(26,494)
Other instructional programs	1,356,501	1,356,501	1,491,679	(135,178)
Total regular education	2,295,601	2,295,601	2,524,362	(228,761)
Special education:				
Instruction	947,869	947,869	1,042,326	(94,457)
Support services - students	69,430	69,430	76,349	(6,919)
Support services - instructional staff	158,808	158,808	174,634	(15,826)
Support services - school administration	2,367	2,367	2,603	(236)
Total special education	1,178,475	1,178,475	1,295,912	(117,437)
Capital Outlay:				
Facilities acquisition	5,925	5,925	6,515	(590)
Total Expenditures	3,480,000	3,480,000	3,826,789	(346,789)
Excess (Deficiency) of Revenues				
Over Expenditures	(3,480,000)	(3,480,000)	(357,432)	3,122,568
Fund Balance - Beginning	-	-	2,074,460	2,074,460
Fund Balance - Ending	\$ (3,480,000)	\$ (3,480,000)	\$ 1,717,028	\$ 5,197,028

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
CIVIC CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variances -
	Original	Final		Final to Actual
REVENUES				
Rental income	- \$	- \$	296,614	\$ 296,614
Investment earnings	-	-	2,945	2,945
Total Revenues	-	-	299,559	299,559
EXPENDITURES				
Regular education:				
Instruction	122,394	122,394	51,318	71,076
Support services - school administration	34,349	34,349	14,402	19,947
Operations and maintenance of plant	63,327	63,327	26,552	36,775
Other instructional programs	372,070	372,070	156,004	216,066
Total regular education	592,139	592,139	248,276	343,863
Special education:				
Support services - instructional staff	1,720	1,720	721	999
Capital Outlay:				
Facilities acquisition	156,141	156,141	65,468	90,673
Total Expenditures	750,000	750,000	314,465	435,535
Excess (Deficiency) of Revenues				
Over Expenditures	(750,000)	(750,000)	(14,906)	735,094
Fund Balance - Beginning	-	-	2,687,014	2,687,014
Fund Balance - Ending	\$ (750,000)	\$ (750,000)	\$ 2,672,108	\$ 3,422,108

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variances -
	Original	Final		Final to Actual
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 5,623,722	\$ 5,623,722
Food service sales	-	-	46,666	46,666
Investment earnings	-	-	1,312	1,312
Other	-	-	33,256	33,256
Total Revenues	-	-	5,704,956	5,704,956
EXPENDITURES				
Regular education:				
Operation of noninstructional services	2,700,000	2,700,000	3,756,402	(1,056,402)
Total Expenditures	2,700,000	2,700,000	3,756,402	(1,056,402)
Excess (Deficiency) of Revenues				
Over Expenditures	(2,700,000)	(2,700,000)	1,948,554	4,648,554
Other Financing Sources (Uses):				
Transfers out	-	-	(418,385)	(418,385)
Net Financing Sources (Uses)	-	-	(418,385)	(418,385)
NET CHANGE IN FUND BALANCE	(2,700,000)	(2,700,000)	1,530,169	4,230,169
Fund Balance - Beginning	-	-	4,725	4,725
Fund Balance - Ending	\$ (2,700,000)	\$ (2,700,000)	\$ 1,534,894	\$ 4,234,894

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
STUDENT ACTIVITIES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variances -
	Original	Final		Final to Actual
REVENUES				
Student activities	\$ -	\$ -	291,532	\$ 291,532
Investment earnings	-	-	2	2
Total Revenues	-	-	291,534	291,534
EXPENDITURES				
Regular education:				
Instruction	2,124	2,124	2,070	54
School sponsored cocurricular activities	134,431	134,431	130,993	3,438
School sponsored athletics	109,705	109,705	106,899	2,806
Total regular education	246,260	246,260	239,962	6,298
Special education:				
Instruction	3,740	3,740	3,644	96
Total Expenditures	250,000	250,000	243,606	6,394
Excess (Deficiency) of Revenues				
Over Expenditures	(250,000)	(250,000)	47,928	297,928
Fund Balance - Beginning	-	-	455,347	455,347
Fund Balance - Ending	\$ (250,000)	\$ (250,000)	\$ 503,275	\$ 753,275

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
ADJACENT WAYS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variances -
	Original	Final		Final to Actual
REVENUES				
Property taxes	\$ -	\$ -	\$ 429,621	\$ 429,621
Investment earnings	-	-	1,778	1,778
Total Revenues	-	-	431,399	431,399
EXPENDITURES				
Capital outlay:				
Facilities acquisition	750,000	750,000	1,979,441	(1,229,441)
Total Expenditures	750,000	750,000	1,979,441	-
Fund Balance - Beginning	-	887,790	887,790	887,790
Fund Balance - Ending	\$ (750,000)	\$ 137,790	\$ (660,252)	\$ 1,319,189

