

# City of 7 Wonders

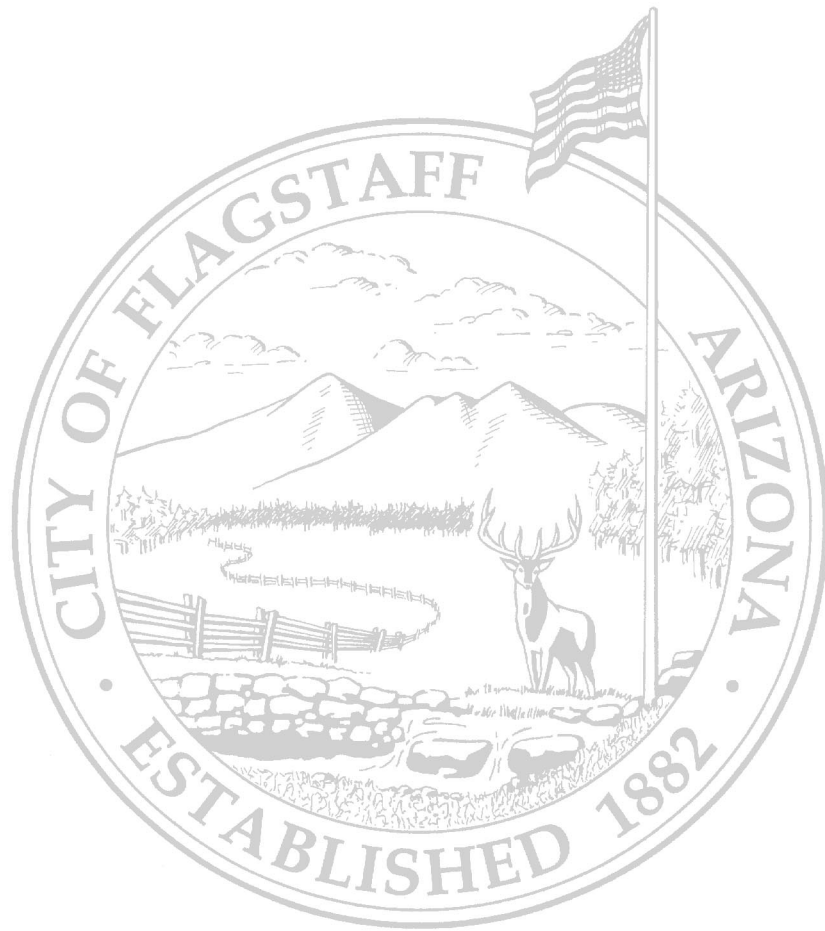
Learn about the Seven Wonders at [discoverflagstaff.com](https://discoverflagstaff.com)



**City of Flagstaff**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**Fiscal Year Ended June 30, 2024**



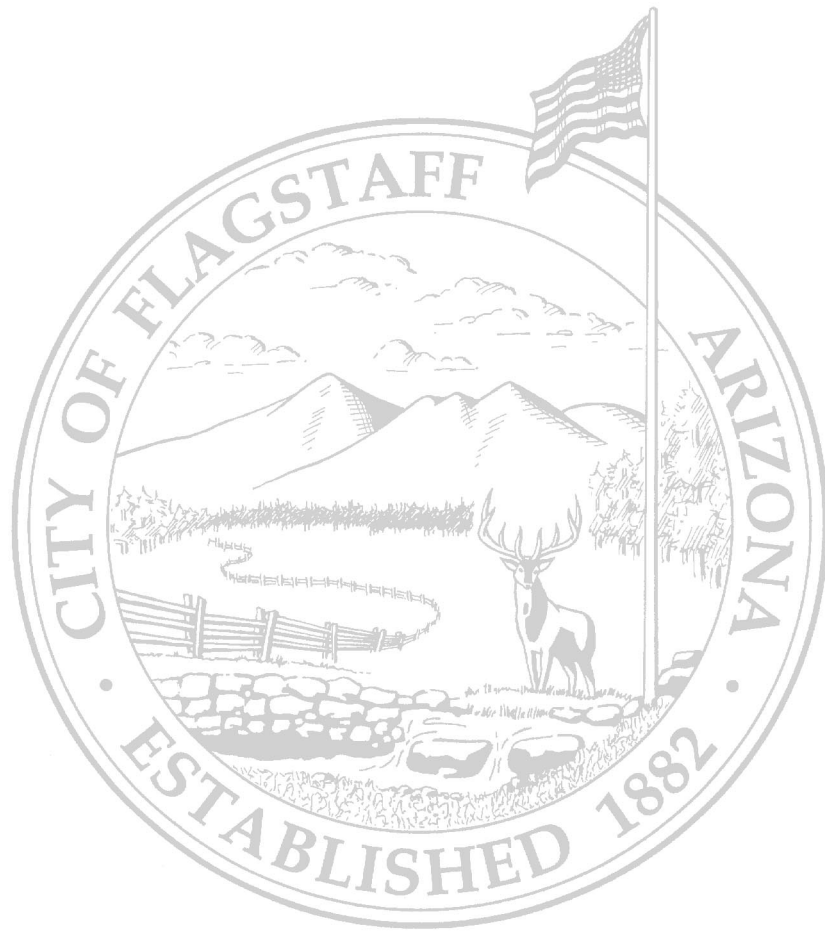
# *Annual Comprehensive Financial Report*

For Fiscal Year Ended  
June 30, 2024

City of Flagstaff, Arizona



**Prepared By:  
Management Services Division  
Finance Section**



**City of Flagstaff**  
**Annual Comprehensive Financial Report**  
**For the Fiscal Year Ended June 30, 2024**

**Table of Contents**

	Page
<b>Introductory Section</b>	
Transmittal Letter .....	iii
GFOA Certificate of Achievement.....	xiii
Organizational Chart.....	xiv
List of Elected and Appointed Officials.....	xv
<b>Financial Section</b>	
Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	5
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Position.....	19
Statement of Activities .....	20
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	22
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Activities.....	25
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	26
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	28
General Fund - Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual.....	30
Highway User Revenue Fund – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual.....	31
Transportation Fund - Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual .....	32
Statement of Net Position – Proprietary Funds.....	34
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds.....	36
Statement of Cash Flows – Proprietary Funds .....	38
Notes to the Financial Statements.....	42
<b>Required Supplementary Information</b>	
Schedule of Proportionate Share of the Net Pension Liability.....	96
Schedule of Changes in Net Pension Liability and Related Ratios .....	98
Schedule of Changes in Net OPEB Asset, Liability and Related Ratios.....	102
Schedule of the City's Pension/OPEB Contributions.....	106
Notes to the Required Supplementary Information.....	108
<b>Combining Statements</b>	
Non-Major Funds – Other Governmental Funds.....	109
Combining Statements and Schedules:	
Combining Balance Sheet – Non-major Governmental Funds.....	112
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds.....	114

## Supplemental Information

Budgetary Comparison Schedules –Governmental Funds	
Housing and Community Services Fund .....	118
COVID Relief Fund.....	119
Library Fund.....	120
Bed Board Beverage Fund .....	121
Parking District Fund.....	122
Water Resource and Infrastructure Protection Fund.....	123
General Obligation Bond Fund.....	124
Secondary Property Tax Revenue Fund .....	125
Pension Bond Fund .....	126
Capital Projects Bond Construction Fund .....	127
Financial Data Submission Schedules	
Net Position Accounts.....	128
Revenue, Expenses and Changes in Fund Net Position Accounts .....	132
Revenue, Expenses and Changes in Fund Net Position Accounts- Public Housing - Consolidated.....	138

## Statistical Section

Net Position by Component .....	142
Changes in Net Position.....	143
Fund Balances, Governmental Funds .....	145
Changes in Fund Balances, Governmental Funds.....	146
Tax Revenue by Source, Governmental Funds.....	147
Intergovernmental Revenue by Source, Governmental Funds .....	148
Full Cash Value of Taxable Property.....	149
City Taxable Revenue for Major Categories.....	150
Direct and Overlapping Property Tax Rates.....	151
Principal Property Tax Payers.....	152
Property Tax Levies and Collections.....	153
Direct and Overlapping Sales Tax Rates.....	154
Ratios of Outstanding Debt by Type .....	155
Ratios of General Bonded Debt Outstanding.....	156
Direct and Overlapping Governmental Activities Debt.....	157
Legal Debt Margin Information .....	158
Pledged Revenue Coverage.....	160
Demographic and Economic Statistics.....	165
Principle Employers .....	166
Full-time Equivalent City Government by Function/Program.....	167
Operating Indicators by Function/Program.....	168
Capital Asset Statistics by Function/Program.....	170
Insurance Summary .....	171



# City of Flagstaff

December 19, 2024

To the Honorable Mayor, City Council and Citizens of the City of Flagstaff, Arizona:

I am pleased to submit the Annual Comprehensive Financial Report for the City of Flagstaff, Arizona for the fiscal year ended June 30, 2024, as required by Article VI, Section 5 of the City Charter. This report is published to fulfill that requirement for the fiscal year ended June 30, 2024.

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City of Flagstaff are protected from loss, theft or misuse and that adequate accounting data is compiled to allow for the preparation of the basic financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Flagstaff's comprehensive framework of internal controls have 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.

Heinfeld, Meech & Co., P.C., a firm of licensed certified public accountants, have issued an unmodified ("clean") opinion on the City of Flagstaff's financial statements for the year ended June 30, 2024. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

## City of Flagstaff Profile

Flagstaff is located in Coconino County, Arizona at the intersection of Interstate 17 and Interstate 40. Flagstaff is the largest city in Northern Arizona and is the regional center and county seat for Coconino County, the second largest county in the 48 contiguous states. The 2024 Arizona Department of Administration population of 80,566. The City of Flagstaff became a town in 1894, incorporated as a city in 1928 and its boundaries currently encompass an area of approximately 66 square miles. Flagstaff is nestled at the base of the San Francisco Peaks and is surrounded by one of the largest ponderosa pine forests on earth. Flagstaff drew its name from a very tall pine tree made into a flagpole in 1876 to celebrate our nation's centennial. At nearly 7,000 feet, Flagstaff is one of the highest elevation cities in the United States.

The City of Flagstaff operates under a council-manager form of government as provided by its Charter. The Mayor is elected at large on a non-partisan ballot for a two-year term and six City

Council members are elected at large on a non-partisan ballot for four-year terms. The City Council appoints the City Manager, who has full responsibility for carrying out City Council policies and administering City operations. The City Manager, in turn, appoints City employees and division heads under service procedures specified by Charter.

The City of Flagstaff provides a full range of services including General Government, Police and Fire Protection, Trash and Recycling Services, Transportation, Library, Parks, Recreation, Airport, Water, Wastewater, Housing Authority and Stormwater services.

The annual budget serves as the foundation for the City of Flagstaff's financial planning and control. The City Council formally adopts the budget and legally allocates, or appropriates, available monies for all funds and entities related to the City of Flagstaff. All funds and entities are included in the basic financial statements. The City Manager submits to the City Council each spring a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. A public hearing is held prior to the budget's final adoption and tax levy in order to obtain taxpayer comments. The budget is legally enacted through the passage of a resolution and the tax levy is adopted by an ordinance. The resolution sets the limit for expenditures during the fiscal year. The legal level of control for the budget is the division level. Additional expenditures may be authorized for unanticipated and/or inadequately budgeted events threatening the public's health or safety as prescribed in Article 9, Section 20 of the State Constitution.

## **Local Economy**

The City of Flagstaff continues to experience positive economic growth in our community. At June 30, 2024, overall General Fund revenues, excluding leases, grants, contributions and other financing resources, were well above the adopted budget for the fiscal year, \$5.6 million over budget. The biggest contributors to the revenue growth were interest income, sales taxes, and building permits. Court collections and charges for services were the only two classes in the General Fund that did not meet budget.

## **Employment**

Flagstaff is a governmental, educational, transportation, cultural and commercial center. Government is one of the largest employment sectors. Major private employers in the Flagstaff area include Flagstaff Medical Center, W. L. Gore and Associates, Walmart, Grand Canyon Railway and Nestle Purina Pet Care. Major public employers in the Flagstaff area include Northern Arizona University (NAU), Flagstaff Unified School District, Coconino County, City of Flagstaff, U.S. Forest Service and Coconino Community College. Northern Arizona University, the largest employer in the City, has a major economic impact annually. It is the home of over 28,468 students in 118 bachelor's degree programs and 15 areas of interest for graduate degree programs. In addition, NAU's year-round use of its campus facilities draws in tourists from throughout the world. Campus activities include a multitude of music, educational and athletic camps, as well as a broad variety of conferences from across the nation.

Tourism is also a large employment sector. Based on a variety of data points, including our trusted partners at Arizona Office of Tourism, the Flagstaff tourism economy is at record levels of visitation and dollars spent. It is estimated that Flagstaff has 5.5 million day and overnight visitors annually. Tourism is a year-round industry attracting skiers in the winter, vacationers in the summer and sightseers viewing the aspens turning gold in the fall.

### **Transaction Privilege Taxes (Sales Taxes)**

Transaction privilege taxes are often referred to as sales taxes. Sales taxes are the largest revenue resource for the City of Flagstaff's General Fund. The City currently has a combined sales tax rate of 2.281%, excluding a tax on food for home consumption (groceries). There is an additional 2% sales tax rate that applies only to transient lodging, restaurants, and bars. This is also known as bed, board, and beverage (BBB) tax. The City of Flagstaff collects four different sales taxes.

#### **General Sales Tax**

The first is a 1% tax on all taxable sales. This is a general-purpose tax that benefits the General Fund. The City of Flagstaff is the only city left in the State of Arizona that has a sunset clause on the general sales tax. At the November 2020 election, voters approved the continuation of the sales tax through June 30, 2035. Per Schedule 5 in the statistical section, the 1% general city sales tax receipts saw an increase of 3.2% compared to the prior fiscal year based on the modified accrual method. The average increase over the past five years is 7.4%. Every sales tax category except Use Tax, Publishing, Job Printing, Transportation, Timber, and Advertising had an increase over prior year. Retail, the largest category for sales tax, grew 2.6% (\$411,400). The City of Flagstaff's Restaurants/Bars categories continued strong growth in FY 2023-2024 by 4.2% and Hotel/Motel/Short Term Rentals where flat over the prior year. Construction Contracting saw the largest growth of the prior fiscal year of 21% (\$558,352). While the state is responsible for collections and auditing, the City continues to work with an external auditor to review tax collections and provide audits. The City continues to follow its' practice to not allocate 100% of sales tax revenues to ongoing budgetary needs due to the potential of fluctuation in recessionary periods.

#### **Bed, Board and Beverage Tax**

Bed, board and beverage (BBB) tax collects an additional 2% for motel rooms/campgrounds, restaurants and bars. This revenue is restricted in use to certain economic development, arts, beautification, parks and recreation or tourism activities. The BBB tax also has a sunset clause and was extended by voters in the November 2024 election to authorize through June 30, 2043. Tourism is a major industry to the City of Flagstaff's local economy. Per Schedule 5, this tax category saw a modest 1.9% increase over the prior year based on the modified accrual method. This is the is after coming of three years of BBB taxes increased in FY 2020-21 through FY 2022-23 of 20.8%, 18.7% and 6.7%, respectively. The average increase over the past five years is 7.4%.

#### **Transportation Taxes**

The transportation tax is a 1.281% sales tax on the same types of general sales; however, the tax is restricted in use to certain transportation projects. Per Schedule 5, this tax category saw a 3.1% increase over the prior year based on the modified accrual method. The four components of this tax include transportation (0.426%), transit (0.295%), road repair and street safety (0.330%), and Butler/Route 66 overpass (0.230%). Revenue trends are the same as the general sales tax. The transit component of the tax was approved by voters during the November 2024 election to extend through June 30, 2040 and increase the rate effective July 1, 2025 from 0.295% to 0.500%. Voters approved the extension of the transportation tax for roadway, pedestrian, bicycle and safety improvements and will expire June 30, 2041. Voters approved a road repair and street safety tax which is set to expire December 31, 2034. Voters approved a tax increase to construct a railroad overpass to connect Route 66 to Butler Avenue which expires June 30, 2039.

## **State Shared Revenues**

*Sales tax, income tax and vehicle registration tax:* State shared revenues include a distribution of a portion of sales tax, income tax and vehicle registration tax collected by the State. A portion of the tax collections is distributed to cities and towns based on relative share of population in comparison with all other cities and towns. The population estimates are based on annual population estimates provided by the US Census Bureau except for census years. State shared sales tax revenues have increased for the fourteenth year in a row with a moderate growth of 1% in FY 2023-2024 these shared revenues. State income tax revenues increased by 37.7%. State shared income taxes are based on two years prior of tax collection, so they generally meet budget expectations. The City of Flagstaff anticipated this increase which was related to a change in the distribution to cities increasing from 15% to 18% as a result in legislative reductions to tax rates. We anticipate an approximately 19% reduction in the FY 2024-25 budget as the tax cuts begin to have an impact. State shared vehicle registration tax revenues increased by 1.9%.

*Highway user revenue (gas tax):* These revenues are distributed based on a complex Arizona Department of Transportation formula, based in part on the amount of fuel purchased in the region. This is a per gallon tax. The City generally benefits from lower gas prices and higher public consumption. Highway user revenues increased by 7.7%. We saw lower gas prices versus prior fiscal year which likely led to more fuel purchased.

Overall, these state shared revenues grew by 15.9% in FY 2023-2024 and 3.7% excluding the large increase in state shared income tax.

## **Property Taxes**

Excluding new construction, total assessed valuations have increased 4.8% for tax year 2023, FY 2023-2024. Including new construction, total assessed valuations increased 5.2% for the tax year. Cities are statutorily allowed to set a primary property tax rate that would allow for 2% annual growth in levy (revenue) plus the additional levy generated from new construction. When the City of Flagstaff does not take advantage of the statutorily allowed 2% annual increase, it does not lose the ability to take the increase in the future. For FY 2024-2025 (tax year 2024) the City of Flagstaff did not adopt a rate that increased our levy by 2% the allowable limit. We are currently at 10% below the maximum allowable levy.

## **Budget Adjustments**

The City Council approved three budget adjustments for FY 2023-2024. A budget adjustment of \$1.1 million was approved to provide funding to the City's incentive funds related to affordable housing. A budget adjustment of \$1.9M was approved to allow for additional contributions to the Public Safety Personnel Retirement for out police plan. The plans were at 97% funded and an additional \$3.2 million was contributed to being the plan back to 100% funded. A budget adjustment of \$9,800 for a division was approved due to personnel costs coming in higher than originally adopted.

These budget adjustments had no adverse financial impact to the City.

## **Additional Information**

The FY 2024-2025 budget was adopted based on conservative estimates due to an uncertain economy related to inflation and potential recession. At budget adoption the City of Flagstaff is anticipating seeing moderate increase in General Fund budgeted revenue in FY 2023-2024 (excluding grants, miscellaneous revenue, rents and other financing sources) by 3% primarily related to our 1% sales tax, our state shared

sales tax revenues and building permits. Through September 2024, sales tax revenues are 11% above prior year to date actuals mainly due to construction and use taxes. State shared income taxes are 19% below prior year to date actuals. The reduction in state shared income taxes were planned as part of the budget adoption due to change to the state income tax rates approved in prior years. The City of Flagstaff increased its overall staffing count by 5.02 full-time equivalencies for the upcoming fiscal year.

Flagstaff is a community that is striving in many areas including science and technology, education, real estate and development, arts and culture, tourism, outdoor activities, transportation and health. NAU is reporting a small increase in student enrollment fall for the Flagstaff campus. Development within the City continues to be very strong in every sector; residential, commercial, industrial, mixed use and subdivisions. There are several subdivisions currently in various stages of development from preliminary plat review to construction. The City operates a municipal airport which has one airline providing service. The airline provides daily service to Phoenix and Dallas. The airport and airlines were greatly impacted during the pandemic. The City was fortunate to receive over \$20 million in federal funding which will be used to cover annual operating costs of the airport and enhance COVID-19 protections. The City is actively seeking additional airline services for the airport.

Our latest public offering occurred in April 2024 for our General Obligation bond issues related to 1) wildfire suppression, stormwater flood mitigation and wastewater treatment infrastructure and 2) creating rental and homeownership opportunities for residents of Flagstaff. Standard and Poor provided a rating of AA Positive and Moody's Rating provided a Aa1 rating. Both agencies showed an improvement to our ratings since the previous General Obligation bond issuance.

## **Public Safety Personnel Pension Financing**

The City of Flagstaff has two separate public safety pension plans that are managed by the Public Safety Personnel Retirement System (PSPRS). While all the PSPRS plans are managed by the State, each plan within PSPRS stands alone by the City of Flagstaff and the employee groups. The two plans for the City of Flagstaff are the PSPRS-Fire and the PSPRS-Police. As of the latest Public Safety Personnel Retirement System (PSPRS) for the reporting period ending June 30, 2023, the Fire pension plan was 102.6% funded and the Police pension plans was 97.7% funded. Due to the Police pension plan falling below 100% funded, the City provided an additional \$3.2 million of a financial contribution in June 2024.

During FY 2020-2021, the City issued \$131.0 million of Certificates of Participation debt to achieve 100% funded plans for police and fire personnel. For the pension financing, the City was able to achieve several key objectives:

- 100% funding of the City's public safety pension plan,
- Reduce annual payments substantially, thereby easing the burden on the City's General Fund,
- Level off future payments (the previous pension actuarial schedule had significant increases in annual debt payments in future years),
- Set up a contingency reserve fund to mitigate the risks of changing markets and actuarial assumptions, and
- Pay off the debt in 20 years versus the original 28-year plan.

The City created a Contingency Reserve Fund Policy which was adopted by ordinance. The policy provides formal direction on rules for investments, rules for reserve fund draws, rules for replenishment of the

reserve funds and sizing of the reserve funds. The City has more than \$15.5 million in its contingency reserve fund to manage changes on our annual actuarial plans.

Annually the City of Flagstaff adopts a PSPRS Pension Funding Policy. The policy demonstrates how the City of Flagstaff will manage and fund our public safety pension plans and maintain plans that are funded at or greater than 100%. During fiscal year 2023-2024, pension returns met the anticipated 7.2% rate of return. Currently we anticipate our pension plans will be above 100% funded to the reporting period ending June 30, 2024. The report is expected to be released in December.

## **Long-Term Financial Planning**

The City's responsiveness to emerging economic challenges and its careful long-range planning have been key factors in the City of Flagstaff's fiscal health. The City of Flagstaff continues to plan in a five-to-ten-year horizon as economic conditions change. Some of these financial plan elements are financial resource planning, multi-year budget planning, strategic capital improvement project planning, financial policy planning and economic recession planning, all of which are further identified below.

### **Financial Resource Planning**

Strategic financial planning begins with determining the City of Flagstaff's fiscal capacity based upon long-term financial forecasts of recurring available revenues. Financial forecasts coupled with financial trend analysis help preserve the fiscal well-being of the City of Flagstaff. Strategic financial capacity planning is a critical element to reach long-term financial stability goals and to determine special financial needs for critical objectives of the City Council.

### **Multi-Year Budget Planning**

Multi-year budget planning encompasses long-range operating expenditure plans (including the operating impacts of capital projects), which are linked to the community expectations and broad goals of the City Council. The multi-year approach provides a better opportunity for staff to change its financial paradigm from what do we need this year to how do we accomplish our service objectives over-time, given our financial capacity. While the City of Flagstaff is required to adopt an annual budget to meet State statutory requirements, the City of Flagstaff builds a financial plan for the next five years to help anticipate future impacts and ensure achievement of City objectives within limited or decreasing resources.

### **Strategic Capital Improvement Project Planning**

City of Flagstaff capital improvement projects are planned for five or more years and analyzed using City of Flagstaff specific prioritization criteria. The operating cost impacts of projects are also planned and considered in developing future operating budget plans. Projects with significant operating impacts are carefully timed to avoid contingent liabilities, which future operating resources cannot meet. Pay-as-you-go funding sources are also conservatively estimated to avoid over-committing to capital construction using revenues that are not certain. To the extent debt financing is used and/or required, capital project plans are sized to conform to existing debt management policies.

### **Financial Policy Planning**

The City of Flagstaff financial policies dictate minimum fund balance levels, as a percentage of operating revenues, for the General, Special Revenue and Enterprise Funds. The General Fund is required to maintain a fund balance of 15% of ongoing revenues. The City has made a commitment to maintain

General Fund balance at 20%, exceeding policy, to position the City better in times of economic decline. Water, Wastewater, Reclaimed Water, and Stormwater funds have a minimum fund balance at 25%. Special Revenue and all other Enterprise Funds are to maintain a 10% fund balance, as calculated against ongoing revenues.

### **Economic Recession Planning**

The City of Flagstaff adopted an Economic Recession Plan for the organization. The purpose of the plan is to help understand the indicator and impacts a reduction in revenues will have on the various funds of the City as well as understanding the roles of unrestricted fund balance and contingencies have in economic planning. The plan further develops remedial action to be taken based on the amount of revenues being impacted. There are five stages of the plan, Alert/Minor, Moderate, Significant, Major and Crisis. The plan was adopted by Council in April 2020.

### **Priority Based Budgeting**

The City is using Priority Based Budgeting related to operational budget for City programs. Priority Based Budgeting is a leading best practice in local governments and a powerful lever for change. ResourceX provides the software solution and powerful analytic tools to implement a Priority Based Budget using data and evidence to transparently and exponentially improve results for citizens and the community.

The underlying philosophy of priority-driven budgeting is about how a government entity should invest resources to meet its stated priorities. It helps us to better articulate why the services we offer exist, what is the price we pay for them, and, consequently, what value they offer citizens. The principles associated with this philosophy of budgeting are: to prioritize services, do the important things well, look at and evaluate past patterns of spending, spend within the organization's means, know the true cost of doing business, provide transparency of community priorities, provide transparency of service impacts and to be accountable for the results.

During calendar year 2023, staff did extensive outreach with the community to review, refresh and amend the Key Community Priorities and Objectives. Based on all the comment provided, we worked with City Council to provide and updated list which was approved November 2023.

### **Key Community Priorities and Objectives**

Below are the Key Community Priorities and Objectives for the City of Flagstaff:

#### **High Performing Governance**

- Serve the public by providing high quality customer service.
- Cultivate community communication engagement practices that are clear, consistent, and timely.
- Encourage public trust through transparency, accessibility, and use of the City's public participation policy.
- Maintain the organization's fiscal stability and through strong financial policies and best practices.
- Implement and communicate innovative and efficient local government programs, new ideas, and best practices.
- Be an inclusive employer of choice by providing employees with the necessary tools, training, support, and compensation.

### **Safe and Healthy Community**

- Enhance community engagement and strengthen relationships between the community and public safety services.
- Support social services, community partners and housing opportunities.
- Provide and build upon the alternative response model, and other community partnerships to best serve the mental and behavioral health needs of the community.
- Provide public safety services with resources, staff, and training responsive to the community's needs.
- Promote physical and mental well-being through providing recreational opportunities, parks, open space, and active transportation options.
- Ensure the built environment is safe through the use of consistent standards as well as best practices for building and land use.

### **Inclusive and Engaged Community**

- Proactively foster community representation and civic engagement by enhancing opportunities for public involvement, in line with best practices.
- Advance social equity and social justice in Flagstaff by supporting social services.
- Facilitate and foster equity, diversity, and inclusivity, including support of trauma-informed policies and practices.
- Enhance the City's involvement in community, education, and regional partnerships to strengthen the level of public trust.
- Ensure City facilities, services, and programs are accessible for all residents and representative of Flagstaff's diverse community.
- Promote environmental justice and the fair distribution of environmental benefits.

### **Sustainable, Innovative Infrastructure**

- Deliver outstanding services to residents through a healthy, well-maintained infrastructure system.
- Utilize existing long-range plans that identify the community's future infrastructure needs and all associated costs.
- Provide, manage, and maintain effective infrastructure for multimodal and active transportation.
- Facilitate and develop carbon-neutral energy opportunities.
- Support the community's social infrastructure needs; assist those partner organizations that provide services the City does not.

### **Robust Resilient Economy**

- Support and strengthen a robust, diverse, and sustainable economy.
- Maintain and enhance an equitable and effective business recruitment, retention, and expansion program throughout the community.
- Enhance understanding between the development community, the City and Flagstaff residents.
- Attract employers that provide high quality jobs and have a low impact on infrastructure and natural resources.
- Enhance the community's workforce housing and development programs; improve partnerships with the private and public sectors.
- Embrace and invest in responsible tourism opportunities to promote economic development.

## **Livable Community**

- Create a welcoming community through partnerships, resilient neighborhoods, and civic engagement.
- Provide amenities and activities that support a healthy lifestyle.
- Work with regional partners that provide equitable and inclusive educational and cultural opportunities for Flagstaff residents of all ages.
- Actively support attainable and affordable housing through the City's 10-Year Housing plan as well as other projects and opportunities.
- Support diverse employment opportunities and high-quality jobs.
- Achieve a well-maintained community through comprehensive and equitable code compliance and development.

## **Environmental Stewardship**

- Promote, protect, and enhance a healthy, sustainable environment and its natural resources.
- Engage community members through education and volunteer opportunities.
- Implement sustainable building practices, enhance waste diversion programs, alternative energy programs and multi-modal transportation options.
- Encourage the private sector's investment in environmental stewardship.
- Implement, maintain and further the Carbon Neutrality Plan (CNP) with awareness of social inequities.
- Strengthen Flagstaff's resilience to climate change impacts on built, natural, economic, health, and social systems.

## **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Flagstaff for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2023. This was the 30<sup>th</sup> consecutive year that the City has achieved this prestigious award. In order to receive a Certificate of Achievement, the City had to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current ACFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA's Distinguished Budget Presentation Award for our fiscal year 2023-2024 annual budget (30 years in a row). To qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide and a communications device.

The preparation of this report would not have been possible without the skill, effort and dedication of the entire staff of the Management Services Division. A special note of appreciation is given to Brandi Suda, Finance Director, Heidi Derryberry, Assistant Finance Director, Martin Donohoe, Assistant Finance Manager, and the dedicated staff in Finance for their efforts to prepare this year's report. The hard work of staff brings together a document that consistently receives recognition of its quality. We wish to thank

all government divisions for their assistance in providing the data necessary to prepare this report. Credit also is due to the Mayor and Council for their support for maintaining the highest standards of professionalism in the management of the City of Flagstaff finances.

Respectfully submitted,



Rick Tadder  
Management Services Director/City Treasurer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

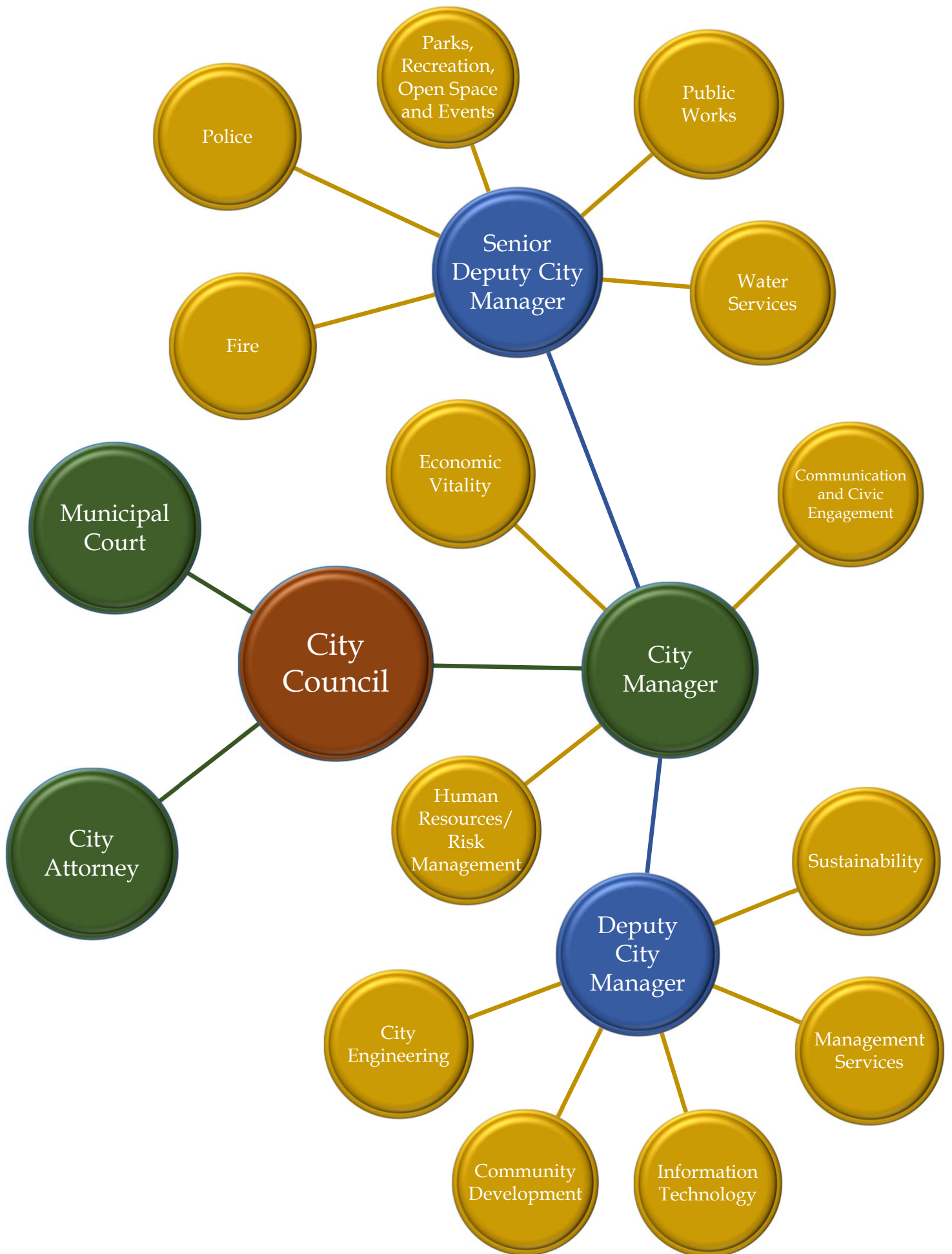
**City of Flagstaff  
Arizona**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO



**City of Flagstaff, Arizona**  
**List of Elected and Appointed Officials**  
**June 30, 2024**

**Elected Officials**

Mayor ..... Becky Daggett  
Vice Mayor ..... Austin Aslan  
Councilmember ..... Deborah Harris  
Councilmember ..... Khara House  
Councilmember ..... Lori Matthews  
Councilmember ..... Jim McCarthy  
Councilmember ..... Miranda Sweet

**Appointed Officials**

City Manager..... Greg Clifton  
City Attorney ..... Sterling Solomon  
City Treasurer ..... Rick Tadder  
City Clerk..... Stacy Saltzburg



## **Independent Auditor's Report**

Honorable Mayor and Members of the City Council  
City of Flagstaff, Arizona

### **Report on Audit of Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Flagstaff, Arizona (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the budgetary comparison information for the General Fund, Highway User Revenue Fund, the Transit Tax Fund, and the aggregate remaining fund information of the City of Flagstaff, Arizona, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of City of Flagstaff, Arizona, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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 City's ability to continue as a going concern for a reasonable period of time.

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

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, net pension liability information, and other postemployment benefit plan information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining and Individual Fund Financial Statements and Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements and Schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### *Other Information*

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2024, on our consideration of City of Flagstaff, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Flagstaff, Arizona's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Flagstaff, Arizona's internal control over financial reporting and compliance.

*Heinfeld Meech & Co. PC*

Heinfeld, Meech & Co., P.C.  
Flagstaff, Arizona  
December 19, 2024



## Management Discussion and Analysis

As management of the City of Flagstaff (the City), we offer readers of the City's Financial Statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iii -xii of this report.

### Financial Highlights

- The City's total net position at the close of the most recent fiscal year is \$922.2 million.
- The government's total net position increased by \$99.1 million during the fiscal year. This is a result of an increase in net position in the governmental activities of \$52.5 million and an increase in net position in the business type activities of \$46.6 million.
- As of June 30, 2024, the City's governmental funds reported combined ending fund balances of \$293.5 million, an increase of \$63.6 million in comparison to the prior fiscal year. Approximately 25.5% of this total amount \$74.9 million is unassigned fund balance available for spending at the government's discretion.
- As of June 30, 2024, total unassigned fund balance for the General Fund was \$75.4 million, or 89.5% of total General Fund expenditures (\$84.2 million).
- As of June 30, 2024, the City's proprietary funds reported combined total net position of \$456.2 million, and total unrestricted of \$73.6 million. The largest unrestricted component of net position is in the Water and Wastewater Fund (\$58.9 million).

### Overview of The Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: (1) Government-wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to the Financial Statements. This report also contains other Supplemental 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 City's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the City's assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, which equal net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the 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 such as revenues pertaining to uncollected taxes or expenses pertaining to earned but unused vacation leave.

Both Government-wide Financial Statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The sections are demonstrated in the table on the following page.

Governmental Activities		Business-type Activities
Beautification	Human Resources	Airport
Cemetery	Information Services	Environmental Services
City Attorney	Library	Housing Authority
City Council	Municipal Courts	Stormwater
City Manager	Parks	Wastewater
Community Development	Police	Water
Economic Development	Recreation	
Facilities Maintenance	Risk Management	
Financial Services	Streets and Transportation	
Fire	Tourism	
Fleet Management		

The Government-wide Financial Statements can be found on pages 19-21 of this report.

### Fund Financial Statements

The Fund Financial Statements are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into two categories: Governmental Funds and Proprietary Funds.

#### Governmental Funds

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating 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 City maintains several individual governmental funds organized according to their type (Special Revenue, Capital Projects and Debt Service). 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, Highway User Revenue Fund (HURF), and Transportation Tax Fund, which are all considered major funds. Data from the remaining governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of Combining Statements on pages 111-114.

The City adopts an annual appropriated budget for its General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds and Enterprise Funds. A budgetary comparison statement has been provided for the General and Special Revenue major governmental funds to demonstrate compliance with the respective budgets.

The basic Governmental Fund Financial Statements can be found on pages 22-32 of this report.

## **Proprietary Funds**

Proprietary Funds are generally used to account for services for which the City charges customers – either outside customers, or divisions of the City. Proprietary Funds provide the same type of information shown in the Government-wide Financial Statements, only in more detail. The City maintains the following two types of proprietary funds:

- **Enterprise Funds** are used to report the same function presented as business-type activities in the Government-wide Financial Statements. The City uses Enterprise Funds to account for Water and Wastewater, Airport, Environmental Services, Stormwater and the Housing Authority. All are major funds of the City except for the Housing Authority Funds.
- **Internal Service Funds** are used to report activities that provide supplies and services for certain City programs and activities. The City uses an Internal Service Fund to account for its workers compensation, health insurance, other risk related activity, including claims adjustment, and general liability and property insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the Government-wide Financial Statements. The Internal Service Fund is combined into a single, aggregated presentation in the Proprietary Fund Statements.

The Basic Proprietary Fund Financial Statements can be found on pages 34-41 of this report.

## **Notes to the Financial Statements**

The Notes to the 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 the Financial Statements can be found on pages 42-93 of this report.

## **Combining Statements**

The Combining Statements referred to earlier in connection with non-major governmental funds and proprietary funds are presented on pages 112-115.

## **Other Information**

In addition to the Basic Financial Statements and accompanying Notes to the Financial Statement, this report also presents certain Required Supplemental Information regarding the City's pension and other post-employment benefits as well as other Supplemental Information concerning the City's budgetary comparison of non-major governmental funds and financial data submission schedules. Required Supplemental Information can be found on pages 96-108 and Other Supplemental Information on pages 118-140 of this report.

## **Government-wide Statements Financial Analysis**

### **Analysis of Net Position**

As noted earlier, net position may serve as a useful indicator of a government's financial position. For the City, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$922.2 million as of June 30, 2024.

Of the City's Net Position, 78.3% reflects its investment of \$722.4 million in capital assets (e.g., land, buildings and equipment), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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 liquidated for these liabilities.

**Net Position**  
**June 30, 2024 and 2023 (in thousands of dollars)**

	Governmental Activities		Business-type Activities		Total	
	2023-2024	2022-2023	2023-2024	2022-2023	2023-2024	2022-2023
Current and other assets	\$ 337,714	\$ 268,402	\$ 120,426	\$ 93,900	\$ 458,140	\$ 362,302
Capital assets	401,844	381,820	435,790	393,525	837,634	775,345
Total assets	<u>739,558</u>	<u>650,222</u>	<u>556,216</u>	<u>487,425</u>	<u>1,295,774</u>	<u>1,137,647</u>
Total deferred outflows of resources	20,514	15,761	2,521	2,917	23,035	18,678
Long-term liabilities	230,518	207,114	74,977	61,778	305,495	268,892
Other liabilities	44,446	36,546	20,163	11,553	64,609	48,099
Total liabilities	<u>274,964</u>	<u>243,660</u>	<u>95,140</u>	<u>73,331</u>	<u>370,104</u>	<u>316,991</u>
Total deferred inflows of resources	19,153	8,887	7,380	7,388	26,533	16,275
Net investment in capital assets	341,358	326,644	381,036	361,088	722,394	687,732
Restricted	192,440	163,988	1,539	1,876	193,979	165,864
Unrestricted	(67,843)	(77,196)	73,642	46,659	5,799	(30,537)
Total net position	<u>\$ 465,955</u>	<u>\$ 413,436</u>	<u>\$ 456,217</u>	<u>\$ 409,623</u>	<u>\$ 922,172</u>	<u>\$ 823,059</u>

Total assets increased mainly due to the net change in capital assets, cash, investments and equivalents and Total liabilities increased primarily due to increases in bonds, notes and lease payables.

A portion of the City's net position, \$194.0 million (21.0%), represents resources that are subject to external restriction on how they may be used. The unrestricted component of net position may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reported positive balances in two categories of net position for governmental and all categories for business-type activities.

Current assets for governmental activities have increased by 25.8% \$69.3 million. The largest increase was in restricted cash and investments \$41.8 million related to a bond issuance in the Capital Projects Bond Construction Fund. Other increases include cash, investments and equivalents \$15.5 million and lease receivable \$8.4 million. These increases were offset by decreases in net pension assets caused by for changes in actuarial assumptions and negative market returns. Capital assets, non-depreciable increased \$19.3 million due to several large capital projects were in progress during the fiscal year.

Deferred outflows of resources for the governmental activities have increased \$4.8 million and is mainly related to the pension/OPEB related activity. Deferred inflows of resources for the governmental activities have increased \$10.3 million related to the pension/OPEB related deferred activity.

Capital assets of the governmental activities, funded through operations, debt proceeds, grants and contributions increased by 5.2% \$20.0 million due to several large capital outlays and capital contributions net of depreciation and amortization expense of \$16.3 million.

Governmental activities long-term liabilities increased by 11.3% \$23.4 million mainly due to a \$23.1 million in bonds, notes, subscription and lease payables and net pension liability \$2.0 million offset by an decrease in net OPEB liability of (\$2.3 million).

Total assets for business-type activities have increased by 14.1% \$68.8 million mainly due to an increase in capital assets \$42.3 million.

Total liabilities for business-type activities increased by 29.7% \$21.8 million. Major changes include a increase in bonds, notes, subscription and lease payable of \$13.6 million and accounts payable of \$6.4 million which was partially offset by decrease in net pension liability of (\$656,000) and net OPEB obligation (\$492,000).

Overall, the business-type net position has increased by 11.4% \$46.6 million due mainly to an increase of \$19.9 million in net investment in capital assets. The changes are primarily in the stormwater and water and wastewater fund.

### Analysis of Change in Net Position

The City's overall net position has increased by \$99.1 million during the current fiscal year. These increases are explained in the governmental and business-type activities discussion to follow.

**Changes in Net Position**  
For the Years Ended June 30, 2024 and 2023 (in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2023-2024	2022-2023	2023-2024	2022-2023	2023-2024	2022-2023
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 12,595	\$ 12,524	\$ 57,448	\$ 54,104	\$ 70,043	\$ 66,628
Operating grants and contributions	12,066	8,457	18,077	11,907	30,143	20,364
Capital grants and contributions	18,497	16,130	32,130	8,520	50,627	24,650
General Revenues:	-	-	-	-	-	-
Property taxes	15,806	15,343	-	-	15,806	15,343
Sales taxes	83,502	81,305	-	-	83,502	81,305
State shared taxes	36,569	30,874	-	-	36,569	30,874
Investment earnings	12,632	4,061	4,191	2,441	16,823	6,502
Other	1,541	741	167	199	1,708	940
Total revenues	<u>193,208</u>	<u>169,435</u>	<u>112,013</u>	<u>77,171</u>	<u>305,221</u>	<u>246,606</u>
<b>Expenses</b>						
General government	31,282	24,483	-	-	31,282	24,483
Public safety	44,099	37,169	-	-	44,099	37,169
Public works	3,159	2,390	-	-	3,159	2,390
Economic and physical development	13,450	11,687	-	-	13,450	11,687
Culture and recreation	17,329	15,847	-	-	17,329	15,847
Highways and streets	23,302	20,299	-	-	23,302	20,299
Interest on long-term debt	4,238	4,357	-	-	4,238	4,357
Water	-	-	20,300	21,614	20,300	21,614
Wastewater	-	-	9,989	10,300	9,989	10,300
Environmental	-	-	16,813	17,923	16,813	17,923
Airport	-	-	7,495	6,333	7,495	6,333
Housing Authority	-	-	10,671	9,600	10,671	9,600
Stormwater	-	-	3,991	3,716	3,991	3,716
Total expenses	<u>136,859</u>	<u>116,232</u>	<u>69,259</u>	<u>69,486</u>	<u>206,118</u>	<u>185,718</u>
Increase in net position before contributions and transfers	56,349	53,203	42,754	7,685	99,103	60,888
Principal contributions to permanent fund	10	12	-	-	10	12
Transfers	(3,840)	567	3,840	(567)	-	-
Change in net position	<u>52,519</u>	<u>53,782</u>	<u>46,594</u>	<u>7,118</u>	<u>99,113</u>	<u>60,900</u>
Net position at beginning of year	413,436	359,654	409,623	402,505	823,059	762,159
Net position at end of year	<u>\$ 465,955</u>	<u>\$ 413,436</u>	<u>\$ 456,217</u>	<u>\$ 409,623</u>	<u>\$ 922,172</u>	<u>\$ 823,059</u>

### Governmental Activities

Governmental activities increased the City's net position by \$52.5 million. The key factors for this increase are as follows:

- Revenues exceeded expenses by \$56.3 million as compared to last year of \$53.2 million.
- Charges for services increased 0.6% (\$71,000) related primarily to increases in the general fund licenses and permit fees.
- Operating grants and contributions increased 42.7% (\$3.6 million) due primarily increases in new and existing grants including Arizona 9-1-1 which increased (\$617,000) and Assistance to Firefighters Grant Regional Training which increased (\$379,000).
- Capital grants and contributions increased 14.7% (\$2.4 million) mainly due to developer and other partner contributions to transportation improvement projects.
- Property taxes increased 3.0% (\$463,000) mainly due to an increase in City secondary property taxes levied for debt service.

