

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE  
CITY OF FLAGSTAFF, ARIZONA  
FISCAL YEAR 1999-2000**



**JOSEPH C. DONALDSON  
MAYOR**

**KAREN K. COOPER  
VICE-MAYOR**

**PENNY TROVILLION  
COUNCILMEMBER**

**AL WHITE  
COUNCILMEMBER**

**ALLEN EDGAR  
COUNCILMEMBER**

**LIBBY SILVA  
COUNCILMEMBER**

**BILL JEFFERY  
COUNCILMEMBER**

**DAVID W. WILCOX  
CITY MANAGER**

**JAMES S. WINE  
MANAGEMENT SERVICES DIRECTOR**

**MARY JO JENKINS  
FINANCIAL SERVICES DIRECTOR**

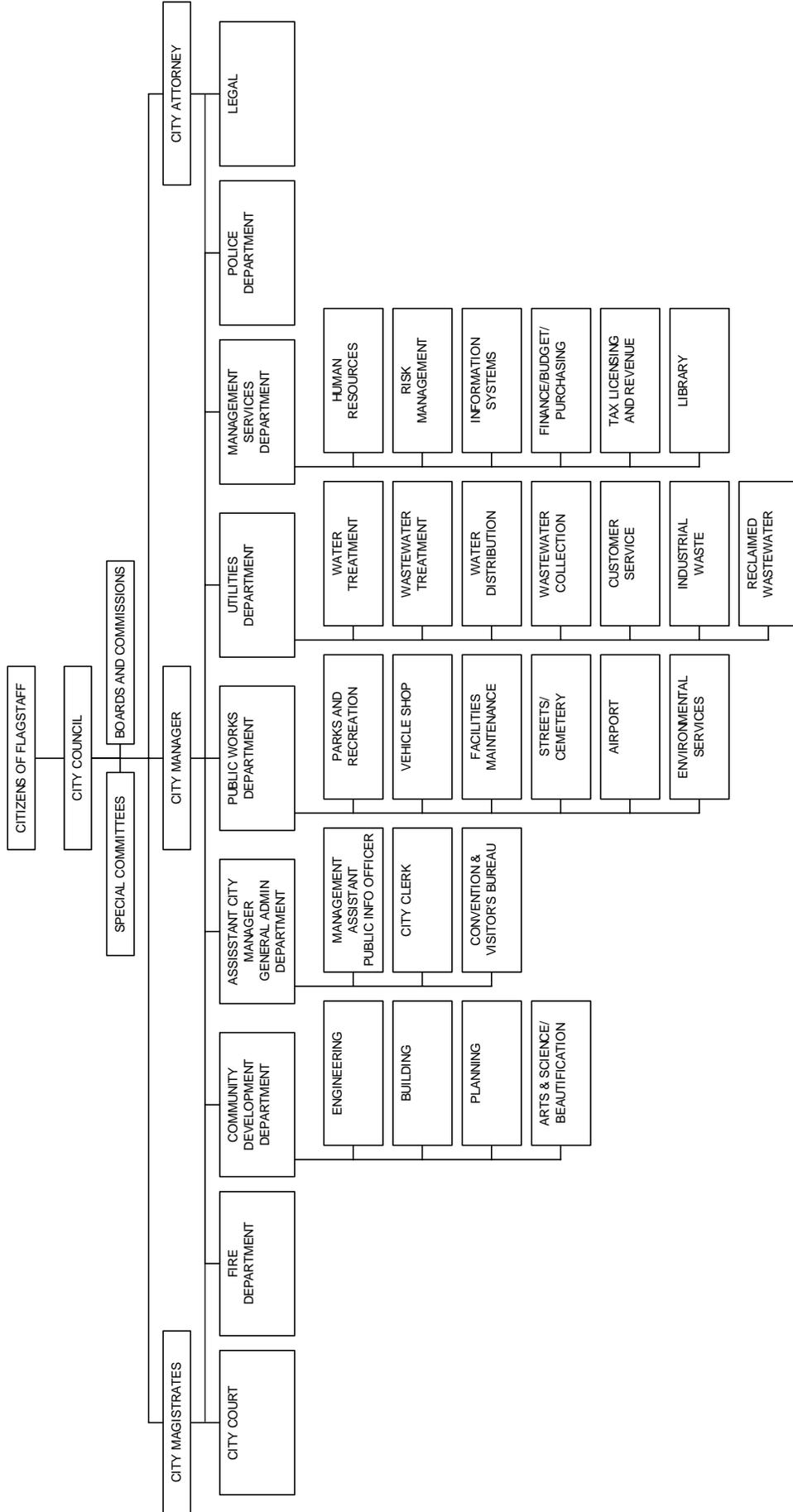
**JERI DUSTIR  
ASSISTANT CITY MANAGER**