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
BOND BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variances - Final to Actual
	Original	Final		
EXPENDITURES				
Regular education:				
Instruction	\$ 348,481	\$ 348,481	\$ 423,695	\$ (75,214)
Support services - instructional staff	1,364,373	1,364,373	1,658,852	(294,479)
Operations and maintenance of plant	88,219	88,219	107,260	(19,041)
Total regular education	1,801,073	1,801,073	2,189,807	(388,734)
Pupil transportation:				
Student transportation services	72,535	72,535	88,191	(15,656)
Debt service:				
Issuance costs	174,035	174,035	211,598	(37,563)
Capital outlay:				
Facilities acquisition	17,952,357	17,952,357	21,827,101	(3,874,744)
Total Expenditures	20,000,000	20,000,000	24,316,697	(4,316,697)
Excess (Deficiency) of Revenues				
Over Expenditures	(20,000,000)	(20,000,000)	(24,316,697)	(4,316,697)
Other Financing Sources (Uses):				
Proceeds from bond issuance	-	-	18,000,000	(18,000,000)
Premium on issuance of bonds	-	-	2,094,153	(2,094,153)
Net Financing Sources (Uses)	-	-	20,094,153	(20,094,153)
NET CHANGE IN FUND BALANCE	(20,000,000)	(20,000,000)	(4,222,544)	(24,410,850)
Fund Balance - Beginning	-	21,810,312	21,810,312	21,810,312
Fund Balance - Ending	\$ (40,000,000)	\$ (18,189,688)	\$ 17,587,768	\$ (47,105,541)

**FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
 EMERGENCY DEFICIENCIES CORRECTION FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FISCAL YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variances -	
	Original	Original and Final		Final to Actual	
REVENUES					
Intergovernmental	\$ -	\$ -	\$ 61,898	\$	61,898
EXPENDITURES					
Capital outlay:					
Facilities acquisition	200,000	200,000	61,898		138,102
Total Expenditures	200,000	200,000	61,898		138,102
Excess (Deficiency) of Revenues					
Over Expenditures	(200,000)	(200,000)	-		200,000
Fund Balance - Beginning	-	-	-		-
Fund Balance - Ending	\$ (200,000)	\$ (200,000)	\$ -	\$	200,000

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variances -
	Original	Final		Final to Actual
REVENUES				
Property taxes	\$ -	\$ -	8,763,395	\$ 8,763,395
Investment earnings	-	-	93,989	93,989
Other	-	-	62,392	62,392
Total Revenues	-	-	8,919,776	8,919,776
EXPENDITURES				
Debt service				
Principal retirement	6,378,472	6,378,472	6,370,000	8,472
Interest and fiscal charges	2,421,528	2,421,528	2,418,312	3,216
Total debt service	8,800,000	8,800,000	8,788,312	11,688
Total Expenditures	8,800,000	8,800,000	8,788,312	3,216
Excess (Deficiency) of Revenues Over Expenditures	(8,800,000)	(8,800,000)	131,464	8,922,992
Other Financing Sources (Uses):				
Premium on bond issuance	-	-	1,017,744	(1,017,744)
NET CHANGE IN FUND BALANCE	(8,800,000)	(8,800,000)	1,149,208	9,949,208
Fund Balance - Beginning	-	-	1,033,693	1,033,693
Fund Balance - Ending	\$ (8,800,000)	\$ (8,800,000)	\$ 2,182,901	\$ 18,888,149

**STATISTICAL SECTION
(UNAUDITED)**

STATISTICAL SECTION

This section of the Flagstaff Unified School District No. 1's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends: These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity: These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity: These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information: These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information: These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

See the table of contents for page numbers of the schedules that encompass the above sections

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

Net Position:	Fiscal Year Ended June 30				
	2021	2020	2019	2018	2017
Net investment in capital assets	\$ 61,260,652	\$ 59,770,080	\$ 61,812,306	\$ 64,899,652	\$ 66,494,649
Restricted	36,694,048	12,267,138	14,628,918	15,926,937	16,456,866
Unrestricted	(80,990,158)	(50,119,182)	(46,570,505)	(50,721,429)	(45,025,276)
Total	\$ 16,964,542	\$ 21,918,036	\$ 29,870,719	\$ 30,105,160	\$ 37,926,239

Net Position:	Fiscal Year Ended June 30				
	2016	2015	2014	2013	2012
Net investment in capital assets	\$ 69,492,933	\$ 70,824,399	\$ 72,580,404	\$ 72,591,450	\$ 76,892,579
Restricted	16,025,502	19,229,970	19,028,795	17,352,289	14,063,485
Unrestricted	(48,466,468)	(57,575,087)	12,894,480	20,579,300	20,421,936
Total	\$ 37,051,967	\$ 32,479,282	\$ 104,503,679	\$ 110,523,039	\$ 111,378,000

Source: The District's financial records.

**FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
EXPENSE, PROGRAM REVENUES, AND NET POSITION
LAST TEN FISCAL YEARS
ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)**