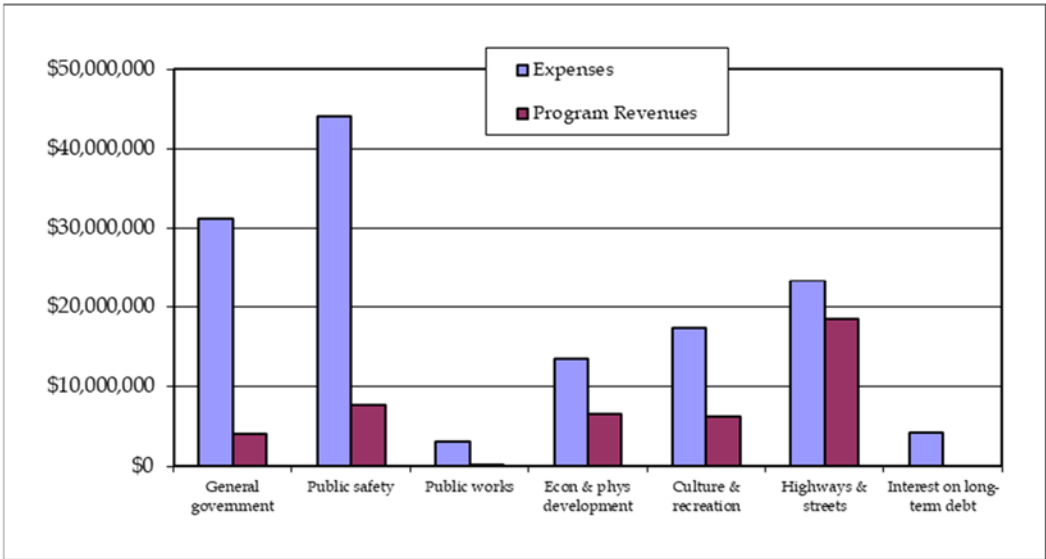
- City sales tax revenues increased by 2.7% (\$2.2 million) mainly due to increases in sales tax revenues related to increased consumer spending, thriving local businesses, and a robust economy fostering heightened commercial transactions.
- State shared taxes had a 18.4% (\$5.47 million) increase due mainly to increases in state shared income tax to timing of income tax return and a strong economy.
- Expenses have increased by \$20.6 million (17.7%). The increases were in general government (\$6.8 million), public safety (\$6.9 million), public works (\$769,000), economic and physical development (\$1.8 million), culture and recreation (\$1.5 million) and highways and streets (\$3.0 million). The decrease was in interest on long-term debt (\$119,000).

**Business-type Activities**

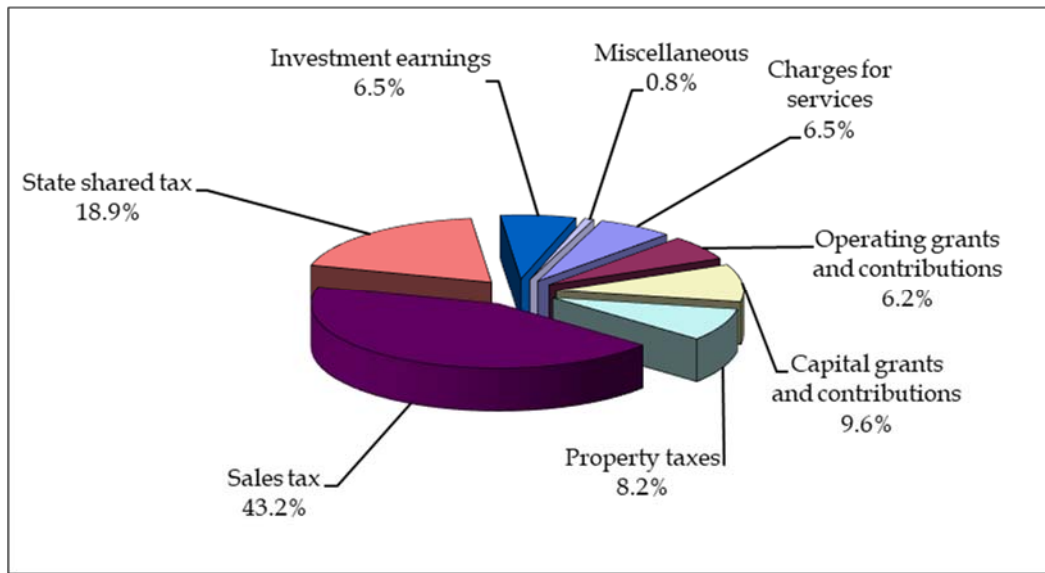
Business-type activities had a net position increase of \$46.6 million. The key factors for this increase include:

- Charges for service have increased by 6.2% (\$3.4 million). Funds with large increases include Water and Wastewater (\$1.6 million), Stormwater (\$1.2 million) and Environmental Services (\$712,000).
- Operating grants and contributions have increased by 51.8% (\$6.1 million) due to increase in Stormwater (\$4.6 million) and The Housing Authority (\$887,000).
- Capital grants and contributions have increased by 277.1% (\$23.6 million) due to increases in utility capacity fees and developer contributed capital.
- Expenses have decreased over the prior year by 0.3% (\$206,000). There were decreases in Water (\$1.3 million), Environmental Services (\$1.1 million), which was partially offset by a increase in Airport (1.1 million).

**Expenses and Program Revenues by Function - Governmental Activities**



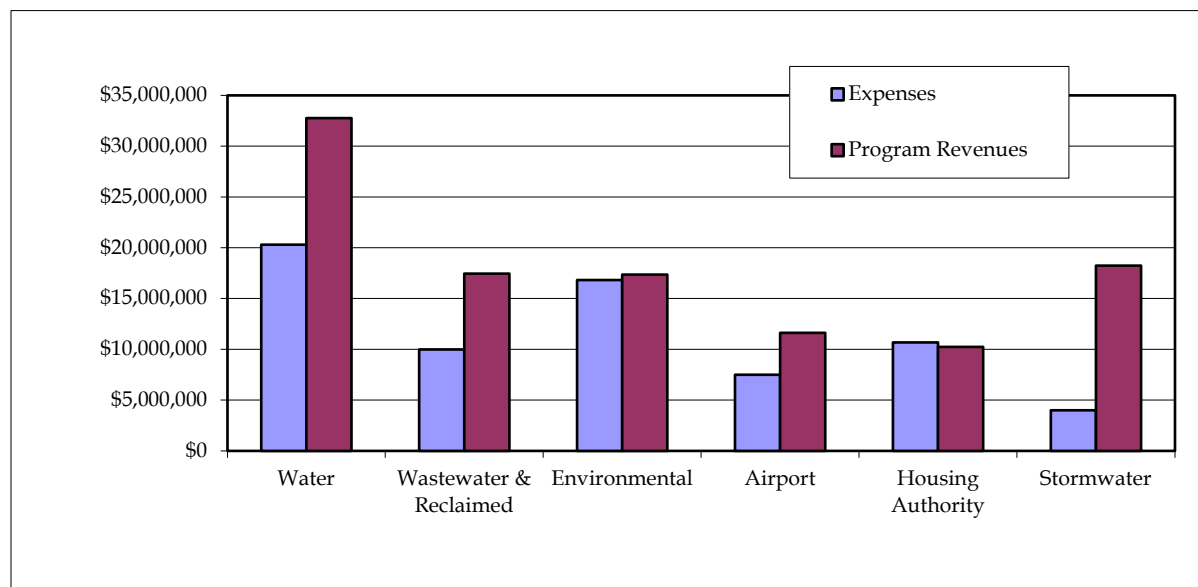
## Revenues by Source - Governmental Activities



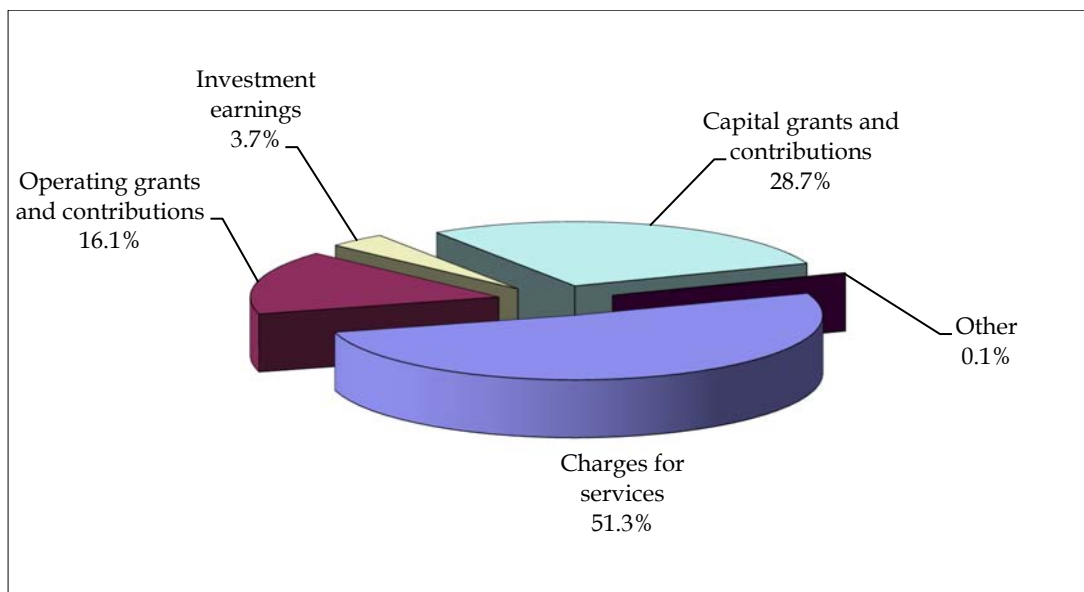
As shown, Public Safety is the largest function as measured by expense (\$44.1 million, 32.2%) followed by General Government (\$31.3 million, 22.9%) and Highways and Streets (\$23.3 million, 17.0%).

General revenues such as sales taxes, state shared taxes and property taxes are not shown by program but are effectively used to support program activities citywide. For governmental activities overall, without regard to program, sales tax is the largest single source of funds (\$83.5 million, 43.2%), followed by state shared tax (\$36.6 million, 18.9%) and capital grants and contributions (\$18.5 million, 9.6%). The top three revenues make up 71.7% of total revenues compared to last year's top three of 75.7%. The top three revenues last year were sales tax, state shared tax and operating grants and contributions.

## Expenses and Program Revenues by Functions - Business-type Activities



## Revenues by Source – Business-type Activities



As shown, Water has expenses of \$20.3 million for the fiscal year, followed by Environmental Services with \$16.8 million, Housing Authority with \$10.7 million, Wastewater and Reclaimed with \$10.0 million, Airport with \$7.5 million and Stormwater with \$4.0 million. For the fiscal year, program revenue exceeded expenses for the Water, Wastewater and Reclaimed, Stormwater, and Airport. Program expenses exceeded program revenue in the Housing Authority Fund. Water, Wastewater and Reclaimed, and Environmental Services received most of their program revenues through charges for services (57.5%, 70.3%, and 92.3% respectively). The Airport and Housing Authority funds receive most of their program revenue through operating grants and contributions (44.1%, and 76.0% respectively). The Stormwater Fund receive most of its program revenue through capital grants and contributions (39.8%). Charges for services provided the largest share of revenues (53.4%) for all the business-type activities, followed by capital grants and contributions (29.8%) and operating grants and contributions (16.8%).

The expenses for the business-type activities decreased (0.3%, \$206,000). There were decreases in Water (6.1%, \$1.3 million), Environmental Services (6.2%, \$1.1 million), which was partially offset by an increase in Airport (18.4%, \$1.2 million) and the Housing Authority (11.4%, \$1.1 million).

The garbage collection user fees rates were increased on January 3, 2023, Water & Wastewater user fees were last increased on January 1, 2020 and Stormwater user fees on January 1, 2024. Water, Wastewater, Environmental Services, Airport, and Stormwater increased charges for service revenue at 6.8%, 3.5%, 4.6%, 10.7% and 24.7%, respectively. Housing Authority for service revenues decreased by 14.5% over the prior year.

### Financial Analysis of the City's Funds

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

### Governmental Funds

The focus of the City's Governmental Funds is to provide information on near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. 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. Types of Governmental Funds reported by the City include the General Fund, Special Revenue Funds, Capital Project Funds and Debt Service Funds.

At the end of the fiscal year, the City's Governmental Funds reported combined ending fund balances of \$293.5 million, an increase of \$63.6 million in comparison to the prior year. Approximately \$74.9 million of the total ending fund balance constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is (1) nonspendable \$5.7 million for prepaid items, inventory and perpetual care, (2) restricted \$201.0 million for special revenue funds, debt service, development fee projects, court improvements and operations, grant purposes, perpetual care and capital projects, and (3) assigned (\$11.9 million) for court services, capital reserves, parking district and real estate.

Revenues for governmental functions overall totaled \$186.1 million in the fiscal year ended June 30, 2024, which represents an increase of 10.8% or \$18.1 million from the prior fiscal year. Several revenue categories show increases over prior year including taxes, intergovernmental, contributions and investment earnings. These increases include taxes (2.8%, \$2.7 million), intergovernmental (17.4%, \$6.4 million), investment earnings (213.6%, \$8.4 million), and grants and entitlements (29.5%, \$3.7 million). The increase in taxes is due to steady growth in our local economy. Investment earning increase do to larger positive economic forces in the larger economy. The city recently received increased grant awards resulting in the increase in grants and entitlements. The major decreases in revenue categories include contributions (65.2%, \$3.3 million), and charges for services (5.8% \$353,000)

Expenditures for governmental functions (\$170.0 million) increased by 16.8% (\$24.5 million) from the prior fiscal year. The increase in expenditures is related capital expenditures (16.9%, \$5.2 million), general government (30.7%, \$7.2 million), public safety (19.0%, \$6.7 million), culture and recreation (10.3%, \$1.4 million), economic and physical development (16.1%, \$1.8 million), public works (43.0%, \$744,000), and highways and streets (42.1%, \$3.8 million). Capital expenditures have risen due to several large transportation projects entering the construction phase, resulting in higher expenditure compared to the prior year. General government expenditures increased due to major environmental service projects costing \$2.7 million and an increase of \$3.2 million for service partner contracts. Public safety expenses grew primarily because of an additional \$3.2 million pension contribution and increased salaries and overtime costs.

In the fiscal year ended June 30, 2024, revenues exceeded expenditures for governmental functions by approximately \$16.1 million.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$75.4 million. As a measure of liquidity, it may be useful to compare total unassigned fund balance and total fund balance to total fund expenditures. The unassigned fund balance represents 89.5% of General Fund expenditures.

The total fund balance in the City's General Fund increased by \$10.0 million during the fiscal year as revenue increased 17.9% and expenditures increased 18.6%. Overall, the General Fund's performance resulted in revenues in excess of expenditures in the fiscal year ended June 30, 2024, of \$15.6 million. This is a increase of approximately \$1.9 million over the comparable figure from the prior year which resulted in revenue in excess of expenditures of \$15.6 million. This increase from prior year was a result of increases in investment earnings of \$5.3 million and intergovernmental \$6.3 million resulting from continued growth in the economy and increases in state urban revenue share, respectively. These increases in revenue were partially offset by increases in expenditures in public safety (\$6.3 million), general government (\$4.1 million), and economic and physical development (\$1.2 million).

HURF Fund balance increased by \$2.8 million or 20.3%. Revenues decreased \$382,000 or 3.3% due mainly to an decrease in contributions. Expenditures increased \$618,000 or 4.0% due to various street improvements and capital projects. Other finance sources and uses increased \$319,000 due to increase in transfers in from Transportation Fund to support capital outlay within the HURF fund.

Transportation Fund balances increased by \$8.3 million. Revenues increased \$483,000 million due to taxes \$1.1 million and \$1.5 million investment earnings and contributions which was partially offset do a decrease in contributions of \$2.2 million. Expenditures increased due to increases in general government

\$2.2 million and \$4.6 million highways and streets spending partially offset but a decrease in capital outlay expenditures of \$4.9 million. Other financing uses increased \$1.5 million to fund transportation projects in the HURF fund. Transportation taxes increased due to increased sales activity during the current year and an increase in interest rate and available cash accounts for increase in investment earnings.

Nonmajor governmental fund balance increased by \$42.4 million. This increase in fund balance is primarily due a bond issuance in the Capital Projects Bond Construction Fund for \$40.2 million.

### **Proprietary Funds**

The City's Proprietary Funds provide the same type of information found in the Government-wide Financial Statements, but in more detail. At the end of the fiscal year, the unrestricted component of net position had positive balances for Water and Wastewater, Environmental Services, and Housing Authority. Airport also deficit unrestricted balance due to increase in investment in capital improvements at the Airport. The Internal Service Fund, which is used to account for risk management and health insurance activities, had an unrestricted net position of \$11.2 million.

Revenues and transfers exceeded expenses and transfers out in the proprietary funds by \$46.2 million for the fiscal year ended June 30, 2024. Water and Wastewater, Stormwater, Airport and Environmental Services had growth in their net position for the fiscal year ended June 30, 2024. A major part of the overall increase was related to capital contributions related to internal sources and external sources (\$15.8 million), capital contributions from grants (\$14.3 million) and grants and entitlements (\$6.2 million). Increases in internal and external sources stem from a rise in developer donations, contributing \$4.7 million to Water and Wastewater and \$1.9 million to Stormwater. Additionally, grant activity across all proprietary funds saw significant growth due to the award of new grants and the commencement of construction on existing grant-funded projects.

### **Budget Highlights**

The City's final budget matches the original budget which was approved by Council in June 2023. The City looks at the budget to actual at the division level and no division exceeded its appropriation. During fiscal year 2024 Police and City Manager exceeded their appropriations. There were four revenue transfers that were greater than budgeted. A General fund transfer from BBB-Tourism Fund (\$26,000), a Non GO Bond Fund Transfer from General Fund (\$86,000), a HURF fund transfer from Safety Improvement Fund (\$6,000), Stormwater transfer from Water (\$32,000).

The General Fund was 14.1% (\$15.8 million) under the final budgeted total revenues primarily due to grants and entitlements (\$22.4 million) offset by taxes (\$1.5 million), intergovernmental revenues (\$1.7 million), and investment earnings (\$2.0 million).

Expenditures are under budget in all divisions due to controlled spending and carryover of some capital projects. The divisions that are under budget by larger amounts are related to capital purchases or projects budgeted but not completed. Transfers in are more than budget while transfers out were less than budget as many transfers are based on the actual year end expenditure, except for the transfers noted above.

## Capital Assets and Debt Administration

### Capital Assets

The City's capital assets (net of accumulated depreciation) for governmental and business-type activities as of June 30, 2024, amount to \$837.6 million. They include land, buildings, infrastructure, improvements, machinery and equipment, and construction in progress. The total net increase in capital assets for the current year was 8.0% (\$62.3 million). The following table reflects the capital assets at year end.

**Capital Assets, Net of Depreciation/Amortization**  
June 30, 2024 and 2023 (in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2023-2024	2022-2023	2023-2024	2022-2023	2023-2024	2022-2023
Land and other non-depreciable assets	\$ 76,813	\$ 74,266	\$ 21,954	\$ 19,965	\$ 98,767	\$ 94,231
Buildings	84,372	86,714	37,311	39,123	121,683	125,837
Improvements	3,901	4,019	281,068	258,676	284,969	262,695
Machinery and equipment	18,569	14,205	23,272	22,113	41,841	36,318
Infrastructure	168,628	152,937	-	-	168,628	152,937
Construction in progress	48,987	49,179	72,174	53,625	121,161	102,804
Right to use subscription asset	544	291	11	22	555	313
Right to lease asset: buildings	30	209	-	-	30	209
Right to lease asset: land	-	-	-	1	-	1
Total	<u>\$ 401,844</u>	<u>\$ 381,820</u>	<u>\$ 435,790</u>	<u>\$ 393,525</u>	<u>\$ 837,634</u>	<u>\$ 775,345</u>

Construction-in-progress had a net increase of 19.9% (\$18.3 million) and improvements had a net increase of (\$22.2 million). Major construction-in-progress includes the Inner Basin Pipeline (\$8.7 million) and the Beulah/University Realignment (\$8.2 million), Lone Tree Overpass (\$3.9 million), Grandview (\$5.1 million), Rio de Flag Flood Control Project (\$1.2 million), Landfill Road Improvements (\$3.8 million), Cell D Excavation (\$2.9 million) and Lockett/Fourth Street Roundabout (\$4.4 million). These were partially offset by the completion of the RR&SS Utility Replacement Coconino Estates Phase I and II for (\$15.9 million). The increase in improvements is related to the following projects being completed Coconino Estates Phase II Water Main (\$2.6 million), Soliere Waterline (\$3.1 million), Switzer Canyon Transmission Line Phase 4 (\$5.8 million), Coconino Estates Phase II Sewer Main (\$1.1 million) and donations from the Canyon Del Rio Project totaling (\$3.5 million). The increase in machinery and equipment (\$5.5 million) is mainly due several vehicle purchases. Infrastructure increase (\$15.7 million) is due mainly to the completion of The Fourth Street Bridge (\$8.9 million) and Coconino Estates Phase I and II (\$9.2 million) which was partially offset by depreciation. The decrease to buildings (\$4.1 million) is related to depreciation

For Government-wide Financial Statement presentation, all depreciable capital assets are depreciated from acquisition date to the end of the current fiscal year. Fund Financial Statements record capital asset purchases as expenditures. Please refer to Note III C on pages 59-60 of the Notes to the Financial Statements for further information regarding capital assets.

### Long Term Debt

At the end of the current fiscal year, the City had total long-term debt outstanding of \$249.4 million. Of this amount, \$63.8 million is general obligation bonds backed by the full faith and credit of the City, \$36.1 million is revenue bonds, \$117.8 million is for certificates of participation, \$487,000 is for subscriptions, and \$22.9 million are outstanding leases or loans for the Flagstaff Watershed Protection Project, Airport, water, wastewater and stormwater, and City-wide energy conservation improvements.

**Outstanding Debt**  
**June 30, 2024 and 2023 (in thousands of dollars)**

	Governmental Activities		Business-type Activities		Total	
	2023-2024	2022-2023	2023-2024	2022-2023	2023-2024	2022-2023
General obligation debt	\$ 70,079	\$ 30,742	\$ -	\$ -	\$ 70,079	\$ 30,742
Revenue bonds	15,967	17,223	21,965	25,479	37,932	42,702
Other debt	114,621	120,607	3,366	3,469	117,987	124,076
Subscriptions	476	261	11	22	487	283
Lease/Loans	3,876	3,742	19,004	1,792	22,880	5,534
Total debt payable	<u>\$ 205,019</u>	<u>\$ 172,575</u>	<u>\$ 44,346</u>	<u>\$ 30,762</u>	<u>\$ 249,365</u>	<u>\$ 203,337</u>

During FY 2023-2024, the City’s total debt increased by a net \$46.0 million. Total debt increased mainly due to a bond issuance in the Capital Projects Bond Construction Fund for \$40.2 million. All debt decreases are due to annual scheduled debt service payments.

The State constitution imposes certain debt limitations on the City of six percent (6%) and twenty percent (20%) of the outstanding assessed valuation of the City. The City’s available debt margin on June 30, 2024, is \$64.8 million in the 6% category and \$215.8 million in the 20% capacity. The allowable debt increased from prior year due to higher assessed valuations and decreasing debt balances. Additional information on the Debt Limitations and Capacities may be found in Schedule 16 in the Statistical Section of this report. During the year, the City maintained the following bond ratings:

Type	Standard & Poor’s	Moody’s Investor’s Service
General Obligation Bonds	AA	Aa1
Revenue Bonds	AA-	Not Available

Additional information on the City’s long-term debt can be found in Section III F on pages 62-72 of the Notes to the Financial Statements.

**Economic Factors and Next Year’s Budget and Rates**

The Fiscal Year 2024-2025 budget preparation was influenced by the following factors:

- The City’s General Fund budget was approved with no structural deficit in ongoing expenditures exceeding ongoing revenues.
- Unrestricted fund balance in the General Fund continues to be above the fiscal policy of 20% of operating revenues. It is currently projected to be 37.2%.
- Building permits exceeded budget in fiscal year 2023-2024 by \$338,000. However, we remain conservative in our projections for FY 2024-2025 as we rely on these types of revenues as a one-time impact rather than an ongoing source of funding.
- The focus of the FY 2024-2025 budget was the City’s key community priorities related to high performing governance, safe and health community, inclusive and engaged community, sustainable, innovative infrastructure, robust resilient economy, livable community and environmental stewardship.
  - The FY 2024-2025 budget includes a comprehensive pay and benefit increases, new and positions related to capacity needs. As well as large infrastructure capital project and expenditures related to fulfilling the City’s housing needs.
  - Some of the larger items are \$92.5 million for transportation improvements, \$56.1 million programmed for water, wastewater and reclaimed capital equipment and improvements and \$30.1 million in Stormwater improvements.
- The total authorized positions increased by 5 full-time equivalent positions.
- The City continues to monitor the State legislature to be aware of potential budget impacts on cities.
- Property assessments continue to increase at an accelerated rate. The secondary property tax rates remained flat to match the required debt service payments.

- The City continues to pursue federal and state grant dollars to enhance the local economy.
- New Water and Wastewater rates took effect September 1, 2024 and there will be annual increases for the next five years.
- In November 2022 Proposition 442 was passed. The funds from this bond measure are being invested into redeveloping City-owned housing and other existing buildings into affordable rental units, as well as incentivizing the private sector to include affordable rental housing into new developments. The City will also expand the homebuyer assistance program, inclusive of assistance for down payments and closing costs.

### **Requests for Information**

The Financial Report is designed to provide a general overview of the City's finances for all of those with an interest in the government's finances. If you have questions about this report or need additional financial information, contact:

City of Flagstaff  
Finance Section  
211 West Aspen Avenue  
Flagstaff, AZ 86001

Main (928) 213-2000  
Arizona Relay 7-1-1



**City of Flagstaff, Arizona**  
**Statement of Net Position**  
**June 30, 2024**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash, investments and equivalents	\$ 222,149,242	\$ 82,552,950	\$ 304,702,192
Accounts receivable, net	17,453,286	7,734,226	25,187,512
Interest receivable	1,035,218	438,417	1,473,635
Intergovernmental receivable	3,842,777	10,196,760	14,039,537
Note receivable	245,000	-	245,000
Lease receivable	11,746,284	5,621,164	17,367,448
Internal balance	5,266,619	(5,266,619)	-
Deposits	-	8,763	8,763
Inventory	731,167	-	731,167
Prepaid items	4,552,173	108,126	4,660,299
Restricted cash and investments	68,057,883	18,962,140	87,020,023
Net OPEB asset	1,847,915	-	1,847,915
Net pension asset	786,199	69,970	856,169
Capital assets, non-depreciable	125,800,373	94,128,061	219,928,434
Capital assets, depreciable, net	276,043,727	341,661,998	617,705,725
<b>Total assets</b>	<b>739,557,863</b>	<b>556,215,956</b>	<b>1,295,773,819</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflow related to advance refunding	-	114,565	114,565
Deferred outflows related to pensions/OPEB	20,514,279	2,406,636	22,920,915
<b>Total deferred outflows of resources</b>	<b>20,514,279</b>	<b>2,521,201</b>	<b>23,035,480</b>
<b>Liabilities</b>			
Accounts payable	11,279,014	10,472,089	21,751,103
Accrued payroll	1,292,169	375,641	1,667,810
Construction retainage payable	1,305,658	1,843,984	3,149,642
Interest payable	1,363,412	569,625	1,933,037
Advanced revenue	2,325,909	499,906	2,825,815
Deposits payable	2,231,400	1,653,604	3,885,004
<b>Noncurrent liabilities:</b>			
Due within one year:			
Compensated absences	2,307,064	428,637	2,735,701
Claims and judgements	55,546	-	55,546
Net OPEB liability	364,382	81,628	446,010
Bonds, notes, subscriptions and leases payable, net	21,921,046	4,237,713	26,158,759
Due in more than one year:			
Compensated absences	2,846,842	490,565	3,337,407
Claims and judgements	575,000	-	575,000
Landfill closure and post-closure care costs	-	21,157,833	21,157,833
Net OPEB liability	5,325,191	1,300,237	6,625,428
Net pension liability	38,673,174	11,920,029	50,593,203
Bonds, notes, subscriptions and leases payable, net	183,097,923	40,108,198	223,206,121
<b>Total liabilities</b>	<b>274,963,730</b>	<b>95,139,689</b>	<b>370,103,419</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to leases	11,600,598	5,490,784	17,091,382
Deferred inflows related to pensions/OPEB	7,552,227	1,889,206	9,441,433
<b>Total deferred inflows of resources</b>	<b>19,152,825</b>	<b>7,379,990</b>	<b>26,532,815</b>
<b>Net Position</b>			
Net investment in capital assets	341,358,359	381,036,456	722,394,815
<b>Restricted for:</b>			
Capital projects	105,528,229	-	105,528,229
Debt service	28,860,191	-	28,860,191
Specific programming	57,611,444	1,538,778	59,150,222
<b>Perpetual care:</b>			
Expendable	73,189	-	73,189
Nonexpendable	366,863	-	366,863
Unrestricted:	(67,842,688)	73,642,244	5,799,556
<b>Total Net Position</b>	<b>\$ 465,955,587</b>	<b>\$ 456,217,478</b>	<b>\$ 922,173,065</b>

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

**City of Flagstaff, Arizona**  
**Statement of Activities**  
**Year Ended June 30, 2024**

	<u>Program Revenues</u>				
	<u>Expenses</u>	<u>Indirect Expense Allocation</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government</b>					
Governmental activities:					
General government	\$ 31,281,674	\$ 1,489,615	\$ 2,596,385	\$ 1,235,362	\$ 336,592
Public safety	44,099,384	(86,865)	1,934,360	4,689,802	1,092,677
Public works	3,159,548	335,962	-	41,758	-
Economic and physical development	13,449,562	568,374	5,189,305	1,299,094	-
Culture and recreation	17,328,795	(588,218)	1,504,553	4,751,268	-
Highways and streets	23,301,753	(1,718,868)	1,370,540	48,298	17,068,499
Interest on long-term debt	4,237,900	-	-	-	-
Total governmental activities	<u>136,858,616</u>	<u>-</u>	<u>12,595,143</u>	<u>12,065,582</u>	<u>18,497,768</u>
Business-type activities:					
Water	20,299,718		18,847,200	2,910	13,900,699
Wastewater and reclaimed	9,988,444		12,273,995	2,735	5,194,719
Stormwater	3,990,868		5,907,117	5,068,490	7,254,597
Environmental	16,812,868		16,019,244	109,064	1,220,000
Airport	7,495,903		2,228,864	5,117,269	4,269,708
Housing authority	10,671,194		2,171,135	7,777,025	291,105
Total business-type activities	<u>69,258,995</u>		<u>57,447,555</u>	<u>18,077,493</u>	<u>32,130,828</u>
<b>Total Primary Government</b>	<u>\$ 206,117,611</u>		<u>\$ 70,042,698</u>	<u>\$ 30,143,075</u>	<u>\$ 50,628,596</u>

General revenues, contributions and transfers

  General revenues:

    Property tax, levied for general purposes

    Property tax, levied for debt service

    Sales taxes

    State shared taxes - unrestricted

    Investment earnings

    Miscellaneous

    Principal contributions to permanent fund

    Gain on the disposal of capital assets

    Transfers in (out)

Total general revenues, contributions and transfers

Change in net position

Net position - beginning

Net position - ending

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

**Net (Expenses) Revenues  
and Changes in Net Position  
Primary Government**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (27,113,335)	\$ -	\$ (27,113,335)
(36,382,545)	-	(36,382,545)
(3,117,790)	-	(3,117,790)
(6,961,163)	-	(6,961,163)
(11,072,974)	-	(11,072,974)
(4,814,416)	-	(4,814,416)
(4,237,900)	-	(4,237,900)
<u>(93,700,123)</u>	<u>-</u>	<u>(93,700,123)</u>
-	12,451,091	12,451,091
-	7,483,005	7,483,005
-	14,239,336	14,239,336
-	535,440	535,440
-	4,119,938	4,119,938
-	(431,929)	(431,929)
<u>-</u>	<u>38,396,881</u>	<u>38,396,881</u>
<u>(93,700,123)</u>	<u>38,396,881</u>	<u>(55,303,242)</u>
7,179,318	-	7,179,318
8,626,919	-	8,626,919
83,501,974	-	83,501,974
36,569,450	-	36,569,450
12,631,789	4,190,611	16,822,400
1,488,996	141,271	1,630,267
9,670	-	9,670
51,664	25,850	77,514
<u>(3,840,334)</u>	<u>3,840,334</u>	<u>-</u>
<u>146,219,446</u>	<u>8,198,066</u>	<u>154,417,512</u>
52,519,323	46,594,947	99,114,270
<u>413,436,264</u>	<u>409,622,531</u>	<u>823,058,795</u>
<u>\$ 465,955,587</u>	<u>\$ 456,217,478</u>	<u>\$ 922,173,065</u>

**City of Flagstaff, Arizona**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2024**

	General Fund	Highway User Revenue Fund	Transportation Tax Fund
<b>Assets</b>			
Cash and investments	\$ 75,668,378	\$ 17,037,226	\$ 82,412,421
Accounts receivable, net	8,002,014	1,086,539	5,368,100
Interest receivable	366,871	46,892	379,525
Intergovernmental receivable	2,418,924	48,298	1,102,517
Notes receivable	-	-	-
Lease receivable	11,343,386	-	-
Interfund receivable	6,353,492	-	-
Inventory	570,610	-	-
Prepaid items	4,549,964	-	-
Restricted cash and investments	-	-	1,241,656
<b>Total assets</b>	<b>\$ 109,273,639</b>	<b>\$ 18,218,955</b>	<b>\$ 90,504,219</b>
<b>Liabilities, Deferred Inflows and Fund Balance</b>			
Liabilities:			
Accounts payable	\$ 3,956,477	\$ 825,764	\$ 3,570,127
Accrued payroll	1,149,321	33,882	-
Construction retainable payable	111,623	578,612	193,450
Advanced revenue	556,632	-	-
Guaranty and other deposits	2,231,400	-	-
<b>Total liabilities</b>	<b>8,005,453</b>	<b>1,438,258</b>	<b>3,763,577</b>
Deferred inflows of resources:			
Unavailable revenue - court fines	162,386	-	-
Unavailable revenue - property taxes	259,134	-	-
Unavailable revenue - notes receivable	-	-	-
Unavailable revenue - other revenue	-	-	-
Deferred inflows - leases	11,204,970	-	-
<b>Total deferred inflows of resources</b>	<b>11,626,490</b>	<b>-</b>	<b>-</b>
Fund balance:			
Nonspendable	5,120,574	-	-
Restricted	3,458,460	16,780,697	86,740,642
Assigned	5,696,818	-	-
Unassigned (deficit)	75,365,844	-	-
<b>Total fund balance</b>	<b>89,641,696</b>	<b>16,780,697</b>	<b>86,740,642</b>
<b>Total liabilities, deferred inflows and fund balance</b>	<b>\$ 109,273,639</b>	<b>\$ 18,218,955</b>	<b>\$ 90,504,219</b>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 35,532,305	\$ 210,650,330
2,424,916	16,881,569
205,469	998,757
273,038	3,842,777
245,000	245,000
402,898	11,746,284
-	6,353,492
160,557	731,167
2,209	4,552,173
66,816,227	68,057,883
<u>\$ 106,062,619</u>	<u>\$ 324,059,432</u>

\$ 2,689,544	\$ 11,041,912
108,966	1,292,169
421,973	1,305,658
1,767,654	2,324,286
-	2,231,400
<u>4,988,137</u>	<u>18,195,425</u>

-	162,386
-	259,134
245,000	245,000
62,610	62,610
395,628	11,600,598
<u>703,238</u>	<u>12,329,728</u>

529,629	5,650,203
94,050,629	201,030,428
6,211,290	11,908,108
(420,304)	74,945,540
<u>100,371,244</u>	<u>293,534,279</u>
<u>\$ 106,062,619</u>	<u>\$ 324,059,432</u>



**City of Flagstaff**  
**Reconciliation of the Balance Sheet**  
**to the Statement of Net Position**  
**Governmental Activities**  
**June 30, 2024**

Fund balances - total governmental funds balance sheet \$ 293,534,279

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

Capital assets and other long-term assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Net OPEB asset	\$ 1,847,915	
Net pension asset	786,199	
Governmental capital assets	728,040,297	
Less: accumulated depreciation	<u>(326,196,197)</u>	404,478,214

Deferred outflows and inflows of resources related to pensions and deferred charges on debt refundings are applicable to future reporting periods and, therefore, are not reported in the governmental funds.

Deferred outflows related to pensions/OPEB	20,514,279	
Deferred inflows related to pensions/OPEB	<u>(7,552,227)</u>	12,962,052

For purposes of measuring the net pension liability, the long-term liabilities are not due and payable in the current period and, therefore, are not reported as a liability in the governmental funds.

ASRS pension benefits	(33,397,726)	
PSPRS pension benefits	(4,340,304)	
EORP pension benefits	<u>(935,144)</u>	(38,673,174)

Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.

Governmental bonds, notes, subscriptions and leases payable	(197,246,555)	
Governmental interest payable	(1,363,412)	
Bond discount	57,965	
Bond premium	(7,830,379)	
Other postemployment benefits	(5,689,573)	
Compensated absences	<u>(5,153,906)</u>	(217,225,860)

Certain revenues are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds.

Promissory note and miscellaneous revenue	307,610	
Fines and forfeitures	162,386	
Property tax	<u>259,134</u>	729,130

The internal service fund is used by management to charge the cost of self insurance programs to individual funds.

The assets and liabilities of the internal service fund that are reported with governmental activities.		<u>10,150,946</u>
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Net position of governmental activities - statement of net position \$ 465,955,587

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

**City of Flagstaff, Arizona**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2024**

	General Fund	Highway User Revenue Fund	Transportation Tax Fund
<b>Revenues:</b>			
Taxes	\$ 40,571,893	\$ -	\$ 37,645,041
Intergovernmental	38,385,522	-	-
Grants and entitlements	4,027,093	10,325,256	-
Charges for services	3,061,057	-	-
Licenses and permits	4,265,126	118,510	-
Fines and forfeitures	776,922	-	-
Rents	1,280,577	-	-
Investment earnings	5,648,643	500,545	3,395,769
Contributions	1,077,490	396,230	221,782
Miscellaneous	643,929	36,615	8,302
Total revenues	<u>99,738,252</u>	<u>11,377,156</u>	<u>41,270,894</u>
<b>Expenditures:</b>			
Current:			
General government	20,418,248	-	8,916,984
Public safety	40,747,020	-	-
Public works	2,222,697	-	-
Economic and physical development	7,167,378	-	-
Culture and recreation	8,462,745	-	-
Highways and streets	-	6,813,885	5,335,134
Debt service:			
Principal retirement	336,192	13,695	950,000
Interest and other charges	126,760	605	537,463
Capital outlay	4,686,547	9,189,971	9,769,008
Total expenditures	<u>84,167,587</u>	<u>16,018,156</u>	<u>25,508,589</u>
Excess (deficiency) of revenues over expenditures	<u>15,570,665</u>	<u>(4,641,000)</u>	<u>15,762,305</u>
<b>Other Financing Sources (Uses):</b>			
Refunding bonds issued	-	-	-
Loan issuance	-	-	-
Bond issuance	-	-	-
Bond Premium	-	-	-
Sale of capital assets	38,500	500	-
Subscription financing	453,945	-	-
Transfers in	4,782,793	7,788,000	300,000
Transfers out	(10,808,604)	(313,000)	(7,787,961)
Total other financing sources (uses)	<u>(5,533,366)</u>	<u>7,475,500</u>	<u>(7,487,961)</u>
Net change in fund balances	<u>10,037,299</u>	<u>2,834,500</u>	<u>8,274,344</u>
Fund balances, beginning of year	<u>79,604,397</u>	<u>13,946,197</u>	<u>78,466,298</u>
Fund balances, end of year	<u>\$ 89,641,696</u>	<u>\$ 16,780,697</u>	<u>\$ 86,740,642</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 21,099,626	\$ 99,316,560
4,522,848	42,908,370
1,913,250	16,265,599
2,644,407	5,705,464
1,300	4,384,936
-	776,922
437,153	1,717,730
2,717,311	12,262,268
84,553	1,780,055
273,467	962,313
<u>33,693,915</u>	<u>186,080,217</u>
1,395,787	30,731,019
1,078,913	41,825,933
251,083	2,473,780
5,871,564	13,038,942
7,322,176	15,784,921
667,634	12,816,653
10,904,924	12,204,811
4,067,871	4,732,699
12,706,532	36,352,058
<u>44,266,484</u>	<u>169,960,816</u>
<u>(10,572,569)</u>	<u>16,119,401</u>
3,305,000	3,305,000
729,715	729,715
36,875,000	36,875,000
3,743,601	3,743,601
-	39,000
-	453,945
17,655,638	30,526,431
(9,259,627)	(28,169,192)
<u>53,049,327</u>	<u>47,503,500</u>
<u>42,476,758</u>	<u>63,622,901</u>
<u>57,894,486</u>	<u>229,911,378</u>
<u>\$ 100,371,244</u>	<u>\$ 293,534,279</u>

**City of Flagstaff**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2024**

Net change in fund balances - total governmental funds \$ 63,622,901

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

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

Expenditures for capital assets	\$ 36,352,058	
Less current year depreciation	<u>(16,305,861)</u>	20,046,197

Some resources/expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Net pension expense related to ASRS	(61,912)	
Net pension expense related to PSPRS	(1,148,252)	
Net pension expense related to EORP	375,314	
Capital related debt issued	(27,604,715)	
Non-capital related debt issued	(13,305,000)	
Premium on debt issued	(3,743,601)	
Subscription financing	(453,945)	
Compensated absences	(170,941)	
Other postemployment benefits	296,095	
Principal payments on debt	12,204,811	
Interest accrual on debt	36,527	
Bond premium/discount amortization	<u>458,272</u>	(33,117,347)

The disposal or contribution of capital assets are not reflected in fund statements but are recorded as revenues or expenses in the statement of activities.

Gain/loss on disposal of capital assets	(12,490)	
Donated capital assets	6,188,446	
Transfer of capital assets to business-type activities	(6,486,642)	
Transfer of capital assets from business-type activities	<u>289,069</u>	(21,617)

Certain revenues in the governmental funds that provide current financial resources are not included in the statement of activities because they were recognized in a prior period. However, other revenues that are unavailable in the governmental funds because they do not provide current financial resources due to unavailability are recognized in the statement of activities.

Court (fines and forfeitures)	10,091	
Notes receivable and miscellaneous	(43,305)	
Property tax	<u>(8,349)</u>	(41,563)

(continued)

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

**City of Flagstaff**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2024**

Internal service funds are used by management to charge the costs of certain activities, such as the City's self-insurance program to individual funds. The following activities of the internal service fund is reported with governmental activities.