**BARBARA GOODRICH  
BUDGET/FINANCE MANAGER**

**LAURA PARKER  
FINANCE SECRETARY**

**PREPARED BY  
THE FINANCE DIVISION**

# CITY OF FLAGSTAFF



**INTRODUCTORY  
SECTION**



COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF FLAGSTAFF

JUNE 30, 2000

TABLE OF CONTENTS

<u>INTRODUCTORY SECTION</u>	<u>Exhibit</u>	<u>Page</u>
Title Page		i
Organizational Chart		ii
Table of Contents		iii-viii
Letter of Transmittal - Financial Services Director		ix-xviii
Certificate of Achievement for Excellence in Financial Reporting		xix
 <u>FINANCIAL SECTION</u>		
INDEPENDENT AUDITOR'S OPINION		1-2
 GENERAL PURPOSE FINANCIAL STATEMENTS (COMBINED STATEMENTS - OVERVIEW)		
Combined Balance Sheet - All Fund Types and Account Groups and Discretely Presented Component Unit	A-1	4-7
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Discretely Presented Component Unit	A-2	8-9
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types - Budget and Actual	A-3	10-11
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balance - All Proprietary Fund Types	A-4	12-13
Combined Statement of Cash Flows - All Proprietary Fund Types	A-5	14-15

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Firemen's Pension Trust Fund		
Statement of Plan Net Assets	A-6	16
Statement of Changes in Plan Net Assets	A-7	17
Notes to Financial Statements		19-45
 INDIVIDUAL FUND FINANCIAL STATEMENTS		
 GENERAL FUND		
Comparative Balance Sheets	B-1	47
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	B-2	48-50
 SPECIAL REVENUE FUNDS		
Combining Balance Sheet	C-1	52-53
Combining Statement of Revenues Expenditures and Changes in Fund Balances	C-2	54-55
 HIGHWAY USER REVENUE FUND		
Comparative Balance Sheets	C-3	56
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	C-4	57
 LIBRARY FUND		
Comparative Balance Sheets	C-5	58
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	C-6	59
 REAL ESTATE PROCEEDS FUND		
Comparative Balance Sheets	C-7	60
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	C-8	61
 BEAUTIFICATION FUND		
Comparative Balance Sheets	C-9	62
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	C-10	63

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
ECONOMIC DEVELOPMENT FUND		
Comparative Balance Sheets	C-11	64
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	C-12	65
TOURISM FUND		
Comparative Balance Sheets	C-13	66
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	C-14	67
ARTS & SCIENCE FUND		
Comparative Balance Sheets	C-15	68
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	C-16	69
RECREATION FUND		
Comparative Balance Sheets	C-17	70
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	C-18	71
COMMUNITY REDEVELOPMENT FUND		
Comparative Balance Sheets	C-19	72
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	C-20	73
METROPOLITAN PLANNING ORGANIZATION FUND		
Comparative Balance Sheets	C-21	74
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	C-22	75
DEBT SERVICE FUNDS		
Combining Balance Sheet	D-1	77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	D-2	78

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
GENERAL OBLIGATION BONDS FUND		
Comparative Balance Sheets	D-3	79
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	D-4	80
SPECIAL ASSESSMENT BOND FUND		
Comparative Balance Sheets	D-5	81
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	D-6	82
SECONDARY PROPERTY TAX REVENUE FUND		
Comparative Balance Sheets	D-7	83
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	D-8	84
CAPITAL PROJECTS FUNDS		
Combining Balance Sheet	E-1	85
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	E-2	86
SPECIAL IMPROVEMENT DISTRICTS FUND		
Comparative Balance Sheets	E-3	87
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	E-4	88
BOND CONSTRUCTION FUND		
Comparative Balance Sheets	E-5	89
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	E-6	90
ENTERPRISE FUNDS		
Combining Balance Sheet	F-1	91
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	F-2	92
Combining Statement of Cash Flows	F-3	93