	Fiscal Year Ended June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses:										
Instruction	\$ 50,016,437	\$ 47,073,831	\$ 57,081,392	\$ 52,188,661	\$ 50,964,385	\$ 50,720,150	\$ 47,594,635	\$ 50,862,129	\$ 48,339,215	\$ 49,314,158
Support Services - students and staff	22,080,136	21,481,239	19,630,530	15,447,053	14,243,349	14,071,430	15,463,111	12,398,371	11,160,837	12,354,311
Support Services - administration	21,443,989	21,336,996	9,417,736	8,482,701	8,359,221	8,201,129	7,953,133	7,276,054	6,471,223	6,798,178
Operation and Maintenance of plant services	11,599,681	10,819,443	9,796,701	9,254,673	9,271,812	10,105,503	9,199,529	9,379,201	9,011,245	9,299,468
Student transportation services	7,604,559	5,966,721	7,454,678	7,082,776	6,445,274	6,087,018	5,503,724	5,454,567	5,015,935	4,902,760
Operation of non-instructional services	6,412,992	3,489,216	7,150,502	5,748,136	5,396,585	5,348,448	5,563,037	5,211,390	4,918,897	4,735,341
Interest on long-term debt	2,226,815	1,429,138	1,524,474	1,128,376	1,137,534	944,947	937,097	1,086,270	1,328,385	980,109
Total expenses	121,384,609	111,596,584	112,056,013	99,332,376	95,818,160	95,478,625	92,214,266	91,667,982	86,245,737	88,384,325
Program revenues:										
Charges for services:										
Instruction	1,575,559	1,337,177	1,307,207	1,499,862	1,627,634	1,718,739	1,430,277	3,789,138	3,161,210	2,671,115
Students	221,641	-	-	-	-	-	-	-	-	-
Instructional staff	210,289	-	-	-	-	-	-	-	-	-
General administration	31,255	-	-	-	-	-	-	-	-	-
School administration	137,618	-	-	-	-	-	-	-	-	-
Business and other support services	106,072	-	-	-	-	-	-	-	-	-
Operation and maintenance of plant	326,193	-	-	-	-	-	-	-	-	-
Student transportation	184,067	-	-	-	-	-	-	-	-	-
Operation of non-instructional services	186,991	470,700	1,669,718	1,791,539	1,875,748	2,000,776	2,211,091	1,988,583	1,801,710	765,247
Other Activities	-	43,263	198,447	121,517	71,845	40,899	227,222	390,807	1,108,216	1,923,818
Operating grants and contributions	34,891,806	23,826,003	19,214,299	18,800,237	17,920,285	18,317,270	17,969,556	11,418,061	11,746,229	11,774,606
Capital grants and contributions	61,898	-	-	-	-	-	-	777,375	294,433	456,892
Total program revenues	37,933,390	25,677,143	22,389,671	22,213,155	21,495,512	22,077,684	21,838,146	18,363,964	18,111,798	17,591,678
Net expense	\$ (83,451,219)	\$ (85,919,441)	\$ (89,666,342)	\$ (77,119,221)	\$ (74,322,648)	\$ (73,400,941)	\$ (70,376,120)	\$ (73,304,018)	\$ (68,133,939)	\$ (70,792,647)

Source: The District's financial records.

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	Fiscal Year Ended June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net Expense	\$ (83,451,219)	\$ (85,919,441)	\$ (89,666,342)	\$ (77,119,221)	\$ (74,322,648)	\$ (73,400,941)	\$ (70,376,120)	\$ (73,304,018)	\$ (68,133,939)	\$ (70,792,647)
General revenues:										
Property taxes:										
Property taxes, levied for general purposes	51,005,549	49,353,490	59,571,512	56,090,421	52,736,035	53,967,756	51,497,657	47,661,732	48,427,395	52,291,587
Property taxes, levied for debt services	3,775,254	4,265,477	16,803,223	15,782,029	15,551,010	15,804,730	15,843,445	16,592,063	17,061,384	13,728,609
Property taxes, levied for capital outlay	8,763,395	7,532,363	2,762,193	2,612,994	2,639,023	2,711,520	2,746,497	2,456,453	2,603,543	1,970,751
Investment Income and Other	3,324,079	1,231,236	765,447	1,358,048	1,272,533	557,504	1,417,214	1,673,365	1,108,220	1,454,036
Unrestricted County Aid	1,768,291	2,365,797	931,882	798,367	606,892	415,759	365,571	227,582	371,247	418,578
Unrestricted State Aid	13,772,105	13,726,866	368,991	242,921	358,459	817,944	644,934	-	-	-
Unrestricted Federal Aid	1,031,414	681,742	-	-	-	-	2,433,487	-	-	-
Unrestricted State Aid	-	1,820,108	-	-	-	-	-	-	-	-
Total general revenues	83,440,087	80,977,079	81,203,248	76,884,780	73,163,952	74,275,213	74,948,805	68,611,195	69,571,789	69,863,561
Changes in net position	\$ (11,132)	\$ (4,942,362)	\$ (8,463,094)	\$ (234,441)	\$ (1,158,696)	\$ 874,272	\$ 4,572,685	\$ (4,692,823)	\$ 1,437,850	\$ (929,086)

Source: The District's financial records.

**FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
 FUND BALANCES – GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 MODIFIED ACCRUAL BASIS OF ACCOUNTING
 (UNAUDITED)**

General Fund	Fiscal Year Ended June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Nonspendable	\$ -	\$ -	\$ 1,019,309	\$ -	\$ -	\$ 952,834	\$ -	\$ 787,801	\$ 2,198,955	\$ 3,789,042
Unassigned	16,255,885	20,103,283	24,326,211	23,713,638	23,576,006	23,626,635	20,807,255	12,514,263	14,740,323	15,618,153
Total General Fund	16,255,885	20,103,283	25,345,520	23,713,638	23,576,006	24,579,469	20,807,255	13,302,064	16,939,278	19,407,195
All other governmental funds:										
Restricted	31,950,788	34,617,687	23,905,466	39,360,623	19,397,469	23,187,904	15,934,480	19,183,501	22,264,408	25,972,397
Unassigned	(869,300)	(258,452)	315,141	(206,199)	-	-	-	(5,500)	(58,111)	-
Total all other governmental funds	31,081,488	34,359,235	24,220,607	39,154,424	19,397,469	23,187,904	15,934,480	19,178,001	22,206,297	25,972,397
Total all governmental funds	\$ 47,337,373	\$ 54,462,518	\$ 49,566,127	\$ 62,868,062	\$ 42,973,475	\$ 47,767,373	\$ 36,741,735	\$ 32,480,065	\$ 39,145,575	\$ 45,379,592

Source: The District's financial records.