Net allocated income assigned to governmental activities	1,112,622	
Investment income	369,521	
Miscellaneous income	548,609	2,030,752
Change in net position of governmental activities - statement of activities		\$ 52,519,323

(concluded)

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

**City of Flagstaff, Arizona**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2024**

	Budget		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 38,845,500	\$ 38,845,500	\$ 40,311,325	\$ 1,465,825
Intergovernmental	36,669,518	36,669,518	38,385,522	1,716,004
Grants and entitlements	26,428,812	26,428,812	4,027,093	(22,401,719)
Charges for services	3,310,730	3,310,730	3,061,057	(249,673)
Licenses and permits	3,049,885	3,049,885	4,265,126	1,215,241
Fines and forfeitures	795,005	795,005	776,922	(18,083)
Rents	1,655,136	1,655,136	1,271,182	(383,954)
Investment earnings	434,234	434,234	2,403,221	1,968,987
Contributions	535,721	535,721	1,077,490	541,769
Miscellaneous	249,304	249,304	643,929	394,625
Total revenues	111,973,845	111,973,845	96,222,869	(15,750,978)
<b>Expenditures:</b>				
Current:				
General administration	34,022,130	34,031,930	15,815,765	18,216,165
Management services	6,797,338	6,797,338	5,308,011	1,489,327
Fire	28,781,201	28,781,201	14,640,284	14,140,917
Police	26,722,092	28,622,092	28,515,436	106,656
Community development	5,317,967	5,317,967	5,175,462	142,505
Public works	6,401,503	6,401,503	4,344,081	2,057,422
Economic vitality	301,875	301,875	187,197	114,678
Non-departmental	9,264,987	7,355,187	(1,268,233)	8,623,420
City engineering	2,360,781	2,360,781	2,042,985	317,796
Parks, recreation, open space and events	12,536,253	12,536,253	8,952,653	3,583,600
Contingency	4,204,060	3,104,060	-	3,104,060
Total expenditures	136,710,187	135,610,187	83,713,642	51,896,546
Excess (deficiency) of revenues over (under) expenditures	(24,736,342)	(23,636,342)	12,509,227	36,145,568
<b>Other Financing Sources (Uses):</b>				
Sale of capital assets	39,668	39,668	38,500	(1,168)
Transfers in	4,881,059	4,881,059	4,782,793	(98,266)
Transfers out	(12,805,857)	(13,905,857)	(10,808,604)	3,097,253
Total other financing sources (uses)	(7,885,130)	(8,985,130)	(5,987,311)	2,997,819
Net change in fund balances	(32,621,472)	(32,621,472)	6,521,916	39,143,387
Fund balances, beginning of year	73,528,126	73,528,126	81,716,007	8,187,881
Fund balances, end of year	\$ 40,906,654	\$ 40,906,654	\$ 88,237,923	\$ 47,331,268
Adjustment of budgetary basis to GAAP basis net change in fund balances			\$ 6,521,916	
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis			3,969,328	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis			(453,945)	
Adjusted net change in fund balance - GAAP basis			\$ 10,037,299	

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

**City of Flagstaff, Arizona**  
**Highway User Revenue Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2024**

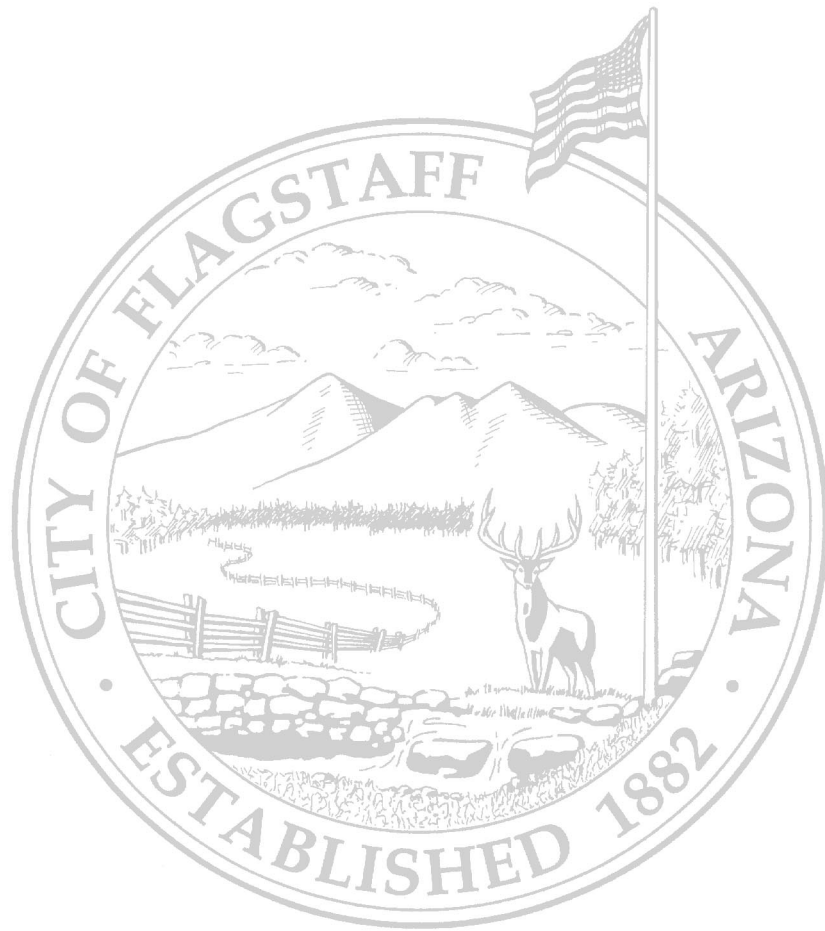
	Budget		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Grants and entitlements	\$ 9,212,000	\$ 9,212,000	\$ 10,325,256	\$ 1,113,256
Investment earnings	139,000	139,000	500,545	361,545
Contributions	1,690,000	1,690,000	396,230	(1,293,770)
Licenses and permits	-	-	118,510	118,510
Miscellaneous	-	-	36,615	36,615
Total revenues	11,041,000	11,041,000	11,377,156	336,156
<b>Expenditures:</b>				
Current:				
Public works	17,041,434	17,041,434	6,344,364	10,697,070
Non-departmental	1,358,900	1,358,900	1,358,900	-
City engineering	10,805,000	10,805,000	8,314,892	2,490,108
Contingency	100,000	100,000	-	100,000
Total expenditures	29,305,334	29,305,334	16,018,156	13,287,178
Excess (deficiency) of revenues over (under) expenditures	(18,264,334)	(18,264,334)	(4,641,000)	13,623,334
<b>Other Financing Sources (Uses):</b>				
Sale of capital assets	-	-	500	(500)
Transfers in	10,805,000	10,805,000	7,788,000	3,017,000
Transfers out	(313,000)	(313,000)	(313,000)	-
Total other financing sources (uses)	10,492,000	10,492,000	7,475,500	3,016,500
Net change in fund balances	(7,772,334)	(7,772,334)	2,834,500	10,606,834
Fund balances, beginning of year	13,915,062	13,915,062	13,946,197	31,135
Fund balances, end of year	\$ 6,142,728	\$ 6,142,728	\$ 16,780,697	\$ 10,637,969

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

**City of Flagstaff, Arizona**  
**Transportation Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2024**

	Budget		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 35,109,300	\$ 35,109,300	\$ 37,771,743	\$ 2,662,443
Grants and entitlements	16,437,624	16,437,624	-	(16,437,624)
Investment earnings	238,000	238,000	3,395,769	3,157,769
Contributions	183,689	183,689	221,782	38,093
Miscellaneous	-	-	8,302	8,302
Total revenues	51,968,613	51,968,613	41,397,596	(10,571,017)
<b>Expenditures:</b>				
Current:				
Community development	-	-	3,219	(3,219)
Public works	7,435,232	7,435,232	3,895,679	3,539,553
Non-departmental	17,166,265	17,166,265	10,617,459	6,548,806
City engineering	65,410,190	65,410,190	10,992,231	54,417,959
Total expenditures	90,011,687	90,011,687	25,508,589	64,503,099
Excess (deficiency) of revenues over (under) expenditures	(38,043,074)	(38,043,074)	15,889,007	53,932,082
<b>Other Financing Sources (Uses):</b>				
Capital bonds issued	20,000,000	20,000,000	-	(20,000,000)
Transfers in	300,000	300,000	300,000	-
Transfers out	(12,244,438)	(12,244,438)	(7,787,961)	4,456,477
Total other financing sources (uses)	8,055,562	8,055,562	(7,487,961)	(15,543,523)
Net change in fund balances	(29,987,512)	(29,987,512)	8,401,046	38,388,559
Fund balances, beginning of year	71,270,224	71,270,224	74,707,638	3,437,414
Fund balances, end of year	\$ 41,282,712	\$ 41,282,712	\$ 83,108,684	\$ 41,825,973
Adjustment of budgetary basis to GAAP basis net change in fund balances			\$ 8,401,046	
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis			(126,702)	
Adjusted net change in fund balance - GAAP basis			\$ 8,274,344	

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



**City of Flagstaff, Arizona**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2024**

	Business-type Activities - Enterprise Funds			
	Water and Wastewater Fund	Stormwater Fund	Environmental Services Fund	Airport Fund
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 57,181,436	\$ 12,736,899	\$ 10,288,214	\$ 84,902
Receivable, net	5,117,086	795,442	2,028,811	178,038
Intergovernmental receivable	3,739,695	605,102	73,723	5,699,260
Lease receivable	-	-	-	5,621,164
Prepaid items	-	-	-	-
Restricted cash and investments	3,196,293	266,661	162,397	1,300,940
Total current assets	<u>69,234,510</u>	<u>14,404,104</u>	<u>12,553,145</u>	<u>12,884,304</u>
Noncurrent assets:				
Restricted cash and investments	-	-	13,872,293	-
Refundable deposits	8,763	-	-	-
Net pension asset	-	-	-	69,970
Capital assets, non-depreciable	33,767,000	47,179,229	11,371,194	618,147
Capital assets, depreciable, net	251,711,630	36,471,687	11,477,831	39,185,077
Total non-current assets	<u>285,487,393</u>	<u>83,650,916</u>	<u>36,721,318</u>	<u>39,873,194</u>
Total assets	<u>354,721,903</u>	<u>98,055,020</u>	<u>49,274,463</u>	<u>52,757,498</u>
Deferred outflows of resources:				
Deferred outflow related to advance refunding	114,565	-	-	-
Deferred outflows related to pension/OPEB	881,059	103,718	652,103	539,141
Total deferred outflows of resources	<u>995,624</u>	<u>103,718</u>	<u>652,103</u>	<u>539,141</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	5,083,290	2,124,883	3,127,906	113,258
Construction retainage payable	876,428	419,343	548,213	-
Interfund payable	-	-	-	6,100,000
Accrued payroll	96,509	13,833	69,355	25,166
Accrued compensated absences	184,478	33,226	109,471	53,947
Interest payable	215,688	296,540	57,397	-
Advanced revenue	232,784	-	247,925	-
Claims and judgements	-	-	-	-
Subscription liability	10,765	-	-	-
Deposits payable	1,490,079	-	88,664	2,459
Financed purchases	148,991	-	-	112,720
Net OPEB liability	38,366	3,568	28,544	5,798
Bonds, notes and leases payable, net	3,081,942	775,553	107,742	-
Total current liabilities	<u>11,459,320</u>	<u>3,666,946</u>	<u>4,385,217</u>	<u>6,413,348</u>
Noncurrent liabilities:				
Compensated absences	221,632	38,340	122,672	41,793
Net OPEB liability	569,778	53,003	424,028	86,130
Net pension liability	5,831,654	530,142	3,657,782	437,340
Claims and judgements	-	-	-	-
Landfill closure and post closure care costs	-	-	21,157,833	-
Financed purchases	487,103	-	-	-
Bonds, notes and leases payable, net	15,824,623	20,538,241	3,258,231	-
Total noncurrent liabilities	<u>22,934,790</u>	<u>21,159,726</u>	<u>28,620,546</u>	<u>565,263</u>
Total liabilities	<u>34,394,110</u>	<u>24,826,672</u>	<u>33,005,763</u>	<u>6,978,611</u>
Deferred inflows related to pension/OPEB	897,942	83,702	628,832	111,524
Deferred inflows related to leases	-	-	-	5,490,784
Total deferred inflows	<u>897,942</u>	<u>83,702</u>	<u>628,832</u>	<u>5,602,308</u>
<b>Net Position</b>				
Net investment in capital assets	261,484,580	59,708,304	16,144,804	39,690,504
Restricted for:				
Specific programming	-	-	-	1,375,222
Unrestricted (deficit)	58,940,895	13,540,060	147,167	(350,006)
Total net position	<u>\$ 320,425,475</u>	<u>\$ 73,248,364</u>	<u>\$ 16,291,971</u>	<u>\$ 40,715,720</u>

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

Business-type Activities - Enterprise Funds		Governmental Activities
Nonmajor Enterprise Fund - Housing Authority	Total Business-type Funds	Internal Service Fund
\$ 2,261,499	\$ 82,552,950	\$ 11,498,912
53,266	8,172,643	608,178
78,980	10,196,760	-
-	5,621,164	-
108,126	108,126	-
-	4,926,291	-
<u>2,501,871</u>	<u>111,577,934</u>	<u>12,107,090</u>
163,556	14,035,849	-
-	8,763	-
-	69,970	-
1,192,491	94,128,061	-
2,815,773	341,661,998	-
<u>4,171,820</u>	<u>449,904,641</u>	<u>-</u>
<u>6,673,691</u>	<u>561,482,575</u>	<u>12,107,090</u>
-	114,565	-
230,615	2,406,636	-
<u>230,615</u>	<u>2,521,201</u>	<u>-</u>
22,752	10,472,089	237,102
-	1,843,984	-
253,492	6,353,492	-
170,778	375,641	-
47,515	428,637	-
-	569,625	-
19,197	499,906	1,623
-	-	55,546
-	10,765	-
72,402	1,653,604	-
-	261,711	-
5,352	81,628	-
-	3,965,237	-
<u>591,488</u>	<u>26,516,319</u>	<u>294,271</u>
66,128	490,565	-
167,298	1,300,237	-
1,463,111	11,920,029	-
-	-	575,000
-	21,157,833	-
-	487,103	-
-	39,621,095	-
<u>1,696,537</u>	<u>74,976,862</u>	<u>575,000</u>
<u>2,288,025</u>	<u>101,493,181</u>	<u>869,271</u>
167,206	1,889,206	-
-	5,490,784	-
<u>167,206</u>	<u>7,379,990</u>	<u>-</u>
4,008,264	381,036,456	-
163,556	1,538,778	-
277,255	72,555,371	11,237,819
<u>\$ 4,449,075</u>	<u>\$ 455,130,605</u>	<u>\$ 11,237,819</u>

Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities

1,086,873  
\$ 456,217,478

**City of Flagstaff, Arizona**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2024**

	Business-type Activities - Enterprise Funds		
	Water and Wastewater Fund	Stormwater Fund	Environmental Services Fund
<b>Operating Revenues:</b>			
Charges for services	\$ 31,121,195	\$ 5,907,117	\$ 16,019,244
Miscellaneous	85,997	27	55,247
Total operating revenues	<u>31,207,192</u>	<u>5,907,144</u>	<u>16,074,491</u>
<b>Operating Expenses:</b>			
Personnel services	6,676,262	900,013	5,663,954
Contractual services, materials and supplies	14,330,011	1,879,881	10,229,395
Pension and OPEB expense	69,448	(14,942)	(25,745)
Insurance claims and expenses	-	-	-
Depreciation and amortization	8,929,913	776,323	978,892
Total operating expenses	<u>30,005,634</u>	<u>3,541,275</u>	<u>16,846,496</u>
Operating income (loss)	<u>1,201,558</u>	<u>2,365,869</u>	<u>(772,005)</u>
<b>Non-Operating Revenues (Expenses):</b>			
Interest and investment income	2,420,912	372,615	1,194,534
Grants and entitlements	5,645	5,068,490	109,064
Gain (loss) on disposal of capital asset	(282,092)	-	(1,579)
Passenger facility charges	-	-	-
Interest expense	(488,439)	(480,402)	(116,230)
Total non-operating revenues (expenses)	<u>1,656,026</u>	<u>4,960,703</u>	<u>1,185,789</u>
Income (loss) before capital contributions and transfers	<u>2,857,584</u>	<u>7,326,572</u>	<u>413,784</u>
Capital contributions related to grants	8,184,242	5,235,811	
Capital contributions from external sources	10,911,176	2,018,786	1,220,000
Capital contributions from internal sources	6,168,097	295,766	22,779
Transfers in	71,200	32,329	790,209
Transfers out	(32,329)	(1,481,139)	-
Change in net position	<u>28,159,970</u>	<u>13,428,125</u>	<u>2,446,772</u>
Total net position, beginning of year	<u>292,265,505</u>	<u>59,820,239</u>	<u>13,845,199</u>
Total net position, end of year	<u>\$ 320,425,475</u>	<u>\$ 73,248,364</u>	<u>\$ 16,291,971</u>

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

Business-type Activities - Enterprise Funds			Governmental Activities
Airport Fund	Nonmajor Enterprise Fund - Housing Authority	Total Business-type Funds	Internal Service Fund
\$ 2,228,864	\$ 2,171,135	\$ 57,447,555	\$ 12,243,936
-	-	141,271	548,609
<u>2,228,864</u>	<u>2,171,135</u>	<u>57,588,826</u>	<u>12,792,545</u>
1,618,492	1,603,224	16,461,945	-
3,819,024	8,602,762	38,861,073	-
61,362	(11,850)	78,273	-
-	-	-	10,689,094
2,033,816	477,058	13,196,002	-
<u>7,532,694</u>	<u>10,671,194</u>	<u>68,597,293</u>	<u>10,689,094</u>
<u>(5,303,830)</u>	<u>(8,500,059)</u>	<u>(11,008,467)</u>	<u>2,103,451</u>
175,070	27,480	4,190,611	369,521
5,117,260	7,777,025	18,077,484	-
17,000	-	(266,671)	-
9	-	9	-
(15,399)	-	(1,100,470)	-
<u>5,293,940</u>	<u>7,804,505</u>	<u>20,900,963</u>	<u>369,521</u>
<u>(9,890)</u>	<u>(695,554)</u>	<u>9,892,496</u>	<u>2,472,972</u>
4,269,708	291,105	17,980,866	-
-	-	14,149,962	-
-	-	6,486,642	-
-	-	893,738	-
(1,737,509)	-	(3,250,977)	-
<u>2,522,309</u>	<u>(404,449)</u>	<u>46,152,727</u>	<u>2,472,972</u>
<u>38,193,411</u>	<u>4,853,524</u>	<u>408,977,878</u>	<u>8,764,847</u>
<u>\$ 40,715,720</u>	<u>\$ 4,449,075</u>	<u>\$ 455,130,605</u>	<u>\$ 11,237,819</u>

Change in net position of business-type activities

442,220  
\$ 46,594,947

Some amounts reported for business-type activities on the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities

**City of Flagstaff, Arizona**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2024**

	Business-type Activities - Enterprise Funds		
	Water and Wastewater Fund	Stormwater Fund	Environmental Services Fund
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 29,792,361	\$ 5,621,528	\$ 15,591,703
Interfund services provided	427,489	56,064	217,248
Payments to suppliers	(11,286,950)	(2,047,068)	(2,302,640)
Interfund services used	(91,772)	-	(18,397)
Interfund reimbursement used	(2,597,662)	(295,362)	(1,734,088)
Payments to employees	(6,666,410)	(859,996)	(5,613,518)
Net cash provided (used) by operating activities	<u>9,577,056</u>	<u>2,475,166</u>	<u>6,140,308</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfer from other funds	71,200	-	790,209
Transfer to other funds	-	(1,481,139)	-
Interfund loans received (paid)	6,360,305	(10,100,000)	-
Net cash provided (used) by noncapital financing activities	<u>6,431,505</u>	<u>(11,581,139)</u>	<u>790,209</u>
<b>Cash flows from capital and related financing activities:</b>			
Receipts from grantors	8,833,379	4,604,353	109,064
Capital contributions	6,076,536	5,445,594	1,242,779
Acquisition and construction of capital assets	(17,434,057)	(5,872,450)	(11,696,610)
Principal payments on capital debt	(3,551,991)	(755,969)	(100,000)
Proceeds from capital related debt	-	18,211,763	-
Interest paid on capital debt	(487,465)	(235,366)	(120,794)
Proceeds from sales of capital assets	8,500	-	350
Net cash provided (used) by capital and related financing activities	<u>(6,555,098)</u>	<u>21,397,925</u>	<u>(10,565,211)</u>
<b>Cash flows from investing activities:</b>			
Interest received on investments	2,593,739	372,615	1,238,190
Net cash provided (used) by investing activities	<u>2,593,739</u>	<u>372,615</u>	<u>1,238,190</u>
Net increase (decrease) in cash and cash equivalents	<u>12,047,202</u>	<u>12,664,567</u>	<u>(2,396,504)</u>
Cash and cash equivalents at beginning of year	<u>48,330,527</u>	<u>338,993</u>	<u>26,719,408</u>
Cash and cash equivalents at end of year	<u>\$ 60,377,729</u>	<u>\$ 13,003,560</u>	<u>\$ 24,322,904</u>
<b>Classified as:</b>			
Cash, cash equivalents, and investments	\$ 57,181,436	\$ 12,736,899	\$ 10,288,214
Restricted cash and cash equivalents	3,196,293	266,661	14,034,690
Totals	<u>\$ 60,377,729</u>	<u>\$ 13,003,560</u>	<u>\$ 24,322,904</u>

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

Business-type Activities - Enterprise Funds			Governmental
Nonmajor			Activities
Airport Fund	Enterprise Fund - Housing Authority	Total Business- type Funds	Internal Service Fund
\$ 2,213,399	\$ 2,260,281	\$ 55,479,272	\$ 12,250,357
-	-	700,801	-
(3,229,703)	(8,378,195)	(27,244,556)	(10,320,917)
(79,823)	(367,998)	(557,990)	-
(399,927)	-	(5,027,039)	-
(1,585,566)	(1,467,481)	(16,192,971)	-
<u>(3,081,620)</u>	<u>(7,953,393)</u>	<u>7,157,517</u>	<u>\$ 1,929,440</u>
-	-	861,409	-
(1,737,509)	-	(3,218,648)	-
3,100,000	6,597	(633,098)	-
<u>1,362,491</u>	<u>6,597</u>	<u>(2,990,337)</u>	<u>-</u>
2,291,278	7,956,671	23,794,745	-
4,269,708	291,107	17,325,724	-
(4,722,169)	(291,107)	(40,016,393)	-
(216,337)	-	(4,624,297)	-
-	-	18,211,763	-
(15,399)	-	(859,024)	-
17,000	-	25,850	-
<u>1,624,081</u>	<u>7,956,671</u>	<u>13,858,368</u>	<u>-</u>
211,340	27,480	4,443,364	369,521
<u>211,340</u>	<u>27,480</u>	<u>4,443,364</u>	<u>369,521</u>
116,292	37,355	22,468,912	2,298,961
1,269,550	2,387,700	79,046,178	9,199,951
<u>\$ 1,385,842</u>	<u>\$ 2,425,055</u>	<u>\$ 101,515,090</u>	<u>\$ 11,498,912</u>
\$ 84,902	\$ 2,261,499	\$ 82,552,950	\$ 11,498,912
1,300,940	163,556	18,962,140	-
<u>\$ 1,385,842</u>	<u>\$ 2,425,055</u>	<u>\$ 101,515,090</u>	<u>\$ 11,498,912</u>

**City of Flagstaff, Arizona**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2024**

	Business-type Activities - Enterprise Funds		
	Water and Wastewater Fund	Stormwater Fund	Environmental Services Fund
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$ 1,201,558	\$ 2,365,869	\$ (772,005)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	8,929,913	776,323	978,892
Landfill closure and post closure costs	-	-	817,813
Other receipts	-	-	-
(Increase) decrease in assets:			
Receivables	(1,019,925)	(226,052)	(526,189)
Allowance for doubtful accounts	700	(3,500)	6,800
Inventories	-	-	(73,723)
Prepaid items	-	-	-
Net pension asset	-	-	-
(Increase) decrease in deferred pension outflows	649,519	77,588	(309,666)
(Increase) decrease in deferred OPEB outflows	(402,912)	(60,914)	460,125
Increase (decrease) in liabilities:			
Accounts payable	353,627	(462,549)	5,430,180
Accrued payroll, compensated absences	9,852	40,017	50,436
Net OPEB liability	(235,590)	(21,916)	(175,323)
Net pension liability	(271,430)	(40,456)	(230,109)
Deposits payable	71,999	-	7,662
Advanced revenue	(40,116)	-	246,187
Increase (decrease) in deferred pension inflows	151,646	29,116	96,604
Increase (decrease) in deferred OPEB inflows	178,215	1,640	132,624
Increase (decrease) in deferred lease inflows	-	-	-
Total adjustments	<u>8,375,498</u>	<u>109,297</u>	<u>6,912,313</u>
Net cash provided (used) by operating activities	<u>\$ 9,577,056</u>	<u>\$ 2,475,166</u>	<u>\$ 6,140,308</u>
Noncash investing, capital and financing activities:			
Capital assets acquired through contributions from developers	\$ 5,404,082	\$ 2,018,786	\$ -
Amortization of deferred amount on refunding	38,188	-	-
Gain on disposal of capital assets	6,977	-	-
Capital assets transferred to other funds	(321,398)	-	-
Capital assets transferred from other funds	<u>6,168,097</u>	<u>328,095</u>	<u>22,779</u>
Total noncash investing, capital and financing activities	<u>\$ 11,295,946</u>	<u>\$ 2,346,881</u>	<u>\$ 22,779</u>

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

Business-type Activities - Enterprise Funds			Governmental
Airport Fund	Nonmajor Enterprise Fund - Housing Authority	Total Business-type Funds	Internal Service Fund
\$ (5,303,830)	\$ (8,500,059)	\$ (11,008,467)	\$ 2,103,451
2,033,816	477,058	13,196,002	-
-	-	817,813	-
9	-	9	-
605,002	78,343	(1,088,821)	(539,524)
-	24,785	28,785	-
-	-	(73,723)	-
113,921	(4,826)	109,095	-
256,607	-	256,607	-
6,613	35,671	459,725	-
(128,257)	29,524	(102,434)	-
(4,359)	32,191	5,349,090	368,177
32,926	(35,053)	98,178	-
(35,613)	(23,567)	(492,009)	-
(30,132)	(84,044)	(656,171)	-
-	(2,317)	77,344	-
-	(11,665)	194,406	(2,664)
80,146	43,702	401,214	-
(88,002)	(13,136)	211,341	-
(620,467)	-	(620,467)	-
<u>2,222,210</u>	<u>546,666</u>	<u>18,165,984</u>	<u>(174,011)</u>
<u>\$ (3,081,620)</u>	<u>\$ (7,953,393)</u>	<u>\$ 7,157,517</u>	<u>\$ 1,929,440</u>
\$ -	\$ -	\$ 7,422,868	\$ -
-	-	38,188	-
-	-	6,977	-
-	-	(321,398)	-
-	-	6,518,971	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,665,606</u>	<u>\$ -</u>

(concluded)

# **City of Flagstaff, Arizona**

## **Notes to the Financial Statements**

### **June 30, 2024**

## **I. Summary of Significant Accounting Policies**

### **A. Financial Reporting Entity**

The City of Flagstaff (City) was incorporated as a town in 1894 and as a city in 1928. The current City Charter was approved June 29, 1998. The Charter provides for the Council-Manager form of government and the authority to provide municipal services, as limited by the State Constitution.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to Governmental Units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The City of Flagstaff is a municipal corporation governed by an elected mayor and six-member council. The accompanying financial statements include the City and all its component entities for which the government is financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the Government-wide Statement of Net Position and Activities to emphasize they are legally separate from the government. The City of Flagstaff reports no blended or discretely presented component units.

Related Organizations: The City of Flagstaff officials are also responsible for appointing board members of other organizations. However, as the City's control is limited to making the appointments and there is not a significant operational nor a significant financial relationship between these organizations and the City, they are not included as part of these financial statements.

### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (statement of net position and statement of activities) report on the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which are supported by fees and charges for services.

The government-wide statement of activities demonstrates the degree to which the direct expenses of the various functions and segments of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on long-term debt and depreciation expense on assets shared by multiple functions are not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use, or directly benefit from goods, services or privileges provided by a particular 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, investment income and other revenues not identifiable with functions or segments are included as general revenues. The general revenues support the net costs of the functions and segments not covered by program revenues.

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

Interdepartmental services performed by one division for another are credited to the performing division and charged to the receiving division to reflect the accurate costs of programs. These indirect costs have been eliminated as part of the program expenses reported for the various functional activities. The rates used are intended to reflect full costs in accordance with generally accepted cost accounting principles and are part of the fund statements. Interfund services provided and used are eliminated in the process of consolidation.

The government-wide statement of net position reports all financial and capital resources of the government. It is displayed in a format of assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position, with the assets and liabilities shown in order of their relative liquidity. Net position is required to be displayed in three components: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in the net position. The portion of unspent related debt proceeds or deferred inflows of resources at the end of the reporting period is not included in the calculation of net investment in capital assets; instead that portion of the debt or deferred inflows of resources is included in the same net position component as the unspent amount. Restricted net position occurs when a constraint is placed on its use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or law or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net position not otherwise classified as restricted, is shown as unrestricted. Generally, the City would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Also, part of the basic financial statements is fund financial statements for governmental funds and proprietary funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although the reporting model sets forth minimum criteria for determination of major funds (a percentage of assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements and are detailed in combining statements included as supplementary information after the basic financial statements.

### **C. 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, as are the proprietary funds. 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 recorded 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.

The governmental fund financial statements are prepared on a current financial resource's measurement focus and modified accrual basis of accounting. This is the traditional basis of accounting for governmental funds. This presentation is deemed most appropriate to 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the City's actual revenues and expenditures conform to the annual budget. Since the governmental fund financial statements are presented on a different basis than the governmental activities column of the government-wide financial

statements, a reconciliation is provided immediately following each fund statement. These reconciliations explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The proprietary fund financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary fund financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds may be eliminated in the consolidation for the government-wide financial statements but are included in the fund columns in the proprietary fund financial statements. The net costs/income of the internal service fund is also partially allocated to the business-type activities column on the government-wide financial statements.

On the proprietary fund financial statements, operating revenues are those that flow directly from the operations of that activity, i.e., charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses represent items like investment income, interest expense, and other items that do not fit in any other category and are not a result of the direct operations of the activity.

The City uses funds to report its financial position and the results of its operations. Fund accounting segregates funds according to their intended purpose and is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts, which includes assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures/expenses.

The City uses the following fund categories:

### **Governmental Fund Types**

*Governmental Funds* are those through which most of the governmental functions of the City are financed. The measurement focus is based upon determination of changes in financial position rather than upon net income determination.

*General Fund* is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund will always be considered a major fund in the basic financial statements.

*Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for specified purposes. There are two special revenue funds that are presented as a major fund in the basic financial statements. They are the:

- *Highway User Revenue Fund* which receives and expends the City's allocation of the Highway User Revenue money. Resources allocated to this fund come mainly from the State and must be used for street construction, reconstruction, and maintenance.
- *Transportation Tax Fund* accounts for the receipt and expenditures of the transportation tax money as authorized by voters on May 16, 2000. These resources are restricted to financing improvements in the areas of the 4<sup>th</sup> Street overpass project, safe to school/pedestrian and bike projects, traffic flow and safety improvements, transit service operations and enhancements and to repay the bonding related to the 4<sup>th</sup> Street overpass. In fiscal year 2015-2016, voters approved an additional transportation tax for road repair and street safety which is valid through 2035. In fiscal year 2016-2017, voters approved an

extension of the transit tax to 2030. In fiscal year 2018-2019, voters approved an additional tax for the Lone Tree Overpass and extended the roadway, pedestrian, bicycle, and safety improvements tax to 2040.

Capital Project Funds are used to account for major capital acquisition and construction separate from ongoing operating activities. Resources for capital projects typically result from the issuance of general obligation or other government debt.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term obligation principal and interest.

Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. Resources are generated from ongoing plot sales with a portion allocated to perpetuity.

### **Proprietary Fund Types**

*Proprietary Funds* are used to account for the City's ongoing operations and activities, which are like those found in the private sector and where cost recovery and the determination of net income is useful or necessary for sound fiscal management. The measurement focus is based upon determination of net income, changes in net position, net position, and cash flows.

Enterprise Funds are used to account for operations that provide services to the public for a fee. Under GASB Statement No. 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for an activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges, or 3) it is the policy of the City to establish activity fees or charges to recover the cost of providing services, including capital costs. The City has five enterprise funds, four of which are presented as major funds in the basic financial statements.

- *Water and Wastewater Fund* accounts for the City water pumping, treatment and distribution systems and the City wastewater collection and treatment systems.
- *Stormwater Fund* accounts for the construction, operations, and maintenance activities of the City stormwater system.
- *Environmental Services Fund* accounts for the operations of City refuse, management of the City landfill, recycling collection services and the management of sustainability programs.
- *Airport Fund* accounts for the construction and operations activities of the City's Airport.

Internal Service Fund accounts for the operations that provide services to other divisions of the government on a cost-reimbursement basis, thus the internal service fund is presented with the proprietary fund financial statements. The internal service fund represents the self-insurance services provided to other divisions and accounts for the risk management function of the City as well as maintaining the costs of the City's liability insurance and any claims paid under the City's self-insurance program. These costs are allocated to all operational activities of the City.

### **Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using a current financial resources measurement focus whereby only current assets plus deferred outflows of resources, equals current liabilities plus deferred inflows of resources, plus fund balance. Operating statements present increases (i.e., revenues and other

financing sources) and decreases (i.e., expenditures and other financing uses) in net change in fund balances.

Enterprise funds are accounted for on a flow of economic resources measurement focus whereby all assets plus deferred outflows of resources, less liabilities and deferred inflows of resources associated with the operation of these funds, equals net position, as presented on the statement of net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

The modified accrual basis of accounting is used by governmental funds. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period.

Expenditures are generally recorded when the related fund liability is incurred, as under accrual accounting. Principal and interest on long-term debt are recorded as fund liabilities when due. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments are recorded only to the extent they have matured.

Revenues susceptible to accrual include property tax, privilege license tax, highway user tax, state shared sales tax, vehicle license tax, grants and aid and interest earned on investments. Licenses and permits, charges for services, fines and forfeitures, parks and recreation charges and miscellaneous revenues are recorded when received in cash since they are generally not measurable until received. Only the portion of special assessment receivables due within the current fiscal period is susceptible to accrual as revenue of the current period.

The accrual basis of accounting is followed for all enterprise funds. Revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized when incurred.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the funds principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating items.

### **Budgets and Budgetary Accounting**

The City uses the following procedures in establishing the budgetary data reflected in the accompanying financial statements.

- The maximum legal expenditure permitted for the year is the total budget as adopted. The expenditure appropriations in the adopted budget are maintained in the City's financial system by division within individual funds. Division appropriations may be amended during the year, within administrative guidelines and adopted Council policies.
- The initial budget for the fiscal year may be amended during the year in a legally permissible manner.
- The City Manager is generally authorized to transfer budgeted amounts within any specific sections expenditure appropriation. Any budget revisions requiring a transfer between divisions must be

approved by the City Council. City manager, human resources and information technology are example sections of the general administration division.

- All unencumbered expenditure appropriations expire at the end of the fiscal year.
- Encumbered amounts are re-budgeted in the following year as deemed appropriate and necessary after review by the Budget Committee. Budgetary carry forwards are approved by the City Council as part of the budget adoption process.
- All funds of the City have legally adopted budgets except for the internal service fund, perpetual care fund. Formal integration of these budgets into the City's financial systems is employed as a management control device during the year for all funds.

The City prepares its annual budget on a modified cash basis, which differs from GAAP. GASB Statement No. 34 requires that budgetary comparison statements for the General Fund and major special revenue funds be presented in the annual financial statements or as required supplementary information. The City has chosen to present these statements in the basic financial statements. These statements must display original budget, amended budget and actual results on a budgetary basis at the legal level of budgetary control. The City's legal level of budgetary control is at the division level; however, the City's financial statements are presented at the functional level of detail. Budgetary comparisons provided in the basic financial section are presented for the general fund and major special revenue funds at the division level; these are presented as statements. The supplemental section provides budgetary comparisons for non-major special revenue funds, capital projects funds and debt service funds at the same functional level of detail used in financial statements presentation; these are presented as schedules.

## **D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position**

### **Cash and Investments**

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

State statutes authorize the government to invest in the State's Local Government Investment Pool (LGIP), obligations of the U.S. Treasury, commercial paper and repurchase agreements. Investment income from pooled cash and investments is allocated monthly based on the percentage of a fund's average daily equity in pooled cash and investments to the total average daily pooled equity in pooled cash and investments. Investments are stated at fair value based on quoted market prices. The City also has an investment policy. Details of the City's investment policy can be found in Note III.A.

The LGIP is a part of the State of Arizona Treasurer's office. The State Board of Investments provides oversight for the State Treasurer's pools, and the LGIP Advisory Committee provides consultation and advice to the Treasurer. Investments in the State of Arizona LGIP are stated at fair value, which also approximates the value of the investment upon withdrawal.

For purposes of the statement of cash flows, the City considers cash and cash equivalents, including restricted cash and cash equivalents, to be currency on hand, demand deposits with banks, amounts included in pooled cash and investment accounts and liquid investments with a maturity of three months or less. Cash and cash equivalents are included in both unrestricted as well as restricted assets.

## **Receivables and Payables**

Accounts receivable and taxes receivable are shown net of an allowance for uncollectible accounts. The City's property tax is levied each year on or before the third Monday in August based on the previous January 1, full cash value as determined by the Coconino County Assessor. Levies are due and payable in two installments on September 1 and March 1. First half installments become delinquent on November 1; second half installments become delinquent on May 1. Interest at the rate of 12% per annum accrues following delinquent dates. Coconino County bills and collects all property taxes, at no charge to the taxing entities. A lien against property assessed attaches on the first day of January preceding assessment and levy thereon.

Under Arizona tax laws there are two property tax levies: primary and secondary. Primary property taxes are not restricted as to use and are used to finance the general operations of the City. Secondary property taxes are restricted for general obligation bonded debt service. The secondary property tax levy is recorded as revenue in a debt service fund and transferred to the Water and Wastewater Fund and the General Obligation Bond Fund.

As lessor, the City recognizes a lease receivable at the inception of the lease agreement other than short-term leases and as lessee, the City recognizes a lease payable at the inception of the lease agreement.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is classified as interfund receivables and payables. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balance.

## **Deferred Outflows of Resources**

When a consumption of net assets/fund balance applies to a future period it should not be recognized as an outflow of resources, expense, or expenditure until that time. Advance refunding resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

## **Inventory and Prepaids**

Inventory is valued at cost, which approximates market, using the weighted average cost method. Inventory consists of expendable supplies held for consumption and is charged to expenditure accounts as consumed. Prepayments are recorded under the consumption method where assets are recording and amortized over the life of the related agreement. Prepaid items contain payments made to vendors applicable to future accounting periods. The cost of a prepaid item is recorded as an expense when consumed rather than purchased.

## **Restricted Assets**

Certain debt proceeds of the City's bonds, as well as certain resources set aside for their repayment, are classified as restricted on the balance sheet or statement of net position, because they are maintained in trust accounts and their use is limited by applicable debt covenants. Typically, restricted assets, committed assets and assigned assets are used prior to using unassigned assets when both are available for the same purpose.

## **Capital Assets**

Capital assets, whether owned by governmental activities or business-type activities, are recorded, and depreciated/amortized (unless the modified approach is used) in the government-wide financial statements. The City has chosen not to apply the modified approach to any networks or subsystems of

infrastructure assets. No long-term assets or depreciation are shown in the governmental fund financial statements.

Capital assets, including public domain infrastructure (i.e., roads, bridges, curbs and gutters, streets and sidewalks, and other assets that are immovable and of value only to the City) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 (\$25,000 for capital improvement projects and infrastructure assets) and an estimated useful life greater than three years. Such assets are recorded at historical cost or estimated historical cost if actual amounts are unknown. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its life, are not capitalized. Major improvements are capitalized and depreciated over the remaining useful life of the related asset.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment is depreciated/amortized using the straight-line method over the following estimated useful lives (land and construction-in-progress are not depreciated):

<u>Assets</u>	<u>Useful life (years)</u>
Buildings	10-50
Improvements	10-20
Machinery and Equipment	5-25
Infrastructure	25-75

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

### **Deferred Inflows of Resources**

Revenues and other governmental fund financial resources are recognized in the accounting period in which they become both measurable and available. When an asset is recorded in the governmental fund financial statements, but the revenue is not available, the government reports a deferred inflow of resources until such time as the revenue becomes available. Revenue related to property tax, notes receivable and other revenues are recorded in governmental funds but the revenue is not available in the current period, so it is reported as a deferred inflow of resources.

Lease-related amounts are recognized at the inception of leases in which the City is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

### **Pensions and Other Postemployment Benefits**

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, pension and OPEB expense, information about the pension plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

Retirees are allowed to participate in the same healthcare plan as active employees and pay the same premium for this benefit which results in an implicit rate subsidy. Even though the City makes no direct payments on behalf of the retirees the City is required to report this implicit cost for active employees who will be able to continue to purchase health insurance once they retire.

### **Compensated Absences**

Vacation and sick leave are granted to all regular and part-time permanent employees. The annual amount of vacation time accrued varies depending on classification and years of service. Accumulated vacation leave vests and the City is obligated to make payment if the employee terminates. Sick leave accrues at rates based on the full-time equivalency status of each employee. Sick leave is vested with 20 years of service. Sick leave is payable upon termination (if vested) or retirement, up to 50 percent (not more than 520 hours) of accumulated sick leave.

For the governmental fund financial statements, the current payroll and current portion of the compensated absences are recorded as a current liability of the applicable funds. Long-term liabilities of governmental funds are not shown on the fund financial statements. For the government-wide financial statements, as well as the proprietary fund financial statements, all the accrued liabilities for compensated absences are recorded as a liability.

### **Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are amortized over the life of the bonds using a method which approximates the effective interest method.

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

### **Interfund Transactions**

Interfund transactions, consisting of services performed for other funds or costs billed to other funds are treated as expenditures in the fund receiving the services and as a reimbursement reducing expenditures in the fund performing the services. Exceptions include water sales, sewer charges, and environmental service charges that are recorded as revenue in the enterprise funds and expenses or expenditures in the department receiving the service. In addition, transfers are made between funds to shift resources from a fund legally authorized to receive revenue to a fund authorized to expend the revenue.

### **Grant Revenue**

The City recognizes grant revenues (net of estimated uncollectible amounts, if any), when all applicable eligibility requirements, including time requirements, are met. Resources transmitted to the City before the eligibility requirements are met are reported as advance revenues. Some grants and contributions consist of capital assets or resources that are restricted to purchase, construct, or renovate capital assets associated with a specific program. These are reported separately from grants and contributions that may be used either for operating expenses or for capital expenditures of the program at the discretion of the City.

## **Use of Estimates**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **Fund Balance**

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications of nonspendable, restricted, committed, assigned and unassigned designate the relative strength of the constraints placed on how the amounts can be spent. Classification of fund balances imposed by the reporting government, whether by administrative policy or legislative action of the City Council, are shown in aggregate on the government fund financial statements, but not on the proprietary statement of net position. Restricted net position on the government-wide financial statements reflects restrictions imposed by external sources.

Nonspendable fund balance represents amounts such as inventories, prepaid items, and the nonexpendable portion of permanent funds. Restricted fund balances represent constraints placed on the use of resources imposed externally by creditors, grantors, contributors, or laws and regulations of other governments. Resources imposed by constitutional provisions of enabling legislation that allows the ability to levy, charge, or mandate payment of resources are also classified as restricted. Committed fund balance includes amounts that can be used only for the specific purposes determined by adoption of a City ordinance by the City Council, the government's highest level of decision-making authority. A formal action would also be required to modify or rescind an established commitment as related to the adopted City ordinance. Assigned fund balance amounts are intended to be used by the government for specific purposes but do not meet the criteria to be restricted or committed. Assigned fund balance is expressed by the direction of the City Council and budget committee as part of the annual budgeting process. Authority to assign amounts used for specific purposes is confirmed as part of the annual budgeting process, the City has no formal policy that establishes this practice. Unassigned fund balance represents the remaining amount that is not restricted, committed, nonspendable nor assigned in the general fund. Unassigned amounts are only reported in the general fund or as a negative amount in all other funds.

Consideration is made that restricted amounts are reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes when both restricted and unrestricted fund balance is available. Also, committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in unrestricted fund balance classification could be used. Absent of a minimum fund balance policy, the City, through the budgeting process, establishes a minimum fund balance level to maintain as part of that process. A minimum balance of 20% is suggested in the general fund and a 10% fund balance is suggested for special revenue and enterprise funds.

Governmental fund balances as of June 30, 2024, are as follows:

	General Fund	Highway User Revenue Fund	Transportation Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:					
Nonspendable:					
Perpetual care	\$ -	\$ -	\$ -	\$ 366,863	\$ 366,863
Inventory and prepaids	5,120,574	-	-	162,766	5,283,340
Restricted for:					
Notes receivable	-	-	-	245,000	245,000
Library branch services	-	-	-	870,038	870,038
Library programs externally directed	-	-	-	2,341,282	2,341,282
Court improvements and operations	300,220	-	-	-	300,220
Debt service	-	-	-	30,223,603	30,223,603
Street improvements	-	16,780,697	72,745,895	-	89,526,592
Transit	-	-	13,994,747	-	13,994,747
Public art	-	-	-	1,703,047	1,703,047
Parks operations	-	-	-	7,137,365	7,137,365
Economic development	-	-	-	1,088,805	1,088,805
Tourism	-	-	-	3,989,304	3,989,304
Perpetual care	-	-	-	73,189	73,189
Development fee projects	3,158,240	-	-	-	3,158,240
Other capital projects	-	-	-	46,378,996	46,378,996
Assigned to:					
Capital reserve	5,303,377	-	-	-	5,303,377
Real estate	393,441	-	-	-	393,441
Parking district	-	-	-	2,467,271	2,467,271
Water resource and infrastructure protection	-	-	-	1,671,055	1,671,055
Library services	-	-	-	2,072,964	2,072,964
Unassigned:	75,365,844	-	-	(420,304)	74,945,540
Total fund balances	<u>\$ 89,641,696</u>	<u>\$ 16,780,697</u>	<u>\$ 86,740,642</u>	<u>\$ 100,371,244</u>	<u>\$ 293,534,279</u>

### Deficit Fund Balance / Net Position

A deficit unassigned fund balance of \$420,304 exists in the Capital Projects Fund. The deficit is a result of beginning construction of bonded projects prior to the receipt of proceeds. Additionally, there is a deficit unrestricted net position of \$350,006 in the Airport Fund due to a recent focus on capital purchases and projects.

### E. Implementation of New Accounting Principles

During the year ended June 30, 2024, the City implemented the provisions of GASB Statement No. 100, Accounting Changes and Error Corrections. This statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. In the fiscal year 2024, the City did not have any accounting changes or error corrections resulting in no changes to beginning balances reported in the financial statements due to the implementation of this standard.

## II. Stewardship, Compliance and Accountability

### A. Budgetary Information

#### **Budget Basis of Accounting**

The City's accounting records for general government operations (general, special revenue, debt service and capital funds) are essentially maintained on a basis consistent with Generally Accepted Accounting Principles (GAAP) except for 60 days sales tax accrual, unrealized gain or loss on investments and allowance for doubtful accounts. Measurable revenues are recorded when they become available to finance expenditures in the current fiscal year. "Available" is defined as: collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on debt, are recognized in the accounting period in which the liability arises. State statute allows for encumbrances to be recognized for a 60-day period following the end of the prior fiscal year as uses of prior year appropriations. To ensure that appropriations do not lapse, divisions are directed to re-budget for all items delivered after June 30.

For the enterprise funds, the annual budget is prepared on a basis that differs from GAAP because state law requires capital purchases and debt service payments to be budgeted as expenses, and bond proceeds and grants that are to be utilized are to be budgeted as revenues.

The accounting and budgeting systems for the City are in accordance with Generally Accepted Accounting Principles (GAAP) format, with minimal variances between the two systems. Budget basis for enterprise funds differ primarily due to state laws. The major differences are as follows:

- Encumbrances (contractual commitments) are considered the equivalent of expenditures. Encumbrances at year-end for goods or services which are not received prior to the end of the fiscal year are cancelled.
- Fund balances reserved for inventory and bonded debt are not included in the budget.
- Certain expenses, such as depreciation, compensated absences and landfill closure and post closure accruals, are not included in the budget.
- Enterprise funds budget capital expenditures and debt service payments as expenses.
- Enterprise funds budget bond proceeds as revenues.