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
<b>WATER AND WASTEWATER FUND</b>		
Comparative Balance Sheets	F-4	94
Comparative Statement of Revenues, Expenses and Changes in Retained Earnings	F-5	95
Comparative Statement of Cash Flows	F-6	96
Schedule of Revenues and Expenses - Budget and Actual (Budget Basis)	F-7	97
<b>AIRPORT FUND</b>		
Comparative Balance Sheets	F-8	98
Comparative Statement of Revenues, Expenses and Changes in Retained Earnings	F-9	99
Comparative Statement of Cash Flows	F-10	100
Schedule of Revenues and Expenses - Budget and Actual (Budget Basis)	F-11	101
<b>ENVIRONMENTAL SERVICES FUND</b>		
Comparative Balance Sheets	F-12	102
Comparative Statement of Revenues, Expenses and Changes in Retained Earnings	F-13	103
Comparative Statement of Cash Flows	F-14	104
Schedule of Revenues and Expenses - Budget and Actual (Budget Basis)	F-15	105
<b>GENERAL FIXED ASSETS ACCOUNT GROUP</b>		
Schedule of General Fixed Assets - By Source	G-1	107
Schedule of General Fixed Assets – By Functions and Activities	G-2	108
Schedule of Changes in General Fixed Assets - By Functions and Activities	G-3	109
<b><u>SUPPORTING SCHEDULES</u></b>		
	<u>Schedule</u>	<u>Page</u>
Debt Service Requirements to Maturity - General Obligation Bonds	I	111
Debt Service Requirements to Maturity - Street Construction Revenue Bonds	II	112
Debt Service Requirements to Maturity - Special Assessment Bonds	III	113

TABLE OF CONTENTS

<u>STATISTICAL SECTION</u>	<u>Table</u>	<u>Page</u>
General Government Expenditures by Function	I	116-117
General and Special Revenue and Debt Service		
Fund Revenues by Source	II	118
Tax Revenues by Source	III	119
Property Tax Levies and Collections	IV	120-121
Primary Assessed and Estimated Actual Value of Taxable Property	V	122-123
Property Tax Rates and Tax Levies - Direct and Overlapping Governments	VI	124
Special Assessment Collections	VII	125
Percentage of Net General Bonded Debt to Secondary Assessed Value and Net General Bonded Debt Per Capita	VIII	126
Computation of Legal Debt Margin	IX	127
Computation of Direct and Overlapping Debt	X	128
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures	XI	129
Schedule of Water and Wastewater Revenue Bond Coverage	XII	130
Demographic Statistics	XIII	131
Property Value, Construction and Bank Deposits	XIV	132-133
Miscellaneous Statistical Data	XV	134-136
Insurance Summary	XVI	137



# City of Flagstaff

December 7, 2000

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

The Comprehensive Annual Financial Report of the City of Flagstaff, Arizona, for the fiscal year ended June 30, 2000, is submitted for your review. The City's Finance Division prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe that the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes a list of principal officials, the City's organizational chart, and this transmittal letter. The financial section includes the general-purpose financial statements, the combining and individual fund and account group financial statements and schedules, and supporting schedules, as well as the auditor's report on the financial statements and schedules. The City has included supplemental financial information on debt service requirements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

This report represents management's report to its governing body, constituents, legislative and oversight bodies, and investors and creditors. Copies of this report will be sent to elected officials, City management personnel, bond rating agencies, and other agencies which have expressed an interest in Flagstaff's financial matters. Copies of this financial report will also be placed in the City library for use by the general public.

This report includes all funds and account groups of the City. The City provides a full range of services, including police and fire protection; sanitation services; the construction and maintenance of highways, streets and infrastructure; recreational activities and cultural events; and construction and maintenance of a water and sewer utility. In addition to general governmental activities, standards set by the Governmental Accounting Standards Board ("GASB") regarding the inclusion of certain entities based upon the significance of their operational or financial relationships with the City, require that the activities of the City of Flagstaff Municipal Facilities Corporation and the Greater Flagstaff Economic Council be included in the reporting entity, however: the Municipal Facilities Corporation had no financial transactions this year.

### Economic Condition and Outlook

Sales Tax receipts in fiscal year 1999-2000 showed a 9.9% increase. Retail sales, 65% of the sales tax base, increased 10.6%.

Bed, Board and Booze revenues showed a 5.8% increase, over the 1998-1999 activity.

Construction tax revenue increased 10.1% over the previous year. The commercial construction activity showed the most significant increase, historically a cyclical revenue trend. Automobile tax receipts again outperformed other categories with a 23.4% increase.

### Major Initiatives, Service Efforts and Accomplishments

#### For the Year

Adopted a fire stewardship program.

Completed 87 fuel management projects which provided for: thinning of 675 acres; 335 prescribed fires; contacted 2,200 people with the community while conducting fuel treatment projects.

Implemented a successful Early Voting by Mail program that contributed to increased voter turnout.

Consolidated administration of limited jurisdiction courts.

Directed changes and enacted Sign Code amendments.

Enacted the Bow and Arrow Improvement District.

Addressed the availability of tobacco products to minors in retail and other establishments.

Enlarged the City's definitions of protected classes to include sexual orientation.

Established adult entertainment zoning amendments.

The Government Finance Officers Association Distinguished Budget Award given to the City for the first time in FY 1995 and each year since.