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
REVENUES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	Fiscal Year Ended June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Federal sources:										
Federal aid and grants	\$ 19,210,504	\$ 14,996,539	\$ 7,533,424	\$ 8,256,982	\$ 7,225,517	\$ 7,592,702	\$ 8,350,520	\$ 8,674,018	\$ 8,310,278	\$ 8,588,573
Education Jobs	-	-	765,447	865,599	493,556	548,193	392,155	559,231	122,264	351,876
National school lunch program	5,623,722	1,910,969	2,084,763	2,243,787	2,241,622	2,213,438	2,273,208	2,100,443	2,161,635	2,038,722
Total federal sources:	24,834,226	16,907,508	10,383,634	11,366,368	9,960,695	10,354,333	11,015,883	11,333,692	10,594,177	10,979,171
States sources:										
State equalization	13,772,105	13,726,866	16,803,223	15,782,029	15,551,010	15,804,730	15,843,445	13,031,794	12,376,388	10,281,630
State grants	1,072,098	1,123,798	1,120,283	867,009	885,432	610,229	555,870	562,200	646,318	869,103
School facilities board	61,868	-	-	-	46,555	9,311	34,810	119,595	499,882	-
State aid not restricted	-	1,820,108	-	-	-	-	-	-	-	-
Other revenues	7,943,491	5,160,285	6,815,217	6,310,063	5,893,199	5,520,366	5,368,863	3,904,781	3,840,602	3,446,979
Total state sources	22,849,562	21,831,057	24,738,723	22,959,101	22,376,196	21,944,636	21,802,988	17,618,370	17,363,190	14,597,712
Local sources										
Property taxes	63,544,198	61,151,695	59,570,349	55,740,872	53,090,622	53,805,368	51,152,939	47,776,030	48,729,705	52,496,444
County equalization	1,768,291	2,365,797	2,762,193	2,612,994	2,639,023	2,711,520	2,746,497	2,456,453	2,603,543	1,970,751
Food service sales	46,666	11,118	369,812	533,662	484,641	677,234	779,715	733,956	709,000	762,849
Investment income	214,641	409,816	828,109	730,196	559,382	370,235	327,381	227,582	371,247	400,092
Other revenues	6,681,117	3,882,792	4,835,162	4,737,688	5,855,982	6,281,659	6,165,599	7,595,156	7,286,944	6,108,940
Total local sources	72,254,913	67,821,218	68,365,625	64,355,412	62,629,650	63,846,016	61,172,131	58,789,177	59,700,439	61,739,076
Total revenues	\$ 119,938,701	\$ 106,559,783	\$ 103,487,982	\$ 98,680,881	\$ 94,966,541	\$ 96,144,985	\$ 93,991,002	\$ 87,741,239	\$ 87,657,806	\$ 87,315,959

Source: The District's financial records.

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	Fiscal Year Ended June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenditures:										
Current:										
Instruction	\$ 54,160,839	\$ 49,006,736	\$ 48,695,178	\$ 47,496,019	\$ 45,783,345	\$ 43,804,921	\$ 42,309,907	\$ 41,220,394	\$ 40,872,019	\$ 42,859,514
Support services - students and staff	22,398,021	20,915,033	19,578,536	16,679,090	15,583,811	14,014,818	15,672,318	12,153,623	11,698,700	12,006,545
Support services - administration	9,979,291	9,942,786	9,062,881	8,802,865	8,245,696	7,856,196	7,818,901	6,786,829	6,471,514	6,369,582
Operation and maintenance of plant services	11,528,534	10,943,483	10,004,899	9,520,417	9,507,196	10,033,078	9,434,349	9,186,308	9,140,545	9,004,662
Student transportation services	6,831,268	7,031,189	7,322,566	6,929,965	6,769,029	5,752,516	4,896,867	4,555,658	4,424,376	4,007,429
Operation of non-instructional services	6,426,505	3,430,733	7,093,163	5,831,479	5,487,332	5,482,302	5,672,758	5,143,187	4,963,675	4,668,620
Judgements Against the District	-	-	-	-	-	-	-	896,057	-	-
Capital outlay	28,634,736	22,726,549	15,720,900	2,858,198	3,055,165	4,007,073	1,917,274	6,860,207	8,913,096	8,116,272
Debt Service:										
Principal retirement	6,720,000	6,580,000	5,500,000	4,400,000	3,950,000	3,800,000	3,700,000	5,250,000	4,374,198	3,970,270
Interest, premium and fiscal charges	2,563,378	1,921,696	2,051,205	1,192,348	1,378,065	927,750	1,052,325	1,201,498	1,443,613	1,207,270
Bond Issuance Costs	213,398	-	62,392	177,359	800	132,425	-	-	-	150,852
Total expenditures	\$ 149,455,970	\$ 132,498,205	\$ 125,091,720	\$ 103,887,740	\$ 99,760,439	\$ 95,811,079	\$ 92,474,699	\$ 93,253,761	\$ 92,301,736	\$ 92,361,016
Debt service as a percentage of noncapital expenditures	8.0%	7.9%	6.0%	5.4%	5.3%	5.1%	5.3%	7.5%	7.0%	6.3%

Source: The District's financial records.