The City will utilize several different fund types to segregate the financial activity within the City either due to regulatory reasons or as designated internally. The fund classifications are Governmental Funds and Proprietary Funds.

#### **Review and Approval**

Issues presented during the review and approval period include discussion topics of the Council during the various retreats. These retreats were held in February and April to give City staff the opportunity to present major discussion points to Council and the public. The goal is for Council to make policy decisions and direct staff in preparing the budget. This provides adequate time for the Council to gather input on major budget issues prior to preparation of the budget. The City Council holds study sessions in April. The Council reviews and discusses the issue papers included in the Budget Review Book as well as all personnel recommendations, capital equipment recommendations and the capital improvement plan. The Council arrives at a consensus for all decisions needed. The study sessions provide the opportunity for City management, divisions, and the public to offer information and recommendations to the City Council.

The proposed budget is presented to Council for tentative adoption on or before the third Tuesday in June. Two public hearings are held on the content of the budget. State law requires the operating budget to be all-inclusive. Therefore, the budget includes provisions for contingent revenues, e.g., passenger facility charges, and expenditures that cannot be accurately determined when the budget is adopted, e.g., grants.

The resolution adopting the annual budget requires Council authorization for any expenditure from contingencies, as well as transfer of budget authority between divisions.

The City operates under the State Expenditure Limitation with a one-time adjustment to the base. The adjustment provided for an increase to the base limit to allow for the expenditure of funds resulting from the addition of a 2% Bed, Board and Beverage Tax. Flagstaff is not a Home Rule city. Alternative Home Rule Expenditure Control municipalities require voter approval every four years.

The adopted budget reflects the total funds appropriated. Certain exclusions are allowed by the state (e.g., bond proceeds, debt service and grants) in computing the Expenditure Limitation and this total cannot be exceeded.

Budget authority can be transferred between line items within a section. At year-end, division budgets are reviewed, and budget authority is transferred from contingencies by resolution, if between divisions, as necessary. Council can also amend total appropriations for a division during the year by resolution if there is a corresponding increase/decrease in another division so that the expenditure limitation is not exceeded.

## **B. Excess of Expenditures over Appropriations**

Expenditure appropriations are adopted in the budget at the division level. For presentation purposes, we have elected to show any deficits at the division level within funds. As of June 30, 2024, there are no divisions with an excess of expenditures over appropriations.

## **III. Detailed Notes on All Funds**

### **A. Deposits and Investments**

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the government-wide Statement of Net Position as "cash, investments and equivalents," and "restricted cash and investments."

#### **Deposits**

On June 30, 2024, the carrying amount of the City's deposits was \$211,773,100 and the bank balance was \$215,287,649. The \$3,514,549 difference represents deposits in transit, outstanding checks, and other reconciling items on June 30, 2024. There is an additional \$19,051,249 reported as restricted cash as it is held with paying or fiscal agent on June 30, 2024, for debt service payments due on July 1, 2024.

#### **Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Statutes and the City's investment policy require collateral for demand deposits, certificates of deposit, and repurchase agreements at 102 percent of all deposits not covered by federal depository insurance. All investments are either registered in the City's name or are held by a third party in the City's name. All deposits were insured or collateralized at June 30, 2024.

#### **Interest Rate Risk**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy matches maturities with cash flow dates, unless matched to a specific requirement the City may not invest more than 25 percent of the portfolio for a period greater than three years or any portion of the portfolio for a period greater than 10 years.

On June 30, 2024, the City's investments included the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (in years)</u>
Federal agency notes	\$ 12,187,200	0.182
U.S. treasuries	84,460,640	2.123
State investment pool	46,813,754	0.100
Corporate notes	17,423,419	0.407
Total fair value of investments	<u>\$ 160,885,013</u>	

### Credit Risk

City resolution and Arizona State Statutes authorized the City to invest in obligations of the U.S. Treasury, its agencies, and instrumentalities, repurchase agreements, SEC registered money market accounts, certificates of deposit within the top three ratings by a nationally recognized rating agency, and the State of Arizona Local Government Investment Pool (LGIP).

The credit quality ratings of investments as described by nationally recognized Standard and Poor's and Moody's rating service as of June 30, 2024, is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Moody's Rating</u>	<u>S&amp;P Rating</u>	<u>Percent of Investments</u>
Federal agency notes	\$ 12,187,200	AAA	AA+	7.57%
U.S. treasuries	84,460,640	AAA	AA+	52.50%
State investment pool	46,813,754	AAA	AAA f / S1+	29.10%
Corporate notes	17,423,419	AAA/ AA2/ AA3/ BAA1 A1/ A2/ A3	AA+/ AA/ AA-/ A+/ A / A- / BBB+	10.83%
Total	<u>\$ 160,885,013</u>			<u>100.00%</u>

### Concentration of Credit Risk

The City's investment policy establishes that its investment portfolio, to minimize the risk of loss resulting from over concentration of assets in a specific maturity, specific issuer, or specific class of securities shall not exceed the following. Fully insured or collateralized CD's no more than 25%, US agency securities 100%, State, county, school district and other district municipal bonds or debt with an A rating or better no more than 25%, repurchase agreements 100%, and local government investment pool 100%.

At June 30, 2024, the City's cash and investments included the following:

Carrying amount of investments	\$ 160,885,013
Carrying amount of cash deposits	211,773,100
Cash on deposit with paying agent	19,051,249
Cash on hand	12,853
Total pooled cash and investments	<u>\$ 391,722,215</u>
Pooled cash, equivalents and investments - unrestricted	\$ 304,702,192
Restricted cash and investments	87,020,023
Total pooled cash and investments	<u>\$ 391,722,215</u>

Cash and cash equivalents at June 30, 2024, consisted of the following:

Investments included in cash and cash equivalents	\$ 114,347,657
Carrying amount of unrestricted city deposits	190,341,682
Cash on hand	12,853
Total cash, investments, and cash equivalents per statement of net position	<u>\$ 304,702,192</u>

Investment income comprises the following for the year ended June 30, 2024:

Net interest and dividends	\$ 14,547,910
Net increase (decrease) in the fair value of investments	2,274,490
Total net investment income per statement of activities	<u>\$ 16,822,400</u>

### **Fair Value Measurement**

The net decrease in the fair value of investments during fiscal year 2023-2024 was \$2,274,490. This amount considers all changes in fair value (including purchases and sales) that occurred during the year. The unrealized loss on investments held at June 30, 2024, was \$3,177,219.

In determining fair value, the City uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

Fair value measurements framework establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Fair value measurements define levels within the hierarchy based on the reliability of inputs as follows:

- Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets.
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

The City's investments at June 30, 2024, categorized within the fair value hierarchy detailed above were as follows:

Investments by fair value level: Investment Type	Fair Value Measurements			
	Total Fair Value	(Level 1)	(Level 2)	(Level 3)
Federal agency notes	\$ 12,187,200	\$ -	\$ 12,187,200	\$ -
U.S. treasuries	84,460,640	3,364,434	81,096,206	-
Corporate notes	17,423,419	-	17,423,419	-
Total investments by fair value level	114,071,259	3,364,434	110,706,825	-
External investment pools measured at fair value				
State Treasurer's Investment Pool	46,813,754			
Total investments	<u>\$ 160,885,013</u>			

The State Treasurer's Pool is an external investment pool, the Local Government Investment Pool (Pool 5), with no regulatory oversight. The pool is not required to register (and is not registered) with the Securities and Exchange Commission. The State Board of Investment provides oversight for the State Treasurer's investment pools.

Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the City held. The fair value of a participant's position in the pools approximates the value of that participant's pool shares.

In previous years, the City recognized a decrease in fair value of \$1,473,712 consisting of the City's share of a loss on an investment within the Local Government Investment Pool. The State and numerous other bondholders filed suit against the principals, underwriters, trustees, accountants, and others in May 2003. The case is presently pending litigation. There have been several distributions since June 2006. The distributions include payments from the trustee and settlement proceeds received from pending litigation. The City did not receive a distribution this year and the total recovery to date is \$1,126,225.

In previous years, the City recognized a decrease in fair value of \$289,104 consisting of the City's share of a loss on an investment within the Local Government Investment Pool relating to Lehman Brothers Chapter 11 filing. The State has filed claims on behalf of the LGIP investors. The City received a distribution this year in the amount of \$308 and the total recovery to date is \$246,769.

## B. Receivables

Receivables as of June 30, 2024, including allowances for uncollectible accounts, are as follows:

Fund	Accounts	Interest	Intergov- ernmental	Leases Receivable	Notes Receivable	Total Receivables
<b>Governmental Activities</b>						
General fund	\$ 8,452,398	\$ 366,871	\$ 2,418,924	\$ 11,343,386	\$ -	\$ 22,581,579
Highway user revenue fund	1,086,539	46,892	48,298	-	-	1,181,729
Transportation fund	5,368,100	379,525	1,102,517	-	-	6,850,142
Other governmental funds	2,425,516	205,469	273,038	402,898	245,000	3,551,921
Less: allowance for uncollectibles	(450,984)	-	-	-	-	(450,984)
Total government funds	16,881,569	998,757	3,842,777	11,746,284	245,000	33,714,387
Internal services funds	571,717	36,461	-	-	-	608,178
Total governmental activities	17,453,286	1,035,218	3,842,777	11,746,284	245,000	34,322,565
<b>Business-type Activities</b>						
Water and wastewater	4,902,795	264,991	3,739,695	-	-	8,907,481
Stormwater	740,989	54,453	605,102	-	-	1,400,544
Environmental services	1,986,767	50,944	73,723	-	-	2,111,434
Airport	110,009	68,029	5,699,260	5,621,164	-	11,498,462
Other proprietary funds	88,934	-	78,980	-	-	167,914
Less: allowance for uncollectibles	(95,268)	-	-	-	-	(95,268)
Total business-type activities	7,734,226	438,417	10,196,760	5,621,164	-	23,990,567
Total activities	\$ 25,187,512	\$ 1,473,635	\$ 14,039,537	\$ 17,367,448	\$ 245,000	\$ 58,313,132

## C. Capital Assets

A summary of capital asset activity, for the government-wide financial statements, as of June 30, 2024, is as follows:

	Balance July 1, 2023	Increases	Decreases	Transfers	Balance June 30, 2024
<b>Governmental activities:</b>					
Non-depreciable assets:					
Land & other non-depreciable assets	\$ 74,266,186	\$ 2,546,862	\$ -	\$ -	\$ 76,813,048
Construction-in-progress	49,179,265	28,564,569	(22,292,646)	(6,463,863)	48,987,325
Total non-depreciable assets	123,445,451	31,111,431	(22,292,646)	(6,463,863)	125,800,373
Depreciable assets:					
Buildings	125,284,831	445,524	-	-	125,730,355
Improvements	25,297,772	274,982	(28,789)	-	25,343,965
Machinery and equipment	44,153,842	6,617,519	(658,069)	(22,779)	50,090,513
Infrastructure	373,689,735	25,780,005	-	289,069	399,758,809
Right to use subscription asset	669,456	603,689	(368,793)	-	904,352
Right to lease asset: buildings	565,547	-	(353,617)	-	211,930
Total depreciable assets	569,661,183	33,721,719	(1,409,268)	266,290	602,239,924
Accumulated depreciation/amortization:					
Buildings	(38,570,453)	(2,788,343)	-	-	(41,358,796)
Improvements	(21,278,526)	(393,138)	28,789	-	(21,642,875)
Machinery and equipment	(29,949,154)	(2,217,810)	645,579	-	(31,521,385)
Infrastructure	(220,752,974)	(10,377,899)	-	-	(231,130,873)
Right to use subscription asset	(379,159)	(350,248)	368,793	-	(360,614)
Right to lease asset: buildings	(356,848)	(178,423)	353,617	-	(181,654)
Total accumulated depreciation	(311,287,114)	(16,305,861)	1,396,778	-	(326,196,197)
Governmental activities capital assets, net	<u>\$ 381,819,520</u>	<u>\$ 48,527,289</u>	<u>\$ (22,305,136)</u>	<u>\$ (6,197,573)</u>	401,844,100
				Less: outstanding debt	(197,246,555)
				Less: unamortized premium	(7,830,379)
				Plus: unamortized discount	57,965
				Less: construction retainage	(1,305,658)
				Less: capital accounts payable	(4,338,261)
				Plus: non-capital related debt, series 2013	774,780
				Plus: unspent capital related debt, series 2016	1,942,894
				Plus: unspent capital related debt, series 2024	18,658,325
				Plus: non-capital related debt, series 2016	1,295,250
				Plus: non-capital related debt, series 2020	110,965,000
				Plus: non-capital related debt, series 2020	3,235,898
				Plus: non-capital related debt, series 2024	13,305,000
				Net investment in capital assets	<u>\$ 341,358,359</u>

	Balances July 1, 2023	Increases	Decreases	Transfers	Balance June 30, 2024
<b>Business-type activities:</b>					
Non-depreciable assets:					
Land	\$ 19,965,587	\$ 1,988,291	\$ -	\$ -	\$ 21,953,878
Construction-in-progress	53,624,509	32,764,964	(13,893,892)	(321,398)	72,174,183
Total non-depreciable assets	<u>73,590,096</u>	<u>34,753,255</u>	<u>(13,893,892)</u>	<u>(321,398)</u>	<u>94,128,061</u>
Depreciable assets:					
Buildings	108,251,117	13,258	-	-	108,264,375
Improvements	464,262,415	24,457,568	(200,078)	6,496,192	495,016,097
Machinery and equipment	60,851,583	3,934,686	(116,601)	22,779	64,692,447
Right to use subscription asset	32,300	-	-	-	32,300
Right to lease asset: land	6,412	-	(6,412)	-	-
Total depreciable assets	<u>633,403,827</u>	<u>28,405,512</u>	<u>(323,091)</u>	<u>6,518,971</u>	<u>668,005,219</u>
Accumulated depreciation/amortization:					
Buildings	(69,128,182)	(1,824,992)	-	-	(70,953,174)
Improvements	(205,586,660)	(8,561,881)	200,078	-	(213,948,463)
Machinery and equipment	(38,738,204)	(2,797,257)	115,081	-	(41,420,380)
Right to use subscription asset	(10,438)	(10,766)	-	-	(21,204)
Right to lease asset: land	(5,306)	(1,106)	6,412	-	-
Total accumulated depreciation	<u>(313,468,790)</u>	<u>(13,196,002)</u>	<u>321,571</u>	<u>-</u>	<u>(326,343,221)</u>
Business-type activities capital assets, net	<u>\$ 393,525,133</u>	<u>\$ 49,962,765</u>	<u>\$ (13,895,412)</u>	<u>\$ 6,197,573</u>	<u>435,790,059</u>
				Less: associated debt	(44,394,938)
				Less: construction retainage	(1,843,984)
				Less: capital accounts payable	(8,678,273)
				Less: bond premium	(7,260)
				Plus: bond discount	56,287
				Plus: deferred outflow related to refunding	114,565
				Net investment in capital assets	<u>\$ 381,036,456</u>

Depreciation and amortization expense was charged to the governmental functions in the government-wide financial statements as follows:

**Governmental Activities:**

General government	\$ 1,153,038
Public safety	1,657,294
Public works	743,629
Economic and physical development	458,617
Culture and recreation	1,663,482
Highway and streets	10,629,801
Total depreciation expense - governmental activities	<u>\$ 16,305,861</u>

Depreciation and amortization expense was charged to the business-type functions in the government-wide financial statements as follows:

**Business-Type Activities:**

Water and wastewater	\$ 8,929,913
Stormwater	776,323
Airport	2,033,816
Environmental services	978,892
Housing authority	477,058
Total depreciation expense - business-type activities	<u>\$ 13,196,002</u>

## D. Interfund Receivables, Payables, and Transfers

### Interfund Receivables and Payables

Net interfund receivables and payables between governmental activities and business-type activities of \$5,266,619 are included in the government-wide financial statements on June 30, 2024. The interfund balances on June 30, 2024, are short-term loans to cover temporary cash deficits in various funds. This occasionally occurs prior to bond sales or grant reimbursements. All interfund balances outstanding on June 30, 2024, are expected to be repaid within one year.

The following interfund receivables and payables are included in the fund financial statements on June 30, 2024:

Fund	Interfund Receivables	Interfund Payables
<b>Governmental Activities:</b>		
General fund	\$ 6,353,492	\$ -
Total governmental activities	6,353,492	-
<b>Business-type Activities:</b>		
Airport fund	-	6,100,000
Housing authority fund	-	253,492
Total business-type activities	-	6,353,492
Total governmental and business-type activities	\$ 6,353,492	\$ 6,353,492
Adjustment for internal service fund elimination	(1,086,873)	
Total government-wide statement of net position	\$ 5,266,619	

### Transfers

The net transfers of \$3,840,334 from governmental activities to business-type activities on the government-wide statement of activities are primarily capital assets and operations. The following transfers are reflected in the fund financial statements for the year ended June 30, 2024:

Fund	Transfers Out	Transfers In
<b>Governmental Activities:</b>		
General fund	\$ 10,808,604	\$ 4,782,793
Highway user revenue fund	313,000	7,788,000
Transportation fund	7,787,961	300,000
Nonmajor governmental funds	9,259,627	17,655,638
Total governmental activities	28,169,192	30,526,431
<b>Business-type Activities:</b>		
Water and wastewater fund	32,329	71,200
Stormwater fund	1,481,139	32,329
Environmental services fund	-	790,209
Airport fund	1,737,509	-
Total business-type activities	3,250,977	893,738
Total governmental and business-type activities	\$ 31,420,169	\$ 31,420,169
Less: fund eliminations	(29,062,930)	
Less: net capital assets transfer	(6,197,573)	
Total government-wide statement of activities	\$ (3,840,334)	

The business-type activities transferred \$289,069 of capital assets to governmental activities and the governmental activities transferred \$6,486,642 to business-type activities for a consolidated net total of \$6,197,573 in capital asset transfers to the government wide financials. The BBB fund transferred \$3,291,467 to the general fund to support general fund operations. The transportation fund transferred \$7,787,961 to the highway user revenue fund to support highway user fund operations. The general fund transferred \$8,207,469, the water resource and infrastructure protection fund transferred \$172,789 and the airport fund transferred \$259,183 to the pension bond fund for debt service payments. The general fund transferred \$1,662,813 to the library fund for the City's share of expenditures for the libraries within the City limits. The general obligation bond fund received a \$5,572,262 transfer from the secondary property tax revenue fund for payment of debt service.

## **E. Lease Receivable**

Under this statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources. The discount methodology is the city's incremental borrowing rate. For additional information, refer to the disclosures below.

### **Governmental Activities**

The City, acting as lessor, leases building and office space under long-term, non-cancelable lease agreements. The leases expire at various dates through 2099 and provide for renewal options ranging from one year to five years. During the year ended June 30, 2024, the City recognized \$681,689 and \$52,065 in lease revenue and interest revenue, respectively, pursuant to these contracts.

The City, acting as lessor, leases land under long-term, non-cancelable lease agreements. The leases expire at various dates through 2080 and provide for renewal options ranging from one year to ten years. During the year ended June 30, 2024, the City recognized \$24,996 and \$28,668 in lease revenue and interest revenue, respectively, pursuant to these contracts.

### **Proprietary/Business-Type Activities**

The City, acting as lessor, leases building and office space under long-term, non-cancelable lease agreements. The leases expire at various dates through 2032 and provide for renewal options ranging from one year to five years. During the year ended June 30, 2024, the City recognized \$408,204 and \$3,240 in lease revenue and interest revenue, respectively, pursuant to these contracts.

The City, acting as lessor, leases land under long-term, non-cancelable lease agreements. The leases expire at various dates through 2086 and provide for renewal options ranging from one year to fifty-nine years. During the year ended June 30, 2024, the City recognized \$170,073 and \$119,854 in lease revenue and interest revenue, respectively, pursuant to these contracts.

## **F. Long-Term Debt**

### **General Obligation Debt**

The City of Flagstaff issues general obligation debt to provide funds for the acquisition and construction of major capital facilities. General obligation debt has been issued for both governmental and business-type activities.

General obligation debt are direct obligations and pledge the full faith and credit of the government. The water and wastewater general obligation debt is a water infrastructure and finance authority note backed by the ultimate taxing power and general revenues of the City; however, the debt is carried as a liability of the water and wastewater fund to reflect the intention of the City to retire those bonds from resources in the water and wastewater funds.

General obligation debt outstanding at June 30, 2024:

<u>Purpose</u>	<u>Amount</u>
Governmental activities	\$ 63,760,000
Total general obligation debt outstanding	<u>\$ 63,760,000</u>

General obligation debt at June 30, 2024, consists of the following individual issues:

Governmental activities:

\$11,460,000 Capital projects, series 2013 due in annual installments of \$560,000 to \$950,000 through July 1, 2028; interest rate at 1.625% to 4.000%. Construction related to forest initiative, streets and utility improvements and open space/Flagstaff Urban Trail System.	\$ 4,440,000
\$6,600,000 Capital projects, series 2014A due in annual installments of \$200,000 to \$460,000 through July 1, 2034; interest rate at 1.5% to 5.0%. Construction related to parks and recreation facilities improvements and land purchase for open space/Flagstaff Urban Trail System.	4,205,000
\$16,105,000 Capital projects, series 2016 due in annual installments of \$565,000 to \$1,090,000 through July 1, 2036; interest rate at 3.0% to 4.0%. Construction related to open space acquisition, core services maintenance facilities, and forest health and water supply protection project.	11,775,000
\$11,090,000 Capital projects, series 2020 due in annual installments of \$585,000 to \$4,175,000 through July 1, 2028; interest rate at 4.0% to 5.0%. Construction related to courthouse building and public safety communication systems.	3,160,000
\$26,875,000 Capital projects, series 2024A due in annual installments of \$100,000 to \$2,525,000 through July 1, 2043; interest rate at 5.0%. Construction related to the Spruce Wash stormwater projects, wastewater projects and fire equipment purchases.	26,875,000
\$10,000,000 Housing projects, series 2024B due in annual installments of \$2,685,000 to \$7,315,000 through July 1, 2025; interest rate at 5.5% to 6.0%. Housing incentives and related projects.	10,000,000
\$3,305,000 Refunding bonds, series 2024C due in annual installments of \$35,000 to \$435,000 through July 1, 2034; interest rate at 5.0%. Construction related to parks and recreation facilities improvements and land purchase for open space/Flagstaff Urban Trail System.	3,305,000
Total governmental activities	<u>63,760,000</u>
Total General Obligation Debt	<u>\$ 63,760,000</u>

Annual debt service requirements to maturity for general obligation debt are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2025	\$ 13,350,000	\$ 1,737,915
2026	6,365,000	2,182,425
2027	4,700,000	1,922,450
2028	2,775,000	1,767,800
2029	2,950,000	1,658,200
2030-2034	10,660,000	6,886,625
2035-2039	10,960,000	4,285,774
2040-2044	12,000,000	1,540,001
	<u>\$ 63,760,000</u>	<u>\$ 21,981,190</u>

**Statutory Debt Limitation**

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, wastewater, electric, parks and open space, streets and public safety purposes may not exceed 20 percent of the City of Flagstaff’s net secondary assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6 percent of the City’s net secondary assessed valuation.

The City’s computation of legal debt margins available for creation of additional debt at June 30, 2024, was \$162,085,039 and \$54,753,512 for the 20 percent and 6 percent debt limits, respectively.

**Revenue Bonds**

Greater Arizona Development Authority revenue bonds are issued specifically for the purpose of constructing public infrastructure projects. These bonds have state shared revenue pledged as a repayment revenue stream. These bonds funded the Business Incubator building.

On July 20, 2016, the City issued \$8,930,000 in pledged revenue obligations, Series 2016 and on June 21, 2018, the City issued \$9,700,000 in pledged revenue obligations, Series 2018, for Road Repair/Street Safety Projects. The payments will be payable from and secured by a lien on Excise Tax Revenues. “Excise Tax Revenues” are revenues from the restricted transaction privilege tax of 0.33% (\$0.0033) approved at an election held in and for the City on November 4, 2014 (the “Election”), which will expire on December 31, 2034 (the “Road Repair/Street Safety Rate”). The Election authorized bonds payable from the Road Repair/Street Safety Rate in an amount not to exceed \$20,000,000.

On August 29, 2017, the City issued \$17,129,000 in direct placement utility revenue refunding obligations, Series 2017, for water and wastewater improvements. The City has pledged net revenues of the utility system for payment of all amounts due, and the repayment of these amounts are secured by a lien on and pledge of net revenues for the water and wastewater fund. Outstanding utility revenue refunding obligations are \$7,579,000 on June 30, 2024.

On June 20, 2019, the City issued \$9,585,000 in direct placement utility system revenue obligations, Series 2019, for water and wastewater improvements. The City has pledged net revenues of the utility system for payment of all amounts due, and the repayment of these amounts are secured by a lien on and pledge of net revenues for the water and wastewater fund. Outstanding utility revenue refunding obligations are \$7,110,000 on June 30, 2024.

On May 11, 2022, the City issued \$4,092,000 in direct placement utility system revenue obligation, Series 2022, for stormwater improvements. The City has pledged net revenues of the utility system for payment of all amounts due, and the repayment of these amounts are secured by a lien on and pledge of net revenues for the stormwater fund. Outstanding utility system revenue obligations are \$3,645,000 on June 30, 2024.

On May 11, 2022, the City issued \$4,930,000 in direct placement utility system revenue refunding obligation, Series 2022, for water improvements. The City has pledged net revenues of the utility system for payment of all amounts due, and the repayment of these amounts are secured by a lien on and pledge of net revenues for the drinking water fund. Outstanding utility system revenue refunding obligations are \$3,631,000 on June 30, 2024.

The City’s outstanding revenue refunding bonds and revenue bonds related to business-type activities contain a provision that whenever a purchase event of default shall have occurred and be continuing, the seller shall, but only if requested by the trustee, have the right to take any action permitted or required pursuant to this agreement and to take whatever other action at law or in equity as may appear necessary or desirable to collect the amounts then due and thereafter to become due on their scheduled payment dates or to enforce the performance and observance of any duty, covenant, obligation or agreement of the City hereunder, including, without limitation, appointment of a receiver of the system, however, under no circumstances may amounts due hereunder be accelerated.

Revenue bonds outstanding at June 30, 2024:

<u>Purpose</u>	<u>Amount</u>
Governmental activities	\$ 14,745,000
Business-type activities	10,755,000
Business-type activities - advance refunding	11,210,000
Total revenue bonds outstanding	<u>\$ 36,710,000</u>

Revenue bonds at June 30, 2024, consist of the following individual issues:

Governmental activities:

\$3,370,000 Greater Arizona Development Authority revenue bonds, series 2010A, due in annual installments of \$50,000 to \$240,000 through August 1, 2030; interest at 2.0% to 4.625%. Business incubator construction.	\$ 1,475,000
\$8,930,000 Road Repair Street Safety pledged refunding bonds, series 2016 due in annual installments of \$450,000 to \$735,000 through July 1, 2032; interest at 2.0% to 4.0%. Repair of existing streets and roadways.	5,480,000
\$9,700,000 Road Repair Street Safety pledged revenue bonds, series 2018 due in annual installments of \$360,000 to \$1,450,000 through July 1, 2034; interest at 2.0% to 4.25%. Repair of existing streets and roadways.	7,790,000
Total governmental activities	<u>14,745,000</u>

Business-type activities:

\$17,129,000 Utility revenue refunding obligations, series 2017 due in annual installments of \$957,000 to \$2,364,000 through July 1, 2027; interest at 1.99%. Water and wastewater improvements.	7,579,000
\$9,585,000 Utility revenue obligations, series 2019 due in annual installments of \$355,000 to \$835,000 through July 1, 2034; interest at 2.41%. Water and wastewater improvements.	7,110,000
\$4,092,000 Utility system revenue obligation, series 2022 due in annual installments of \$213,000 to \$307,000 through July 1, 2037; interest at 2.67%. Stormwater improvements.	3,645,000
\$4,930,000 Utility system revenue refunding obligation, series 2022 due in annual installments of \$137,000 to \$734,000 through July 1, 2029; interest at 2.49%. Water improvements.	3,631,000
Total business-type activities	<u>21,965,000</u>
Total Revenue Bonds	<u>\$ 36,710,000</u>

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Direct Placement	
			Principal	Interest
2025	\$ 1,170,000	\$ 556,494	\$ 3,208,000	\$ 474,838
2026	1,215,000	508,325	3,273,000	403,982
2027	1,270,000	457,763	3,349,000	331,569
2028	1,320,000	404,681	3,177,000	259,322
2029	1,375,000	349,438	1,676,000	202,897
2030-2034	6,945,000	925,334	5,265,000	585,486
2035-2038	1,450,000	23,565	2,017,000	74,193
Total	<u>\$ 14,745,000</u>	<u>\$ 3,225,600</u>	<u>\$ 21,965,000</u>	<u>\$ 2,332,287</u>

**Other Debt**

**Certificates of Participation**

On February 5, 2020, the City issued \$3,845,000 in capital lease certificates of participation, series 2020 for the Courthouse Facility. Principal and interest on the bonds are payable from capital lease payments and are not considered general obligations of the City. They are appropriated along with all other expenditures of the general government.

On August 1, 2020, the City issued \$131,000,000 in capital lease certificates of participation, series 2020A for the payment of the Public Safety Personnel Retirement System unfunded accrued pension liability. Principal and interest on the bonds are payable from capital lease payments and are not considered general obligations of the City. They are appropriated along with all other expenditures of the general government.

On June 21, 2018, the City issued \$3,880,000 in capital lease certificates of participation, series 2018 for the Core Services Facility. Principal and interest on the bonds are payable from capital lease payments and are

not considered general obligations of the City. They are appropriated along with all other expenditures of Solid Waste.

Certificates of participation bonds outstanding at June 30, 2024:

<u>Purpose</u>	<u>Amount</u>
Governmental activities	\$ 114,390,000
Business-type activities	3,415,000
Total certificates of participation outstanding	<u>\$ 117,805,000</u>

Certificates of participation on June 30, 2024, consist of the following individual issues:

Governmental activities:

\$3,845,000 Certificates of participation, series 2020 due in annual installments of \$100,000 to \$220,000, through July 1, 2045; interest at 3.0% to 5.0%. Construction of courthouse building.	\$ 3,425,000
\$131,000,000 Certificates of participation, series 2020A due in annual installments of \$1,630,000 to \$8,365,000, through May 1, 2040; interest at 0.701% to 2.48%. Public Safety Personnel Retirement System unfunded accrued pension liability.	110,965,000
Total governmental activities	<u>114,390,000</u>

Business-type activities:

\$3,880,000 Certificates of participation, series 2018 due in annual installments of \$85,000 to \$240,000 through July 1, 2043; interest at 3.0% to 3.125%. Core Services facility.	3,415,000
Total business-type activities	<u>3,415,000</u>
Total Certificates of Participation	<u>\$ 117,805,000</u>

Annual debt service requirements to maturity for certificates of participation debt are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 6,050,000	\$ 2,876,928	\$ 105,000	\$ 113,219
2026	6,130,000	2,795,314	105,000	110,068
2027	6,230,000	2,694,467	110,000	106,844
2028	6,345,000	2,582,767	110,000	103,544
2029	6,470,000	2,458,840	115,000	100,169
2030-2034	34,475,000	10,041,154	800,000	432,388
2035-2039	39,100,000	5,027,196	945,000	288,237
2040-2044	9,370,000	361,712	1,125,000	104,853
2045	220,000	3,300	-	-
Total	<u>\$ 114,390,000</u>	<u>\$ 28,841,678</u>	<u>\$ 3,415,000</u>	<u>\$ 1,359,322</u>

The following is a summary of debt service requirements, including interest requirements, to maturity for long-term debt at June 30, 2024:

Fiscal Year	General Obligation Debt	Revenue Bonds	Certificates of Participation	Total
2023-2024	\$ 15,087,915	\$ 5,409,332	\$ 9,145,147	\$ 29,642,394
2024-2025	8,547,425	5,400,307	9,140,382	23,088,114
2025-2026	6,622,450	5,408,332	9,141,311	21,172,093
2026-2027	4,542,800	5,161,003	9,141,311	18,845,114
2027-2028	4,608,200	3,603,335	9,144,009	17,355,544
2028-2029	3,248,775	2,993,976	9,171,537	15,414,288
2029-2030	3,363,425	2,855,890	9,170,982	15,390,297
2030-2031	3,692,925	2,623,000	9,174,699	15,490,624
2031-2032	3,645,675	2,618,983	9,174,054	15,438,712
2032-2033	3,595,825	2,628,971	9,057,270	15,282,066
2033-2034	3,543,375	2,630,395	9,057,016	15,230,786
2034-2035	3,044,700	312,078	9,069,862	12,426,640
2035-2036	2,995,199	311,188	9,075,421	12,381,808
2036-2037	2,884,375	311,097	9,073,624	12,269,096
2037-2038	2,778,125	-	9,084,510	11,862,635
2038-2039	2,671,875	-	9,087,412	11,759,287
2039-2040	2,882,500	-	467,397	3,349,897
2040-2041	2,760,000	-	468,497	3,228,497
2041-2042	2,637,500	-	469,084	3,106,584
2042-2043	2,588,126	-	469,175	3,057,301
2043-2044	-	-	223,300	223,300
Less interest	(21,981,190)	(5,557,887)	(30,201,000)	(57,740,077)
	<u>\$ 63,760,000</u>	<u>\$ 36,710,000</u>	<u>\$ 117,805,000</u>	<u>\$ 218,275,000</u>

### Authorized and Issued Debt

The voters of the City authorize capital projects and the related debt mechanism to finance these capital projects. On May 18, 2004, voters approved \$47.4 million for various capital projects, \$46.6 million for future water rights and production, and \$61.2 million for various facility capital projects. As of June 30, 2024, \$2.8 million remains unissued for capital projects, all related debt has been issued for future water rights and production, and \$57.8 million remains unissued for facility capital projects. On November 2, 2010, voters approved \$21.2 million for public safety communication system and various street and utilities improvements. As of June 30, 2024, all related debt has been issued. On November 6, 2012, voters approved \$24.0 million for a Core Service Maintenance Facility and Forest Health and Watershed Protection. As of June 30, 2024, all related debt has been issued. On November 8, 2016, voters approved \$12.0 million for a Courthouse Facility. As of June 30, 2024, all related debt has been issued. On November 8, 2022, voters approved \$57.3 million for wildfire suppression, stormwater flood mitigation and wastewater treatment infrastructure as well as \$20.0 million for creating rental and homeownership opportunities for residents of Flagstaff. As of June 30, 2024, \$30.4 million and \$10.0 million respectively remains unissued.

### Loans Payable - Direct Borrowings

The City of Flagstaff has various direct borrowing loan agreements with the Water and Wastewater Infrastructure Finance Authority (WIFA) of Arizona Revolving Fund Loan Program for the acquisition and construction of water and wastewater facilities and obtaining water rights.

Loans from direct borrowings outstanding as of June 30, 2024:

<u>Purpose</u>	<u>Amount</u>
Governmental activities	\$ 3,235,898
Business-type activities	18,255,359
	<u>\$ 21,491,257</u>

Loan from direct borrowing payables on June 30, 2024, consist of the following individual financing options:

Governmental activities:

\$5,000,000 Water infrastructure finance authority due in annual installments of \$221,536 to \$309,391, through July 1, 2039; interest at 0.373%. Forest health and water supply protection project.	\$ 3,235,898
Total governmental activities	<u>3,235,898</u>

Business-type activities:

\$594,950 Water infrastructure finance authority due in annual installments of \$24,531 to \$33,603 through July 1, 2029; interest at 2.45%. Original amount issued \$1,000,000, amount deobligated \$405,050. Well infrastructure improvements.	189,941
\$1,100,000 as amended 10/02/09, \$800,000 Water infrastructure finance authority due in annual installments of \$51,224 to \$70,168 through July 1, 2029; interest at 2.45%. Amount issued to date \$1,100,000. Local aquifer study.	396,624
\$20,000,000 Water infrastructure finance authority due in annual installments of \$1,053,308.59 to \$1,121,353.92 through July 1, 2047; interest at 2.686%. Stormwater infrastructure improvements.	17,668,794
Total business-type activities:	<u>18,255,359</u>
Total Loans Payable - Direct Borrowings	<u>\$ 21,491,257</u>

Annual debt service requirements to maturity for direct borrowing loan payables are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 234,218	\$ 42,124	\$ 649,495	\$ 492,898
2026	238,605	37,655	666,724	475,212
2027	243,074	33,103	684,409	457,057
2028	247,627	28,464	702,565	438,419
2029	252,265	23,740	721,202	419,288
2030-2034	1,333,996	47,491	3,462,227	1,817,878
2035-2039	686,113	-	3,834,386	1,329,165
2040-2044	-	-	4,377,760	771,194
2045-2048	-	-	3,156,591	162,449
Total	<u>\$ 3,235,898</u>	<u>\$ 212,577</u>	<u>\$ 18,255,359</u>	<u>\$ 6,363,560</u>

### Obligations under Purchase Financing

Purchase financing agreements related to governmental activities consist of renewable energy solar equipment of \$333,271 (net of accumulated depreciation) and parking meter assets of \$275,465 (net of accumulated depreciation). Finance purchase agreements related to business-type activities consist of airport hangars of \$112,721 (net of accumulated depreciation) and renewable energy solar equipment of \$636,093 (net of accumulated depreciation).

These purchase financing agreements generally require annual payments, and the lease terms vary from five to twenty-one years. The lease agreements qualify as finance purchases for accounting purposes and, therefore have been recorded at the present value of their future minimum lease payments as of the date of inception.

Year Ending June 30	Governmental Activities	Business-type Activities
2025	\$ 201,643	\$ 281,195
2026	195,088	152,812
2027	135,009	147,915
2028	74,851	142,865
2029	35,892	68,496
Total future minimum lease payments	642,483	793,283
Less: interest costs	(33,747)	(44,469)
Present value of future minimum lease payments	<u>\$ 608,736</u>	<u>\$ 748,814</u>

### Leases Payable

Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. The discount methodology used is the city's incremental borrowing rate. For additional information, refer to the disclosures below.

In various governmental funds, the City, acting as lessee, leased buildings, and open space under long-term, a non-cancelable lease agreement. The lease expires in 2025. The City is required to make monthly fixed payments of \$5,000. The value of the right to use asset as of June 30, 2024, was \$211,930 with accumulated amortization of \$181,654.

In the water and wastewater fund, the City, acting as lessee, leased land under long-term, non-cancelable lease agreements. The lease expired in 2024. The City was required to make annual fixed payments of \$4,016. The value of the right to use asset as of June 30, 2024, was zero.

Annual debt service requirements to maturity for lease payables are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2025	\$ 30,859	\$ 51
	<u>\$ 30,859</u>	<u>\$ 51</u>

### Subscription-Based Information Technology Arrangements

The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more. The City uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement. The City's estimated incremental borrowing rate is calculated as described above.

In various governmental funds, the subscriptions expire at various dates through 2028. The City is required to make annual payments ranging from \$6,793 to \$57,600. The value of the right to use assets as of June 30, 2024, of ranged from \$17,754 to \$585,934 with accumulated amortization ranging from \$6,058 to \$117,187.

In the water and wastewater funds, the subscriptions expire at various dates through 2025. The City is required to make annual payments totaling \$60,050. The value of the right to use asset as of June 30, 2024, is \$32,300 with accumulated amortization of \$21,204.

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 389,254	\$ 13,072	\$ 10,765	\$ 235
2026	28,489	124	-	-
2027	28,474	997	-	-
2028	29,845	510	-	-
	<u>\$ 476,062</u>	<u>\$ 14,703</u>	<u>\$ 10,765</u>	<u>\$ 235</u>

### Pledged Revenues

The City has pledged future water, wastewater, and stormwater utility revenues to repay Water Infrastructure Financing Authority loans and revenue bonds issued during the period of 2010-2022. The various bonds were issued for the purchase or construction of various water infrastructure including wells, water distribution lines, wastewater collection lines, treatment plant improvements and stormwater drainage improvements. At June 30, 2024, \$48,916,206 remains outstanding to be repaid by future water, wastewater, and stormwater revenues, if such revenues prove insufficient, the remainder will be repaid as a general obligation of the City. For the fiscal year ended June 30, 2024, net revenue available for service of this debt was \$16,061,327. The debt principal and interest paid in fiscal year 2023-2024 equal \$4,760,697 (29.64% of available pledged net revenues). For additional information on pledged revenues related to revenue bonds, refer to Schedule 17 in the Statistical Section of this report.

The City has pledged certain revenues for the repayment of \$3,370,000 Greater Arizona Development Authority (GADA) revenue bonds issued in 2011 for the construction of a business incubator facility at the U.S. Geological Survey Campus. The bonds are secured by a pledge of the City's state shared revenues not specifically reserved by law or other regulation to be expended for other purposes. At June 30, 2024, \$1,724,606 remains outstanding to be repaid by future revenues. For the fiscal year ended June 30, 2024, net revenues available for the service of this debt were \$31,317,104. The debt principal and interest paid in fiscal year 2023-2024 was \$245,531 (0.78% of available pledged net revenues). For additional information on pledged revenues for GADA revenue bonds, refer to Schedule 17 in the Statistical Section of this report.

The City has pledged certain revenues for the repayment of \$8,930,000 in Road Repair/Street Safety pledged revenue obligation bonds issued in 2016 and \$9,700,000 issued in 2018. The bonds were issued to construct street improvements and the ongoing preservation of street conditions inside the City limits. The bonds have a senior lien on the 0.33% excise tax revenues. At June 30, 2024, \$16,245,994 remains outstanding to be repaid by future revenues. For the fiscal year ended June 30, 2024, net revenues available for service of the debt were \$8,217,428. The debt principal and interest paid in fiscal year 2023-2024 was \$1,482,313 (18.04% of available pledged net revenues). For additional information on pledged revenues for the bonds, refer to Schedule 17 in the Statistical Section of this report.

### Changes in Long-term Liabilities

Liquidation of compensated absences, other postemployment benefits and net pension liability for governmental funds have been made from the General, Library, HURF, BBB, and Library funds.

Non-current liability activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 27,850,000	\$ 40,180,000	\$ (4,270,000)	\$ 63,760,000	\$ 13,350,000
Revenue bonds	15,870,000	-	(1,125,000)	14,745,000	1,170,000
Certificates of participation	120,365,000	-	(5,975,000)	114,390,000	6,050,000
Total bonds payable	<u>164,085,000</u>	<u>40,180,000</u>	<u>(11,370,000)</u>	<u>192,895,000</u>	<u>20,570,000</u>
Loan payable - direct borrowing	2,736,095	729,715	(229,912)	3,235,898	234,218
Financed purchases	792,451	-	(183,715)	608,736	185,873
Bond premium	4,603,178	3,743,601	(516,400)	7,830,379	518,746
Bond discount	(116,093)	58,128	-	(57,965)	(7,904)
Leases payable	213,677	-	(182,818)	30,859	30,859
Subscription liability	260,483	453,945	(238,366)	476,062	389,254
Compensated absences	4,982,965	2,370,516	(2,199,575)	5,153,906	2,307,064
Other postemployment benefits	7,936,987	5,178,381	(7,425,795)	5,689,573	346,382
Net pension liability	36,663,210	9,845,108	(7,835,144)	38,673,174	-
Claims and judgements	239,224	634,480	(243,158)	630,546	55,546
Governmental activities long-term liability	<u>\$ 222,397,177</u>	<u>\$ 63,193,874</u>	<u>\$ (30,424,883)</u>	<u>\$ 255,166,168</u>	<u>\$ 24,630,038</u>
<b>Business-type activities:</b>					
Bonds payable:					
Revenue bonds - direct placement	\$ 25,479,000	\$ -	\$ (3,514,000)	\$ 21,965,000	\$ 3,208,000
Certificates of participation	3,515,000	-	(100,000)	3,415,000	105,000
Total bonds payable	<u>28,994,000</u>	<u>-</u>	<u>(3,614,000)</u>	<u>25,380,000</u>	<u>3,313,000</u>
Water loan payable - direct borrowing	676,309	18,211,763	(632,713)	18,255,359	649,495
Financed purchases	1,115,863	-	(367,049)	748,814	261,711
Total loan and leases payable	<u>1,792,172</u>	<u>18,211,763</u>	<u>(999,762)</u>	<u>19,004,173</u>	<u>911,206</u>
Bond premium	10,324	-	(3,064)	7,260	2,742
Bond discount	(56,287)	-	-	(56,287)	-
Subscription liability	21,300	-	(10,535)	10,765	10,765
Compensated absences	774,672	518,729	(374,199)	919,202	428,637
Other postemployment benefits	1,873,874	1,199,981	(1,691,990)	1,381,865	81,628
Net pension liability	12,576,200	1,996,066	(2,652,237)	11,920,029	-
Landfill closure/post closure	20,340,020	817,813	-	21,157,833	-
Business-type activities long-term liability	<u>\$ 66,326,275</u>	<u>\$ 22,744,352</u>	<u>\$ (9,345,787)</u>	<u>\$ 79,724,840</u>	<u>\$ 4,747,978</u>

## IV. Other Information

### A. Risk Management

The City is exposed to various risks of loss related to torts and public officials' errors and omissions. The City purchases commercial insurance to cover these losses. However, \$100,000 of each claim resulting in a loss is retained by the City. The City provides for the self-insurance retention in the internal service fund. Outstanding claims as of June 30, 2024, have potential exposure to the City of approximately \$630,546 based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The City uses an application of historical experience to determine claims payable. However, due to the preliminary status of the claims, no determination can be made as to the likelihood, if any, of an unfavorable outcome. The net position of the Internal Service Fund is designated for future losses related to the self-insurance retention. Settled claims have not exceeded commercial coverage in the last three fiscal years.

<u>Fiscal Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
2022-2023	\$ 188,647	\$ 147,610	\$ 97,033	\$ 239,224
2023-2024	239,224	634,480	243,158	630,546

The City of Flagstaff participates in a risk sharing pool for employee health care, through the Northern Arizona Public Employees Trust, a public entity risk pool. Members do not bear any risk of loss. The overall experience rating of the trust determines premium charges.

### B. Commitments and Contingent Liabilities

The City is involved in litigation arising in the ordinary course of its operations. The City believes that its ultimate liability, if any, in connection with these matters will not have a material adverse effect on the City's financial position, changes in financial position, or liquidity.