GFOA Achievement for Excellence in Finance Reporting for 7th consecutive year and 16th time overall

#### For the future

With the passage of a new twenty-year transportation tax, capital improvements will play an integral role in the City's future. In May 2000, the voters authorized four separate ballot questions pertaining to various transportation improvements in and around Flagstaff, including a dedicated transit tax. The four additional taxes are expected to raise approximately \$120 million over the next twenty years. The availability of this funding also provides opportunities to work with the County, State and Federal funding to leverage these dollars.

The City awaits approval on the multi million dollar Rio De Flag U.S. Army Corps of Engineers project to control the floodways in Flagstaff. This project will move numerous properties out of the current floodway status and restrictions and provide opportunities for redevelopment.

Recreation projects authorized in 1996 await design and construction in the midst of neighborhood issues.

Several Water and Wastewater projects continue to rehabilitate the systems while water source development continues through well exploration.

The five-year Airport improvement program is an aggressive program to spend recently released federal aviation monies for major capital projects.

The expansion of the City landfill and the associated environmental capital issues continue as well.

### City Highlight

Employees have been the focus of the City of Flagstaff this year. Although the City Managers recognition program has been in existence for many years, new recognition programs were added during 1999-2000. Two new programs are the WOW and quality step increase (QSI). The WOW program provides recognition to employees whose skills, knowledge, or conduct exemplifies the City's values of reliability, responsiveness, professionalism, teamwork, and problem solving. WOW awards are available to individuals or groups. Since its inception this fiscal year 45 people have received awards ranging from \$100 to \$500. In our QSI program, 11 individuals received step increases. Their performance marks a high, outstanding level of quality that has been sustained over time.

In addition to our new recognition programs, the city struggled with other issues including the retention and recruitment of employees. Through the efforts of an internal compensation committee, a number of changes were implemented. The changes reflect the philosophy of the City's internal classification system, the decision band method. Positions at the lower steps in the system become full performers sooner since the degree of technical ability is less; therefore they will reach to the top of the pay plan sooner than other employees. Employees in ranges 1 to 4 had their steps decreased from 13 to 9. Additionally ranges 5 to 11 were reduced from 13 to 11. The top of all the ranges was also increased by 3.5% for classified employees, a benefit to long term employees who had reached the top of the pay plan.

Another program will be the organizational review for FY 2000-2001. Further analysis of the organization as a whole is needed to position the city to meet the citizens demands as we move into the future. Employees find workloads increasing, with few new personnel to achieve higher levels of service. Citizen expectations continue to expand and there is a push for more services and programs, without the necessary revenues to support these efforts. Other governments continue to push responsibilities down, creating unfunded mandates.

The organizational review will examine what is working well and what areas can be improved. The review process will be phased over the next two fiscal years.

## Financial Information

### Internal Control

In developing the City's accounting system, consideration is given to the adequacy of internal accounting controls. These internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### Single Audit

As a recipient of Federal, State, and County financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the City.

As part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to Federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 2000, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

### Budgetary System

The City also maintains budgetary controls. The objective of these controls is to ensure compliance with budgetary and legal provisions embodied in the annual appropriated budget approved by the City Council. In addition to maintaining budgetary control via a formal appropriation, the City maintains an encumbrance accounting system. Encumbrances are made against appropriations upon the release of a purchase order. Encumbered appropriations are reappropriated at the end of each fiscal year.

The City is subject to both legal and expenditure limitations as set out in the State Constitution. The City cannot adopt a budget that exceeds the expenditure limitation determined annually by the State of Arizona's Economic Estimates Commission. This limitation is based on 1979-80 actual expenditures, adjusted to reflect interim population and cost of living changes. Certain items are specifically exempted, including bond sale proceeds; debt service payments and other long-term obligations; interest earnings; a portion of Highway User Tax revenues; Federal and State grants; and monies received pursuant to intergovernmental agreements.

On March 1, 1988, as provided by State statute, the voters of Flagstaff approved a permanent base adjustment of \$1,900,000 to the 1979-80 base amount used in determining the annual expenditure limitation. The permanent increase was for the expenditure of the newly authorized Bed, Board and Booze Tax which was also approved in the March, 1988 election.

The City's budget process involves input from Division heads, Department heads, Administration, the City Council and the public. Annual budgets are adopted for all funds by department and division with the legal level of control for State budgetary purposes at the department level. Throughout the year budgetary control is maintained through the use of monthly management reports that compare actual or encumbered expenditures and revenues against the budgeted amounts. These reports are utilized to continuously monitor and manage budgets throughout the year.

### General Governmental Revenues

Revenues of the governmental funds totaled \$57,411,313 in fiscal year 1999-2000; an increase of 17.9% over the fiscal year ended June 30, 1999.