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

	Fiscal Year Ended June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Excess (deficiency) of revenues over expenditures	\$ (29,517,269)	\$ (25,938,422)	\$(125,091,720)	\$(103,887,740)	\$ (99,760,439)	\$ (95,811,079)	\$ (92,474,699)	\$ (93,253,761)	\$ (92,301,736)	\$ (92,361,016)
Insurance of Long-Term Debt	18,000,000	27,900,000	7,100,000	21,120,000	-	9,175,000	-	-	-	-
Payment to Refunded Debt Escrow Agent	-	-	(7,100,000)	-	-	-	-	-	-	-
Proceeds from Financed Purchases	-	-	7,729,000	-	-	-	-	-	-	-
Premium on Sale of Bonds	3,111,897	2,934,813	62,392	3,981,446	-	1,516,732	-	-	-	452,138
Insurance Proceeds	1,280,227	-	-	-	-	-	-	-	-	-
Proceeds from Sales of Capital Assets	-	-	-	-	-	-	2,745,367	-	-	-
Transfers in	418,385	107,053	270,605	170,511	60,008	176,000	242,016	271,535	1,508,501	1,063,400
Transfers out	(418,385)	(107,053)	(270,605)	(170,511)	(60,008)	(176,000)	(242,016)	(271,535)	(1,508,501)	(1,063,400)
Total other financing sources (uses)	22,392,124	30,834,813	7,791,392	25,101,446	-	10,691,732	2,745,367	-	-	452,138
Changes in fund balances	\$ (7,125,145)	\$ 4,896,391	\$(117,300,328)	\$ (78,786,294)	\$ (99,760,439)	\$ (85,119,347)	\$ (89,729,332)	\$ (93,253,761)	\$ (92,301,736)	\$ (91,908,878)

Source: The District's financial records.

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
(UNAUDITED)

Property Classification (a)	2022
Commercial, Industrial, Utilities and Mining	27%
Agricultural and Vacant	5%
Residential (Owner Occupied)	33%
Residential (Rental)	34%
Railroad, Private Cars and Airlines	1%
Class	2022
Commercial, Industrial, Utilities and Mining	\$ 390,525,374
Agricultural and Vacant	75,365,389
Residential (Owner Occupied)	488,235,554
Residential (Rental)	490,064,291
Railroad, Private Cars and Airlines	14,562,109
Historical Property	1,523,454
Certain Government Property Improvements	27,225
Totals	<u>\$ 1,460,303,396</u>
Ratio of net full cash assessed values to Gross Full Cash Value	\$15,921,558,186
Ratio of Net Limited Assessed Value to Gross Full Cash Value	9.17%
Total Direct Rate	4.82%

Source: State and County Abstract of the Assessment Roll from the Arizona Department of Revenue.

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
NET SECONDARY ASSESSED VALUATION BY PROPERTY CLASSIFICATION
JUNE 30, 2022
(UNAUDITED)

Property Classification (a)	2022
Commercial, Industrial, Utilities and Mining	27%
Agricultural and Vacant	5%
Residential (Owner Occupied)	33%
Residential (Rental)	34%
Railroad, Private Cars and Airlines	1%
Class	2022
Commercial, Industrial, Utilities and Mining	\$ 390,525,374
Agricultural and Vacant	75,365,389
Residential (Owner Occupied)	488,235,554
Residential (Rental)	490,064,291
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Ratio of Net Limited Assessed Value to Gross Full Cash Value	9.17%
Total Direct Rate	4.82%

Source: State and County Abstract of the Assessment Roll from the Arizona Department of Revenue.

**FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

Fiscal Year Ended June 30	District Direct Rates			Overlapping Rates						
	Primary	Secondary	Total	State Equalization	Total County	Library District	College District	Fire District Assistance	City of Flagstaff	CAVIAT
2022	3.49%	1.33%	4.82%	0.43%	0.52%	0.26%	0.44%	0.10-3.50%	1.52%	0.05%
2021	3.75%	1.19%	4.93%	0.44%	0.26%	0.51%	0.45%	0.10-3.50%	1.58%	0.05%
2020	3.88%	1.24%	5.12%	0.44%	0.26%	0.46%	0.46%	0.10-3.50%	1.63%	0.05%
2019	3.82%	1.33%	5.15%	0.47%	0.26%	0.60%	0.60%	0.10-3.50%	1.67%	0.05%
2018	4.05%	1.13%	5.18%	0.49%	0.26%	0.61%	0.61%	1.64-3.50%	1.66%	0.05%
2017	4.39%	1.18%	5.57%	0.49%	0.26%	0.61%	0.61%	0.60-3.25%	1.66%	0.05%
2016	4.28%	1.18%	5.46%	0.51%	0.26%	0.61%	0.61%	1.68-3.25%	1.68%	0.05%
2015	3.85%	1.34%	5.19%	0.51%	0.26%	0.61%	0.61%	1.68-3.25%	1.68%	0.05%
2014	3.99%	1.20%	5.19%	0.51%	0.26%	0.59%	0.59%	1.50-3.25%	1.68%	0.05%
2013	3.66%	1.21%	4.87%	0.47%	0.24%	0.49%	0.49%	1.01-3.14%	1.55%	0.05%

Source: Coconino County Tax Levies and Tax Rates report for Tax Year 2021 (Fiscal Year 2021-22).

**FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
 PRINCIPAL PROPERTY TAXPAYERS
 FISCAL YEAR ENDED JUNE 30, 2022, AND 2013
 (UNAUDITED)**

Taxpayer	2022			2013		
	Net Assessed Property Value for Secondary Tax Purposes	Rank	Percentage of Net Assessed Property Value for Secondary Tax Purposes	Net Assessed Property Value for Secondary Tax Purposes	Rank	Percentage of Net Assessed Property Value for Secondary Tax Purposes
Arizona Public Service Company	\$ 36,488,981	1	2.50%	\$ 76,606,658	1	1.70%
WL Gore & Associates Inc	21,693,342	2	1.49%	3,977,317	7	1.20%
BNSF Railway Company	19,973,342	3	1.37%	18,020,062	3	0.60%
Transwestern Pipeline Company LLC	15,775,995	5	1.08%	35,790,722	2	1.90%
El Paso Natural Gas	14,256,235	4	0.98%	17,696,075	5	0.90%
CCC-Flagstaff LLC	11,368,942	9	0.78%	-		0.00%
Standard at Flagstaff LLC	9,626,095	8	0.66%	-		0.00%
Nestle Purina PetCare Company Co	9,325,534	6	0.64%	-		0.30%
Unisource Energy Corporation	8,598,398	7	0.59%	17,762,840	4	0.30%
CA Student Living	7,552,393	10	0.52%	-		0.00%
Totals	\$ 154,659,257		10.59%	\$ 169,853,674		6.90%

Source: Coconino County Assessor and the Arizona Department of Revenue.

Note: Information was not available for 10 taxpayers for FY12-13, so the most relevant data was presented.

**FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended June 30	Current Collections		Percentage of Current Taxes Collected	Delinquent Tax Collections	Total Collections	Collections as a Percentage of the Levy	Outstanding Tax Collections	Outstanding Collections as a Percentage of Levy
	Taxes Levied for the Fiscal Year	Amount						
2022	\$ 61,173,643	\$ 60,214,625	98.43%	\$ -	\$ 60,214,625	98.43%	\$ 959,018	1.57%
2021	61,201,298	60,116,685	98.23%	1,006,607	61,123,292	99.87%	78,006	0.13%
2020	66,701,018	66,028,861	98.99%	672,157	66,701,018	100.00%	67,271	0.10%
2019	60,695,746	59,720,245	98.39%	881,279	60,601,524	99.84%	94,222	0.16%
2018	52,660,354	51,741,804	98.26%	834,095	52,575,899	99.84%	84,455	0.16%
2017	53,955,914	52,919,023	98.08%	956,466	53,875,489	99.85%	80,425	0.15%
2016	51,058,047	49,867,643	97.67%	1,125,137	50,992,780	99.87%	65,267	0.13%
2015	48,000,489	47,024,036	97.97%	917,096	47,941,132	99.88%	59,357	0.12%
2014	48,163,087	47,282,695	98.17%	827,423	48,110,118	99.89%	52,969	0.11%
2013	52,719,077	51,430,277	97.56%	1,249,790	52,680,067	99.93%	39,010	0.07%

Source: Coconino County Treasurer's records and District records.

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30	General Obligation Bonds						Total Outstanding Debt				
	General Obligation Bonds	Less: Amount Restricted for Principal	Total	As Percentage of Estimated Actual		Financed Purchases	Total	Percentage of Estimated Actual		Percentage of	
				Value of Property	Per Capita			Value (Full Cash Value)	Per Capita	Personal Income	
2022	\$ 86,545,860	\$ 2,335,980	\$ 84,209,880	0.53%	\$ 895	\$ 6,934,000	\$93,479,860	0.59%	\$ 993	#VALUE!	
2021	72,140,526	1,160,156	70,980,370	0.47%	772	7,284,000	79,424,526	0.53%	864	962138.41%	
2020	47,780,021	396,879	47,383,142	0.35%	484	7,729,000	55,509,021	0.41%	563	807403.94%	
2019	53,806,752	194,213	53,612,539	0.42%	560	-	53,806,752	0.43%	560	824750.95%	
2018	33,346,637	323,526	33,023,111	0.29%	367	-	33,346,637	0.29%	367	512552.06%	
2017	37,537,968	733,787	36,804,181	0.35%	418	-	37,537,968	0.36%	418	590126.84%	
2016	30,761,464	348,019	30,413,445	0.31%	343	-	30,761,464	0.31%	343	560420.19%	
2015	34,576,692	214,270	34,362,422	0.38%	397	-	34,576,692	0.38%	397	651407.16%	
2014	39,941,920	286,006	39,655,914	0.44%	459	-	39,941,920	0.44%	459	784097.37%	
2013	47,350,000	806,734	46,543,266	0.45%	544	74,198	47,424,198	0.46%	545	977616.94%	

Source: The District's financial records.