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

The following table presents the City’s construction commitments and encumbrances as of June 30, 2024:

Capital Project Program Classification	Spent to Date	Remaining Commitment
Buildings	\$ 58,000	\$ 7,500
Streets	40,785,852	9,389,417
Water	21,929,564	8,022,585
Wastewater	778,522	1,695,974
Reclaim water	1,750,466	294,424
Stormwater	17,936,663	14,392,189
Airport	1,037,495	585,061
Other land improvements	7,539,191	1,863,049
Total construction commitments	<u>\$ 91,815,753</u>	<u>\$ 36,250,199</u>

Outstanding Encumbrances at June 30, 2024:

Governmental Activities:	
General fund	\$ 8,469,863
HURF fund	603,341
Transportation fund	2,500
Other government funds	2,139,839
Total governmental activities	<u>11,215,543</u>
Business-type Activities:	
Water, wastewater, and reclaim fund	1,653,141
Stormwater fund	266,488
Environmental services fund	513,405
Airport fund	668,172
Total business-type activities	<u>3,101,206</u>
Total governmental and business-type activities	<u>\$ 14,316,749</u>

### C. Retirement, Pension and OPEB Plans

All full-time employees of the City are covered by one of three pension plans. The Arizona State Retirement system is for the benefit of the employees of the state and certain other governmental jurisdictions. All full-time City employees, except sworn fire and police personnel, are included in the Arizona State Retirement System. Sworn police and fire personnel participate in the Public Safety Retirement System. In addition, the Mayor and City Council members are covered by the State’s Elected Officials Plan.

#### Plan Descriptions

The City contributes to the three plans described below. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The plans are component units of the State of Arizona.

The *Arizona State Retirement System (ASRS)* administers a cost-sharing multiple-employer defined benefit pension plan that covers general employees of the City. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, and Article 2 and 2.1.

The *Public Safety Personnel Retirement System* (PSPRS) administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a nine-member board, known as The Board of Trustees, and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP) or participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because of their relative insignificance to the City's financial statements.

The *Elected Officials Retirement Plan* (EORP) is a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing, multiple-employer defined benefit health insurance premium benefit (OPEB) plan that covers elected officials and judges of certain state and local governments who were members of the plan on December 31, 2013. This plan was closed to new members as of January 1, 2014. The EORP is governed by Board of Trustees of the PSPRS according to the provisions of A.S.R. Title 38, Chapter 5, and Article 3.

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report can be obtained by writing or calling the applicable plan.

ASRS

3300 N. Central Ave.  
P.O. Box 33910  
Phoenix, AZ 85067-3910  
(602) 240-2200/ (800) 621-3778  
[www.azasrs.gov](http://www.azasrs.gov)

PSPRS and EORP

3010 E. Camelback Rd.  
Suite 200  
Phoenix, AZ 85016-4416  
(602) 255-5575  
[www.psprs.com](http://www.psprs.com)

At June 30, 2024, the City reported the following aggregate amounts related to pensions and OPEB for all plans to which it contributes:

<b>Pension Plans</b>	Net Pension Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
<b>ASRS</b>				
Governmental activities	\$ 33,397,726	\$ 4,294,847	\$ 2,119,471	\$ 3,583,027
Business-type activities	11,920,029	1,548,758	757,792	1,281,066
PSPRS - Police	4,340,304	9,175,898	39,894	3,763,988
<b>PSPRS - Fire</b>				
Governmental activities	(786,199)	4,827,017	36,063	1,972,814
Business-type activities	(69,970)	414,848	3,210	175,586
EORP	935,144	193,820	238,534	(150,554)
<b>Total</b>	<b>\$ 49,737,034</b>	<b>\$ 20,455,188</b>	<b>\$ 3,194,964</b>	<b>\$ 10,625,927</b>

<b>OPEB Plans</b>	Net OPEB Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense/(Income)
<b>OPEB</b>				
Governmental activities	\$ 5,689,573	\$ 1,977,904	\$ 5,036,840	\$ 253,789
Business-type activities	1,381,865	443,030	1,128,204	56,846
PSPRS - Fire	(1,847,915)	44,793	81,425	(166,626)
<b>Total</b>	<b>\$ 5,223,523</b>	<b>\$ 2,465,727</b>	<b>\$ 6,246,469</b>	<b>\$ 144,009</b>

The ASRS and PSPRS - Police OPEB plans did not have significant financial impact and therefore were not reported.

## Arizona State Retirement System (ASRS)

### Funding Policy

The Arizona State Legislature establishes and may amend active plan members' and the City's contribution rates.

### Benefits Provided

The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefits terms. Retirement benefits are calculated based on age, average monthly compensation, and served 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	30 years, age 55
	10 years, age 62	25 years, age 60
	5 years, age 50*	10 years, age 62
	any years, age 65	5 years, age 50*
		any years, age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

\*With actuarially reduced benefits.

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

### **Contributions**

In accordance with State statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2024, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.29% (12.14% retirement and 0.15% long-term disability) of the members' annual covered payroll and the City was required by statute to contribute at the actuarially determined rate of 12.29% (12.03% retirement, 0.11% for health insurance premium, and 0.15% long-term disability) of the active members' annual covered payroll. In addition, the City was required by statute to contribute at the actuarially determined rate of 9.99% (9.94% for retirement and 0.05% for long-term disability) of annual covered payroll of retired members who worked for the City in positions that would typically be filled by an employee who contributes to the ASRS. The City's contributions to the ASRS pension plan for the year ended June 30, 2024, was \$4,819,605 inclusive of Housing Authority.

During fiscal year 2023-2024, the City paid for ASRS pension contributions 73% from governmental funds and 27% from enterprise funds.

### **Pension Liability**

At June 30, 2024, the City reported a liability of \$45,317,755 for its proportionate share of the ASRS net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2022, to the measurement date of June 30, 2023.

The City's reported liability at June 30, 2024, decreased by \$2,432,902 from the City's prior year liability of \$47,750,658 due to changes in the ASRS net pension liability and the City's proportionate share of that liability. The ASRS publicly available financial report provided details on the change in the net pension liability.

The City's proportion of the net pension liability was based on the City's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023. The City's proportion measured as June 30, 2023, was 0.2801%, which was a .0125% decrease from its proportion measured as of June 30, 2022, 0.2926%.

### **Pension Expense and Deferred Outflows - Inflows of Resources**

For the year ended June 30, 2024, the City recognized pension expense of \$4,864,093. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ 1,024,000	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(1,603,381)
Changes in proportion and differences between City contributions and proportionate share of contributions	-	(1,273,882)
City contributions subsequent to the measurement date	4,819,605	-
Total	<u>\$ 5,843,605</u>	<u>\$ (2,877,263)</u>

The amounts reported as deferred outflows of resources related to ASRS pensions resulting from City contributions after the measurement date will be recognized as a reduction of the net liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ending June 30,	
2025	\$ (940,348)
2026	(2,441,641)
2027	1,727,971
2028	(199,245)
	<u>\$ (1,853,263)</u>

### Actuarial Assumptions

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

<b>ASRS</b>	
Actuarial valuation date	June 30, 2022
Actuarial roll forward date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9-8.4%
Inflation factor	2.3%
Permanent benefit increase	Included for pensions
Mortality rates	2017 SRA Scale U-MP
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2022 valuation was based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.0 percent 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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Geometric Real Rates of Return
Public Equity	44%	3.50%
Credit	23%	5.90%
Real Estate	17%	5.90%
Private Equity	10%	6.70%
Interest Rate Sensitive	6%	1.50%
Total	100%	

**Discount Rate**

The discount rate used to measure the ASRS total pension was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates as determined by the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. 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. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

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

The following table presents the City’s proportionate shares of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
City's proportionate share of the net pension liability	<u>\$ 67,879,341</u>	<u>\$ 45,317,755</u>	<u>\$ 26,505,383</u>

**Pension Plan Fiduciary Net Position**

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

**Public Safety Personnel Retirement System (PSPRS)**

**Benefits Provided**

The PSPRS provide retirement, health insurance premium supplement, disability, and survivor benefits. State statute established benefits terms. Retirement disability and survivor benefits are calculated based on age, average monthly compensation, and service credit, which can be found on the following page:

**PSPRS****Initial Membership Date:**

	<b>Initial Membership Date:</b>	
	<b>Before January 1, 2012</b>	<b>On or after January 1, 2012 and before July 1, 2017</b>
<b>Retirement and disability</b>		
Years of service and age required to receive benefit	20 years of service, any age  15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
<b>Benefit percent</b>		
Normal retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental disability	50% or normal retirement, whichever is greater	
Catastrophic disability	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary disability	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20 years	
<b>Survivor benefit</b>		
Retired members	80% to 100% of retired member's pension benefit	
Active members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the members' compensation for up to 12 months.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with the respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$100 per month to \$260 per month depending on the age of the members and dependents.

The City has police and fire benefits; however, the police benefits are not material and are therefore not presented.

**Employees Covered by Benefit Terms**

At June 30, 2024, the following employees were covered by the agent pension plans' benefit terms:

	<b>Police Pension</b>	<b>Fire Pension</b>	<b>Fire OPEB</b>
Inactive employees or beneficiaries currently receiving benefits	95	101	101
Inactive employees entitled to but not yet receiving benefits	34	18	9
Active employees	45	64	64
<b>Total</b>	<b>174</b>	<b>183</b>	<b>174</b>

**Contributions and Annual OPEB Cost**

State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. 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.

Contribution rates for the year ended June 30, 2024, are indicated below. Rates are a percentage of active members' annual covered payroll.

	<u>Active member - Pension</u>	<u>City - Pension</u>	<u>City - Health Insurance Premium Benefit*</u>
PSPRS Police	7.65%	9.97%	N/A
PSPRS Fire	7.65%	12.86%	0.00%

\* The OPEB plan related to PSPRS - Police did not have significant financial impact and therefore is not reported.

In addition, the City was required by statute to contribute at the actuarially determined rate of 8.0 percent for the PSPRS Police and 8.0 percent for PSPRS Fire of annual covered payroll of retired members who worked for the City in positions that would typically be filled by an employee who contributes to the PSPRS.

The City's contributions to the plans for the year ended June 30, 2024, were:

	<u>City - Pension</u>	<u>City - Health Insurance Premium Benefit</u>
PSPRS Police	\$ 3,707,489	N/A
PSPRS Fire	902,464	-

During fiscal year 2023-2024, the City paid for PSPRS pension and OPEB contributions for police with 100% general fund dollars and 93.3% from the general fund plus 6.7% from the airport fund as related to fire contributions.

### **Net Pension/OPEB (Asset) Liability**

At June 30, 2024, the City reported net pension liability of \$4,340,304 for police and a net pension asset of \$856,169 for fire, as well as a net asset in the amount of \$1,847,915 related to OPEB. The net asset was measured as of June 30, 2023, and the total liability used to calculate the net asset was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2023, saw no changes of actuarial assumptions.

### **Actuarial Assumptions**

Actuarial assumptions used in the June 30, 2023; valuation was based on the results of an actuarial experience study for the 5-year period ended June 30, 2022.

**PSPRS**

Actuarial valuation date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.20%
Wage inflation	3.0-6.25% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.85% for pensions/not applicable for OPEB
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

The long-term expected rate of return on PSPRS plan investments was determined to be 7.2 percent using a building-block method in which best-estimated ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>PSPRS</b>	<b>Long-Term Expected</b>	
<b>Asset Class</b>	<b>Target</b>	<b>Real Geometric</b>
<b>Asset Class</b>	<b>Allocation</b>	<b>Rate of Return</b>
U.S. Public Equity	24%	3.98%
International Public Equity	16%	4.49%
Global Private Equity	20%	7.28%
Other Assets (Capital Appreciation)	7%	4.49%
Core Bonds	6%	1.90%
Private Credit	20%	6.19%
Diversifying Strategies	5%	3.68%
Cash - Mellon	2%	0.69%
Total	<u>100%</u>	

**Pension Discount Rates**

At June 30, 2024, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.2 percent which was unchanged from the discount rate used as of June 30, 2023. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability/OPEB asset.

## Changes in the Net Pension/OPEB (Asset) Liability

	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (Asset) (a) - (b)
<b>PSPRS - Police*</b>			
Balances at June 30, 2023	\$ 98,418,393	\$ 99,301,079	\$ (882,686)
Changes for the year:			
Service cost	983,298	-	983,298
Interest on the total pension liability	6,943,201	-	6,943,201
Differences between expected and actual experience in the measurement of the total pension liability	5,509,203	-	5,509,203
Contributions- employer	-	440,717	(440,717)
Contributions- employee	-	419,273	(419,273)
Benefit payments, including refunds of employee contributions	(5,936,699)	(5,936,699)	-
Net investment income	-	7,467,048	(7,467,048)
Administrative expense	-	(39,941)	39,941
Tiers 1 & 2 adjustment	-	(74,385)	74,385
Net changes	7,499,003	2,276,013	5,222,990
Balances at June 30, 2024	\$ 105,917,396	\$ 101,577,092	\$ 4,340,304

\* The OPEB plan related to PSPRS - Police did not have significant financial impact and therefore is not reported.

	Increase (Decrease)					
	Total	Plan	Net	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (Asset) (a) - (b)	OPEB Liability (a)	Fiduciary Net Position (b)	OPEB Asset (a) - (b)
<b>PSPRS - Fire</b>						
Balances at June 30, 2023	\$ 106,734,412	\$ 110,730,311	\$ (3,995,899)	\$ 1,475,915	\$ 3,191,187	\$ (1,715,272)
Changes for the year:						
Service cost	1,344,621	-	1,344,621	26,224	-	26,224
Interest on the total pension liability	7,532,321	-	7,532,321	105,368	-	105,368
Differences between expected and actual experience in the measurement of the pension liability	3,663,449	-	3,663,449	(23,504)	-	(23,504)
Contributions- employer	-	707,847	(707,847)	-	-	-
Contributions- employee	-	510,666	(510,666)	-	-	-
Tiers 1 & 2 adjustment	-	(55,916)	55,916	-	-	-
Benefit payments, including refunds of employee contributions	(6,926,932)	(6,926,932)	-	(77,397)	(77,397)	-
Net investment income	-	8,275,543	(8,275,543)	-	241,890	(241,890)
Administrative expense	-	(37,479)	37,479	-	(1,159)	1,159
Net changes	5,613,459	2,473,729	3,139,730	30,691	163,334	(132,643)
Balances at June 30, 2024	\$ 112,347,871	\$ 113,204,040	\$ (856,169)	\$ 1,506,606	\$ 3,354,521	\$ (1,847,915)

## Sensitivity of the City's Net Pension Liability and Net OPEB Asset to Changes in the Discount Rate

The following table presents the City's net pension/OPEB (asset) liabilities calculated using the discount rates noted above as well as what the City's net pension/OPEB (asset) liabilities would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
PSPRS - Police			
Rate	6.20%	7.20%	8.20%
Net pension liability (asset)	\$ 18,819,706	\$ 4,340,304	\$ (7,387,847)
PSPRS - Fire			
Rate	6.20%	7.20%	8.20%
Net pension liability (asset)	\$ 13,647,055	\$ (856,169)	\$ (12,774,428)
Net OPEB asset	\$ (1,686,109)	\$ (1,847,915)	\$ (1,984,859)

## Plan Fiduciary Net Position

Detailed information about the plans' fiduciary net position is available in the separately issued PSPRS financial reports.

## Expense

For the year ended June 30, 2024, the City recognized \$3,763,988 and \$2,148,400 pension expenses for police and fire, respectively and negative \$166,626 related to OPEB (Fire).

## Deferred Outflows/Inflows of Resources

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	PSPRS - Police		PSPRS - Fire		PSPRS - Fire OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,915,644	\$ -	\$ 3,607,935	\$ -	\$ -	\$ (81,425)
Changes of assumptions	552,765	-	731,466	-	17,556	-
Net difference between projected and actual earnings on pension plan investments	-	(39,894)	-	(39,273)	27,237	-
City contributions subsequent to the measurement date	3,707,489	-	902,464	-	-	-
Total	<u>\$ 9,175,898</u>	<u>\$ (39,894)</u>	<u>\$ 5,241,865</u>	<u>\$ (39,273)</u>	<u>\$ 44,793</u>	<u>\$ (81,425)</u>

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from city contributions after the measurement date will be recognized as an increase of the net pension and OPEB asset in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows, or resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	<u>PSPRS Police</u>	<u>PSPRS Fire</u>	<u>PSPRS OPEB Fire</u>
2025	\$ 2,715,612	\$ 1,006,765	\$ (47,590)
2026	529,876	(67,157)	(53,097)
2027	2,283,341	3,462,483	67,046
2028	(100,314)	(101,963)	(2,991)
	<u>\$ 5,428,515</u>	<u>\$ 4,300,128</u>	<u>\$ (36,632)</u>

### **PSPDCRP plan**

City sworn police officer or fire personnel who are not members of PSPRS participate in the PSPDCRP. The PSPDCRP is a defined contribution pension plan. The PSPRS Board of Trustees governs the PSPDCRP according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.1. Benefit terms, including contribution requirements, are established by State statute.

For the year ended June 30, 2024, active PSPDCRP members were required by statute to contribute at least 9 percent of the members' annual covered payroll, and the City was required by statute to contribute 9 percent of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the earnings on those contributions. Employees vest in a portion of the City's contributions each year as set forth in statute. The plan retains nonvested City contributions when forfeited because of employment terminations. For the year ended June 30, 2024, the City recognized pension expense of \$51,025.

## Elected Officials' Retirement Plan (EORP)

### Benefits Provided

The EORP provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Retirement, disability, and survivor benefits are calculated based on age, average yearly compensation, and service credit as follows:

EORP	Initial Membership Date:	
	Before January 1, 2012	On or after January 1, 2012
<b>Retirement and disability</b>		
Years of service and age required to receive benefit	20 years, any age 10 years, age 62 5 years, age 65 5 years, any age* any years and age if disabled	10 years, age 62 5 years, age 65 any years and age if disabled
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
<b>Benefit percent</b>		
Normal retirement	4% per year of service, not to exceed 80%	3% per year of service, not to exceed 75%
Disability retirement	80% with 10 or more years of service	75% with 10 or more years of service
	40% with 5 to 10 years of service	37.5% with 5 to 10 years of service
	20% with less than 5 years of service	18.75% with less than 5 years of service
<b>Survivor benefit</b>		
Retired members	75% of retired member's benefit	50% of retired member's benefit
Active members and Other Inactive Members	75% of disability retirement benefit	50% of disability retirement benefit

\* With reduced benefits of 0.25% for each month early retirement precedes the member's normal retirement age, with a maximum reduction reduction of 30%.

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. In addition, the State Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan.

### Contributions

State statutes establish active member and employer contribution requirements. Statute also appropriates \$5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability. For the year ended June 30, 2024, statute required active EORP members to contribute 7 or 13 percent of the members' annual covered payroll and the City to contribute at the actuarially rate of 76.54 percent of all active EORP members' annual covered payroll. Also, statute required the City to contribute 64.37 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 70.51 percent to EORP of the annual covered payroll of elected officials and judges who were EODCRS members, in addition to the City's required contributions to ASRS, ACR and EODCRS for these elected officials and judges. In addition, statute required the City to contribute 58.57 percent of annual covered payroll of retired members who worked for the City in positions that an employee who contributes to the EORP would typically fill.

The City's contribution to the plan for the year ended June 30, 2024, was \$189,898. The pension contributions were paid 100 percent from the General Fund.

## Pension Liability

At June 30, 2024, the City reported a liability for its proportionate share of the EORP's net pension liability that reflected a reduction for the City's proportionate share of the State's appropriation for EORP. The amount the city recognized as its proportionate liability that was associated with the City were as follows:

City's proportionate share of the EORP net pension liability	\$ 935,144
State's proportionate share of the EORP net pension liability associated with the City	<u>98,082</u>
Total	<u><u>\$ 1,033,226</u></u>

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. There were no changes in actuarial assumptions for the total liabilities as of June 30, 2023.

The City's proportion of the net pension liability was based on the City's required contribution to the pension plan relative to the total of all participating employers' required contributions for the year ended June 30, 2023. The City's proportion measured as of June 30, 2023, and the change from its proportion measured at June 30, 2023, were 0.149206% and 0.071307%, respectively.

## Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2024, the City recognized pension expense for the EORP of negative \$20,068 and revenue of \$130,486 for the City's proportionate share of the State's appropriation to EORP and the designated court fees. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>EORP</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 3,922	\$ -
Changes in proportion and differences between City contributions and proportionate share of contributions	-	(238,534)
City contributions subsequent to the measurement date	<u>189,898</u>	<u>-</u>
Total	<u><u>\$ 193,820</u></u>	<u><u>\$ (238,534)</u></u>

The amounts reported as deferred outflows of resources related to EORP pensions resulting from City contributions after the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized in pension expense as follows:

Year ending June 30	
2025	\$ (239,282)
2026	(5,123)
2027	10,630
2028	<u>(837)</u>
	<u><u>\$ (234,612)</u></u>

## Actuarial Assumptions

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

EORP	
Actuarial valuation date	June 30, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.20%
Wage inflation	3.25%
Price inflation	2.50%
Cost-of-living adjustment	1.85%
Mortality rates	PubG-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2023 valuation was based on the results of an actuarial experience study for the five -year period ended June 30, 2022.

The long-term expected rate of return on EORP pension plan investments was determined to be 7.20 percent using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset call are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Geometric Real Rate of Return
U.S. Public Equity	24%	3.98%
International Public Equity	16%	4.49%
Global Private Equity	20%	7.28%
Other Assets (Capital Appreciation)	7%	4.49%
Core Bonds	6%	1.90%
Private Credit	20%	6.19%
Diversifying Strategies	5%	3.68%
Cash - Mellon	2%	0.69%
Total	100%	

## Discount Rate

At June 30, 2023, the discount rate used to measure the EORP total pension liability was 7.2 percent, with no change from the prior year. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the actuarially determined rates, and State contributions will be made as currently required by statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## Sensitivity of the City's Proportionate Share of the EORP Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.2 percent, as well as what the City's proportionate share to the net pension liability would

be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
EORP Rate	6.20%	7.20%	8.20%
Net pension liability	\$ 1,080,340	\$ 935,144	\$ 810,654

### **Pension Plan Fiduciary Net Position**

Detailed information about the pension plans' fiduciary net position is available in the separately issued EORP financial report.

### **EODCRS plan**

Elected officials who are not members of EORP or ASRS participate in the EODCRS and the Elected Officials Defined Contribution Retirement System Disability Program (EODCDP). The EODCRS is a defined contribution pension plan. The EODCDP is a cost-sharing multiple-employer defined benefit disability (OPEB) plan for EODCRS members. The PSPRS Board of Trustees governs the EODCRS and EODCDP according to the provisions of A.R.S. Title 38, Chapter 5, Articles 3.1 and 3.2. Benefit terms, including contribution requirements, are established by State statute. The EODCDP is not further disclosed because of its relative insignificance to the City's financial statements.

For the year ended June 30, 2024, active EODCRS members were required by statute to contribute 8 percent of the members' annual covered payroll, and the City was required by statute to contribute 6 percent of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the City's contributions to the individual employee account and the earnings on those contributions. For the year ended June 30, 2024, the City recognized pension expense of \$6,888.

### **The City Postemployment Healthcare Plan**

#### **Plan Description**

The City of Flagstaff provides post-retirement healthcare insurance benefits for its retirees as a single employer defined benefit OPEB plan which is administered through Northern Arizona Public Employee Benefit Trust (NAPEBT). No assets are accumulated in a trust that meets the criteria in GASB No. 75, paragraph four, to pay the benefits for the single employer defined benefit OPEB plan.

#### **Benefits Provided**

Eligible retirees and their beneficiaries up to the age of 65 are allowed to participate in the same healthcare plan as active employees and pay the same premium for this benefit which results in an implicit rate subsidy. Even though the City makes no direct payments on behalf of the retirees the City is required to report this implicit cost for active employees who will be able to continue to purchase health insurance once they retire. Substantially, all the City's employees may become eligible for those benefits when they qualify for retirement. To be eligible a retiree must qualify to receive retirement benefits from the Arizona State Retirement System and elect coverage at date of retirement.

## Plan Membership

As of July 1, 2023, OPEB plan membership consisted of the following:

Retirees currently receiving health benefits	42
Active members	<u>739</u>
Total	781

## OPEB Liability

At June 30, 2024, the City reported a net OPEB liability of \$7,071,438. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability were determined from the actuarial valuations as of June 30, 2023.

## Actuarial Assumptions

The actuarial assumptions used in the June 30, 2023, valuation was based on an experience study for ASRS for the period from July 1, 2015, through June 30, 2020, and from PSPRS for the period from July 1, 2016, through June 30, 2021.

## Change in Net OPEB Liability

	Increase (Decrease)
	Total OPEB
OPEB	Liability
Balances at June 30, 2023	\$ 9,810,861
Changes for the year:	
Service cost	852,189
Interest on the total pension liability	368,778
Differences between expected and actual experience	(3,182,919)
Changes of assumptions	(286,278)
Benefit payments, including refunds of employee contributions	(491,193)
Net changes	(2,739,423)
Balances at June 30, 2024	<u>\$ 7,071,438</u>

The City has chosen not to fund this plan; therefore, the total OPEB liability is the net OPEB liability.

## Actuarial Methods and Assumptions

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

Actuarial valuation date	June 30, 2023
Actuarial cost method	Entry level, level percent of salary
Mortality rates	MP-2020 tables
Healthcare cost trend rate	7.75% to 4.0% over 10 years

## Discount Rate

At June 30, 2023, the discount rate used to measure the City's OPEB total liability was 3.65 percent. Because the City is not prefunding the OPEB benefits, the discount rates used in this valuation for financial disclosure purposes as of June 30, 2022, and 2023 are based on the rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

### Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate

The following table presents the City's OPEB liability calculated using the discount rate of 3.65% as well as what the City's OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
City's proportionate share of the OPEB liability	<u>\$ 7,856,000</u>	<u>\$ 7,071,000</u>	<u>\$ 6,381,000</u>

### Sensitivity of the City's Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the City as of June 30, 2023, as well as what the City's total OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	1% Decrease	Current Discount Rate *	1% Increase
City's proportionate share of the OPEB liability	<u>\$ 6,218,000</u>	<u>\$ 7,071,000</u>	<u>\$ 8,090,000</u>

\*Current trend rates are 7.75% in 2023-2024, and then trends are reduced 0.30% each year through 2033-2034, and 0.10% thereafter until reaching the ultimate trend rate of 4.00% for medical and drug plan costs.

### OPEB Expense and Deferred Outflows - Inflow of Resources

For the year ending June 30, 2024, the City recognized an OPEB expense of \$310,635. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 1,974,934	\$ (1,820,949)
Net difference between expected and actual experience in the total OPEB liability	-	(4,344,095)
City benefit payments subsequent to the measurement date	446,000	-
Total	<u>\$ 2,420,934</u>	<u>\$ (6,165,044)</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB liability will be recognized in the OPEB expense as follows:

Year ending June 30,	
2025	\$ (910,332)
2026	(902,291)
2027	(709,656)
2028	(535,813)
2029	(491,178)
Thereafter	(640,840)
	<u>\$ (4,190,110)</u>

#### **D. Landfill Closure and Post Closure Care Cost**

State and federal laws and regulations require the City to place a final cover on its Cinder Lake landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The City reports a portion of these closures and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The estimated liability for landfill closure and post closure care costs has a balance of \$21,157,833 as of June 30, 2024, which is based on 85.85% percent usage of the landfill. The remaining \$3,487,509 will be accrued over the remaining life of the landfill, which is currently estimated to be five years.

The accrual for the closure and post closure care costs for fiscal year 2023-2024 is \$817,813. Based on current estimates for landfill closure and post closure care costs, the City is setting aside legally restricted funds to ensure sufficient funds will be available to meet these requirements. The City makes annual contributions to finance closure and post closure care costs; at June 30, 2024, the balance of the cash and investments held for those purposes is \$13,292,636. The investments are reported as restricted cash and investments in the City’s Environmental Service Fund and are held by the State of Arizona Local Government Investment Pool.

The estimated total current cost of the landfill closure and post closure care, \$24,654,342, is based on the amount that would be paid if all equipment, facilities, and services required to care, monitor, and maintain the landfill were acquired as of June 30, 2024. However, the actual cost of closure and post closure care may be higher or lower due to other factors such as inflation, changes in technology, or changes in landfill laws and regulations.

According to state and federal laws and regulations, the City must comply with the local government financial test requirements that assure the City can meet the cost of landfill closure, post-closure and corrective action when needed. The City, which has pledged its full faith and credit to meet state financial responsibility requirements, is following these requirements.

In March of 1999, the City purchased 343.9 acres of land from the U.S. Forest Service. This land is adjacent to the existing landfill and will be used to open additional cells as needed. As these cells are utilized, additional liabilities for closure and post closure care requirements will be accrued. The City applied

existing policy to the Environmental Services Fund increasing its expenditures as City residential and commercial collection programs are now charged for landfill fees.

## **E. Tax Abatement**

The City enters into property tax abatement agreements with local businesses under the state of Arizona Government Property Lease Excise Tax (GPLETs). Under the law enacted in 1996, Arizona's cities, towns, counties, and county stadium districts (government lessors) are allowed to lease property they own to private parties (lessees) for nongovernmental use and collect an excise tax. Because the property is owned by the City, it is exempt from property taxes. The abatements may be granted to any business located within or promising to relocate to the City to encourage continued provision of stable good paying employment opportunities for the City's residents. The City believes that its efforts will perpetuate the City's overall economic health and demonstrate the City's attractiveness as a place to do business.

For the fiscal year ended June 30, 2024, the City abated assessed property taxes totaling \$59,639 under this program including the following Government Property Lease Excise Tax (GPLET) abatement agreements:

A 1.46 percent property tax abatement to Joy Cone manufacturing. The 2023 abatement amounted to \$59,639.

## **F. Subsequent Events**

During August of 2024, the City called and paid off \$3,565,000 of the 2014A General Obligation Bonds with bonds issued in May of 2024.



## Required Supplementary Information

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	<u>Page</u>
Schedule of the City's Proportional Share of the Net Pension Liability	
Cost-Sharing Pension Plans	96
Schedule of the Changes in Net Pension Liability and Related Ratios	
Agent Pension Plans - PSPRS Police	98
Agent Pension Plans - PSPRS Fire	100
Schedule of the Changes in Net OPEB Liability (Asset) and Related Ratios	
PSPRS - Fire	102
City OPEB	104
Schedule of The City's Pension / OPEB Contributions	106
Notes to the Required Supplementary Information	108

**City of Flagstaff, Arizona**  
**Required Supplementary Information**  
**Schedule of the City's Proportionate Share of the Net Pension Liability**  
**Cost-Sharing Pension Plans**  
**June 30, 2024**

	Reporting Fiscal Year (Measurement Date)		
	2023-2024 (2022-2023)	2022-2023 (2021-2022)	2021-2022 (2020-2021)
<b>Arizona State Retirement System</b>			
Proportion of the net pension liability	0.280060%	0.292550%	0.292590%
Proportionate share of the net pension liability	\$ 45,317,755	\$ 47,750,657	\$ 38,445,027
Covered payroll	\$ 36,779,135	\$ 34,944,558	\$ 33,005,980
Proportionate share of the net pension liability as a percentage of its covered payroll	123.22%	136.65%	116.48%
Plan fiduciary net position as a percentage of the total pension liability	75.47%	74.26%	78.58%
<b>EORP</b>			
Proportion of the net pension liability	0.1492060%	0.2205134%	0.2293840%
City's proportionate share of the net pension liability	\$ 935,144	\$ 1,488,752	\$ 1,395,946
State's proportionate share of the net pension liability associated with the City	98,082	144,956	140,315
Total	\$ 1,033,226	\$ 1,633,708	\$ 1,536,261
Covered payroll	\$ 249,693	\$ 190,640	\$ 183,403
City's proportionate share of the net pension liability as a percentage of its covered payroll	374.52%	780.92%	761.14%
Plan fiduciary net position as a percentage of the total pension liability	38.63%	32.01%	36.28%

2020-2021 (2019-2020)	2019-2020 (2018-2019)	2018-2019 (2017-2018)	2017-2018 (2016-2017)	2016-2017 (2015-2016)	2015-2016 (2014-2015)	2014-2015 (2013-2014)
0.301400%	0.305020%	0.333310%	0.312660%	0.311530%	0.300450%	0.302625%
\$ 52,222,131	\$ 44,383,959	\$ 46,485,015	\$ 48,706,334	\$ 50,284,072	\$ 46,798,712	\$ 44,778,290
\$ 33,145,052	\$ 32,447,746	\$ 31,911,275	\$ 30,673,166	\$ 28,842,056	\$ 27,573,067	\$ 26,638,622
157.56%	136.79%	145.67%	158.79%	174.34%	169.73%	168.10%
69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%
0.2214790%	0.2122050%	0.1689530%	0.2177500%	0.2097849%	0.1942242%	0.2500258%
\$ 1,494,901	\$ 1,407,293	\$ 1,064,634	\$ 2,653,363	\$ 1,981,949	\$ 1,517,768	\$ 1,676,603
142,078	132,271	182,419	550,687	409,221	473,166	514,062
\$ 1,636,979	\$ 1,539,564	\$ 1,247,053	\$ 3,204,050	\$ 2,391,170	\$ 1,990,934	\$ 2,190,665
\$ 187,000	\$ 184,269	\$ 180,000	\$ 194,354	\$ 189,999	\$ 157,579	\$ 204,400
799.41%	763.72%	591.46%	1365.22%	1043.14%	963.18%	820.26%
29.80%	30.14%	30.40%	19.70%	23.42%	28.32%	31.91%

**City of Flagstaff, Arizona**  
**Required Supplementary Information**  
**Schedule of the Changes in Net Pension Liability and Related Ratios**  
**Agent Pension Plans - PSPRS Police**  
**June 30, 2024**

	Reporting Fiscal Year (Measurement Date)			
	2023-2024	2022-2023	2021-2022	2020-2021
	(2022-2023)	(2021-2022)	(2020-2021)	(2019-2020)
<b>PSPRS Police</b>				
Total pension liability				
Service cost	\$ 983,298	\$ 889,355	\$ 1,035,271	\$ 1,135,219
Interest on the total pension liability	6,943,201	6,533,446	6,358,327	6,113,422
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the pension liability	5,509,203	3,340,871	516,872	1,208,232
Changes of assumptions or other inputs	-	1,658,296	-	-
Benefit payments, including refunds of employee contributions	(5,936,699)	(5,226,958)	(5,504,359)	(4,499,790)
Net change in total pension liability	7,499,003	7,195,010	2,406,111	3,957,083
Total pension liability - beginning	98,418,393	91,223,383	88,817,272	84,860,189
Total pension liability - ending (a)	<u>\$ 105,917,396</u>	<u>\$ 98,418,393</u>	<u>\$ 91,223,383</u>	<u>\$ 88,817,272</u>
Plan fiduciary net position				
Contributions - employer	\$ 440,717	\$ 731,520	\$ 56,134,692	\$ 6,284,379
Contributions - employee	419,273	478,668	477,435	537,822
Net investment income	7,467,048	(4,212,399)	22,313,817	436,641
Benefit payments, including refunds of employee contributions	(5,936,699)	(5,226,958)	(5,504,359)	(4,499,790)
Hall/Parker settlement	-	-	-	-
Pension plan administrative expenses	(39,941)	(76,105)	(97,741)	(35,788)
Other changes	(74,385)	-	-	-
Net change in plan fiduciary net position	2,276,013	(8,305,274)	73,323,844	2,723,264
Plan fiduciary net position - beginning (restated)	99,301,079	107,606,353	34,282,509	31,559,245
Plan fiduciary net position - ending (b)	<u>\$ 101,577,092</u>	<u>\$ 99,301,079</u>	<u>\$ 107,606,353</u>	<u>\$ 34,282,509</u>
Net pension liability - ending (a) - (b)	<u>\$ 4,340,304</u>	<u>\$ (882,686)</u>	<u>\$ (16,382,970)</u>	<u>\$ 54,534,763</u>
Plan fiduciary net position as a percentage of the total pension liability	95.90%	100.90%	117.96%	38.60%
Covered payroll	\$ 5,305,714	\$ 5,210,182	\$ 4,584,510	\$ 5,527,309
Net pension liability as a percentage of covered payroll	81.80%	-16.94%	-357.35%	986.64%

2019-2020 (2018-2019)	2018-2019 (2017-2018)	2017-2018 (2016-2017)	2016-2017 (2015-2016)	2015-2016 (2014-2015)	2014-2015 (2013-2014)
\$ 1,314,269	\$ 1,278,269	\$ 1,591,484	\$ 1,367,771	\$ 1,373,545	\$ 1,312,430
5,830,298	5,476,675	5,131,739	4,818,389	4,650,797	3,904,338
-	-	924,114	1,967,589	-	1,353,950
590,373	1,216,507	(293,545)	(111,993)	(346,202)	(671,478)
1,650,864	-	2,159,906	2,578,910	-	6,987,647
<u>(3,998,301)</u>	<u>(3,737,501)</u>	<u>(3,804,819)</u>	<u>(3,575,345)</u>	<u>(3,505,319)</u>	<u>(3,311,491)</u>
5,387,503	4,233,950	5,708,879	7,045,321	2,172,821	9,575,396
79,472,686	75,238,736	69,529,857	62,484,536	60,311,715	50,736,319
<u>\$ 84,860,189</u>	<u>\$ 79,472,686</u>	<u>\$ 75,238,736</u>	<u>\$ 69,529,857</u>	<u>\$ 62,484,536</u>	<u>\$ 60,311,715</u>
\$ 3,441,524	\$ 4,046,869	\$ 3,657,762	\$ 3,441,521	\$ 2,578,489	\$ 2,311,119
550,585	646,186	912,701	1,147,170	841,533	768,029
1,756,930	2,081,145	3,105,491	146,825	821,133	2,757,888
(3,998,301)	(3,737,501)	(3,804,819)	(3,575,345)	(3,505,319)	(3,311,491)
-	(922,190)	-	-	-	-
(31,510)	(32,374)	(27,878)	(21,527)	(20,411)	-
-	328	(58,723)	(112,440)	(357,501)	(1,371,053)
<u>1,719,228</u>	<u>2,082,463</u>	<u>3,784,534</u>	<u>1,026,204</u>	<u>357,924</u>	<u>1,154,492</u>
29,840,016	27,776,266	23,991,732	22,965,528	22,607,604	21,453,112
<u>\$ 31,559,244</u>	<u>\$ 29,858,729</u>	<u>\$ 27,776,266</u>	<u>\$ 23,991,732</u>	<u>\$ 22,965,528</u>	<u>\$ 22,607,604</u>
<u>\$ 53,300,945</u>	<u>\$ 49,613,957</u>	<u>\$ 47,462,470</u>	<u>\$ 45,538,125</u>	<u>\$ 39,519,008</u>	<u>\$ 37,704,111</u>
37.19%	37.57%	36.92%	34.51%	36.75%	37.48%
\$ 5,875,114	\$ 6,555,255	\$ 7,155,954	\$ 7,318,199	\$ 7,526,730	\$ 7,425,908
907.23%	756.86%	663.26%	622.26%	525.05%	507.74%

**City of Flagstaff, Arizona**  
**Required Supplementary Information**  
**Schedule of the Changes in Net Pension Liability and Related Ratios**  
**Agent Pension Plans - PSPRS Fire**  
**June 30, 2024**

	Reporting Fiscal Year (Measurement Date)			
	2023-2024 (2022-2023)	2022-2023 (2021-2022)	2021-2022 (2020-2021)	2020-2021 (2019-2020)
<b>PSPRS Fire</b>				
Total pension liability				
Service cost	\$ 1,344,621	\$ 1,240,372	\$ 1,139,137	\$ 1,149,078
Interest on the total pension liability	7,532,321	7,324,012	6,941,055	6,733,345
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the pension liability	3,663,449	383,514	2,674,365	599,182
Changes of assumptions or other inputs	-	1,462,932	-	-
Benefit payments, including refunds of employee contributions	(6,926,932)	(5,529,964)	(5,689,625)	(5,563,021)
Net change in total pension liability	5,613,459	4,880,866	5,064,932	2,918,584
Total pension liability - beginning	106,734,412	101,853,546	96,788,614	93,870,030
Total pension liability - ending (a)	<u>\$ 112,347,871</u>	<u>\$ 106,734,412</u>	<u>\$ 101,853,546</u>	<u>\$ 96,788,614</u>
Plan fiduciary net position				
Contributions - employer	\$ 707,847	\$ 1,495,998	\$ 63,705,770	\$ 7,273,509
Contributions - employee	510,666	649,496	496,467	549,407
Net investment income	8,275,543	(4,690,568)	24,700,340	470,249
Benefit payments, including refunds of employee contributions	(6,926,932)	(5,529,964)	(5,689,625)	(5,563,021)
Hall/Parker settlement	-	-	-	-
Pension plan administrative expenses	(37,479)	(84,748)	(107,926)	(38,533)
Other changes	(55,916)	-	-	-
Net change in plan fiduciary net position	2,473,729	(8,159,786)	83,105,026	2,691,611
Plan fiduciary net position - beginning (restated)	110,730,311	118,890,097	35,785,071	33,093,460
Plan fiduciary net position - ending (b)	<u>\$ 113,204,040</u>	<u>\$ 110,730,311</u>	<u>\$ 118,890,097</u>	<u>\$ 35,785,071</u>
Net pension liability - ending (a) - (b)	<u>\$ (856,169)</u>	<u>\$ (3,995,899)</u>	<u>\$ (17,036,551)</u>	<u>\$ 61,003,543</u>
Plan fiduciary net position as a percentage of the total pension liability	100.76%	103.74%	116.73%	36.97%
Covered payroll	\$ 6,277,670	\$ 6,109,308	\$ 5,646,127	\$ 5,239,842
Net pension liability as a percentage of covered payroll	-13.64%	-65.41%	-301.74%	1164.22%

2019-2020 (2018-2019)	2018-2019 (2017-2018)	2017-2018 (2016-2017)	2016-2017 (2015-2016)	2015-2016 (2014-2015)	2014-2015 (2013-2014)
\$ 1,229,846	\$ 1,232,288	\$ 1,376,479	\$ 1,107,145	\$ 973,454	\$ 950,445
6,594,132	6,209,142	5,668,204	5,356,440	5,239,671	4,390,766
-	-	804,628	2,064,045	-	1,553,904
(675,316)	2,491,418	193,670	669,848	52,497	1,431,974
1,681,383	-	5,454,472	2,647,110	-	7,269,797
<u>(5,680,128)</u>	<u>(5,007,832)</u>	<u>(5,180,329)</u>	<u>(4,095,893)</u>	<u>(5,594,036)</u>	<u>(3,994,598)</u>
<u>3,149,917</u>	<u>4,925,016</u>	<u>8,317,124</u>	<u>7,748,695</u>	<u>671,586</u>	<u>11,602,288</u>
<u>90,720,113</u>	<u>85,795,097</u>	<u>77,477,973</u>	<u>69,729,278</u>	<u>69,057,692</u>	<u>57,455,404</u>
<u>\$ 93,870,030</u>	<u>\$ 90,720,113</u>	<u>\$ 85,795,097</u>	<u>\$ 77,477,973</u>	<u>\$ 69,729,278</u>	<u>\$ 69,057,692</u>
\$ 5,315,168	\$ 4,950,022	\$ 4,239,954	\$ 3,952,628	\$ 2,418,742	\$ 2,030,211
435,225	565,220	703,312	669,429	732,850	525,878
1,830,884	2,181,684	3,290,746	160,712	963,491	3,407,667
(5,680,128)	(5,007,832)	(5,180,329)	(4,095,893)	(5,594,036)	(3,994,598)
-	(908,136)	-	-	-	-
(32,805)	(33,905)	(29,518)	(23,526)	(23,873)	-
-	357	12,535	(27,936)	48,864	(1,831,071)
<u>1,868,344</u>	<u>1,747,410</u>	<u>3,036,700</u>	<u>635,414</u>	<u>(1,453,962)</u>	<u>138,087</u>
<u>31,255,156</u>	<u>29,508,064</u>	<u>26,471,364</u>	<u>25,835,950</u>	<u>27,289,912</u>	<u>27,151,825</u>
<u>\$ 33,123,500</u>	<u>\$ 31,255,474</u>	<u>\$ 29,508,064</u>	<u>\$ 26,471,364</u>	<u>\$ 25,835,950</u>	<u>\$ 27,289,912</u>
<u>\$ 60,746,530</u>	<u>\$ 59,464,639</u>	<u>\$ 56,287,033</u>	<u>\$ 51,006,609</u>	<u>\$ 43,893,328</u>	<u>\$ 41,767,780</u>
35.29%	34.45%	34.39%	34.17%	37.05%	39.52%
\$ 5,299,696	\$ 5,683,984	\$ 5,650,572	\$ 5,491,792	\$ 4,847,679	\$ 4,788,197
1146.23%	1046.18%	996.13%	928.78%	905.45%	872.31%

**City of Flagstaff, Arizona**  
**Required Supplementary Information**  
**Schedule of the Changes in Net OPEB Asset and Related Ratios**  
**Agent OPEB Plans - PSPRS Fire**  
**June 30, 2024**

	Reporting Fiscal Year (Measurement Date)		
	2023-2024	2022-2023	2021-2022
	(2022-2023)	(2021-2022)	(2020-2021)
<b>PSPRS Fire</b>			
Total OPEB liability			
Service cost	\$ 26,224	\$ 24,892	\$ 25,482
Interest on the total OPEB liability	105,368	105,768	110,067
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the OPEB liability	(23,504)	(71,930)	(105,821)
Changes of assumptions or other inputs	-	35,113	-
Benefit payments, including refunds of employee contributions	(77,397)	(83,819)	(92,252)
Net change in total OPEB liability	<u>30,691</u>	<u>10,024</u>	<u>(62,524)</u>
Total OPEB liability - beginning	<u>1,475,915</u>	<u>1,465,891</u>	<u>1,528,415</u>
Total OPEB liability - ending (a)	<u>\$ 1,506,606</u>	<u>\$ 1,475,915</u>	<u>\$ 1,465,891</u>
Plan fiduciary net position			
Contributions - employer	\$ -	\$ -	\$ -
Net investment income	241,890	(133,704)	752,263
Benefit payments, including refunds of employee contributions	(77,397)	(83,819)	(92,252)
OPEB plan administrative expenses	(1,159)	(2,380)	(3,093)
Other changes	-	-	-
Net change in plan fiduciary net position	<u>163,334</u>	<u>(219,903)</u>	<u>656,918</u>
Plan fiduciary net position - beginning (restated)	<u>3,191,187</u>	<u>3,411,090</u>	<u>2,754,172</u>
Plan fiduciary net position - ending (b)	<u>\$ 3,354,521</u>	<u>\$ 3,191,187</u>	<u>\$ 3,411,090</u>
Net OPEB (asset) liability - ending (a) - (b)	<u>\$ (1,847,915)</u>	<u>\$ (1,715,272)</u>	<u>\$ (1,945,199)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	222.65%	216.22%	232.70%
Covered payroll	\$ 6,277,670	\$ 6,109,308	\$ 5,646,127
Net OPEB (asset) liability as a percentage of covered payroll	-29.44%	-28.08%	-34.45%

Reporting fiscal year 2016-2017 through 2014-2015 information is not available.