The following schedule represents a summary of the general fund, special revenue funds, debt service funds, and capital project funds revenues for the fiscal year ended June 30, 2000, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue Sources</u>	<u>Actual Revenues</u>	<u>Percent of Total</u>	<u>Increase (Decrease) Dollar Amount</u>	<u>Percentage Change From 1998-1999</u>
Taxes	\$ 22,197,133	38.7%	\$ 1,614,591	7.8%
Licenses and permits	1,324,340	2.3	(10,844)	-0.8
Intergovernmental	26,778,117	46.6	4,156,974	18.4
Charges for services	1,030,249	1.8	192,876	23.0
Fines and forfeiture	837,695	1.5	(611)	-0.1
Special assessments	175,863	0.3	18,223	11.6
Miscellaneous revenues	<u>5,067,916</u>	<u>8.8</u>	<u>2,757,155</u>	119.3
Total revenues	\$ <u>57,411,313</u>	<u>100.0%</u>	\$ <u>8,728,364</u>	17.9

The increase in taxes was a result of a stable economy led by construction, automotive sales, and retail sales and higher than normal audit assessments. Intergovernmental revenue increases are manifold, led by the state passing large gains in sales tax and income tax to the City, approximately \$1 million in FY 2000. Most significant is an additional \$2.8 million from the County in reimbursement for the joint administrative facility the City is constructing. State shared gas tax revenues increased 7% over the prior year.

Fifty percent of the increase in charges for services is a result of engineering fees associated with increased construction activity. The remaining increases in fees were in parks and recreation and public safety. The increase in special assessment revenue reflects early payoffs.

Miscellaneous revenues increased significantly from two one-time events, a write off \$1.2 million of landfill fees previously charged to the Koch Field soil remediation project and receipt of bond monies, \$720,000, for a special improvement district to construction sewer line. The remaining increases are primarily additional interest earnings as a result of delayed construction projects.

### General Governmental Expenditures

The following schedule presents a summary of general, special revenue, debt service, and capital project funds for the fiscal year ended June 30, 2000 and the amount and percentage of increase and decrease in relation to prior year expenditures.

<u>Function</u>	<u>Actual Expenditures</u>	<u>Percent of Total</u>	<u>Increase (Decrease) Dollar Amount</u>	<u>Percentage Change From 1998-1999</u>
Current Operations:				
General government	\$ 3,755,883	6.9	(490,244)	-11.5
Parks and recreation	3,486,908	6.4	300,062	9.4
Public safety	13,533,876	25.0	234,782	1.8
Public works	727,764	1.4	(25,013)	-3.3
Cemetery	148,980	0.3	12,721	9.3
Community development	2,218,804	4.1	881,673	65.9
Health & social services	998,422	1.8	(70,493)	-6.6
Criminal justice	1,021,651	1.9	100,825	10.9
Highway & streets	7,042,108	13.0	1,505,200	27.2
Library	2,109,557	3.9	41,818	2.0
Real Estate Proceeds	1,434,985	2.7	(250,497)	-14.9
Beautification	716,496	1.3	306,608	74.8
Economic development	334,232	0.6	(52,809)	-13.6
Tourism	1,130,972	2.1	81,620	7.8
Arts and Science	354,655	0.7	6,714	1.9
Recreation	1,634,909	3.0	248,850	18.0
Community Redevelopment	757,344	1.4	(470,009)	-38.3
Contingencies	61,512	0.1	55,445	913.9
Subtotal	41,469,058	76.6	2,417,253	6.2
Capital projects	8,756,365	16.2	6,750,365	336.5
Debt service	3,881,866	7.2	(216,738)	-5.3
Total	\$ <u>54,107,289</u>	<u>100.0%</u>	\$ <u>8,950,880</u>	19.8%

The seven functions with the most significant changes are Community Development, Highway & Streets, Real Estate Proceeds, Recreation, Community Redevelopment, Beautification, and Capital projects. All of these changes are a result of varying levels of construction activities on capital projects in these areas. General Government decreased in 2000, as many major computer purchases made in 1999 related to Y2K were not required in FY2000. Parks and recreation expenditures increased as a result of additional fields added through capital projects that require an increase in maintenance activities.

Fund Balance

Fund balances reflect the accumulated excess of revenues and other financing sources over expenditures and other financing uses for general government functions. Unencumbered appropriations lapse at the close of the fiscal year and revert to unreserved fund balance. Encumbered amounts are reported as reservations of fund balance.