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2022
(UNAUDITED)

<u>Fiscal Year Ended June 30, 2022</u>	<u>General Obligation Bonds</u>	<u>Less: Amount Restricted for Principal</u>	<u>Estimated Percentage Applicable to School District</u>	<u>As Percentage of Estimated Actual Value of Property</u>
Debt Repaid with Property Taxes				
City of Flagstaff	\$ 33,725,000	\$ -	100.00%	33,725,000
Summit Fire & Medical District	2,695,000	-	100.00%	2,695,000
Subtotal, Overlapping Debt				36,420,000
Flagstaff Unified School District No. 1				86,545,860
Total direct and overlapping debt				\$ 122,965,860

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIO

Net directed general obligation bonded debt	
as a percentage of net assessed property value for secondary tax purposes	8.42%
Net direct and overlapping general bonded debt	
per capita	\$2,161
as a percentage of net assessed property value for secondary tax purposes	8.42%
as a percentage of net full cash value	0.77%

Source: District records and the State and County Abstract of the Assessment Roll from the Arizona Department of Revenue.

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

Legal Debt Margin Calculation:		Class B Bond Legal Debt Margin Calculation:	
Net full cash assessed value	\$ 1,743,645,213	Net full cash assessed value	\$ 1,743,645,213
	10%		15%
Debt limit (10% of assessed value)	174,364,521	Debt limit (15% of assessed value)	261,546,782
Less: Net debt applicable to limit	86,545,860	Less: Net debt applicable to limit	86,545,860
Legal debt margin	\$ 87,818,661	Legal debt margin	\$ 175,000,922

	Fiscal Year Ended June 30				
	2021	2021	2020	2019	2018
Debt Limit	\$ 261,546,782	\$ 248,190,756	\$ 450,804,773	\$ 416,469,916	\$ 379,964,942
Less: Net debt applicable to limit	86,545,860	72,140,526	42,448,121	48,150,787	31,301,474
Legal debt margin	\$ 175,000,922	\$ 176,050,230	\$ 408,356,652	\$ 368,319,129	\$ 348,663,468
Total debt applicable to the limit as percentage of debt limit	33.1%	29.1%	9.4%	11.6%	8.2%

	Fiscal Year Ended June 30				
	2017	2016	2015	2014	2013
Debt Limit	\$ 345,760,576	\$ 327,465,982	\$ 312,364,541	\$ 310,289,294	\$ 360,083,355
Less: Net debt applicable to limit	34,841,213	29,851,981	33,900,000	39,150,000	47,350,000
Legal debt margin	\$ 310,919,363	\$ 297,614,001	\$ 278,464,541	\$ 271,139,294	\$ 312,733,355
Total debt applicable to the limit as percentage of debt limit	10.1%	9.1%	10.9%	12.6%	13.2%

Source: District records and the State and County Abstract of the Assessment Roll from the Arizona Department of Revenue.

**FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Year	Coconino County				
	Population	Personal Income (millions)	Per Capita	Unemployment Rate	Estimated District Population
2022	149,647	8,255	56,914	4.8%	94,136
2021	147,434	6,875	53,036	8.7%	91,923
2020	143,476	6,524	48,837	13.3%	87,965
2019	145,564	6,506	48,416	6.4%	90,053
2018	144,057	6,361	46,266	5.5%	88,546
2017	140,908	5,489	44,289	5.6%	85,397
2016	139,097	5,308	42,800	6.0%	83,586
2015	137,637	5,094	39,596	6.5%	82,126
2014	136,612	4,851	39,220	7.1%	81,101

Source: Arizona Economic and Business Research Center at the University of Arizona and District records.
US Bureau of Labor Statistics. Investment in capital assets

**FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
 PRINCIPAL EMPLOYERS – COCONINO COUNTY
 FISCAL YEAR ENDING JUNE 30, 2022, AND 2013
 (UNAUDITED)**

Employer	2022	
	Approximate Number of Employees	Percentage of Total Employment
Northern Arizona University	2,571	3.58%
Flagstaff Medical Center	2,200	3.06%
WL Gore Associates	1,950	2.71%
Flagstaff Unified School District	1,375	1.91%
Coconino County	1,200	1.67%
City of Flagstaff	657	0.91%
Wal-Mart	630	0.88%
BNSF	600	0.83%
Grand Canyon Railway	300	0.42%
Total	11,483	15.97%
Total Employment	71,911	
Employer	2013	
	Approximate Number of Employees	Percentage of Total Employment
Northern Arizona University	2,571	3.97%
Flagstaff Medical Center	2,200	3.40%
WL Gore Associates	1,950	3.01%
Flagstaff Unified School District	1,377	2.13%
Coconino County	1,200	1.85%
City of Flagstaff	657	1.01%
Wal-Mart	630	0.97%
Total	10,585	16.33%
Total Employment	64,800	

Source: "Employer" and "Employees" information is from Choose Flagstaff. "Total Employment" Arizona Economic and Business Research Center at the University of Arizona and District records.

Note: Information was not available for ten employers. So available data was presented.