2020-2021 (2019-2020)	2019-2020 (2018-2019)	2018-2019 (2017-2018)	2017-2018 (2016-2017)
\$ 25,532	\$ 16,484	\$ 18,757	\$ 19,777
108,941	118,278	116,896	117,249
-	-	-	9,376
(6,882)	(193,022)	(31,819)	(61,082)
-	16,310	-	21,953
(91,651)	(94,885)	(89,633)	(91,188)
35,940	(136,835)	14,201	16,085
1,492,475	1,629,310	1,615,109	1,599,024
<u>\$ 1,528,415</u>	<u>\$ 1,492,475</u>	<u>\$ 1,629,310</u>	<u>\$ 1,615,109</u>
\$ -	\$ -	\$ (317)	\$ -
35,241	147,468	183,884	287,005
(91,651)	(94,885)	(89,633)	(91,188)
(2,866)	(2,546)	(2,799)	(2,540)
-	-	1	-
(59,276)	50,037	91,136	193,277
2,813,448	2,763,411	2,671,958	2,478,681
<u>\$ 2,754,172</u>	<u>\$ 2,813,448</u>	<u>\$ 2,763,094</u>	<u>\$ 2,671,958</u>
<u>\$ (1,225,757)</u>	<u>\$ (1,320,973)</u>	<u>\$ (1,133,784)</u>	<u>\$ (1,056,849)</u>
180.20%	188.51%	169.59%	165.44%
\$ 5,239,842	\$ 5,299,696	\$ 5,683,984	\$ 5,650,572
-23.39%	-24.93%	-19.95%	-18.70%

**City of Flagstaff, Arizona**  
**Required Supplementary Information**  
**Schedule of the Changes in Net OPEB Liability and Related Ratios**  
**Single Employer OPEB Plans - City OPEB**  
**June 30, 2024**

	Reporting Fiscal Year (Measurement Date)		
	2023-2024 (2022-2023)	2022-2023 (2021-2022)	2021-2022 (2020-2021)
<b>City OPEB</b>			
Total OPEB liability			
Service cost	\$ 852,189	\$ 754,126	\$ 585,601
Interest on the total OPEB liability	368,778	250,207	210,376
Differences between expected and actual experience in the measurement of the OPEB liability	(3,182,919)	-	(115,937)
Changes of assumptions or other inputs	(286,278)	(1,783,242)	1,674,818
Benefit payments, including refunds of employee contributions	(491,193)	(476,937)	(441,218)
Net change in total OPEB liability	(2,739,423)	(1,255,846)	1,913,640
Total OPEB liability - beginning	9,810,861	11,066,707	9,153,067
Total OPEB liability - ending (a)	\$ 7,071,438	\$ 9,810,861	\$ 11,066,707
<b>Plan fiduciary net position</b>			
Net change in plan fiduciary net position	\$ -	\$ -	\$ -
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -	\$ -
Net OPEB liability - ending (a) - (b)	\$ 7,071,438	\$ 9,810,861	\$ 11,066,707
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>			
Covered payroll	\$ 57,682,107	\$ 53,668,201	\$ 50,035,257
Net pension liability as a percentage of covered payroll	12.26%	18.28%	22.12%

Reporting fiscal year 2016-2017 through 2014-2015 information is not available.

2020-2021 (2019-2020)	2019-2020 (2018-2019)	2018-2019 (2017-2018)	2017-2018 (2016-2017)
\$ 480,223	\$ 482,750	\$ 580,616	\$ 612,124
291,110	382,358	368,976	309,152
-	(2,597,490)	-	(2,273,189)
760,916	612,806	(844,549)	1,126,321
(429,062)	(455,699)	(411,713)	(155,812)
1,103,187	(1,575,275)	(306,670)	(381,404)
8,049,880	9,625,155	9,931,825	10,313,229
\$ 9,153,067	\$ 8,049,880	\$ 9,625,155	\$ 9,931,825
\$ -	\$ -	\$ -	\$ -
-	-	-	-
\$ -	\$ -	\$ -	\$ -
\$ 9,153,067	\$ 8,049,880	\$ 9,625,155	\$ 9,931,825
0.00%	0.00%	0.00%	0.00%
\$ 50,086,352	\$ 48,357,183	\$ 48,357,183	\$ 44,717,801
18.27%	16.65%	19.90%	22.21%

**City of Flagstaff, Arizona**  
**Required Supplementary Information**  
**Schedule of the City's Pension/OPEB\* Contributions**  
**June 30, 2024**

	Reporting Fiscal Year			
	2023-2024	2022-2023	2021-2022	2020-2021
<b>Arizona State Retirement System</b>				
Statutorily required contributions	\$ 4,819,605	\$ 4,384,073	\$ 4,196,842	\$ 3,845,197
Contributions in relation to the statutorily required contribution	4,819,605	4,384,073	4,196,842	3,845,197
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 39,574,231</u>	<u>\$ 36,779,135</u>	<u>\$ 34,944,558</u>	<u>\$ 33,005,980</u>
Contributions as a percentage of covered payroll	12.18%	11.92%	12.01%	11.65%
<b>Elected Officials Retirement Plan</b>				
Statutorily required contributions	\$ 189,898	\$ 148,865	\$ 98,572	\$ 101,660
Contributions in relation to the statutorily required contribution	189,898	148,865	98,572	101,660
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 288,482</u>	<u>\$ 249,693</u>	<u>\$ 190,640</u>	<u>\$ 183,403</u>
Contributions as a percentage of covered payroll	65.83%	59.62%	51.71%	55.43%
<b>PSPRS - Police**</b>				
Statutorily required contributions	\$ 507,489	\$ 431,360	\$ 555,741	\$ 1,074,231
Contributions in relation to the statutorily required contribution	3,707,489	440,717	731,520	56,134,692
Contribution deficiency (excess)	<u>\$ (3,200,000)</u>	<u>\$ (9,357)</u>	<u>\$ (175,779)</u>	<u>\$ (55,060,461)</u>
Covered payroll	<u>\$ 5,100,554</u>	<u>\$ 5,305,714</u>	<u>\$ 5,210,182</u>	<u>\$ 4,584,510</u>
Contributions as a percentage of covered payroll	72.69%	8.31%	14.04%	1224.44%
<b>PSPRS - Fire**</b>				
Statutorily required contributions	\$ 902,464	\$ 627,231	\$ 880,217	\$ 1,505,870
Contributions in relation to the statutorily required contribution	902,464	707,847	1,495,998	63,705,770
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (80,616)</u>	<u>\$ (615,781)</u>	<u>\$ (62,199,900)</u>
Covered payroll	<u>\$ 7,149,570</u>	<u>\$ 6,277,670</u>	<u>\$ 6,109,308</u>	<u>\$ 5,646,127</u>
Contributions as a percentage of covered payroll	12.62%	11.28%	24.49%	1128.31%

\* The City had no OPEB contributions for the current or prior years.

\*\* For contributions for 2017-2018, the City chose to use credits with PSPRS for the Hall Parker settlement refunds related to excess contributions in prior years.

2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
\$ 3,795,108	\$ 3,627,657	\$ 3,478,329	\$ 3,357,591	\$ 3,168,876	\$ 3,002,707
<u>3,795,108</u>	<u>3,627,657</u>	<u>3,478,329</u>	<u>3,357,591</u>	<u>3,168,876</u>	<u>3,002,707</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 33,145,052	\$ 32,447,746	\$ 31,911,275	\$ 30,673,166	\$ 28,842,056	\$ 27,573,067
11.45%	11.18%	10.90%	10.95%	10.99%	10.89%
\$ 100,679	\$ 98,293	\$ 39,638	\$ 40,588	\$ 39,815	\$ 37,483
<u>100,679</u>	<u>98,293</u>	<u>39,638</u>	<u>40,588</u>	<u>39,815</u>	<u>37,483</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 187,000	\$ 184,269	\$ 180,000	\$ 194,354	\$ 189,999	\$ 157,579
53.84%	53.34%	22.02%	20.88%	20.96%	23.79%
\$ 3,434,035	\$ 3,441,524	\$ 3,229,323	\$ 3,275,134	\$ 3,401,213	\$ 2,578,489
<u>6,331,039</u>	<u>3,441,524</u>	<u>3,124,679</u>	<u>3,657,762</u>	<u>3,441,521</u>	<u>2,578,489</u>
<u>\$ (2,897,004)</u>	<u>\$ -</u>	<u>\$ 104,644</u>	<u>\$ (382,628)</u>	<u>\$ (40,308)</u>	<u>\$ -</u>
\$ 5,527,309	\$ 5,875,114	\$ 6,555,225	\$ 7,155,954	\$ 7,318,199	\$ 7,526,730
114.54%	58.58%	47.67%	51.11%	47.03%	34.26%
\$ 5,183,976	\$ 5,315,168	\$ 4,589,139	\$ 4,239,954	\$ 3,952,628	\$ 2,418,742
<u>6,910,825</u>	<u>5,315,168</u>	<u>4,041,886</u>	<u>4,239,954</u>	<u>3,952,628</u>	<u>2,418,742</u>
<u>\$ (1,726,849)</u>	<u>\$ -</u>	<u>\$ 547,253</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,239,842	\$ 5,299,696	\$ 5,683,984	\$ 5,650,572	\$ 5,491,792	\$ 4,847,679
131.89%	100.29%	71.11%	75.04%	71.97%	49.89%

**City of Flagstaff, Arizona**  
**Notes to the Required Supplementary Information**  
**June 30, 2024**

**I. Actuarially Determined Contribution Rates**

Actuarial determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial valuation date	June 30, 2022
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Any positive UAAL (assets less than liabilities) is amortized using a layered approach beginning with the June 30, 2020 valuation, with new amounts determined according to a Level Dollar method over a closed period of 15 years (phased into from current period of at most 30 years). Initial layer from June 30, 2019 valuation continues to be amortized according to a Level Percentage of Payroll method. Any negative UAAL (assets greater than liabilities) is amortized according to a Level Dollar method over an open period of 20 years
Asset valuation method	7-year smoothed market; 20% corridor around market value
Actuarial assumptions:	
Investment rate of return	In the 2022 actuarial valuation, the investment rate of return was 7.2%.
Projected salary increases	Experience-based table of rates that is specific to the type of eligibility condition. These rates are based on a 2022 experience study using actual plan experience.
Wage growth	In the 2022 actuarial valuation, wage growth was 3.0%
Permanent Benefit Increases	The cost-of-living adjustment will be based on the average annual percentage change in the Metropolitan Phoenix-Mesa Consumer Price Index published by the United States Department of Labor, Bureau of Statistics. We have assumed that to be 1.85% for this valuation.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. These rates are based on a 2022 experience study using actual plan experience.
Mortality	In the 2022 actuarial valuation, changed to PubS-2010 mortality table with 85% of MP-2021 fully generational projection scales.

**II. Information Prior to Measurement Date**

Information prior to the measurement date (June 30, 2017) for OPEB are not available. Information for subsequent years will be presented, when it is available to present ten years of information.

**III. Trust OPEB Assets**

No assets are accumulated in a trust that meets the criteria in GASB No. 75, paragraph four, to pay the benefits for the single-employer defined benefit OPEB plan.

## **Non-Major Funds Other Governmental Funds**

### **Special Revenue Funds**

Special Revenue Funds are used to account for revenues derived from specific taxes or other earmarked revenue sources. They are usually required by statute, charter provision or ordinance to finance particular functions or activities.

#### **Housing and Community Services Fund**

This fund was established in fiscal year 1996-1997 to account for the funding received for the Community Development Block Grant program and affordable housing activities.

#### **COVID Relief Fund**

This fund was established to account for the receipt and expenditures of the City's allocation of the Coronavirus Aid, Relief, and Economic Security Act (CARES) funding as well as the City's allocation of the American Rescue Plan Act (ARPA) funding. Resources allocated to this fund must be used for specific purposes as outlined in the legislature.

#### **Library Fund**

The City Library is financed through City sales tax allocations, State and County grants and individual contributions. Funds provided must be used for library activities such as cultural and educational programs and technical services.

#### **Bed, Board and Beverage Tax Fund**

This fund accounts for the Bed, Board and Beverage tax revenues as approved by voters in the 2010 general election and related expenditures. These resources are restricted for use in the areas of Beautification, Economic Development, Tourism, Arts & Science and Recreation.

#### **Parking District Fund**

This fund was established to comprehensively manage the public parking in downtown Flagstaff and the surrounding neighborhood.

#### **Water Resource & Infrastructure Protection Fund**

This fund accounts for the water resource and infrastructure protection fee and the related expenditures. These resources are restricted to support the Wildland Fire Management program.

### **Debt Service Funds**

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

#### **General Obligation Bond Fund**

This fund is used to account for the accumulation of resources for, and the payments of, general long-term obligation principal and interest.

#### **Secondary Property Tax Revenue Fund**

This fund is used to account for secondary property tax revenues. Monies received by this fund are legally restricted to payment of general obligation debt.

#### **Pension Bond Fund**

This fund accounts for the accumulation of resources for and the payment of principal, interest and related costs for Pension Bond issued in fiscal year 2020-2021.

### **Capital Project Funds**

Capital Project Funds are used to account for major capital acquisition and construction separate from ongoing operating activities. Resources for capital projects typically result from the issuance of general obligation or other government debt.

#### **Capital Project Bond Construction Fund**

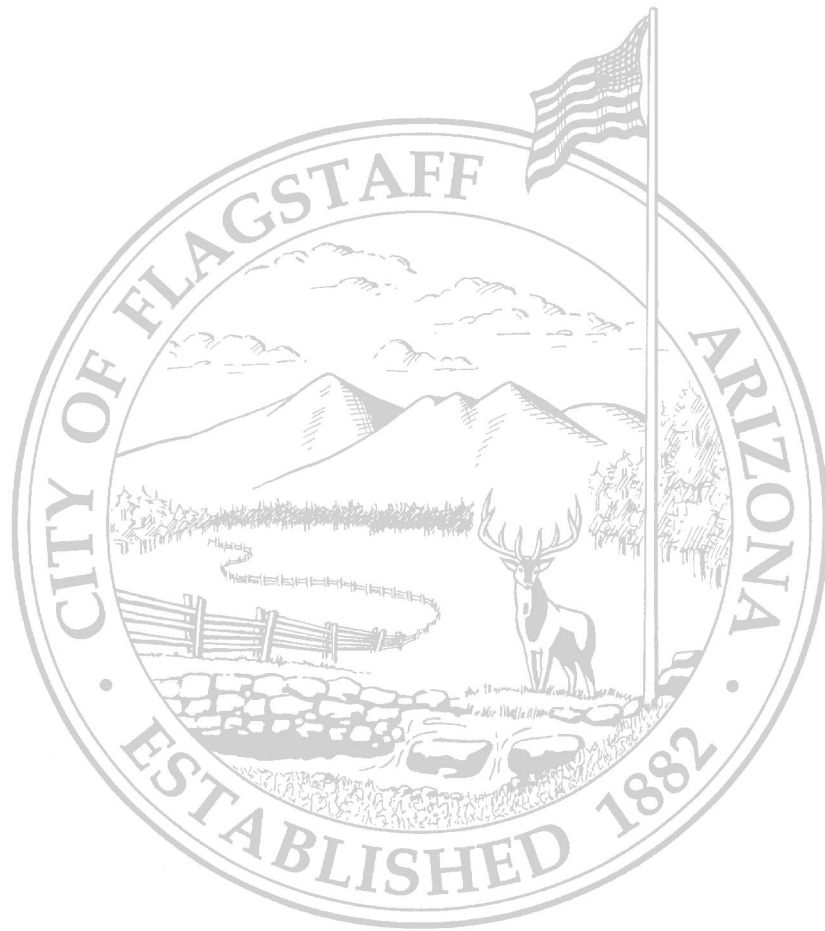
This fund accounts for major capital acquisition and construction projects which are funded mainly with general obligation or other governmental debt.

**Permanent Funds**

Permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

**Perpetual Care Fund**

This fund accounts for the perpetual care of the City's cemetery.



**City of Flagstaff, Arizona**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2024**

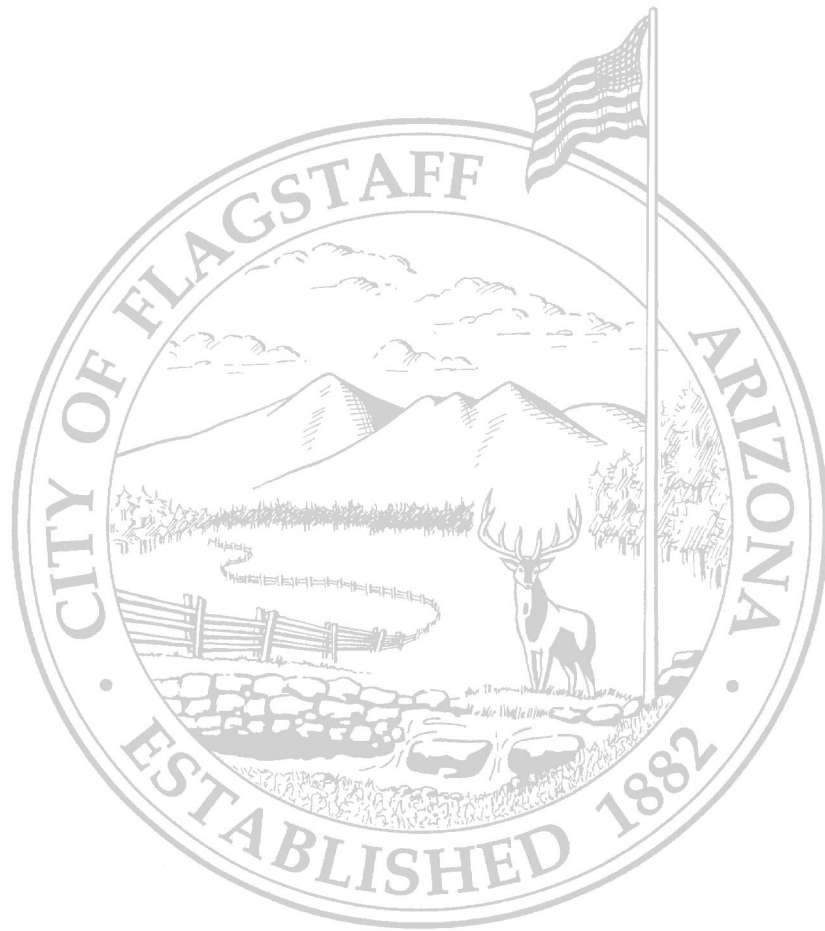
	Special Revenue Funds				
	Housing & Community Services Fund	COVID Relief Fund	Library Fund	BBB Fund	Parking District Fund
<b>Assets</b>					
Cash and investments	\$ 2,310,158	\$ 1,822,756	\$ 2,324,581	\$ 23,721,225	\$ 2,462,576
Accounts receivable, net	83,154	-	232,620	1,923,697	2,760
Interest receivable	9,477	-	17,271	105,511	10,731
Intergovernmental receivable	16,969	-	944	9,040	-
Notes receivable	245,000	-	-	-	-
Lease receivable	-	-	-	394,629	8,269
Prepaid items	-	-	1,709	500	-
Inventory	-	-	-	160,557	-
Restricted cash and investments	-	-	3,211,320	217,775	-
Total assets	<u>\$ 2,664,758</u>	<u>\$ 1,822,756</u>	<u>\$ 5,788,445</u>	<u>\$ 26,532,934</u>	<u>\$ 2,484,336</u>
<b>Liabilities, Deferred Inflows and Fund Balance</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 12,308	\$ 56,334	\$ 445,953	\$ 281,782	\$ 3,077
Accrued payroll	1,416	-	55,267	32,615	5,977
Construction retainage payable	-	-	-	30,000	-
Advanced revenue	-	1,766,422	1,232	-	-
Total liabilities	<u>13,724</u>	<u>1,822,756</u>	<u>502,452</u>	<u>344,397</u>	<u>9,054</u>
<b>Deferred inflows of resources:</b>					
Unavailable revenue - notes receivable	245,000	-	-	-	-
Unavailable revenue - other revenue	62,610	-	-	-	-
Deferred inflows - leases	-	-	-	387,617	8,011
Total deferred inflows of resources	<u>307,610</u>	<u>-</u>	<u>-</u>	<u>387,617</u>	<u>8,011</u>
<b>Fund balances:</b>					
<b>Nonspendable:</b>					
Perpetual care	-	-	-	-	-
Prepays	-	-	1,709	500	-
Inventory	-	-	-	160,557	-
<b>Restricted for:</b>					
Notes receivable	245,000	-	-	-	-
Library branch services	-	-	870,038	-	-
Library programs board directed	-	-	2,341,282	-	-
Debt service	-	-	-	-	-
Public art	-	-	-	1,703,047	-
Economic development	-	-	-	1,088,805	-
Tourism	-	-	-	3,989,304	-
Park maintenance and operations	-	-	-	7,137,365	-
Other capital projects	2,098,424	-	-	11,721,342	-
Perpetual care	-	-	-	-	-
<b>Assigned to:</b>					
Parking district	-	-	-	-	2,467,271
Library services	-	-	2,072,964	-	-
Water resource and infrastructure protection	-	-	-	-	-
<b>Unassigned (deficit):</b>					
Total fund balance	<u>2,343,424</u>	<u>-</u>	<u>5,285,993</u>	<u>25,800,920</u>	<u>2,467,271</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 2,664,758</u>	<u>\$ 1,822,756</u>	<u>\$ 5,788,445</u>	<u>\$ 26,532,934</u>	<u>\$ 2,484,336</u>

Water Resource & Infrastructure Protection Fund	Debt Service Funds			Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
	General Obligation Bond Fund	Secondary Property Tax Revenue Fund	Pension Bond Fund	Capital Projects Bond Construction	Perpetual Care Fund	
\$ 1,464,279	\$ -	\$ 682,409	\$ -	\$ 673,375	\$ 70,946	\$ 35,532,305
182,285	-	-	-	-	400	2,424,916
6,693	-	40,818	1,029	12,096	1,843	205,469
39,794	-	-	-	206,291	-	273,038
-	-	-	-	-	-	245,000
-	-	-	-	-	-	402,898
-	-	-	-	-	-	2,209
-	-	-	-	-	-	160,557
-	3,613,927	10,352,540	15,532,880	33,520,922	366,863	66,816,227
<u>\$ 1,693,051</u>	<u>\$ 3,613,927</u>	<u>\$ 11,075,767</u>	<u>\$ 15,533,909</u>	<u>\$ 34,412,684</u>	<u>\$ 440,052</u>	<u>\$ 106,062,619</u>
\$ 10,225	\$ -	\$ -	\$ -	\$ 1,879,865	\$ -	\$ 2,689,544
11,771	-	-	-	1,920	-	108,966
-	-	-	-	391,973	-	421,973
-	-	-	-	-	-	1,767,654
<u>21,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,273,758</u>	<u>-</u>	<u>4,988,137</u>
-	-	-	-	-	-	245,000
-	-	-	-	-	-	62,610
-	-	-	-	-	-	395,628
-	-	-	-	-	-	703,238
-	-	-	-	-	366,863	366,863
-	-	-	-	-	-	2,209
-	-	-	-	-	-	160,557
-	-	-	-	-	-	245,000
-	-	-	-	-	-	870,038
-	-	-	-	-	-	2,341,282
-	3,613,927	11,075,767	15,533,909	-	-	30,223,603
-	-	-	-	-	-	1,703,047
-	-	-	-	-	-	1,088,805
-	-	-	-	-	-	3,989,304
-	-	-	-	-	-	7,137,365
-	-	-	-	32,559,230	-	46,378,996
-	-	-	-	-	73,189	73,189
-	-	-	-	-	-	2,467,271
-	-	-	-	-	-	2,072,964
1,671,055	-	-	-	-	-	1,671,055
-	-	-	-	(420,304)	-	(420,304)
<u>1,671,055</u>	<u>3,613,927</u>	<u>11,075,767</u>	<u>15,533,909</u>	<u>32,138,926</u>	<u>440,052</u>	<u>100,371,244</u>
<u>\$ 1,693,051</u>	<u>\$ 3,613,927</u>	<u>\$ 11,075,767</u>	<u>\$ 15,533,909</u>	<u>\$ 34,412,684</u>	<u>\$ 440,052</u>	<u>\$ 106,062,619</u>

**City of Flagstaff, Arizona**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2024**

	Special Revenue Funds				
	Housing & Community Services Fund	COVID Relief Fund	Library Fund	BBB Fund	Parking District Fund
<b>Revenues:</b>					
Taxes	\$ -	\$ -	\$ -	\$ 12,472,707	\$ -
Intergovernmental	-	-	4,522,848	-	-
Grants and entitlements	320,737	929,595	41,919	167,888	-
Charges for services	-	-	-	185,430	1,236,009
Licenses and permits	-	-	-	1,300	-
Rents	16,620	-	-	404,512	16,021
Investment earnings	97,505	-	193,460	921,244	95,567
Contributions	31,200	-	39,683	4,000	-
Miscellaneous	202,617	-	60,359	3,360	7,131
Total revenues	<u>668,679</u>	<u>929,595</u>	<u>4,858,269</u>	<u>14,160,441</u>	<u>1,354,728</u>
<b>Expenditures:</b>					
Current:					
General government	-	929,595	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Economic and physical development	797,149	-	-	4,745,774	-
Culture and recreation	-	-	5,616,115	1,705,191	-
Highways and streets	-	-	-	4,988	662,646
Debt service:					
Principal retirement	-	-	121,310	186,686	232,016
Interest and other charges	-	-	301	71,054	11,232
Capital outlay	-	-	456,032	420,636	112,833
Total expenditures	<u>797,149</u>	<u>929,595</u>	<u>6,193,758</u>	<u>7,134,329</u>	<u>1,018,727</u>
Excess (deficiency) of revenues over expenditures	<u>(128,470)</u>	<u>-</u>	<u>(1,335,489)</u>	<u>7,026,112</u>	<u>336,001</u>
<b>Other Financing Sources (Uses):</b>					
Refunding bonds issued	-	-	-	-	-
Loan issuance	-	-	-	-	-
Bond issuance	-	-	-	-	-
Bond premium	-	-	-	-	-
Transfers in	38,500	-	1,662,813	247,000	-
Transfers out	-	-	-	(3,514,537)	-
Total other financing sources (uses)	<u>38,500</u>	<u>-</u>	<u>1,662,813</u>	<u>(3,267,537)</u>	<u>-</u>
Net change in fund balance	<u>(89,970)</u>	<u>-</u>	<u>327,324</u>	<u>3,758,575</u>	<u>336,001</u>
Fund balances, beginning of year (as restated)	<u>2,433,394</u>	<u>-</u>	<u>4,958,669</u>	<u>22,042,345</u>	<u>2,131,270</u>
Fund balance, end of year	<u>\$ 2,343,424</u>	<u>\$ -</u>	<u>\$ 5,285,993</u>	<u>\$ 25,800,920</u>	<u>\$ 2,467,271</u>

Water Resource & Infrastructure Protection Fund	Debt Service Funds			Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
	General Obligation Bond Fund	Secondary Property Tax Revenue Fund	Pension Bond Fund	Capital Projects Bond Construction	Perpetual Care Fund	
\$ -	\$ -	\$ 8,626,919	\$ -	\$ -	\$ -	\$ 21,099,626
-	-	-	-	-	-	4,522,848
39,781	-	-	-	413,330	-	1,913,250
1,222,968	-	-	-	-	-	2,644,407
-	-	-	-	-	-	1,300
-	-	-	-	-	-	437,153
63,610	-	247,237	854,950	226,538	17,200	2,717,311
-	-	-	-	-	9,670	84,553
-	-	-	-	-	-	273,467
<u>1,326,359</u>	<u>-</u>	<u>8,874,156</u>	<u>854,950</u>	<u>639,868</u>	<u>26,870</u>	<u>33,693,915</u>
-	-	-	-	466,192	-	1,395,787
946,107	-	-	-	132,806	-	1,078,913
-	-	-	-	251,083	-	251,083
-	-	-	-	328,641	-	5,871,564
-	-	-	-	870	-	7,322,176
-	-	-	-	-	-	667,634
-	4,499,912	-	5,865,000	-	-	10,904,924
-	1,144,853	-	2,840,431	-	-	4,067,871
62,323	-	-	-	11,654,708	-	12,706,532
<u>1,008,430</u>	<u>5,644,765</u>	<u>-</u>	<u>8,705,431</u>	<u>12,834,300</u>	<u>-</u>	<u>44,266,484</u>
<u>317,929</u>	<u>(5,644,765)</u>	<u>8,874,156</u>	<u>(7,850,481)</u>	<u>(12,194,432)</u>	<u>26,870</u>	<u>(10,572,569)</u>
-	3,305,000	-	-	-	-	3,305,000
-	-	-	-	729,715	-	729,715
-	-	-	-	36,875,000	-	36,875,000
-	381,430	-	-	3,362,171	-	3,743,601
-	5,572,262	-	8,639,441	1,495,622	-	17,655,638
(172,789)	-	(5,572,262)	-	(39)	-	(9,259,627)
<u>(172,789)</u>	<u>9,258,692</u>	<u>(5,572,262)</u>	<u>8,639,441</u>	<u>42,462,469</u>	<u>-</u>	<u>53,049,327</u>
<u>145,140</u>	<u>3,613,927</u>	<u>3,301,894</u>	<u>788,960</u>	<u>30,268,037</u>	<u>26,870</u>	<u>42,476,758</u>
<u>1,525,915</u>	<u>-</u>	<u>7,773,873</u>	<u>14,744,949</u>	<u>1,870,889</u>	<u>413,182</u>	<u>57,894,486</u>
<u>\$ 1,671,055</u>	<u>\$ 3,613,927</u>	<u>\$ 11,075,767</u>	<u>\$ 15,533,909</u>	<u>\$ 32,138,926</u>	<u>\$ 440,052</u>	<u>\$ 100,371,244</u>



## Other Supplementary Information

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	<u>Page</u>
Budgetary Comparison Schedules - Governmental Funds	
Housing and Community Services Fund	118
COVID Relief Fund	119
Library Fund	120
BBB Fund	121
Parking District Fund	122
Water Resource & Infrastructure Protection Fund	123
General Obligation Bond Fund	124
Secondary Property Tax Revenue Fund	125
Pension Bond Fund	126
Capital Project Bond Construction Fund	127
Financial Data Submission Schedules	
Net Position Accounts	128
Revenue, Expenses, and Changes in Fund Net Position Accounts	132
Revenue, Expenses, and Changes in Fund Net Position Accounts- Public Housing-Consolidated	138

**City of Flagstaff, Arizona**  
**Housing & Community Service Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2024**

	<u>Budget</u>		Actual Amounts Budgetary Basis	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Grants and entitlements	\$ 2,291,134	\$ 2,291,134	\$ 320,737	\$ (1,970,397)
Rent	-	-	16,620	16,620
Contributions	-	-	31,200	31,200
Investment earnings	20,639	20,639	97,505	76,866
Miscellaneous	-	-	202,617	202,617
Total revenues	<u>2,311,773</u>	<u>2,311,773</u>	<u>668,679</u>	<u>(1,643,094)</u>
<b>Expenditures:</b>				
Current:				
Economic and physical development	4,522,328	5,622,328	797,149	4,825,179
Total expenditures	<u>4,522,328</u>	<u>5,622,328</u>	<u>797,149</u>	<u>4,825,179</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,210,555)</u>	<u>(3,310,555)</u>	<u>(128,470)</u>	<u>3,182,085</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	38,500	1,138,500	38,500	1,100,000
Total other financing sources (uses)	<u>38,500</u>	<u>1,138,500</u>	<u>38,500</u>	<u>1,100,000</u>
Net change in fund balances	<u>(2,172,055)</u>	<u>(2,172,055)</u>	<u>(89,970)</u>	<u>4,282,085</u>
Fund balances, beginning of year	<u>2,322,035</u>	<u>2,322,035</u>	<u>2,433,394</u>	<u>111,359</u>
Fund balances, end of year	<u>\$ 149,980</u>	<u>\$ 149,980</u>	<u>\$ 2,343,424</u>	<u>\$ 4,393,444</u>

**City of Flagstaff, Arizona**  
**COVID Relief Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2024**

	Budget		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Grants and entitlements	\$ 2,733,607	\$ 2,733,607	\$ 929,595	\$ (1,804,012)
Total revenues	2,733,607	2,733,607	929,595	(1,804,012)
<b>Expenditures:</b>				
Current:				
General government	2,733,607	2,733,607	929,595	1,804,012
Total expenditures	2,733,607	2,733,607	929,595	1,804,012
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

**City of Flagstaff, Arizona**  
**Library Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2024**

	<u>Budget</u>		Actual Amounts Budgetary Basis	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 4,081,723	\$ 4,081,723	\$ 4,522,848	\$ 441,125
Grants and entitlements	75,000	75,000	41,919	(33,081)
Investment earnings	39,926	39,926	193,460	153,534
Contributions	-	-	39,683	39,683
Miscellaneous	41,000	41,000	60,359	19,359
Total revenues	<u>4,237,649</u>	<u>4,237,649</u>	<u>4,858,269</u>	<u>620,620</u>
<b>Expenditures:</b>				
Current:				
General governmental	588,218	588,218	-	588,218
Culture and recreation	6,411,881	6,411,881	5,616,115	795,766
Debt Service				
Principal retirement	-	-	121,310	(121,310)
Interest and other charges	-	-	301	(301)
Capital outlay	257,188	257,188	456,032	(198,844)
Contingency	100,000	100,000	-	100,000
Total expenditures	<u>7,357,287</u>	<u>7,357,287</u>	<u>6,193,758</u>	<u>1,163,529</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,119,638)</u>	<u>(3,119,638)</u>	<u>(1,335,489)</u>	<u>1,784,149</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,662,813	1,662,813	1,662,813	-
Total other financing sources (uses)	<u>1,662,813</u>	<u>1,662,813</u>	<u>1,662,813</u>	<u>-</u>
Net change in fund balances	<u>(1,456,825)</u>	<u>(1,456,825)</u>	<u>327,324</u>	<u>1,784,149</u>
Fund balances, beginning of year	<u>4,426,781</u>	<u>4,426,781</u>	<u>4,958,669</u>	<u>531,888</u>
Fund balances, end of year	<u>\$ 2,969,956</u>	<u>\$ 2,969,956</u>	<u>\$ 5,285,993</u>	<u>\$ 2,316,037</u>

**City of Flagstaff, Arizona**  
**BBB Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2024**

	Budget		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 11,544,400	\$ 11,544,400	\$ 12,480,576	\$ 936,176
Grants and entitlements	589,000	589,000	167,888	(421,112)
Charges for services	127,098	127,098	185,430	58,332
Licenses and permits	-	-	1,300	1,300
Rents	442,910	442,910	408,818	(34,092)
Investment earnings	177,812	177,812	914,310	736,498
Contributions	-	-	4,000	4,000
Miscellaneous	-	-	3,360	3,360
Total revenues	12,881,220	12,881,220	14,165,682	1,284,462
<b>Expenditures:</b>				
Current:				
Economic and physical development	5,937,251	5,937,251	4,745,774	1,191,477
Culture and recreation	1,991,184	1,991,184	1,705,191	285,993
Highways and streets	-	-	4,988	(4,988)
Debt service:				
Principal retirement	175,000	175,000	186,686	(11,686)
Interest and other charges	71,031	71,031	71,054	(23)
Capital outlay	5,364,202	5,364,202	420,636	4,943,566
Contingency	240,000	240,000	-	240,000
Total expenditures	13,778,668	13,778,668	7,134,329	6,644,339
Excess (deficiency) of revenues over (under) expenditures	(897,448)	(897,448)	7,031,353	7,928,801
<b>Other Financing Sources (Uses):</b>				
Transfers in	247,000	247,000	247,000	-
Transfers out	(3,612,803)	(3,612,803)	(3,514,537)	98,266
Total other financing sources (uses)	(3,365,803)	(3,365,803)	(3,267,537)	98,266
Net change in fund balances	(4,263,251)	(4,263,251)	3,763,816	8,027,067
Fund balances, beginning of year	19,367,097	19,367,097	20,830,437	1,463,340
Fund balances, end of year	\$ 15,103,846	\$ 15,103,846	\$ 24,594,253	\$ 9,490,407
Adjustment from budgetary basis to GAAP basis net change in fund balances			\$ 3,763,816	
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis.			(5,241)	
Adjusted net change in fund balance - GAAP basis			\$ 3,758,575	

**City of Flagstaff, Arizona**  
**Parking District Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2024**

	<u>Budget</u>		Actual Amounts Budgetary Basis	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Charges for service	\$ 1,250,175	\$ 1,250,175	\$ 1,236,009	\$ (14,166)
Investment earnings	18,900	18,900	95,485	76,585
Miscellaneous	-	-	7,131	7,131
Total revenues	<u>1,269,075</u>	<u>1,269,075</u>	<u>1,338,625</u>	<u>69,550</u>
<b>Expenditures:</b>				
Current:				
Highways and streets	1,010,876	1,010,876	782,141	228,735
Debt service:				
Principal retirement	104,753	104,753	104,753	-
Interest and other charges	10,272	10,272	10,273	(1)
Capital outlay	1,155,000	1,155,000	105,000	1,050,000
Contingency	30,000	30,000	-	30,000
Total expenditures	<u>2,310,901</u>	<u>2,310,901</u>	<u>1,002,167</u>	<u>1,308,734</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,041,826)</u>	<u>(1,041,826)</u>	<u>336,458</u>	<u>1,378,284</u>
Net change in fund balances	<u>(1,041,826)</u>	<u>(1,041,826)</u>	<u>336,458</u>	<u>1,378,284</u>
Fund balances, beginning of year	<u>1,889,060</u>	<u>1,889,060</u>	<u>2,130,543</u>	<u>241,483</u>
Fund balances, end of year	<u>\$ 847,234</u>	<u>\$ 847,234</u>	<u>\$ 2,467,001</u>	<u>\$ 1,619,767</u>
Adjustment of budgetary basis to GAAP basis net change in fund balances			\$ 336,458	
The City budgets certain revenues on the cash basis, rather than on the modified accrual basis.			16,103	
The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis			<u>(16,560)</u>	
Adjusted net change in fund balance - GAAP basis			<u>\$ 336,001</u>	

**City of Flagstaff, Arizona**  
**Water Resource & Infrastructure Protection Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2024**

	Budget		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Grants and entitlements	\$ -	\$ -	\$ 39,781	\$ 39,781
Charges for services	1,290,154	1,290,154	1,221,088	(69,066)
Investment earnings	13,000	13,000	63,610	50,610
Total revenues	<u>1,303,154</u>	<u>1,303,154</u>	<u>1,324,479</u>	<u>21,325</u>
<b>Expenditures:</b>				
Current:				
Public safety	1,059,987	1,059,987	946,107	113,880
Capital outlay	-	-	62,323	(62,323)
Total expenditures	<u>1,059,987</u>	<u>1,059,987</u>	<u>1,008,430</u>	<u>51,557</u>
Excess (deficiency) of revenues over (under) expenditures	<u>243,167</u>	<u>243,167</u>	<u>316,049</u>	<u>72,882</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(174,134)	(174,134)	(172,789)	1,345
Total other financing sources (uses)	<u>(174,134)</u>	<u>(174,134)</u>	<u>(172,789)</u>	<u>1,345</u>
Net change in fund balances	<u>69,033</u>	<u>69,033</u>	<u>143,260</u>	<u>74,227</u>
Fund balances, beginning of year	<u>1,251,900</u>	<u>1,251,900</u>	<u>1,437,465</u>	<u>185,565</u>
Fund balances, end of year	<u>\$ 1,320,933</u>	<u>\$ 1,320,933</u>	<u>\$ 1,580,725</u>	<u>\$ 259,792</u>
Adjustment of budgetary basis to GAAP basis net change in fund balances The City budgets for certain other expenditures on the cash basis, rather than on the modified accrual basis			\$ 143,260	
			<u>1,880</u>	
Adjusted net change in fund balance - GAAP basis			<u>\$ 145,140</u>	

**City of Flagstaff, Arizona**  
**General Obligation Bond Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2024**

	Budget		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Expenditures:</b>				
Debt service:				
Principal retirement	\$ 4,499,912	\$ 4,499,912	\$ 4,499,912	\$ -
Interest and other charges	1,102,421	1,102,421	1,144,853	(42,432)
Total expenditures	5,602,333	5,602,333	5,644,765	(42,432)
Excess (deficiency) of revenues over (under) expenditures	(5,602,333)	(5,602,333)	(5,644,765)	(42,432)
<b>Other Financing Sources (Uses):</b>				
Refunding bonds issued	-	-	3,305,000	(3,305,000)
Bond premium	-	-	381,430	381,430
Transfers in	5,602,333	5,602,333	5,572,262	(30,071)
Transfers out	-	-	-	-
Total other financing sources (uses)	5,602,333	5,602,333	9,258,692	(2,953,641)
Net change in fund balances	-	-	3,613,927	(2,996,073)
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ 3,613,927	\$ (2,996,073)

**City of Flagstaff, Arizona**  
**Secondary Property Tax Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2024**

	<u>Budget</u>		Actual Amounts Budgetary Basis	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 8,633,802	\$ 8,633,802	\$ 8,626,919	\$ (6,883)
Investment earnings	38,000	38,000	247,237	209,237
Total revenues	<u>8,671,802</u>	<u>8,671,802</u>	<u>8,874,156</u>	<u>202,354</u>
<b>Expenditures:</b>				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>8,671,802</u>	<u>8,671,802</u>	<u>8,874,156</u>	<u>202,354</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(5,602,333)</u>	<u>(5,602,333)</u>	<u>(5,572,262)</u>	<u>30,071</u>
Total other financing sources (uses)	<u>(5,602,333)</u>	<u>(5,602,333)</u>	<u>(5,572,262)</u>	<u>30,071</u>
Net change in fund balances	<u>3,069,469</u>	<u>3,069,469</u>	<u>3,301,894</u>	<u>232,425</u>
Fund balances, beginning of year	<u>7,635,075</u>	<u>7,635,075</u>	<u>7,773,873</u>	<u>138,798</u>
Fund balances, end of year	<u><u>\$ 10,704,544</u></u>	<u><u>\$ 10,704,544</u></u>	<u><u>\$ 11,075,767</u></u>	<u><u>\$ 371,223</u></u>

**City of Flagstaff, Arizona**  
**Pension Bond Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2024**

	Budget		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Investment earnings	\$ 146,000	\$ 146,000	\$ 854,950	\$ 708,950
Total revenues	146,000	146,000	854,950	708,950
<b>Expenditures:</b>				
Debt service:				
Principal retirement	5,865,000	5,865,000	5,865,000	-
Interest and other charges	2,841,680	2,841,680	2,840,431	1,249
Total expenditures	8,706,680	8,706,680	8,705,431	1,249
Excess (deficiency) of revenues over (under) expenditures	(8,560,680)	(8,560,680)	(7,850,481)	710,199
<b>Other Financing Sources (Uses):</b>				
Transfers in	8,706,680	8,706,680	8,639,441	(67,239)
Total other financing sources (uses)	8,706,680	8,706,680	8,639,441	(67,239)
Net change in fund balances	146,000	146,000	788,960	642,960
Fund balances, beginning of year	14,579,517	14,579,517	14,744,949	165,432
Fund balances, end of year	\$ 14,725,517	\$ 14,725,517	\$ 15,533,909	\$ 808,392

**City of Flagstaff, Arizona**  
**Capital Projects Bond Construction**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Year Ended June 30, 2024**

	Budget		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Grants and entitlements	\$ 2,316,592	\$ 2,316,592	\$ 413,330	\$ (1,903,262)
Investment earnings	-	-	226,538	226,538
Contributions	193,233	193,233	-	(193,233)
Total revenues	<u>2,509,825</u>	<u>2,509,825</u>	<u>639,868</u>	<u>(1,869,957)</u>
<b>Expenditures:</b>				
Current:				
General government	2,270,914	2,270,914	466,192	1,804,722
Public safety	41,406	41,406	132,806	(91,400)
Public works	-	-	251,083	(251,083)
Economic and physical development	2,158,466	2,158,466	328,641	1,829,825
Culture and recreation	-	-	870	(870)
Capital outlay	32,832,423	32,832,423	11,654,708	21,177,715
Total expenditures	<u>37,303,209</u>	<u>37,303,209</u>	<u>12,834,300</u>	<u>24,468,909</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(34,793,384)</u>	<u>(34,793,384)</u>	<u>(12,194,432)</u>	<u>22,598,952</u>
<b>Other Financing Sources (Uses):</b>				
Loan issuance	28,136,505	28,136,505	729,715	(27,406,790)
Bond issuance	-	-	36,875,000	36,875,000
Bond premium	-	-	3,362,171	3,362,171
Sale of capital assets	2,000,000	2,000,000	-	(2,000,000)
Transfers in	4,535,893	4,535,893	1,495,622	(3,040,271)
Transfers out	-	-	(39)	(39)
Total other financing sources (uses)	<u>34,672,398</u>	<u>34,672,398</u>	<u>42,462,469</u>	<u>7,790,071</u>
Net change in fund balances	<u>(120,986)</u>	<u>(120,986)</u>	<u>30,268,037</u>	<u>30,389,023</u>
Fund balances, beginning of year	<u>3,861,378</u>	<u>3,861,378</u>	<u>1,870,889</u>	<u>(1,990,489)</u>
Fund balances, end of year	<u>\$ 3,740,392</u>	<u>\$ 3,740,392</u>	<u>\$ 32,138,926</u>	<u>\$ 28,398,534</u>