Fund	Fund Balances		
	June 30, 2000	June 30, 1999	Increase (Decrease)
General	\$ 17,553,766	13,587,935	3,965,831
Special Revenue	17,263,742	16,107,637	1,156,105
Debt Service	493,733	374,408	119,325
Capital Projects	1,286,878	3,589,260	(2,302,382)
Total	\$ <u>36,598,119</u>	<u>33,659,240</u>	<u>2,938,879</u>

The General Fund increased as a result of the healthy economy with local sales taxes and state shared sales taxes exceeding budgetary expectations and increased interest earnings. The additional increase in fund balance is attributable to capital items in various functions that were carried over and re-budgeted in the next year. The special revenue fund balance is a compilation of numerous changes in the ten funds however the Highway User Revenue Fund experienced similar increases in revenues and capital carryovers as the General Fund. The fund balance for Capital Projects decreased as a result of the expenditures on capital improvements.

Enterprise Operations

The City's enterprise operations are three separate and distinct activities; the Water and Wastewater Utility, the Airport and the Environmental Services operations that include residential, commercial and landfill services. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to proprietary (private business) enterprises where the intent is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis is to be financed or recovered primarily through user charges, or (b) it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The following schedule presents current year income or loss before operating transfers for the Enterprise funds:

Fund	1999-2000	Increase/ (Decrease) from 1998-1999	Percent of Increase/ (Decrease)
Water and Wastewater	\$ 3,964,073	399,593	11.2%
Airport	(1,715,519)	(183,564)	12.0
Environmental Services	1,994,692	(73,482)	-3.6
Total	\$ <u>4,243,246</u>	<u>142,547</u>	3.5

The increase in the Water and Wastewater income is twofold; \$212,958 decrease in operating income, and \$612,551 in changes in non-operating revenues and expenses. The loss in the Airport Fund is in operations, primarily due to increased expenses including an additional \$122,070 in depreciation. The Environmental Services Fund experienced a 2% decrease in operating revenues, offset by an 9% reduction in direct expenses. The decrease is attributable to depreciation and closure costs that escalated \$266,362.

### Debt Administration

At June 30, 2000 the City had outstanding debt issues of \$57,299,461, net of cash deposited with fiscal agents for July 1, 2000 bond maturities. The breakdown was:

	<u>Balance June 30, 2000</u>
General Obligation-Tax supported	\$ 10,400,000
General Obligation-Water and Wastewater	26,099,461
Street and Highway	19,180,000
Special Assessment Bonds	<u>1,620,000</u>
Total	<u>\$ 57,299,461</u>

The City received authorization from the voters on November 6, 1990 to issue \$40,700,000 in bonds for water and sewer improvements, and on November 5, 1996 authorization to issue \$8,200,000 in bonds for Recreation. The 1990 election authorized the City Council to use the water and sewer bond authorization as either general obligation bonds, water and sewer revenue bonds or water and sewer revenue bonds with a pledge of the City's full faith and credit. Current bond ratings for the City of Flagstaff are: General Obligation - Moody's Investor Service A-1, Standard and Poor's A+; Water and Sewer Revenue Bonds - Moody's Investor Service A-1, and Standard and Poor's A; Street and Highway Revenue Bonds - Moody's Investor Service A-1, and Standard and Poor's A+.

The ratio of general obligation bonded debt, supported by the City's General Fund, to secondary assessed valuation and the amount of bonded debt per capita are standard indicators of a City's debt position and debt burden. The following is a summary of selected indicators at June 30, 2000:

	<u>Amount</u>	<u>Ratio of Debt to Secondary Assessed Value</u>	<u>Debt Per Capita</u>
Net Direct Bonded Debt	\$ 36,499,461	9.5%	\$ 599.53
Estimated Overlapping Debt	<u>36,723,447</u>	<u>9.5</u>	<u>603.21</u>
Net Direct and Estimated Overlapping Debt	<u>\$ 73,222,908</u>	<u>19.0%</u>	<u>\$ 1,202.74</u>

Authorized but unissued bonds as of the date of this report consist of \$6,775,760 of water and sewer bonds, \$4,200,000 in general obligation bonds for recreation facilities and \$4,700,000 of Municipal Property Facility bonds. The MPF bonds were approved November 5, 1996 for construction of new office space for the United States Geological Survey.

Under Arizona law, cities can issue general obligation bonds for purposes of water, sewer, artificial light, open space, parks, playgrounds and recreational facilities up to an amount not exceeding 20% of the secondary assessed valuation and general obligation bonds for all purposes other than those listed up to an amount not exceeding 6% of the secondary assessed valuation.

At June 30, 2000, the 20% debt limitation was \$77,113,240 providing a debt margin of \$48,333,779 and the 6% debt limitation was \$23,133,972 providing a debt margin of \$15,413,972 based on the 1999 assessed values.

### Cash Management

The City's investment policy is to invest all temporarily idle cash in investments authorized by City resolution or State statute at the highest available interest rate while emphasizing safety of principal and liquidity. Excess funds were primarily invested in the State Treasurer's Local Government Investment Pool with additional amounts invested in obligations of the U.S. Treasury and its agencies, demand deposits and repurchase agreements. The City utilizes a pooled cash concept in order to invest greater amounts of cash at one time, thus increasing the yield. The average yield for pooled investments for the 2000 fiscal year was 5.9%.