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
FULL-TIME EQUIVALENT DISTRICT EMPLOYEE BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year Ended June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Supervisory										
Superintendent	1	1	1	1	1	1	1	1	1	1
Assistant Superintendents	2	2	2	2	2	2	2	2	2	2
Principals	16	15	15	15	15	15	14	15	15	15
Assistant Principals	7	6	6	6	6	6	6	6	6	6
Total supervisory	26	24	24	24	24	24	23	24	24	24
Instruction										
Teachers	555	583	578	578	577	573	568	577	567	551
Other Certified	31	35	28	28	28	30	28	28	29	35
Instructional Aides	133	143	160	160	170	185	177	171	165	162
Total Instruction	718	761	766	766	775	788	773	776	761	748
Student Services										
Student Support Services (OT/TP, ST, Counselor)	47	40	37	37	39	39	38	35	36	39
Technicians	3	4	4	5	5	6	5	5	5	5
Total Student services	50	44	41	42	44	45	43	40	41	44
Support and Administration										
Administration	25	25	25	26	22	22	25	24	22	22
Bus Drivers	53	64	62	63	67	65	62	62	63	52
Support Staff	271	239	242	241	243	236	260	256	257	252
Total support and administration	349	328	329	330	332	323	347	342	342	326
Total full-time equivalent employees	1,144	1,157	1,160	1,162	1,175	1,180	1,186	1,182	1,168	1,142

Source: The School District Employee Report (SDER 30 - FTE Statistics)

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
AVERAGE DAILY MEMBERSHIP
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Average Daily Membership</u>
2021-22	8,597
2020-21	8,442
2019-20	9,009
2018-19	9,090
2017-18	9,318
2016-17	9,295
2015-16	9,290
2014-15	9,256
2013-14	9,248
2012-13	9,081

Source: The Arizona Department of Education.

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30	100 Day Count Average Daily Membership	Maintenance and Operations Expenditures	Cost per Pupil	% Change Cost per Pupil	Teaching Staff	Pupil- Teacher Ratio	% of Free & Reduced Students
2022	8,597	111,324,458	\$12,949	7.95%	555	15.5	46.5%
2021	8,442	101,269,960	11,996	6.14%	583	14.5	41.1%
2020	9,009	101,819,615	11,302	7.65%	578	15.6	39.0%
2019	9,090	95,437,194	10,499	7.06%	578	15.7	39.9%
2018	9,318	91,377,209	9,807	4.68%	577	16.1	39.4%
2017	9,295	87,076,256	9,368	1.43%	573	16.2	42.8%
2016	9,290	85,805,100	9,236	8.15%	597	15.6	43.8%
2015	9,256	79,045,999	8,540	1.81%	588	15.7	46.5%
2014	9,248	77,570,829	8,388	-3.48%	602	15.4	43.8%
2013	9,081	78,916,352	8,690	0.15%	598	15.2	47.5%

Source: The District's financial records.

Note 1: Operating expenditures are total expenditures less debt service and capital outlay.

FLAGSTAFF UNIFIED SCHOOL DISTRICT NO. 1
CAPITAL ASSET INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<u>Schools:</u>										
Elementary:										
Buildings	10	10	10	10	10	10	10	10	10	10
Square feet	538,681	545,898	545,898	545,898	545,898	545,898	545,898	545,898	545,898	545,898
Capacity	5,588	5,588	5,588	5,588	5,588	5,588	5,588	5,588	5,588	6,288
Enrollment	4,201	4,201	4,201	4,201	4,201	4,329	4,456	4,957	4,928	4,291
Middle:										
Buildings	2	2	2	2	2	2	2	2	2	2
Square feet	378,393	378,393	378,393	378,393	378,393	378,393	378,393	217,064	217,064	217,064
Capacity	2,541	2,541	2,541	2,541	2,541	2,541	2,541	2,541	2,541	2,300
Enrollment	1,996	1,996	1,996	1,996	1,996	1,915	1,881	1,841	1,828	1,753
High:										
Buildings	4	4	4	4	4	4	4	4	4	4
Square feet	604,902	604,902	604,902	604,902	604,902	604,902	604,902	604,902	604,902	604,902
Capacity	3,890	3,890	3,890	3,890	3,890	3,890	3,890	3,890	3,890	3,890
Enrollment	3,050	3,050	3,050	3,050	3,050	3,051	2,952	3,010	3,037	2,966
Other:										
Buildings	5	5	5	5	5	5	5	5	6	6
Square feet	156,321	156,321	156,321	156,321	156,321	156,321	156,321	156,321	156,321	156,321
<u>Administrative:</u>										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	30,140	30,140	30,140	30,140	30,140	30,140	30,140	30,140	30,140	30,140
<u>Transportation:</u>										
Garages	1	1	1	1	1	1	1	1	1	1
Buses	95	95	95	95	95	94	95	94	95	95
<u>Athletics:</u>										
Football fields	3	3	3	3	3	3	3	3	3	3
Soccer fields	5	5	5	5	5	5	5	5	5	5
Running tracks	3	3	3	3	3	3	3	3	3	3
Baseball/softball fields	9	9	9	9	9	9	9	9	9	9
Swimming pools	2	2	2	2	2	2	2	2	1	1
Playground	14	14	14	14	14	14	14	14	14	14

Source: District records.