**City of Flagstaff, Arizona**  
**Financial Data Submission Summary**  
**Net Position Accounts**  
**Year Ended June 30, 2024**

	Public Housing 14,850 & 14,872	Business Activities	14,879 Mainstream Vouchers	Housing Choice Vouchers 14,871	Emergency Housing Voucher 14.EHV
<b>Assets:</b>					
<b>Current Assets:</b>					
<b>Cash:</b>					
Cash - Unrestricted	\$ 1,885,921	\$ 78,473	\$ 5,213	\$ 211,510	\$ 7,980
Cash - Other Restricted	-	-	61,882	-	101,674
Cash - Tenant Security Deposits	72,402	-	-	-	-
Cash - Restricted - Payment of Current Liabilities	-	-	-	-	-
<b>Total Cash</b>	<b>1,958,323</b>	<b>78,473</b>	<b>67,095</b>	<b>211,510</b>	<b>109,654</b>
<b>Accounts Receivables:</b>					
Accounts Receivable - PHA Projects	-	-	-	46,125	-
Accounts Receivable - HUD Other Projects	-	-	-	78,980	-
Accounts Receivable - Other Government	-	-	-	-	-
Accounts Receivable - Miscellaneous	-	-	-	-	-
Accounts Receivable - Tenants	26,790	-	-	-	-
Allowance for Doubtful Accounts - Tenants	(19,649)	-	-	-	-
Allowance for Doubtful Accounts - Other	-	-	-	-	-
Fraud Recovery	-	-	-	16,019	-
Allowance for Doubtful Accounts - Fraud	-	-	-	(16,019)	-
Accrued Interest Receivable	-	-	-	-	-
<b>Total Receivables, Net of Allowances for Doubtful Accounts</b>	<b>7,141</b>	<b>-</b>	<b>-</b>	<b>125,105</b>	<b>-</b>
<b>Current investments</b>					
Investments - Unrestricted	-	-	-	-	-
Investments - Restricted	-	-	-	-	-
Investments - Restricted for Payment of Current Liability	-	-	-	-	-
Prepaid Expenses and Other Assets	102,277	-	-	5,849	-
Inventories	-	-	-	-	-
Allowance for Obsolete Inventories	-	-	-	-	-
Inter Program Due From	-	-	-	-	-
Assets Held for Sale	-	-	-	-	-
<b>Total Current Assets</b>	<b>2,067,741</b>	<b>78,473</b>	<b>67,095</b>	<b>342,464</b>	<b>109,654</b>
<b>Noncurrent Assets:</b>					
<b>Capital Assets:</b>					
Land	921,950	-	-	-	-
Buildings	11,913,218	-	-	-	-
Furniture, Equipment & Machinery - Dwellings	1,008,349	-	-	-	-
Furniture, Equipment & Machinery - Administration	511,526	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Accumulated Depreciation	(10,617,320)	-	-	-	-
Construction in Progress	270,541	-	-	-	-
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>4,008,264</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Grants Receivable - Non Current	-	-	-	-	-
Other Assets	-	-	-	-	-
<b>Total Non-Current Assets</b>	<b>4,008,264</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Deferred Outflow of Resources	168,918	12,020	-	49,677	-
<b>Total Assets and Deferred Outflow of Resources</b>	<b>\$ 6,244,923</b>	<b>\$ 90,493</b>	<b>\$ 67,095</b>	<b>\$ 392,141</b>	<b>\$ 109,654</b>

Moderate Rehabilitation 14.856	Elimination	Total
\$ -	\$ -	\$ 2,189,097
-	-	163,556
-	-	72,402
-	-	-
-	-	2,425,055
-	-	46,125
-	-	78,980
-	-	-
-	-	-
-	-	26,790
-	-	(19,649)
-	-	-
-	-	16,019
-	-	(16,019)
-	-	-
-	-	132,246
-	-	-
-	-	-
-	-	-
-	-	108,126
-	-	-
-	-	-
-	-	-
-	-	-
-	-	2,665,427
-	-	921,950
-	-	11,913,218
-	-	1,008,349
-	-	511,526
-	-	-
-	-	(10,617,320)
-	-	270,541
-	-	4,008,264
-	-	-
-	-	-
-	-	4,008,264
-	-	230,615
\$ -	\$ -	\$ 6,904,306

**City of Flagstaff, Arizona**  
**Financial Data Submission Summary**  
**Net Position Accounts**  
**Year Ended June 30, 2024**

	Public Housing 14,850 & 14,872	Business Activities	14,879 Mainstream Vouchers	Housing Choice Vouchers 14,871	Emergency Housing Voucher 14,EHV
<b>Liabilities and Net Position:</b>					
<b>Liabilities:</b>					
<b>Current Liabilities:</b>					
Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable <= 90 Days	75,324	77	58	3,079	76
Accrued Wage/Payroll Taxes Payable	121,524	8,277	1,999	34,518	4,460
Accrued Compensated Absences - Current Portion	39,402	-	-	8,113	-
Accrued Interest Payable	-	-	-	-	-
Accounts Payable - HUD PHA Programs	-	-	-	-	-
Account Payable - PHA Projects	-	-	-	-	-
Accounts Payable - Other Government	121,845	-	-	-	-
Tenant Security Deposits	72,402	-	-	-	-
Unearned Revenue	19,197	-	-	-	-
Current Portion of L-T Debt - Capital	-	-	-	-	-
Current Portion of L-T Debt - Operating	-	-	-	-	-
Other Current Liabilities	70,214	-	-	5,571	-
Accrued Liabilities - Other	-	-	-	-	-
Inter Program - Due To	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>519,908</b>	<b>8,354</b>	<b>2,057</b>	<b>51,281</b>	<b>4,536</b>
<b>Noncurrent Liabilities</b>					
Long-term Debt, Net of Current - Capital	-	-	-	-	-
Long-term Debt, Net of Current - Operating	-	-	-	-	-
Non-current Liabilities - Other	-	-	-	-	-
Accrued Compensated Absences - Non Current	58,786	-	-	7,342	-
Accrued Pension and OPEB Liabilities	1,198,139	85,260	-	352,362	-
<b>Total Non-Current Liabilities</b>	<b>1,256,925</b>	<b>85,260</b>	<b>-</b>	<b>359,704</b>	<b>-</b>
<b>Total Liabilities</b>	<b>1,776,833</b>	<b>93,614</b>	<b>2,057</b>	<b>410,985</b>	<b>4,536</b>
Deferred Inflow of Resources	122,473	8,715	-	36,018	-
<b>Net Position:</b>					
Net Investment in Capital Assets	4,008,264	-	-	-	-
Restricted Net Position	-	-	61,882	-	101,674
Unrestricted Net Position	337,353	(11,836)	3,156	(54,862)	3,444
<b>Total Equity - Net Assets / Position</b>	<b>4,345,617</b>	<b>(11,836)</b>	<b>65,038</b>	<b>(54,862)</b>	<b>105,118</b>
<b>Total Liabilities, Deferred Inflows of Resources and Equity/ Net Position</b>	<b>\$ 6,244,923</b>	<b>\$ 90,493</b>	<b>\$ 67,095</b>	<b>\$ 392,141</b>	<b>\$ 109,654</b>

Moderate Rehabilitation 14.856	Elimination	Total (continued)
\$ -	\$ -	\$ -
-	-	78,614
-	-	170,778
-	-	47,515
-	-	-
-	-	-
-	-	-
-	-	121,845
-	-	72,402
-	-	19,197
-	-	-
-	-	-
-	-	75,785
-	-	-
-	-	-
-	-	586,136
-	-	-
-	-	-
-	-	-
-	-	66,128
-	-	1,635,761
-	-	1,701,889
-	-	-
-	-	2,288,025
-	-	-
-	-	167,206
-	-	-
-	-	4,008,264
-	-	163,556
-	-	277,255
-	-	4,449,075
\$ -	\$ -	\$ 6,904,306

(concluded)

**City of Flagstaff, Arizona**  
**Financial Data Submission Summary**  
**Revenue, Expense, and Changes in Fund Net Position Accounts**  
**Year Ended June 30, 2024**

	Public Housing 14.850 & 14.872	Business Activities	14.879 Mainstream Vouchers	Housing Choice Vouchers 14.871	Emergency Housing Voucher 14.EHV
<b>Revenues:</b>					
Net Tenant Rental Revenue	\$ 1,738,960	\$ -	\$ -	\$ -	\$ -
Tenant Revenue - Other	28,685	-	-	-	-
<b>Total Tenant Revenue</b>	<b>1,767,645</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
HUD PHA Operating Grants	976,835	-	348,431	5,859,823	497,867
Capital Grants	291,105	-	-	-	-
Management Fee	-	-	-	-	-
Asset Management Fee	-	-	-	-	-
Bookkeeping Fee	-	-	-	-	-
Front Line Service Fee	-	-	-	-	-
Other Fees	-	14,064	-	-	-
<b>Total Fee Revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Government Grants	-	-	-	-	-
Investment Income - Unrestricted	21,944	-	-	5,536	-
Mortgage Interest Income	-	-	-	-	-
Proceeds -Disposition of Assets Held for Sale	-	-	-	-	-
Cost of Sale of Assets	-	-	-	-	-
Fraud Recovery	4,557	-	-	29,072	280
Other Revenue	-	7,434	-	353,121	9,026
Gain or Loss on Sale of Capital Assets	-	-	-	-	-
Investment Income - Restricted	-	-	-	-	-
<b>Total Revenue</b>	<b>3,062,086</b>	<b>21,498</b>	<b>348,431</b>	<b>6,247,552</b>	<b>507,173</b>
<b>Expenses:</b>					
<b>Administrative</b>					
Administrative Salaries	480,748	72,773	14,799	300,757	31,447
Auditing Fees	9,823	-	-	4,912	-
Management Fee	-	-	-	8,493	-
Bookkeeping Fee	-	-	-	-	-
Advertising and Marketing	-	-	-	-	-
Employee Benefit Contributions - Administrative	493,764	(142,757)	4,118	224,922	5,153
Office Expenses	78,383	3,115	110	44,303	270
Legal Expense	4,817	-	-	228	-
Travel	-	-	-	-	-
Allocated Overhead	-	-	-	-	-
Other	86,231	1,269	-	43,198	520
<b>Total Administrative</b>	<b>1,153,766</b>	<b>(65,600)</b>	<b>19,027</b>	<b>626,813</b>	<b>37,390</b>
<b>Tenant Services</b>					
Asset Management Fee	-	-	-	-	-
Tenant Services - Salaries	-	-	-	-	-
Relocation Costs	6,253	-	-	-	-
Employee Benefit - Tenant Services	-	-	-	-	-
Tenant Services - Other	1,159	-	-	14,531	-
<b>Total Tenant Services</b>	<b>7,412</b>	<b>-</b>	<b>-</b>	<b>14,531</b>	<b>-</b>
<b>Utilities</b>					
Water	191,680	-	-	-	-
Electricity	22,290	-	-	-	-
Gas	110,641	-	-	-	-
Fuel	-	-	-	-	-
Labor	-	-	-	-	-
Sewer	92,650	-	-	-	-
Employee Benefit - Utilities	-	-	-	-	-
Other Utilities Expense	-	-	-	-	-
<b>Total Utilities</b>	<b>417,261</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ordinary Maintenance and Operations</b>					
Ordinary Maintenance and Operations - Labor	578,905	-	-	-	-
Ordinary Maintenance and Operations - Materials and Other	109,809	-	-	-	-
Ordinary Maintenance and Operations Contracts	273,732	-	-	-	-
Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	-
<b>Total Maintenance</b>	<b>962,446</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Moderate Rehabilitation 14.856	Elimination	Total
\$ -	\$ -	\$ 1,738,960
-	-	28,685
-	-	1,767,645
94,069	-	\$ 7,777,025
-	-	291,105
-	-	-
-	-	-
-	-	-
-	(14,064)	-
-	(14,064)	(14,064)
-	-	-
-	-	27,480
-	-	-
-	-	-
-	-	33,909
-	-	369,581
-	-	-
-	-	-
94,069	(14,064)	10,266,745
8,546	-	909,070
-	-	14,735
14,064	-	22,557
-	-	-
-	-	-
-	-	585,200
-	-	126,181
-	-	5,045
-	-	-
-	-	-
-	(14,064)	117,154
22,610	(14,064)	1,779,942
-	-	-
-	-	-
-	-	6,253
-	-	-
-	-	15,690
-	-	21,943
-	-	-
-	-	191,680
-	-	22,290
-	-	110,641
-	-	-
-	-	-
-	-	92,650
-	-	-
-	-	-
-	-	417,261
-	-	-
-	-	578,905
-	-	109,809
-	-	273,732
-	-	-
-	-	962,446

(continued)

**City of Flagstaff, Arizona**  
**Financial Data Submission Summary**  
**Revenue, Expense, and Changes in Fund Net Position Accounts**  
**Year Ended June 30, 2024**

	Public Housing 14.850 & 14.872	Business Activities	14.879 Mainstream Vouchers	Housing Choice Vouchers 14.871	Emergency Housing Voucher 14.EHV
Protective Services					
Protective Services - Labor	-	-	-	-	-
Protective Services - Other Contract Costs	30,000	-	-	-	-
Protective Services - Other	-	-	-	-	-
Employee Benefit - Protective Services	-	-	-	-	-
Total Protective Services	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
General Expense					
Property Insurance	117,452	-	-	-	-
Liability Insurance	17,927	-	-	8,575	-
Workmen's Compensation	-	-	-	-	-
All Other Insurance	13,883	1,254	204	8,252	287
Total insurance Premiums	<u>149,262</u>	<u>1,254</u>	<u>204</u>	<u>16,827</u>	<u>287</u>
Other General Expenses	3,148	-	-	2,526	-
Compensated Absences	19,362	-	-	(669)	-
Payments in Lieu of Taxes	121,845	-	-	-	-
Bad debt - Tenant Rents	13,332	-	-	-	-
Bad debt - Mortgages	-	-	-	-	-
Bad debt - Other	-	-	2,652	25,643	-
Severance Expense	-	-	-	-	-
Total General Expenses	<u>157,687</u>	<u>-</u>	<u>2,652</u>	<u>27,500</u>	<u>-</u>
Financial Expenses					
Interest Expense - Mortgage Payable	-	-	-	-	-
Interest on Notes Payable (Short & Long Term)	-	-	-	-	-
Amortization of Bond Issue Costs	-	-	-	-	-
Total Financial Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>2,877,834</u>	<u>(64,346)</u>	<u>21,883</u>	<u>685,671</u>	<u>37,677</u>
Excess of Operating Revenue over Operating Expenses	<u>184,252</u>	<u>85,844</u>	<u>326,548</u>	<u>5,561,881</u>	<u>469,496</u>
Other Expenses					
Extraordinary Maintenance	-	-	-	-	-
Casualty Losses - Non-capitalized	-	-	-	-	-
Housing Assistance Payments	-	-	327,419	5,449,320	427,482
HAP Portability-In	-	-	-	342,645	-
Depreciation Expense	477,058	-	-	-	-
Fraud Losses	-	-	-	-	-
Capital Outlays - Governmental Funds	-	-	-	-	-
Debt Principal Payment - Governmental Funds	-	-	-	-	-
Dwelling Units Rent Expense	-	-	-	-	-
Total Other Expense	<u>477,058</u>	<u>-</u>	<u>327,419</u>	<u>5,791,965</u>	<u>427,482</u>
Total Expenses	<u>3,354,892</u>	<u>(64,346)</u>	<u>349,302</u>	<u>6,477,636</u>	<u>465,159</u>
Other Financing Sources (Uses)					
Operating Transfer In	140,000	-	-	-	-
Operating Transfer Out	(140,000)	-	-	-	-
Operating Transfers from/to Primary Government	-	-	-	-	-
Operating Transfers from/to Component Unit	-	-	-	-	-
Proceeds from Notes, Loans and Bonds	-	-	-	-	-
Proceeds from Property Sales	-	-	-	-	-
Extraordinary Items, Net Gain/Loss	-	-	-	-	-
Special Items (Net Gain/Loss)	-	-	-	-	-
Inter Project Excess Cash Transfer In	-	-	-	-	-
Inter Project Excess Cash Transfer Out	-	-	-	-	-
Transfers between Program and Project - In	-	-	-	-	-
Transfers between Project and Program - Out	-	-	-	-	-
Transfer of Funds	-	-	-	-	-
Transfer of Equity	-	-	-	-	-
Prior Period Adjustments	-	-	-	-	-
Total Other financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Total Revenue Over (Under)					
Total Expenses	<u>(292,806)</u>	<u>85,844</u>	<u>(871)</u>	<u>(230,084)</u>	<u>42,014</u>



**City of Flagstaff, Arizona**  
**Financial Data Submission Summary**  
**Revenue, Expense, and Changes in Fund Net Position Accounts**  
**Year Ended June 30, 2024**

	Public Housing 14.850 & 14.872	Business Activities	14.879 Mainstream Vouchers	Housing Choice Vouchers 14.871	Emergency Housing Voucher 14.EHV
Beginning Net Position	4,638,423	(97,680)	65,909	175,222	63,104
Required Annual Debt Principal Payments	-	-	-	-	-
Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-
Changes in Compensated Absence Balance	-	-	-	-	-
Changes in Contingent Liability Balance	-	-	-	-	-
Changes in Unrecognized Pension Transition Liability	-	-	-	-	-
Changes in Special Term/Severance Benefits Liability	-	-	-	-	-
Changes in Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-
Changes in Allowance for Doubtful Accounts - Other	-	-	-	-	-
Ending Net Position	\$ 4,345,617	\$ (11,836)	\$ 65,038	\$ (54,862)	\$ 105,118
Administrative Fee Equity	\$ -	\$ -	\$ -	\$ (54,862)	\$ -
Housing Assistance Payments Equity	-	-	-	-	-
Unit Months Available	3,180	-	480	5,268	348
Number of Unit Months Leased	3,120	-	288	5,061	308
Excess Cash	1,186,534	-	-	-	-
Land Purchases	-	-	-	-	-
Building Purchases	237,295	-	-	-	-
Furniture & Equipment - Dwelling Purchases	-	-	-	-	-
Furniture & Equipment - Administrative Purchases	-	-	-	-	-
Leasehold Improvements Purchases	-	-	-	-	-
Infrastructure Purchases	-	-	-	-	-
CFFP Debt Service Payments	-	-	-	-	-
Replacement Housing Factor Funds	-	-	-	-	-

Moderate Rehabilitation 14.856	Elimination	Total
8,546	-	4,853,524
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
\$ -	\$ -	\$ 4,449,075
\$ -	\$ -	\$ (54,862)
-	-	-
144	-	9,420
132	-	8,909
-	-	1,186,534
-	-	-
-	-	237,295
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-

(concluded)

City of Flagstaff, Arizona  
**Financial Data Submission Summary**  
**Revenue, Expense, and Changes in Fund Net Position Accounts**  
**Public Housing - Consolidated**  
**Year Ended June 30, 2024**

	Operating Fund Program	Capital Fund Grants	Other Project Total
<b>Revenues:</b>			
Net Tenant Rental Revenue	\$ 1,738,960	\$ -	\$ 1,738,960
Tenant Revenue - Other	28,685	-	28,685
<b>Total Tenant Revenue</b>	<b>1,767,645</b>	<b>-</b>	<b>1,767,645</b>
HUD PHA Operating Grants	976,835	-	976,835
Capital Grants	-	291,105	291,105
Management Fee	-	-	-
Asset Management Fee	-	-	-
Bookkeeping Fee	-	-	-
Front Line Service Fee	-	-	-
Other Fees	-	-	-
Other Government Grants	-	-	-
Investment Income - Unrestricted	21,944	-	21,944
Mortgage Interest Income	-	-	-
Fraud Recovery	-	-	-
Other Revenue	4,557	-	4,557
Gain or Loss on Sale of Capital Assets	-	-	-
Investment Income - Restricted	-	-	-
<b>Total Revenue</b>	<b>2,770,981</b>	<b>291,105</b>	<b>3,062,086</b>
<b>Expenses:</b>			
<b>Administrative</b>			
Administrative Salaries	480,748	-	480,748
Auditing Fees	9,823	-	9,823
Management Fee	-	-	-
Bookkeeping Fee	-	-	-
Advertising and Marketing	-	-	-
Employee Benefit contributions - Administrative	493,764	-	493,764
Office Expenses	78,383	-	78,383
Legal Expense	4,817	-	4,817
Travel	-	-	-
Allocated Overhead	-	-	-
Other	86,231	-	86,231
<b>Total Administrative</b>	<b>1,153,766</b>	<b>-</b>	<b>1,153,766</b>
<b>Tenant Services</b>			
Tenant Services - Salaries	-	-	-
Relocation Costs	6,253	-	6,253
Employee Benefit - Tenant Services	-	-	-
Tenant Services - Other	1,159	-	1,159
<b>Total Tenant Services</b>	<b>7,412</b>	<b>-</b>	<b>7,412</b>
<b>Utilities</b>			
Water	191,680	-	191,680
Electricity	22,290	-	22,290
Gas	110,641	-	110,641
Sewer	92,650	-	92,650
Employee Benefit - Utilities	-	-	-
Other Utilities Expense	-	-	-
<b>Total Utilities</b>	<b>417,261</b>	<b>-</b>	<b>417,261</b>
<b>Ordinary Maintenance and Operations</b>			
Labor	578,905	-	578,905
Materials and Other	109,809	-	109,809
Contracts	273,732	-	273,732
Employee Benefit Contributions	-	-	-
<b>Total Maintenance</b>	<b>962,446</b>	<b>-</b>	<b>962,446</b>
<b>Protective Services</b>			
Protective Services - Labor	-	-	-
Protective Services - Other Contract Costs	30,000	-	30,000
Protective Services - Other	-	-	-
Employee Benefit - Protective Services	-	-	-
<b>Total Protective Services</b>	<b>30,000</b>	<b>-</b>	<b>30,000</b>

(continued)

City of Flagstaff, Arizona  
**Financial Data Submission Summary**  
**Revenue, Expense, and Changes in Fund Net Position Accounts**  
**Public Housing - Consolidated**  
**Year Ended June 30, 2024**

	Operating Fund Program	Capital Fund Grants	Other Project Total
General Expense			
Property Insurance	117,452	-	117,452
Liability Insurance	17,927	-	17,927
Workmen's Compensation	-	-	-
All Other Insurance	13,883	-	13,883
Total insurance Premiums	<u>149,262</u>	<u>-</u>	<u>149,262</u>
Other General Expenses			
Other General Expenses	3,148	-	3,148
Compensated Absences	19,362	-	19,362
Payments in Lieu of Taxes	121,845	-	121,845
Bad debt - Tenant Rents	13,332	-	13,332
Bad debt - Mortgages	-	-	-
Bad debt - Other	-	-	-
Severance Expense	-	-	-
Total Other General Expenses	<u>157,687</u>	<u>-</u>	<u>157,687</u>
Financial Expenses			
Interest Expense - Mortgage Payable	-	-	-
Amortization of Bond Issue Costs	-	-	-
Total Financial Expenses	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>2,877,834</u>	<u>-</u>	<u>2,877,834</u>
Excess of Operating Revenue over Operating Expenses	<u>(106,853)</u>	<u>291,105</u>	<u>184,252</u>
Other Expenses			
Extraordinary Maintenance	-	-	-
Casualty Losses - Non-capitalized	-	-	-
Housing Assistance Payments	-	-	-
HAP Portability-In	-	-	-
Depreciation Expense	477,058	-	477,058
Fraud Losses	-	-	-
Total Other Expense	<u>477,058</u>	<u>-</u>	<u>477,058</u>
Total Expenses	<u>3,354,892</u>	<u>-</u>	<u>3,354,892</u>
Other Financing Sources (Uses)			
Operating Transfer In	140,000	-	140,000
Operating transfer Out	(140,000)	-	(140,000)
Operating Transfers from/to Primary Government	-	-	-
Operating Transfers from/to Component Unit	-	-	-
Proceeds from Notes, Loans and Bonds	-	-	-
Proceeds from Property Sales	-	-	-
Extraordinary Items, Net Gain/Loss	-	-	-
Special Items (Net Gain/Loss)	-	-	-
Inter Project Excess Cash Transfer In	-	-	-
Inter Project Excess Cash Transfer Out	-	-	-
Transfers between Program and Project - In	-	-	-
Transfers between Project and Program - Out	-	-	-
Transfer of Funds	-	-	-
Transfer of Equity	-	-	-
Prior Period Adjustments	-	-	-
Total Other financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Total Revenue Over (Under)			
Total Expenses	<u>(583,911)</u>	<u>291,105</u>	<u>(292,806)</u>
Beginning Net Position	<u>4,638,423</u>	<u>-</u>	<u>4,638,423</u>
Required Annual Debt Principal Payments	-	-	-
Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-
Changes in Compensated Absence Balance	-	-	-
Changes in Contingent Liability Balance	-	-	-
Changes in Unrecognized Pension Transition Liability	-	-	-
Changes in Special Term/Severance Benefits Liability	-	-	-
Changes in Allowance for Doubtful Accounts - Dwelling Rents	-	-	-
Changes in Allowance for Doubtful Accounts - Other	-	-	-
Ending Net Position	<u>\$ 4,054,512</u>	<u>\$ 291,105</u>	<u>\$ 4,345,617</u>

**City of Flagstaff, Arizona**  
**Financial Data Submission Summary**  
**Revenue, Expense, and Changes in Fund Net Position Accounts**  
**Public Housing - Consolidated**  
**Year Ended June 30, 2024**

	Operating Fund Program	Capital Fund Grants	Other Project Total
			(continued)
Administrative Fee Equity	\$ -	\$ -	\$ -
Housing Assistance Payments Equity	-	-	-
Unit Months Available	3,180	-	3,180
Number of Unit Months Leased	3,120	-	3,120
Excess Cash	1,186,534	-	1,186,534
Land Purchases	-	-	-
Building Purchases	237,295	-	237,295
Furniture & Equipment - Dwelling Purchases	-	-	-
Furniture & Equipment - Administrative Purchases	-	-	-
Leasehold Improvements Purchases	-	-	-
Infrastructure Purchases	-	-	-
CFFP Debt Service Payments	-	-	-
Replacement Housing Factor Funds	-	-	-

(concluded)

## Statistical Section

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This part of the City of Flagstaff'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 city's overall financial health.

<u>Contents:</u>	<u>Page</u>
Financial Trends	142
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	148
These schedules contain information to help the reader assess the City's most significant local revenue source, sales tax.	
Debt Capacity	151
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	165
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	168
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

Schedule 1  
City of Flagstaff  
Net Position by Component  
Last Ten Fiscal Years  
*(accrual basis of accounting)*

	Fiscal Year									
	2014-2015 <sup>(1)</sup>	2015-2016	2016-2017	2017-2018 <sup>(2)</sup>	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023 <sup>(3)</sup>	2023-2024
<b>Governmental activities</b>										
Net investment in capital assets	\$ 230,658,509	\$ 246,897,365	\$ 245,638,486	\$ 251,337,203	\$ 262,523,967	\$ 275,765,434	\$ 291,276,562	\$ 302,991,379	\$ 326,644,405	\$ 341,358,359
Restricted	53,192,347	60,981,953	86,071,589	86,287,362	81,804,376	90,040,134	115,107,926	168,106,887	163,987,534	192,439,916
Unrestricted	(65,530,075)	(72,922,639)	(92,822,132)	(91,938,637)	(91,237,974)	(84,540,350)	(94,523,757)	(109,783,078)	(77,195,675)	(67,842,688)
<b>Total governmental activities net position</b>	<b>\$ 218,320,781</b>	<b>\$ 234,956,679</b>	<b>\$ 238,887,943</b>	<b>\$ 245,685,928</b>	<b>\$ 253,090,369</b>	<b>\$ 281,265,218</b>	<b>\$ 311,860,731</b>	<b>\$ 361,315,188</b>	<b>\$ 413,436,264</b>	<b>\$ 465,955,587</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 311,963,433	\$ 311,644,865	\$ 317,301,221	\$ 327,068,826	\$ 320,224,485	\$ 326,373,816	\$ 349,763,437	\$ 351,090,227	\$ 361,087,976	\$ 381,036,456
Restricted	2,664,263	2,903,553	3,142,245	-	-	-	123,252	1,523,968	1,875,729	1,538,778
Unrestricted	18,390,515	20,537,654	26,426,890	24,117,982	37,550,330	41,842,104	37,896,424	46,701,183	46,658,826	73,642,244
<b>Total business-type activities and net position</b>	<b>\$ 333,018,211</b>	<b>\$ 335,086,072</b>	<b>\$ 346,870,356</b>	<b>\$ 351,186,808</b>	<b>\$ 357,774,815</b>	<b>\$ 368,215,920</b>	<b>\$ 387,783,113</b>	<b>\$ 399,315,378</b>	<b>\$ 409,622,531</b>	<b>\$ 456,217,478</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 542,621,942	\$ 558,542,230	\$ 562,939,707	\$ 578,406,029	\$ 582,748,452	\$ 602,139,250	\$ 641,039,999	\$ 654,081,606	\$ 687,732,381	\$ 722,394,815
Restricted	55,856,610	63,885,506	89,213,834	86,287,362	81,804,376	90,040,134	115,231,178	169,630,855	165,863,263	193,978,694
Unrestricted	(47,139,560)	(52,384,985)	(66,395,242)	(67,820,655)	(53,687,644)	(42,698,246)	(56,627,333)	(63,081,895)	(30,536,849)	5,799,556
<b>Total primary government net position</b>	<b>\$ 551,338,992</b>	<b>\$ 570,042,751</b>	<b>\$ 585,758,299</b>	<b>\$ 596,872,736</b>	<b>\$ 610,865,184</b>	<b>\$ 649,481,138</b>	<b>\$ 699,643,844</b>	<b>\$ 760,630,566</b>	<b>\$ 823,058,795</b>	<b>\$ 922,173,065</b>

(1) In fiscal year 2014-2015, beginning net position was restated due to the implementation of GASB Statement No. 68

(2) In fiscal year 2017-2018, beginning net position was restated due to the implementation of GASB Statement No. 75

(3) In fiscal year 2022-2023, beginning net position was restated due to prior period corrections

Source: Statement of Net Position prepared for the ACFR.

Schedule 2  
City of Flagstaff  
Changes in Net Position  
Last Ten Fiscal Years  
*(accrual basis of accounting)*

	Fiscal Year									
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
<b>Expenses</b>										
Governmental activities:										
General government	\$ 17,625,846	\$ 17,210,187	\$ 19,320,158	\$ 20,893,077	\$ 20,428,990	\$ 18,404,198	\$ 17,978,407	\$ 21,949,232	\$ 24,482,695	\$ 31,281,674
Public safety	35,255,450	34,711,251	42,090,228	39,801,651	42,341,569	44,262,923	44,568,463	37,540,112	37,169,436	44,099,384
Public works	1,664,308	1,650,323	1,895,576	1,477,756	1,982,339	2,130,869	1,788,521	1,157,825	2,389,867	3,159,548
Economic and physical development	9,343,417	10,259,240	9,833,154	10,401,134	10,295,023	11,019,964	11,843,707	10,082,513	11,687,092	13,449,562
Culture and recreation	12,511,424	12,974,830	13,563,829	14,521,931	14,138,231	15,631,659	13,206,098	14,373,497	15,847,143	17,328,795
Highways and streets	18,174,944	13,059,212	15,849,094	16,992,461	19,316,189	17,417,183	19,486,590	18,787,236	20,298,481	23,301,753
Interest on long-term debt	2,944,000	2,295,418	2,743,633	2,623,267	2,163,451	2,076,671	4,009,038	4,738,717	4,356,878	4,237,900
Total governmental activities expense	97,519,389	92,160,461	105,295,672	106,711,277	110,665,792	110,943,467	112,880,824	108,629,132	116,231,592	136,858,616
Business-type activities:										
Water	14,307,902	14,674,337	15,454,108	15,173,129	16,152,593	18,421,251	18,668,402	18,450,588	21,614,190	20,299,718
Wastewater and reclaimed	10,879,594	10,490,816	11,150,309	11,055,308	10,992,004	10,045,850	10,554,029	9,239,327	10,299,517	9,988,444
Environmental	12,071,509	12,087,144	12,337,663	17,913,116	12,533,960	12,643,566	13,268,587	13,226,083	17,923,511	16,812,868
Airport	4,540,208	4,307,615	5,080,905	4,790,967	4,833,095	5,553,096	5,342,801	3,816,045	6,332,676	7,495,903
Housing authority	6,084,019	6,125,950	6,657,398	6,981,632	7,241,036	7,687,704	8,031,804	7,593,877	9,599,933	10,671,194
Stormwater	1,184,464	1,245,532	1,180,230	1,437,221	1,401,054	1,431,353	1,594,807	5,531,725	3,716,379	3,990,866
Total business-type activities expense	49,067,696	48,931,394	51,860,613	57,351,373	53,153,742	55,782,820	57,460,430	57,857,645	69,486,206	69,258,995
Total primary government expense	\$ 146,587,085	\$ 141,091,855	\$ 157,156,285	\$ 164,062,650	\$ 163,819,534	\$ 166,726,287	\$ 170,341,254	\$ 166,486,777	\$ 185,717,798	\$ 206,117,611
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 3,091,342	\$ 3,241,987	\$ 3,143,969	\$ 2,685,942	\$ 2,759,870	\$ 2,418,517	\$ 2,431,158	\$ 2,307,704	\$ 2,260,868	\$ 2,596,385
Public safety	879,755	647,910	832,352	888,558	885,484	665,670	2,134,346	2,321,251	1,822,767	1,934,360
Public works	520	605	740	940	6,160	1,198	135	-	-	-
Economic and physical development	2,329,258	3,767,060	3,785,805	4,334,694	4,284,343	6,152,909	6,560,474	7,018,630	5,508,450	5,189,305
Culture and recreation	1,605,120	1,633,338	1,785,874	1,845,794	1,754,950	1,264,523	413,078	1,071,489	1,446,674	1,504,553
Highways and streets	-	-	173,960	1,346,238	1,547,532	1,326,992	514,833	1,522,627	1,485,082	1,370,540
Operating grants and contributions	6,670,678	7,726,612	7,723,935	7,220,425	7,685,026	15,851,393	11,136,533	19,526,671	8,456,730	12,065,582
Capital grants and contributions	13,008,629	11,806,049	8,774,146	11,096,549	10,023,919	11,977,909	14,728,894	11,456,613	16,130,164	18,497,768
Total governmental activities program revenues	27,585,302	28,823,561	26,220,781	29,419,140	28,947,284	39,659,111	37,919,451	45,224,985	37,110,735	43,158,493
Business-type activities:										
Charges for services:										
Water	14,043,177	14,589,041	15,973,118	16,156,035	16,219,453	17,480,478	18,463,575	17,422,686	17,649,831	18,847,200
Wastewater and reclaimed	8,907,760	9,387,949	9,943,603	10,594,304	11,137,492	11,388,928	12,321,969	12,344,602	11,856,017	12,273,995
Environmental	12,646,619	12,760,747	13,047,045	12,891,528	12,674,791	12,863,428	14,231,558	15,528,266	15,307,675	16,019,244
Airport	1,528,202	1,603,852	1,503,945	1,624,593	1,741,470	1,641,859	1,549,584	2,547,919	2,012,845	2,228,864
Housing authority	1,027,945	1,455,715	1,605,422	1,824,876	2,025,923	2,220,494	2,344,871	2,333,587	2,538,893	2,171,135
Stormwater	1,466,347	1,495,296	1,598,913	2,109,364	2,704,123	4,383,791	4,413,157	4,456,851	4,738,735	5,907,117
Operating grants and contributions	4,742,685	4,775,797	4,953,619	4,806,729	5,359,352	6,826,998	8,368,732	9,120,361	11,907,101	18,077,493
Capital grants and contributions	4,749,158	4,339,777	13,162,230	10,117,475	4,523,132	6,000,761	11,476,527	3,996,971	8,520,350	32,130,828
Total business-type activities program revenues	49,111,893	50,408,174	61,787,895	60,124,904	56,385,736	62,806,737	73,169,973	67,751,243	74,531,447	107,655,876
Total primary government program revenues	\$ 76,697,195	\$ 79,231,735	\$ 88,008,676	\$ 89,544,044	\$ 85,333,020	\$ 102,465,848	\$ 111,089,424	\$ 112,976,228	\$ 111,642,182	\$ 150,814,369

Schedule 2 (continued)  
City of Flagstaff  
Changes in Net Position  
Last Ten Fiscal Years  
*(accrual basis of accounting)*

	Fiscal Year									
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (69,934,087)	\$ (63,336,900)	\$ (79,074,891)	\$ (77,292,137)	\$ (81,718,508)	\$ (71,284,356)	\$ (74,961,373)	\$ (63,404,147)	\$ (79,120,857)	\$ (93,700,123)
Business-type activities	44,197	1,476,780	9,927,282	2,773,531	3,231,994	7,023,917	15,709,543	9,893,598	5,045,241	38,396,881
Total primary government net expense	<u>\$ (69,889,890)</u>	<u>\$ (61,860,120)</u>	<u>\$ (69,147,609)</u>	<u>\$ (74,518,606)</u>	<u>\$ (78,486,514)</u>	<u>\$ (64,260,439)</u>	<u>\$ (59,251,830)</u>	<u>\$ (53,510,549)</u>	<u>\$ (74,075,616)</u>	<u>\$ (55,303,242)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 11,211,038	\$ 11,339,774	\$ 11,674,553	\$ 12,482,546	\$ 13,541,400	\$ 14,100,719	\$ 14,358,593	\$ 14,943,139	\$ 15,342,909	\$ 15,806,237
Sales taxes	42,539,371	48,343,259	53,582,850	53,833,727	52,515,201	60,666,358	69,893,143	77,098,861	81,305,031	83,501,974
State shared sales taxes - unrestricted	16,683,665	17,080,154	18,139,582	19,024,571	19,400,339	20,664,280	23,958,572	25,466,219	30,874,399	36,569,450
Investment earnings	1,179,131	1,668,431	(447,324)	(477,888)	5,097,974	5,415,354	(564,917)	(5,379,619)	4,061,170	12,631,789
Miscellaneous	645,571	1,404,390	1,123,129	2,059,029	692,049	578,352	924,099	1,574,470	691,097	1,488,996
Gain on sale of capital assets	65,201	-	-	121,321	4,626	76,017	32,710	12,790	49,505	51,664
Contributions to permanent fund	16,821	15,470	6,950	8,490	26,460	17,590	19,910	23,000	12,030	9,670
Transfers in (out)	(1,407,710)	121,320	(1,073,585)	(1,240,613)	(2,155,100)	(2,059,465)	(3,065,224)	(880,256)	566,934	(3,840,334)
Total governmental activities	<u>70,933,088</u>	<u>79,972,798</u>	<u>83,006,155</u>	<u>85,811,183</u>	<u>89,122,949</u>	<u>99,459,205</u>	<u>105,556,886</u>	<u>112,858,604</u>	<u>132,903,075</u>	<u>146,219,446</u>
Business-type activities:										
Investment earnings	303,863	336,685	406,101	588,404	1,077,312	1,159,898	545,272	526,570	2,440,996	4,190,611
Miscellaneous	1,119,502	375,716	377,316	270,192	123,601	197,825	200,014	148,041	198,119	141,271
Gain (loss) on sale of capital assets	493,358	-	-	122,837	-	-	47,140	83,800	700	25,850
Transfers in (out)	1,407,710	(121,320)	1,073,585	1,240,613	2,155,100	2,059,465	3,065,224	880,256	(566,934)	3,840,334
Total business-type activities	<u>3,324,433</u>	<u>591,081</u>	<u>1,857,002</u>	<u>2,222,046</u>	<u>3,356,013</u>	<u>3,417,188</u>	<u>3,857,650</u>	<u>1,638,667</u>	<u>2,072,881</u>	<u>8,198,066</u>
Total primary government	<u>\$ 74,257,521</u>	<u>\$ 80,563,879</u>	<u>\$ 84,863,157</u>	<u>\$ 88,033,229</u>	<u>\$ 92,478,962</u>	<u>\$ 102,876,393</u>	<u>\$ 109,414,536</u>	<u>\$ 114,497,271</u>	<u>\$ 134,975,956</u>	<u>\$ 154,417,512</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 999,001	\$ 16,635,898	\$ 3,931,264	\$ 8,519,046	\$ 7,404,441	\$ 28,174,849	\$ 30,595,513	\$ 49,454,457	\$ 53,782,218	\$ 52,519,323
Business-type activities	3,368,630	2,067,861	11,784,284	4,995,577	6,588,007	10,441,105	19,567,193	11,532,265	7,118,122	46,594,947
Total primary government	<u>\$ 4,367,631</u>	<u>\$ 18,703,759</u>	<u>\$ 15,715,548</u>	<u>\$ 13,514,623</u>	<u>\$ 13,992,448</u>	<u>\$ 38,615,954</u>	<u>\$ 50,162,706</u>	<u>\$ 60,986,722</u>	<u>\$ 60,900,340</u>	<u>\$ 99,114,270</u>

Source: From Statement of Activities prepared for ACFR.