### Risk Management

In August of 1986, the Mayor and Council approved the establishment of a self-insurance program. This program is a limited program for workmen's compensation, liability, health and unemployment insurance and claim revenues. Budgeted premiums are paid by the originating fund to the self-insurance fund. For liability insurance the City maintains a \$25,000 self-insured retention amount and purchases commercial insurance for claims in excess of coverage. All claims, legal fees and premiums are then paid from the fund. At June 30, 2000, the self-insurance fund had a fund balance of \$5.5 million.

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

### Other Information

#### Independent Audit

The City Charter requires an annual audit by independent certified public accountants. The accounting firm of Nordstrom and Associates, has been selected by the City Council. The auditor's report on the general purpose financial statements and combining individual fund and account group statements and schedules is included in the financial section of this report.

In addition to this report, the auditors were also contracted with to perform the single audit of the City's Federal Grant Programs. This audit was designed to meet the requirements of the Federal Single Audit Act of 1984, and Single Audit Act Amendment of 1996 and the related OMB Circular A-133. Due to the size and complexity of the City's financial system, the single audit report is issued separately from this financial report. Copies are available upon request.

### Awards

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, Arizona, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1999. This was the seventh consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirement and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA's award for Distinguished Budget Presentation for our 1999-2000 annual budget. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient as a Policy Document, a Financial Plan, and an Operation Guide and as a Communication Device. The 1999-2000 Budget was recognized as an "outstanding policy document".

### Acknowledgements

I want to thank the Finance staff for their efforts in preparing this report and City Departments and Divisions for their cooperation and assistance throughout the year. I would also like to thank the Mayor, members of the City Council and Audit Committee and City Manager for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. The cooperative assistance of our independent auditor, Nordstrom and Associates, also contributed significantly to this report.

Respectfully submitted,



Mary Jo Jenkins  
Financial Services Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Flagstaff,  
Arizona

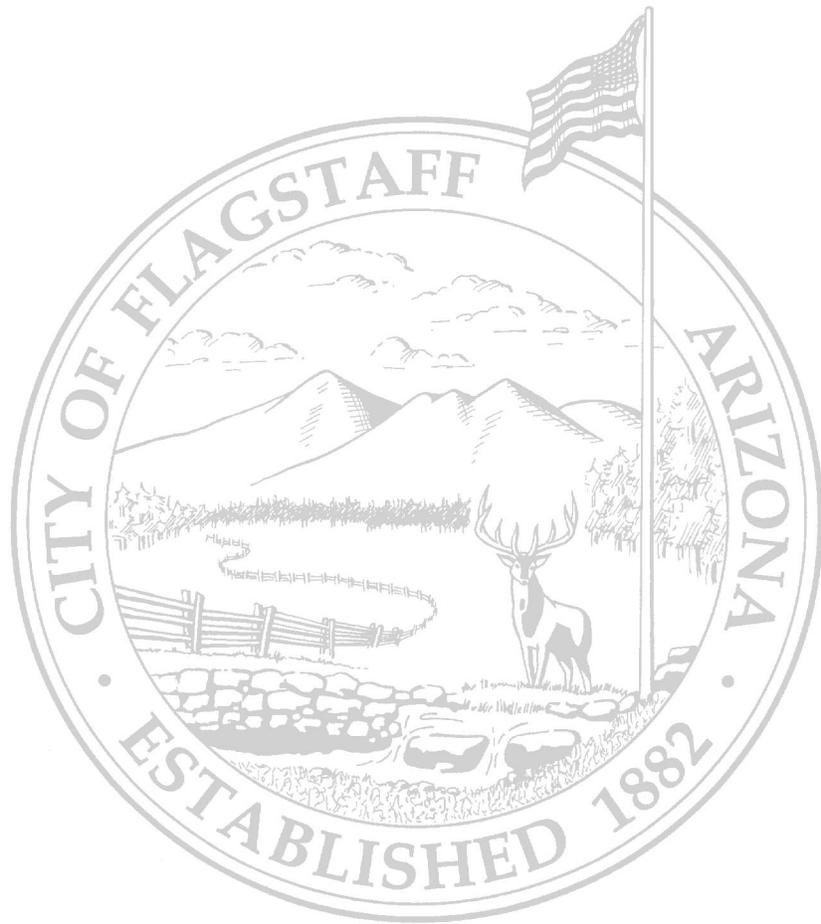
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 1999

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Anne Spray Kinney*  
President