Schedule 3  
City of Flagstaff  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year									
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
General Fund										
Nonspendable	\$ 323,792	\$ 335,134	\$ 342,576	\$ 371,817	\$ 265,682	\$ 252,089	\$ 350,993	\$ 3,277,832	\$ 4,545,716	\$ 5,120,574
Restricted	1,951,220	2,255,454	1,750,086	2,338,644	2,646,337	3,109,659	2,956,942	3,690,261	4,249,634	3,458,460
Assigned	8,192,178	8,903,561	8,011,051	6,879,808	5,527,570	4,936,669	4,954,453	5,379,329	5,515,562	5,696,818
Unassigned	23,153,900	27,425,564	30,361,068	27,458,215	31,212,732	44,386,623	56,817,489	62,880,985	65,293,485	75,365,844
Total general fund	<u>\$ 33,621,090</u>	<u>\$ 38,919,713</u>	<u>\$ 40,464,781</u>	<u>\$ 37,048,484</u>	<u>\$ 39,652,321</u>	<u>\$ 52,685,040</u>	<u>\$ 65,079,877</u>	<u>\$ 75,228,407</u>	<u>\$ 79,604,397</u>	<u>\$ 89,641,696</u>
All Other Governmental Funds										
Nonspendable	\$ 293,238	\$ 8,379,744	\$ 309,428	\$ 318,437	\$ 664,118	\$ 664,652	\$ 392,298	\$ 518,817	\$ 511,932	\$ 529,629
Restricted	51,003,624	47,948,587	81,723,554	82,267,232	78,490,415	86,291,252	110,475,662	132,668,193	145,997,919	197,571,968
Assigned	-	-	2,078,968	1,864,086	3,101,098	3,235,171	3,415,545	4,237,469	5,844,695	6,211,290
Unassigned	(282,178)	(2,934,084)	(2,669,832)	(70,068)	(77,271)	(3,013,281)	(465,007)	(580,869)	(2,047,565)	(420,304)
Total all other governmental funds	<u>\$ 51,014,684</u>	<u>\$ 53,394,247</u>	<u>\$ 81,442,118</u>	<u>\$ 84,379,687</u>	<u>\$ 82,178,360</u>	<u>\$ 87,177,794</u>	<u>\$ 113,818,498</u>	<u>\$ 136,843,610</u>	<u>\$ 150,306,981</u>	<u>\$ 203,892,583</u>

Schedule 4  
City of Flagstaff  
Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year									
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
<b>Revenues:</b>										
Taxes	\$ 53,725,196	\$ 59,711,556	\$ 65,263,433	\$ 66,323,666	\$ 65,994,613	\$ 74,787,774	\$ 84,239,882	\$ 92,014,905	\$ 96,651,373	\$ 99,316,560
Intergovernmental	20,549,000	21,355,708	22,504,605	23,382,237	24,156,065	25,595,311	29,000,278	30,456,912	36,537,333	42,908,370
Grants and entitlements	13,483,604	11,023,491	10,850,138	11,536,639	11,492,794	19,395,450	15,172,507	24,480,250	12,561,366	16,265,599
Charges for services	2,986,151	4,747,237	3,454,567	4,470,735	5,074,859	4,168,019	4,248,292	6,077,766	6,058,460	5,705,464
Special assessments	1,857,884	2,916,164	202,243	2,031,111	-	-	-	-	-	-
Licenses and permits	1,866,792	3,153,135	3,013,367	3,794,725	3,338,493	5,135,611	5,336,572	5,760,170	4,044,768	4,384,936
Fines and forfeitures	1,389,663	1,524,856	1,430,686	1,350,689	1,416,062	1,217,311	932,592	789,819	747,455	776,922
Rents	1,660,635	1,696,070	1,805,457	1,493,712	1,491,859	1,474,631	1,442,760	1,576,849	1,685,310	1,717,730
Investment earnings	1,145,686	1,636,650	(476,690)	(506,658)	5,037,413	5,362,308	(597,587)	(5,363,261)	3,909,568	12,262,268
Contributions	368,057	1,962,364	869,484	634,077	457,752	1,207,925	1,536,546	996,751	5,109,349	1,780,055
Miscellaneous	645,571	1,404,390	1,123,129	2,015,501	712,452	496,703	866,789	1,433,062	692,125	962,313
<b>Total revenues</b>	<b>99,678,239</b>	<b>111,131,621</b>	<b>110,040,419</b>	<b>116,526,434</b>	<b>119,172,362</b>	<b>138,841,043</b>	<b>142,178,631</b>	<b>158,223,223</b>	<b>167,997,107</b>	<b>186,080,217</b>
<b>Expenditures:</b>										
General government	14,974,692	14,561,513	16,652,590	19,536,579	20,981,728	18,273,876	16,878,564	21,222,146	23,514,815	30,731,019
Public safety	27,583,880	30,074,183	30,849,989	32,472,034	35,849,066	38,925,229	149,188,134	33,004,281	35,160,474	41,825,933
Public works	1,216,083	1,207,776	1,472,485	1,254,865	1,471,557	1,472,864	1,213,180	939,484	1,730,148	2,473,780
Economic and physical development	8,506,794	9,530,781	8,989,673	10,136,274	10,244,779	10,568,736	10,519,174	10,195,237	11,234,315	13,038,942
Culture and recreation	11,029,832	11,441,848	11,854,511	12,629,499	12,169,197	13,360,279	11,057,344	13,181,208	14,311,299	15,784,921
Highways and streets	8,035,221	5,916,632	8,443,609	7,504,589	10,135,258	7,781,311	9,498,332	8,471,610	9,045,448	12,816,653
Debt service:										
Principal retirement	8,313,298	12,980,269	14,154,904	6,998,627	10,883,271	9,486,466	10,705,542	13,555,652	14,350,577	12,204,811
Interest and other charges	2,798,182	2,520,596	2,534,621	2,679,888	2,560,775	2,348,940	4,812,854	5,362,495	5,007,111	4,732,699
Capital outlay	16,944,654	16,090,690	14,002,895	40,661,963	13,351,467	35,522,798	21,468,334	19,117,039	31,109,024	36,352,058
<b>Total expenditures</b>	<b>99,402,636</b>	<b>104,324,288</b>	<b>108,955,277</b>	<b>133,874,318</b>	<b>117,647,098</b>	<b>137,740,499</b>	<b>235,341,458</b>	<b>125,049,152</b>	<b>145,463,211</b>	<b>169,960,816</b>
Excess of revenues over (under) expenditures	275,603	6,807,333	1,085,142	(17,347,884)	1,525,264	1,100,544	(93,162,827)	33,174,071	22,533,896	16,119,401
<b>Other Financing Sources (Uses):</b>										
Refunding bonds issued	-	-	-	-	-	-	-	-	-	3,305,000
Loan issuance	-	-	-	-	-	-	3,094,937	84,282	4,097	729,715
Bond issuance	-	204,956	26,168,531	9,700,000	-	14,935,000	131,000,000	-	-	36,785,000
Bond premium	-	-	3,500,813	449,519	-	1,628,687	-	-	-	3,743,601
Sale of capital assets	3,013,051	5,325	-	121,200	20,995	307,013	42,805	23,140	45,502	39,000
Subscription financing	-	-	-	-	-	-	-	-	170,805	453,945
Transfers in	17,376,813	15,891,921	22,308,323	27,563,166	15,966,592	21,404,875	17,810,600	38,437,815	29,977,954	30,526,431
Transfers out	(16,384,283)	(15,231,349)	(23,469,870)	(20,964,729)	(17,110,341)	(21,343,966)	(19,749,974)	(38,545,666)	(30,380,672)	(28,169,192)
<b>Total other financing sources (uses)</b>	<b>4,005,581</b>	<b>870,853</b>	<b>28,507,797</b>	<b>16,869,156</b>	<b>(1,122,754)</b>	<b>16,931,609</b>	<b>132,198,368</b>	<b>(429)</b>	<b>(182,314)</b>	<b>47,413,500</b>
<b>Net change in fund balances</b>	<b>\$ 4,281,184</b>	<b>\$ 7,678,186</b>	<b>\$ 29,592,939</b>	<b>\$ (478,728)</b>	<b>\$ 402,510</b>	<b>\$ 18,032,153</b>	<b>\$ 39,035,541</b>	<b>\$ 33,173,642</b>	<b>\$ 22,351,582</b>	<b>\$ 63,532,901</b>
Debt service as a percentage of non capital expenditures	13.48%	17.57%	17.58%	10.38%	12.89%	11.58%	7.26%	17.86%	16.93%	12.68%

Schedule 5  
City of Flagstaff  
Tax Revenue by Source, Governmental Funds  
Last Ten Fiscal Years  
*(modified accrual basis of accounting)*  
*(dollars in thousands)*

<u>Fiscal Year</u>	<u>General Property Tax</u>	<u>Secondary Property Tax</u>	<u>Franchise and Other Taxes</u>	<u>City Sales Tax</u>	<u>Bed, Board and Booze Tax</u>	<u>Transportation Tax</u>	<u>Total</u>
2014-2015	\$ 5,597	\$ 5,586	\$ 2,467	\$ 17,845	\$ 7,022	\$ 15,208	\$ 53,725
2015-2016	5,650	5,719	2,567	19,090	7,539	19,147	59,712
2016-2017	5,764	5,916	2,439	21,174	8,642	21,328	65,263
2017-2018	6,206	6,284	2,504	21,128	8,602	21,600	66,324
2018-2019	6,732	6,748	2,231	20,508	8,893	20,883	65,995
2019-2020	6,886	7,236	2,367	22,588	7,991	27,720	74,788
2020-2021	6,961	7,386	2,156	26,535	9,655	31,547	84,240
2021-2022	7,112	7,804	2,387	28,833	11,465	34,414	92,015
2022-2023	7,110	8,236	2,594	29,951	12,237	36,523	96,651
2023-2024	7,188	8,627	2,487	30,897	12,473	37,645	99,317
Change 2015-2024	28.43%	54.44%	0.81%	73.14%	77.63%	147.53%	84.86%

Schedule 6  
City of Flagstaff  
Intergovernmental Revenue by Source, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

Fiscal Year	State Sales Tax	State Income Tax	County Auto In-Lieu Tax	Highway User Tax	Federal Grants	State Grants & Other State	County LEAF IGA	County Library District Funding	Other	Total
2014-2015	\$ 6,019,776	\$ 7,973,971	\$ 2,689,916	\$ 6,884,173	\$ 4,993,449	\$ 1,605,982	\$ 800,478	\$ 2,969,669	\$ 95,190	\$ 34,032,604
2015-2016	6,238,827	7,930,739	2,910,589	7,292,355	2,867,675	863,461	902,472	3,088,137	284,944	32,379,199
2016-2017	6,445,302	8,603,145	3,091,134	7,982,504	2,129,657	737,977	943,955	3,210,071	210,998	33,354,743
2017-2018	6,868,398	8,850,877	3,305,297	8,206,025	2,269,467	1,173,691	855,094	3,307,497	82,530	34,918,876
2018-2019	7,256,536	8,716,163	3,427,640	8,463,878	2,093,085	935,832	942,929	3,536,147	276,649	35,648,859
2019-2020	7,649,078	9,564,616	3,450,585	8,504,478	9,724,980	1,003,118	974,153	3,721,854	397,899	44,990,761
2020-2021	9,037,429	10,723,977	4,197,164	9,191,151	4,583,681	1,178,620	1,003,560	3,837,589	419,614	44,172,785
2021-2022	11,264,581	10,075,723	4,125,915	9,386,281	12,026,821	2,831,003	955,240	3,708,383	563,215	54,937,162
2022-2023	11,938,137	14,604,933	4,331,329	9,540,729	1,678,730	1,133,609	993,092	4,301,218	576,922	49,098,699
2023-2024	12,040,345	20,114,712	4,414,392	10,276,958	3,090,832	2,631,433	1,130,238	4,522,848	952,211	59,173,969

Schedule 7  
City of Flagstaff  
Full Cash Value of Taxable Property  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

Fiscal Year	Centrally Valued Property	Commercial Property	Vacant, Agricultural, and Government Property	Residential Property	Less: Tax-exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2014-2015	\$ 28,918,421	\$ 216,249,681	\$ 122,819,958	\$ 389,760,175	\$ 87,051,955	\$ 670,696,280	1.6784
2015-2016	30,001,651	213,936,440	118,870,069	407,295,824	85,375,654	684,728,330	1.6600
2016-2017	29,490,371	210,941,591	115,626,316	431,150,697	84,441,034	702,767,941	1.6487
2017-2018	30,300,264	227,822,946	118,921,886	459,321,914	86,748,769	749,618,241	1.6599
2018-2019	33,970,672	242,751,472	116,942,479	494,641,965	83,469,737	804,836,851	1.6700
2019-2020	33,818,400	261,374,313	118,307,041	540,204,785	84,897,892	868,806,647	1.6299
2020-2021	33,985,335	275,149,838	122,861,079	583,857,312	90,088,474	925,765,090	1.5510
2021-2022	35,070,782	287,022,502	127,406,770	625,128,467	95,131,815	979,496,706	1.5186
2022-2023	36,112,626	286,818,683	134,226,219	669,816,599	102,096,631	1,024,877,496	1.4954
2023-2024	36,214,516	298,703,756	141,151,498	708,963,134	105,807,708	1,079,225,196	1.4634

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

Note: A portion of city property is reassessed every year. Property is assessed at actual value, therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value.

Schedule 8  
City of Flagstaff  
City Taxable Revenue for Major Categories  
Last Ten Fiscal Years  
*(dollars in thousands)*

	<b>Fiscal Year</b>									
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Construction	\$ 191,297	\$ 176,741	\$ 184,381	\$ 266,900	\$ 188,160	\$ 199,152	\$ 235,259	\$ 241,236	\$ 265,898	\$ 321,733
Restaurants and bars	243,560	251,654	260,364	281,133	289,846	282,089	293,283	364,907	390,363	406,768
Hotel/motel	108,913	120,995	131,310	146,306	152,568	135,330	159,293	207,396	216,741	217,261
Retail and auto sales	852,696	946,522	955,737	1,037,300	1,001,331	1,134,082	1,393,663	1,535,849	1,564,107	1,605,247
Other	213,248	246,500	269,232	274,981	286,815	361,541	406,871	423,798	449,181	373,207
Utilities	109,578	108,474	104,115	107,164	107,320	103,512	104,871	114,060	125,228	127,129
Total	<u>\$ 1,719,292</u>	<u>\$ 1,850,886</u>	<u>\$ 1,905,139</u>	<u>\$ 2,113,784</u>	<u>\$ 2,026,040</u>	<u>\$ 2,215,706</u>	<u>\$ 2,593,240</u>	<u>\$ 2,887,246</u>	<u>\$ 3,011,518</u>	<u>\$ 3,051,345</u>

Notes:

(1) Data is based on collections versus the accrual basis.

Schedule 9  
City of Flagstaff  
Direct and Overlapping Property Tax Rates,  
Last Ten Fiscal Years  
(rate per \$100 of assessed value)

	Fiscal Year									
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Total City	1.6784	1.6600	1.6487	1.6599	1.6700	1.6299	1.5510	1.5186	1.4954	1.4634
Primary	0.8418	0.8234	0.8121	0.8233	0.8334	0.7933	0.7510	0.7186	0.6954	0.6634
Secondary	0.8366	0.8366	0.8366	0.8366	0.8366	0.8366	0.8000	0.8000	0.8000	0.8000
School District	5.1867	5.4555	5.5681	5.1816	5.1475	5.1174	4.9676	4.8236	4.7759	4.8443
Primary	3.7886	4.0824	4.2405	4.0143	3.8173	3.7092	3.5832	3.4548	3.5812	3.4679
Deopout Prevention	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0072
Desegregation	0.0000	0.0000	0.0000	0.0000	0.1843	0.1719	0.1618	0.1535	0.1461	0.1391
Adjacent Ways	0.0259	0.0216	0.0284	0.0392	0.0000	0.0000	0.0361	0.0366	0.0326	0.0310
M&O Override	0.7138	0.7265	0.737	0.7120	0.7070	0.6672	0.6387	0.5793	0.5397	0.6013
Capital Override	0.0357	0.1735	0.1219	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Class B Bond	0.6227	0.4515	0.4403	0.4161	0.4389	0.5691	0.5478	0.5994	0.4763	0.5978
Community College	0.6056	0.6105	0.6214	0.6142	0.5959	0.4592	0.4490	0.4394	0.5209	0.6056
Maintenance	0.4788	0.4864	0.4909	0.4816	0.4741	0.4592	0.4490	0.4394	0.5209	0.6056
Bond	0.1268	0.1241	0.1305	0.1326	0.1218	0.0000	0.0000	0.0000	0.0000	0.0000
County	0.9202	0.9291	0.9344	0.9234	0.9145	0.8969	0.8849	0.8736	1.6250	1.6265
General Fund	0.5646	0.5735	0.5788	0.5678	0.5589	0.5413	0.5293	0.5180	0.5094	0.5009
Library District	0.2556	0.2556	0.2556	0.2556	0.2556	0.2556	0.2556	0.2556	0.2656	0.2756
Flood Control	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.5000	0.5000
Public Health Services	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.2500	0.2500
Fire District Assistance	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Total	8.3909	8.6551	8.7726	8.3791	8.3279	8.1034	7.8525	7.6552	8.4172	8.5398

Note: Tax rates are per \$100 assessed valuation.

Schedule 10  
City of Flagstaff  
Principal Property Tax Payers  
Current Year and Ten Years Ago

Taxpayer *	2023-2024			2013-2014		
	Total Assessed Value	Rank	As a Percentage of the City Total Secondary Assessed Valuation	Total Assessed Value	Rank	As a Percentage of the City Total Secondary Assessed Valuation
Arizona Public Service Company	\$ 22,111,158	1	2.05%	\$ 16,979,201	1	2.53%
W L Gore & Associates	18,219,094	2	1.69%	13,395,589	2	2.00%
Standard at Flagstaff LLC	9,637,220	3	0.89%	-		0.00%
Nestle Purina PetCare Co.	9,621,554	4	0.89%	4,569,652	3	0.68%
CCC-Flagstaff LLC	8,426,760	5	0.78%	-		0.00%
CA Student Living Flagstaff Holdings, LLC	6,765,640	6	0.63%	-		0.00%
Unisource Energy Corporation	6,212,099	7	0.58%	2,433,440	8	0.36%
Little America Hotels & Resorts Inc.	5,430,777	8	0.50%	-		0.00%
NNC VAP DE LLC	5,418,039	9	0.50%	-		0.00%
Core Campus Flagstaff LLC	5,308,430	10	0.49%	-		0.00%
Wal-Mart Stores	4,185,689	11	0.39%	3,569,153	4	0.53%
Ridge at Clear Creek Apts. LLC	3,608,904	12	0.33%	2,215,553	10	0.33%
WCW Mountain Trail LP	3,597,232	13	0.33%	-		0.00%
Buffalo Park Housing Partners LLC	3,484,891	14	0.32%	-		0.00%
Elevation Flagstaff AZ LLC	3,451,640	15	0.32%	-		0.00%
Cypress Flagstaff Mall LP	3,016,783	16	0.28%	-		0.00%
Total Principal Taxpayers	<u>\$ 118,495,910</u>		<u>10.97%</u>	<u>\$ 43,162,588</u>		<u>6.43%</u>

Source: Coconino County Assessor Office

Schedule 11  
City of Flagstaff  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014-2015	\$ 11,199,924	\$ 11,002,896	98.2%	\$ 163,151	\$ 11,166,047	99.7%
2015-2016	11,344,815	11,156,213	98.3%	149,679	11,296,768	99.6%
2016-2017	11,708,122	11,500,020	98.2%	166,345	11,666,365	99.6%
2017-2018	12,459,025	12,297,839	98.7%	151,057	12,448,896	99.9%
2018-2019	13,527,514	13,311,900	98.4%	157,020	13,468,920	99.6%
2019-2020	14,158,001	13,834,856	97.7%	264,807	14,099,663	99.6%
2020-2021	14,367,679	14,129,497	98.3%	204,019	14,333,516	99.8%
2021-2022	14,845,646	14,639,562	98.6%	195,272	14,834,834	99.9%
2022-2023	15,393,949	15,199,190	98.7%	183,923	15,383,113	99.9%
2023-2024	15,763,665	15,582,985	98.9%	-	15,582,985	98.9%

Schedule 12  
City of Flagstaff  
Direct and Overlapping Sales Tax Rates  
Last Ten Fiscal Years

Fiscal Year	City			State of Arizona	Coconino County	Total
	General Sales Tax	Bed, Board & Beverage	Transportation			
2014-2015	1.0000%	2.0000%	1.0510%	5.6000%	1.3000%	10.9510%
2015-2016	1.0000%	2.0000%	1.0510%	5.6000%	1.3000%	10.9510%
2016-2017	1.0000%	2.0000%	1.0510%	5.6000%	1.3000%	10.9510%
2017-2018	1.0000%	2.0000%	1.0510%	5.6000%	1.3000%	10.9510%
2018-2019	1.0000%	2.0000%	1.0510%	5.6000%	1.3000%	10.9510%
2019-2020	1.0000%	2.0000%	1.2810%	5.6000%	1.3000%	11.1810%
2020-2021	1.0000%	2.0000%	1.2810%	5.6000%	1.3000%	11.1810%
2021-2022	1.0000%	2.0000%	1.2810%	5.6000%	1.3000%	11.1810%
2022-2023	1.0000%	2.0000%	1.2810%	5.6000%	1.3000%	11.1810%
2023-2024	1.0000%	2.0000%	1.2810%	5.6000%	1.3000%	11.1810%

Source: City of Flagstaff - Sales Tax / Business Licenses  
<http://www.flagstaff.az.gov/index.aspx?nid=53>

Schedule 13  
City of Flagstaff  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities						Business-Type Activities						Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Revenue Bonds	Loan Payable	Municipal Facility Corporation Bonds	COP Leases Other	General Obligation Debt	Revenue Bonds	Term Loan Payable	COP Leases Other					
2014-2015	\$ 50,857	\$ 6,737	\$ 15,781	\$ -	\$ 860	\$ 3,625	\$ 1,441	\$ 3,285	\$ 31,909	\$ 3,972	\$ 118,467	2.4%	\$ 1,755		
2015-2016	45,820	2,245	13,495	-	-	3,226	1,375	-	32,800	3,489	102,450	1.9%	1,476		
2016-2017	52,695	2,148	21,468	-	-	3,689	1,308	-	30,346	2,984	114,638	1.9%	1,600		
2017-2018	48,934	2,046	28,895	-	-	2,944	1,238	17,129	11,787	6,551	119,524	2.0%	1,638		
2018-2019	43,122	-	26,081	-	-	2,170	1,166	25,707	10,017	6,823	115,086	1.8%	1,540		
2019-2020	49,479	-	22,779	-	-	5,485	1,092	24,750	6,884	6,303	116,772	1.6%	1,530		
2020-2021	43,232	-	19,525	3,095	-	134,549	1,016	23,202	6,245	5,463	236,327	3.0%	3,046		
2021-2022	36,972	-	18,423	2,958	-	128,380	936	29,242	764	5,036	222,711	2.7%	2,870		
2022-2023	30,742	-	17,223	2,736	-	121,874	-	25,479	676	4,606	203,336	2.2%	2,522		
2023-2024	70,078	-	15,968	3,236	-	115,737	-	21,965	18,255	4,126	249,365	2.7%	3,095		

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Note: These amounts are presented on the accrual basis of accounting.

Schedule 14  
City of Flagstaff  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years  
*(dollars in thousands, except per capita)*

Fiscal Year	General Bonded Debt Outstanding			Total	Percentage of Actual Taxable Value of Property	Per Capita
	Governmental Activities General Obligation Bonds	Business-Type Activities General Obligation Bonds	Restricted for General Obligation Bonds			
2014-2015	\$ 48,920	\$ 1,441	\$ (14,091)	\$ 36,270	5.4%	523
2015-2016	43,817	1,375	(13,204)	31,988	4.7%	453
2016-2017	48,520	1,308	(6,164)	43,664	6.2%	609
2017-2018	44,900	1,238	(7,149)	38,989	5.2%	534
2018-2019	39,414	1,166	(6,880)	33,700	4.2%	451
2019-2020	44,893	1,092	(7,143)	38,842	4.5%	509
2020-2021	39,287	1,015	(7,250)	33,052	3.6%	426
2021-2022	33,725	936	(7,722)	26,939	2.8%	342
2022-2023	27,850	-	(7,774)	20,076	2.0%	252
2023-2024	63,760	-	(11,076)	52,684	4.9%	654

Note: These amounts are presented on the accrual basis of accounting.

Schedule 15  
 City of Flagstaff  
 Direct and Overlapping Governmental Activities Debt  
*(dollars in thousands, except per capita)*

<u>Governmental Unit</u>	Debt Outstanding	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Flagstaff Unified School District	\$ 76,690	72.44%	\$ 55,552
City direct debt			<u>205,019</u>
Total direct and overlapping debt			<u><u>\$ 260,571</u></u>

Source: Assessed value data used to estimate applicable percentages provided by the Coconino Finance Department. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Flagstaff. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

\* For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Schedule 16  
City of Flagstaff  
Legal Debt Margin Information  
Last Ten Fiscal Years  
(dollars in thousands)

	Fiscal Year									
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
20% Debt Limit:										
Debt limit equal to 20% of assessed valuation	\$ 134,139	\$ 136,946	\$ 140,554	\$ 149,924	\$ 160,967	\$ 173,761	\$ 185,153	\$ 195,899	\$ 204,975	\$ 215,845
Total net debt applicable to 20% limit	50,361	45,193	49,828	46,137	40,579	45,985	40,302	34,661	27,850	53,760
Legal debt margin (Available borrowing capacity)	<u>\$ 83,778</u>	<u>\$ 91,753</u>	<u>\$ 90,726</u>	<u>\$ 103,787</u>	<u>\$ 120,388</u>	<u>\$ 127,776</u>	<u>\$ 144,851</u>	<u>\$ 161,238</u>	<u>\$ 177,125</u>	<u>\$ 162,085</u>
Total net debt applicable to the 20% limit as a percentage of legal debt margin	60.11%	49.26%	54.92%	44.45%	33.70%	35.99%	27.82%	21.50%	15.72%	33.17%
6% Debt Limit:										
Debt limit equal to 6% of assessed valuation	\$ 40,242	\$ 41,084	\$ 42,166	\$ 44,977	\$ 48,290	\$ 52,128	\$ 55,546	\$ 58,770	\$ 61,493	\$ 64,754
Total net debt applicable to 6% limit	-	-	-	-	-	-	-	-	-	10,000
Legal debt margin (Available borrowing capacity)	<u>\$ 40,242</u>	<u>\$ 41,084</u>	<u>\$ 42,166</u>	<u>\$ 44,977</u>	<u>\$ 48,290</u>	<u>\$ 52,128</u>	<u>\$ 55,546</u>	<u>\$ 58,770</u>	<u>\$ 61,493</u>	<u>\$ 54,754</u>
Total net debt applicable to the 6% limit as a percentage of legal debt margin	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	18.26%

Schedule 16 (continued)  
City of Flagstaff  
Legal Debt Margin Information

**Legal Debt Margin Calculation for Fiscal Year 2023-2024**

Net Secondary Assessed Value as of June 30, 2024 \$ 1,079,225,196

20% Limitation

Debt Limit of 20% of Assessed Value \$ 215,845,039

Debt applicable to limit:

    General Obligation Bonds 53,760,000

Legal 20% debt margin (Available borrowing capacity) \$ 162,085,039

6% Limitation

Debt Limit of 6% of Assessed Value \$ 64,753,512

Debt applicable to limit:

    General Obligation Bonds 10,000,000

Legal 6% debt margin (Available borrowing capacity) \$ 54,753,512

Schedule 17  
City of Flagstaff  
Pledged Revenue Coverage  
Last Ten Fiscal Years

**Water, Wastewater and Stormwater Revenue Bonds**

Fiscal Year	Gross Revenues (1)	Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal (3)	Interest (4)	Total	
2014-2015	\$ 23,453,378	\$ 15,345,504	\$ 8,107,874	\$ 2,328,839	\$ 741,086	\$ 3,069,925	2.64
2015-2016	24,234,384	15,140,298	9,094,086	2,342,259	672,497	3,014,756	3.02
2016-2017	26,250,953	16,802,115	9,448,838	2,426,708	625,900	3,052,608	3.10
2017-2018	27,335,107	16,297,564	11,037,543	2,578,384	612,561	3,190,945	3.46
2018-2019	28,073,873	17,396,844	10,677,029	2,869,777	592,563	3,462,340	3.08
2019-2020	29,800,806	18,506,397	11,294,409	4,164,505	542,221	4,706,726	2.40
2020-2021	31,402,249	18,649,020	12,753,229	2,186,964	646,475	2,833,439	4.50
2021-2022	34,681,062	22,693,243	11,987,819	8,463,222	623,352	9,086,574	1.32
2022-2023	35,892,689	23,441,346	12,451,343	3,850,598	551,555	4,402,153	2.83
2023-2024	39,907,863	23,840,673	16,067,190	4,146,713	613,985	4,760,698	3.37

- (1) Includes total operating revenues and investment income of the water, wastewater and stormwater funds.
- (2) Includes total operating expenses of the water, wastewater and stormwater funds less depreciation.
- (3) Includes principal for water, wastewater and stormwater revenue bonds, water infrastructure finance authority (WIFA).
- (4) Bond interest payments only. Does not include amortization of loss on refunding, agent fees or amortization of bond issuance costs that are included in interest expense on the statement of revenues, expenses, and changes in net position.

Schedule 17 (continued)  
 City of Flagstaff  
 Pledged Revenue Coverage  
 Last Ten Fiscal Years

**Municipal Facility Corporation Bonds  
 MFC Debt other than Transportation**

Fiscal Year (4)	Revenue (1)	Debt Service Requirements			Coverage
		Principal (2)	Interest (3)	Total	
2014-2015	\$ 13,543,397	\$ 400,000	\$ 50,350	\$ 450,350	30.07
2015-2016	13,286,939	860,000	22,627	882,627	15.05

- (1) State sales tax, state income tax less debt service requirements for MFC debt other than transportation.
- (2) MFC 1992 Refunding series 12 2001 - USGS projects.
- (3) Bond interest payments only. Does not include agent fees that are included in interest expense on the statement of revenues, expenses, and changes in fund balances.
- (4) All bonds were paid off in FY 2015-2016, therefore future years are not presented above.

Schedule 17 (continued)  
 City of Flagstaff  
 Pledged Revenue Coverage  
 Last Ten Fiscal Years

**Municipal Facility Corporation Bonds As Partial Refunded with Pledged Revenue Bonds  
 Transportation MFC Debt**

Fiscal Year	Revenue (1)	Debt Service Requirements			Coverage
		Principal (2)	Interest	Total	
2014-2015	\$ 31,266,313	\$ 695,000	\$ 469,750	\$ 1,164,750	26.84
2015-2016	33,176,241	1,795,000	432,400	2,227,400	14.89
2016-2017	33,419,449	1,855,000	370,875	2,225,875	15.01
2017-2018	33,215,273	1,920,000	293,775	2,213,775	15.00
2018-2019	36,683,941	2,010,000	208,525	2,218,525	16.54
2019-2020	39,661,897	2,090,000	126,725	2,216,725	17.89

- (1) Pledged revenues on the Municipal Facility Corporation Bonds include the city base rate sales tax, transportation sales tax, franchise, sales tax, licenses and permits, charges for services, fine and forfeits, other revenue, state sales tax, and state revenue sharing. Less the debt service requirements for transportation MFC bonds. Refunding Series 2012 excludes state revenue sharing income and sales tax.
- (2) MFC revenue bond series 2004 Fourth Street, partial advance refunding pledged revenue series 2012.
- (3) All bonds were paid off in FY 2019-2020, therefore future years are not presented above.

Schedule 17 (continued)  
 City of Flagstaff  
 Pledged Revenue Coverage  
 Last Nine Fiscal Years

**Greater Arizona Development Authority Revenue Bonds**

Fiscal Year	Revenue (1)	Debt Service Requirements			Coverage
		Principal (2)	Interest	Total	
2014-2015	\$ 12,129,085	\$ 125,000	\$ 124,562	\$ 249,562	48.60
2015-2016	10,809,451	130,000	120,088	250,088	43.22
2016-2017	12,572,785	135,000	114,788	249,788	50.33
2017-2018	13,256,213	140,000	109,288	249,288	53.18
2018-2019	13,505,586	145,000	103,588	248,588	54.33
2019-2020	14,749,282	150,000	97,688	247,688	59.55
2020-2021	19,379,382	155,000	91,588	246,588	78.59
2021-2022	20,644,070	165,000	84,981	249,981	82.58
2022-2023	25,737,656	170,000	77,863	247,863	103.84
2023-2024	31,317,104	175,000	70,531	245,531	127.55

(1) Pledged revenues on the Greater Arizona Development Authority Bonds include the state revenue sharing less the debt service .

(2) GADA infrastructure revenue bond series 2010A.

Schedule 17 (continued)  
 City of Flagstaff  
 Pledged Revenue Coverage  
 Last Three Fiscal Years

**Road Street Repair and Safety Revenue Bonds**

Fiscal Year (1)	Revenue (2)	Debt Service Requirements			Coverage
		Principal (3)	Interest	Total	
2016-2017	\$ 6,665,630	\$ -	\$ 133,125	\$ 133,125	50.07
2017-2018	6,445,644	475,000	332,750	807,750	7.98
2018-2019	5,598,205	450,000	508,822	958,822	5.84
2019-2020	5,520,998	830,000	656,663	1,486,663	3.71
2020-2021	6,589,410	855,000	628,388	1,483,388	4.44
2021-2022	7,437,340	885,000	600,513	1,485,513	5.01
2022-2023	7,402,548	915,000	569,613	1,484,613	4.99
2023-2024	8,217,428	950,000	532,313	1,482,313	5.54

(1) New issue no trend information available prior to fiscal year 2016-2017.

(2) Pledged revenues on the Road Repair/Street Safety obligations include excise tax revenues less the debt service. Excise tax revenues are revenues from the restricted transaction privilege tax of 0.33% approved at an election held in and for the City on November 4, 2014, which will expire on December 31, 2034.

Schedule 18  
City of Flagstaff  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Year	Population	Personal Income (thousands of dollars) (1)	Per Capita Personal Income	Median Age	Education Level - Percent High School Grad or Higher	Education Level - Percent Bachelor's Degree or Higher	School Enrollment	Unemployment Rate
2015	69,391	\$ 5,399,899	\$ 52,509	25.6	90.6% *	41.8% *	11,766	6.48%
2016	70,643	5,489,486	38,958	25.2	90.6% *	41.8% *	12,505	6.18%
2017	71,656	6,360,600	45,076	25.1	90.6% *	41.8% *	11,910	4.70%
2018	72,961	6,506,300	45,545	25.2	90.6% *	41.8% *	11,991	4.40%
2019	74,736	7,057,376	49,454	25.2	90.6% *	41.8% *	11,873	4.20%
2020	76,338	7,837,473	54,008	24.9	90.6% *	41.8% *	11,825	4.60%
2021	77,590	8,255,426	56,914	25.8	94.1% *	47.1% *	12,515	6.20%
2022	78,743	8,489,905	58,933	25.9	94.1% *	47.1% *	12,152	4.40%
2023	79,665	8,914,400 *	59,758 *	25.9 *	94.1% *	47.1% *	12,184	4.80%
2024	80,566	9,360,120 *	60,595 *	25.9 *	94.1% *	47.1% *	12,409	3.70%

181

(\*) Estimated

(1) Reflects Coconino County Personal Income

**Sources:**

Population - Arizona Department of Administration - Employment and Population Statistics

Personal Income - Economic Research Federal Reserve Bank of St. Louis for Coconino County

Per Capita Income - Economic Research Federal Reserve Bank of St. Louis for Coconino County

Median Age - 2010 US Census/2020 US Census

Education Level - 2010 US Census/2020 US Census

School Enrollment - National Center for Education Statistics

Unemployment - Arizona Department of Administration - Office of Employment and Population Statistics

Schedule 19  
City of Flagstaff  
Principle Employers  
Current Year and Nine Years Prior

<u>Employer</u>	<u>2024</u>			<u>2015</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Northern Arizona University	2,571	1	3.33%	2,815	1	5.10%
Flagstaff Medical Center	2,200 *	2	2.85%	2,350	2	4.26%
W.L. Gore & Associates	1,950	3	2.53%	2,200	3	3.99%
Flagstaff Unified School District	1,375	4	1.78%	1,436	4	2.60%
Coconino County	1,200	5	1.55%	1,294	5	2.35%
City of Flagstaff	919	6	1.19%	872	6	1.58%
Walmart	630	7	0.82%	630	7	1.14%
Nestle Purina PetCare	240	8	0.31%			
The Guidance Center	219	9	0.28%			
US Forest Service	200	10	0.26%			
Grand Canyon Railway				421	8	0.76%
SCA Tissue				279	9	0.51%
Dell Systems				250	10	0.45%
<b>Total</b>	<b>11,504</b>		<b>14.90%</b>	<b>12,547</b>		<b>22.74%</b>
2020 & 2010 U.S. Census Labor Force	77,200	Estimated		55,170		

**Source:**

- (1) Community Investment Section - Economic Vitality
- (2) City of Flagstaff Human Resources
- (3) Includes all positions reflected by full-time equivalent hours in Schedule 20

\* Flagstaff location(s) only

Note: Non-municipal figures were derived from company websites and/or from Datanyze

Schedule 20  
City of Flagstaff  
Full-time Equivalent City Government Employees by Function/Program  
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
General government										
Administrative services	87.25	91.00	97.25	99.57	99.25	103.50	105.50	110.50	114.50	120.00
Capital management	8.00	8.00	8.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
City court	25.35	26.35	29.35	29.35	29.55	29.55	29.55	29.55	29.55	29.55
Public safety										
Fire	87.00	88.00	89.00	95.00	94.00	94.00	94.00	108.00	107.00	108.00
Police	169.00	167.00	167.00	173.00	176.00	176.00	177.00	177.00	178.00	181.00
Public works	25.00	25.50	25.50	27.50	27.50	29.50	30.50	30.50	32.50	34.50
Economic and physical development										
Building	43.98	44.98	45.50	48.98	50.50	54.00	55.00	55.48	55.48	57.48
Planning	13.88	14.88	19.88	21.88	24.88	25.80	20.00	20.00	21.00	22.00
Tourism	13.93	13.93	14.15	15.15	15.15	16.15	17.15	17.15	17.15	17.15
Culture and recreation										
Library	52.30	53.43	54.49	55.38	55.08	55.32	55.28	55.76	55.76	58.88
Parks, recreation, and open space	85.50	90.13	91.69	93.54	94.50	93.85	94.85	94.85	96.84	95.56
Highways and streets	35.52	33.02	32.02	33.02	33.02	31.52	32.27	35.27	37.27	37.27
Water and wastewater	64.00	66.00	67.00	71.00	73.46	74.42	76.16	78.20	80.20	82.20
Environmental services	55.00	56.25	57.00	57.00	56.00	54.49	54.49	55.50	57.00	60.49
Airport	9.50	9.50	9.50	9.50	11.50	14.50	13.50	14.50	14.50	15.50
Stormwater	4.50	4.50	5.50	5.50	5.50	5.00	7.00	5.00	5.00	9.00
Flagstaff housing authority	22.00	21.60	21.28	21.28	21.28	21.80	22.00	24.00	24.00	24.00
<b>Total</b>	<b>801.71</b>	<b>814.07</b>	<b>834.10</b>	<b>865.65</b>	<b>876.17</b>	<b>888.40</b>	<b>893.25</b>	<b>920.26</b>	<b>934.75</b>	<b>961.58</b>

Schedule 21  
City of Flagstaff  
Operating Indicators by Function/Program  
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
<b>Court</b>										
Criminal filings	7,273	6,924	7,208	6,364	5,819	7,105	6,752	5,582	4,711	4,133
Traffic filings	8,428	8,190	6,437	6,068	5,315	5,933	4,817	4,843	3,314	2,562
Non-criminal/other	554	1,357	4,668	2,250	1,579	1,750	1,486	-	396	1,242
Protective orders *	-	-	-	-	-	-	-	73	121	90
<b>Purchasing</b>										
Credit card rebates received	\$ 72,037	\$ 94,873	\$ 104,522	\$ 111,281	\$ 114,462	\$ 110,582	\$ 92,204	\$ 114,620	\$ 126,318	\$ 127,223
<b>Fire</b>										
Incidents	9,432	12,775	12,700	14,415	14,626	14,958	15,951	14,459	15,348	17,067
Fire	184	168	190	218	314	153	163	161	146	212
Other	2,654	742	3,017	3,296	3,036	3,676	3,695	3,730	5,810	7,217
Emergency medical services	-	-	-	-	-	-	-	-	9,392	9,638
Inspections assigned	2,341	2,217	1,775	1,775	1,730	1,730	502	672	639	888
Plan reviews	659	639	743	945	965	960	537	824	767	820
<b>Fuel Management</b>										
Plan assessment (acres)	2,300	1,500	1,723	667	345	723	1,013	N/A	N/A	N/A
Site marking (acres)	70	555	921	586	79	73	50	65	60	120
Site thinning (acres)	820	700	1,381	1,135	1,877	642	140	1,805	2,606	1,193
Prescription burn (acres)	333	650	948	860	759	288	745	2,767	6,206	6,725
<b>Police</b>										
Felony reports	2,511	2,769	2,945	2,908	2,881	2,863	2,858	2,589	2,293	2,650
Misdemeanor reports	8,980	9,553	9,531	9,045	8,776	9,222	7,907	7,850	7,131	7,817
Domestic violence incidents	1,550	1,541	1,513	1,478	1,661	1,857	1,908	1,905	1,632	1,755
Non-crime reports	6,036	6,660	6,604	6,070	6,756	7,258	6,637	7,310	6,586	6,368
Accident reports	2,590	2,985	2,926	2,803	2,828	2,519	2,418	2,706	2,514	2,121
Calls dispatched to police/sheriff	58,590	62,228	65,566	62,597	61,230	60,479	73,852	55,563	52,003	53,451
Calls dispatched to fire	11,777	13,565	14,497	14,550	14,749	15,529	23,568	18,257	18,491	20,447

Schedule 21 (continued)  
City of Flagstaff  
Operating Indicators by Function/Program  
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Streets										
Potholes repaired	1,174	1,437	2,367	2,127	886	296	153	2,200	1,200	1,332
Airport										
Fuel flowage (gallons sold)	566,387	603,382	588,506	645,367	855,383	1,267,517	1,295,326	1,495,211	1,151,856	1,066,404
Enplanements	62,578	69,485	65,887	74,707	87,993	111,035	86,544	114,508	86,803	72,337
Refuse collection										
Refuse collected (landfill tonnage)	143,528	143,639	145,960	109,776	91,105	91,941	104,971	105,586	105,280	112,955
Recyclables collected (total tons)	8,340	12,191	9,452	9,198	9,140	8,285	7,454	7,571	6,773	6,236
Community Development										
Permit valuation	\$ 93,918,660	\$ 177,068,294	\$ 217,767,173	\$ 149,723,688	\$ 167,323,988	\$ 235,395,255	\$ 201,190,867	\$ 240,674,099	\$ 228,247,709	(1)
Library										
Visits	673,246	660,974	662,838	660,030	617,813	444,396	9,268	223,630	380,615	428,374
Circulation	1,002,125	1,055,176	1,001,074	929,333	954,071	555,361	293,503	703,032	817,581	893,805
Tourism										
Revenue per available room	\$ 69.19	\$ 74.14	\$ 76.06	\$ 75.49	\$ 75.64	\$ 59.72	\$ 75.39	\$ 93.25	\$ 90.12	\$ 89.05

Sources: Various City divisions

(1) This information is tracked on a calendar year basis.

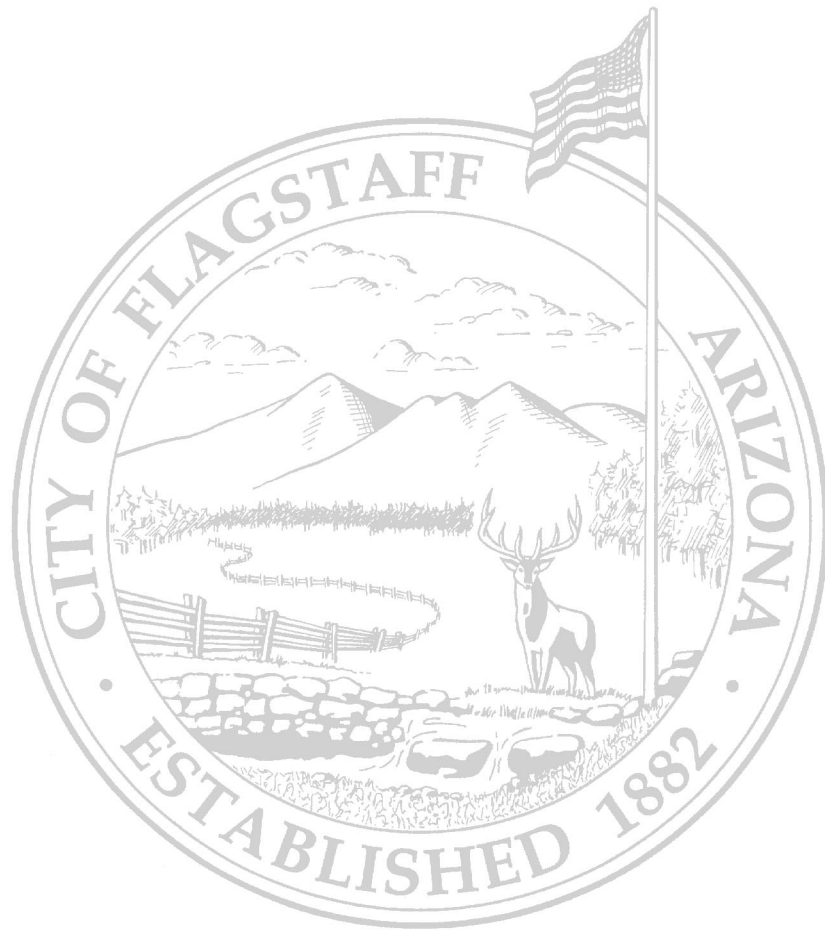
Schedule 22  
City of Flagstaff  
Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Public Safety										
Police patrol units (includes motorcycle units)	37	39	39	39	40	43	43	43	43	43
Number of fire hydrants	3,254	3,254	3,257	3,263	3,350	3,397	3,397	3,401	3,401	3,432
Number of fire stations	6	6	6	6	6	6	7	7	7	7
Culture and recreation										
Number of developed parks	23	23	23	23	23	23	24	24	24	24
Number of undeveloped parks	4	5	5	5	5	5	5	5	5	5
Park acreage	736	741	741	741	741	741	741	741	741	741
Flagstaff urban trail system - miles	55	56	56	56	59	59	59	59	59	59
Recreational buildings	4	4	4	4	4	5	5	5	5	5
Highways and streets										
Miles of streets, alleys, and sidewalks	844	844	844	844	844	1,018	1,018	1,037	1,037	1,037
Number of street lights	3,466	3,466	3,502	3,502	3,502	3,929	3,951	3,937	3,937	3,937
Water and wastewater										
Miles of sewer	276	276	294	294	294	374	350	286	286	285
Number of manholes	7,493	7,493	7,514	7,514	7,662	7,734	7,734	7,737	7,738	7,977
Total active water accounts	19,934	20,717	20,327	21,483	21,023	21,154	21,156	23,362	23,362	21,835
Average gallon water usage per household per month	4,562	3,901	4,867	4,153	4,170	4,297	4,745	4,680	4,680	4,123
Airport										
Fixed base operators	1	1	1	1	1	1	1	1	1	1
Locally based aircraft	134	132	132	117	117	112	112	112	112	112
Tiedowns	11	12	12	12	12	18	18	18	18	18
Enclosed hangars	61	61	61	61	61	61	62	62	62	63
Open hangars	48	36	44	44	44	48	48	48	48	48

Schedule 23  
City of Flagstaff  
Insurance Summary  
Effective July 1, 2023 to June 30, 2024

Coverage	Limit of Liability
Liability Insurance:	
General Liability*	\$ 2,000,000 / per occurrence
(Includes two skateboard parks, bike freestyle park, emergency medical technicians)	\$ 6,000,000 / aggregate
Products - Completed Operations	\$ 2,000,000
Each Claim - Occurrence/Offense	\$ 250,000 / per occurrence
	\$ 500,000 / aggregate
Each Claim - Wrongful Act	\$ 250,000 / per occurrence
	\$ 500,000 / aggregate
Medical Payments	\$ 25,000 / \$5,000 each person
Back Wages	\$ 50,000 / \$25,000 each claim
Fire Damage	\$ 300,000 any one premises
Land Use Liability	\$ 1,000,000 aggregate
Organic Pathogens	\$ 100,000 / \$25,000 each claim
Pollution Liability	\$ 100,000 / \$25,000 each claimant
Aggregate Deductible	\$ 250,000 / per occurrence
	\$ 500,000 / aggregate
No-Fault Sewer Backup	\$ 5,000 / \$2,500 each claim
Sewer Backup	\$ 1,000,000
Property Insurance:	
Property Deductible	\$100,000 deductible
Municipal Mobile Equipment	\$ 10,792,426 / \$10,000 deductible
Rented or Leased Mobile or Misc	\$ 500,000 \$500 deductible
Miscellaneous Equipment	\$ 287,731 \$10,000 deductible
Electronic Data Processing	\$ 2,008,385 / \$10,000 deductible
Fine Arts	\$ 50,000 / \$250 deductible
Signs	\$ 50,000 \$0 deductible
Accounts Receivable	\$ 50,000 / \$0 deductible

Coverage	Limit of Liability
Auto Insurance:	
Liability	\$ 2,000,000 / \$100,000 deductible
Physical Damage Comprehensive	\$5,000 deductible
Physical Damage Collision	\$5,000 deductible
Hired and Non-Owned	\$ 2,000,000
Auto Extension	
Rental Reimbursement	\$ 3,000
Roadside Assistance	\$ 200
Towing	\$ 250
Trip Interruption	\$ 600
Crime:	
Blanket Public Employees and Treasurer	\$ 1,000,000
Dishonesty Bond Including Faithful Performance of Duty	
Employee Theft - Per Loss	\$ 1,000,000 / \$0 deductible
Forgery	\$ 1,000,000 \$0 deductible
Theft - Inside, Money and Securities	\$ 100,000 / \$250 deductible
Theft - Inside, Robbery	\$ 100,000 / \$250 deductible
Theft - Outside, Money and Securities	\$ 100,000 / \$250 deductible
Computer Fraud	\$ 1,000,000 / \$250 deductible
Funds Transfer Fraud	\$ 1,000,000 / \$250 deductible
Money Orders/Counterfeit	\$ 100,000 / \$250 deductible
Faithful Performance Bond	\$ 1,000,000 \$0 deductible
Cyber Coverage Aggregate	\$ 2,000,000 / \$50,000 deductible
Municipal Property Extension	\$ 250,000





**BABBITT BROTHERS**  
RANCHERS,  
MERCHANTS  
& INDIAN TRADERS  
FLAGSTAFF  
ARIZONA

BABBITT BROS

1888

SUNGLASSES

ONE WAY



City of Flagstaff  
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[flagstaff.az.gov](http://flagstaff.az.gov)