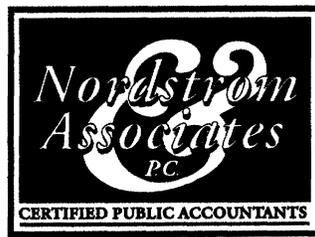
*Jeffrey L. Esser*  
Executive Director



**FINANCIAL  
SECTION**



Bruce J. Nordstrom, CPA  
Godfrey C. Loper Jr., CPA  
Marjorie T. McClanahan, CPA  
Timothy D. Hansen, CPA



MEMBERS  
American Institute of  
Certified Public Accountants  
Arizona Society of Certified  
Public Accountants

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of City of Flagstaff, Arizona (the City), as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of Greater Flagstaff Economic Council, a discretely presented component unit of the City. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements insofar as it relates to the amounts included for Greater Flagstaff Economic Council, is based solely on the report of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City, as of June 30, 2000, and the results of its operations and cash flows of its proprietary fund types and the net assets and changes in net assets of its firemen's pension trust fund for the year then ended in conformity with generally accepted accounting principles.

150 West Dale Avenue Suite 2 • Flagstaff • AZ 86001 MAIL TO PO BOX 220 • Flagstaff • AZ 86002

TELEPHONE 520.774.5086 FAX 520.774.7908 E-MAIL FindaCPA@NordstromPC.com

**Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the City taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.**

**The information included in the introductory and statistical sections listed in the table of contents has not been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, accordingly, we express no opinion on such information.**

**In accordance with *Government Auditing Standards* we have issued our report dated September 29, 2000 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.**

*Nordstrom & Associates, P.C.*

**Flagstaff, Arizona  
September 29, 2000**



City of Flagstaff  
 Combined Balance Sheet-All Fund Types,  
 Account Groups and Discretely Presented  
 Component Unit  
 June 30, 2000

	Governmental Fund Types			Proprietary Fund Types		
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
Assets and Other Debits						
Assets:						
Cash and Cash Equivalents	\$ 16,360,101	16,638,300	493,733	215,841	19,648,163	5,425,044
Cash with Fiscal Agent	154	1,883,254	1,044,675	--	--	--
Receivable from Sale of Property	--	143,238	--	--	--	--
Intergovernmental Receivable	96,946	--	--	--	--	--
Accounts Receivable (Net)	1,787,222	955,826	--	1,143,985	3,371,778	22,702
Interest Receivable	251,967	165,029	--	--	343,070	74,334
Sales Tax Receivable	1,837,729	--	--	--	--	--
Grants Receivable	421,174	385,024	--	--	445,761	--
Special Assessments Receivable	--	--	1,524,980	--	--	--
Interfund Receivable	--	500,000	--	--	--	94,897
Restricted Assets:						
Cash and Cash Equivalents	65,243	30,030	--	--	12,760,867	--
Receivable from Sale of Property	--	--	--	--	175,094	--
Interest Receivable	--	--	--	--	72,916	--
Inventory	186,768	--	--	--	310,998	--
Contractor Performance Bonds	1,164,201	--	--	--	--	--
Fixed Assets (Net of Applicable Accumulated Depreciation)	--	--	--	--	181,274,610	--
Miscellaneous Assets	9,736	--	--	--	--	--
Other Debits:						
Amount Available in Debt Service Fund	--	--	--	--	--	--
Amount to be Provided for General Long-term Debt Group	--	--	--	--	--	--
<b>Total Assets and Other Debits</b>	<b>\$ 22,181,241</b>	<b>20,700,701</b>	<b>3,063,388</b>	<b>1,359,826</b>	<b>218,403,257</b>	<b>5,616,977</b>

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

Fiduciary Fund Types	Account Groups		Total Primary Government (Memorandum Only)	Component Unit Greater Flagstaff Economic Council	Total Reporting Entity (Memorandum Only)
	General Fixed Assets	General Long-term Debt			
Trust					
221,678	--	--	59,002,860	282,991	59,285,851
--	--	--	2,928,083	--	2,928,083
--	--	--	143,238	--	143,238
--	--	--	96,946	--	96,946
--	--	--	7,281,513	122,994	7,404,507
--	--	--	834,400	--	834,400
--	--	--	1,837,729	--	1,837,729
--	--	--	1,251,959	--	1,251,959
--	--	--	1,524,980	--	1,524,980
--	--	--	594,897	--	594,897
--	--	--	12,856,140	--	12,856,140
--	--	--	175,094	--	175,094
--	--	--	72,916	--	72,916
--	--	--	497,766	--	497,766
--	--	--	1,164,201	--	1,164,201
--	63,743,054	--	245,017,664	14,475	245,032,139
--	--	--	9,736	7,785	17,521
--	--	493,733	493,733	--	493,733
--	--	29,647,011	29,647,011	--	29,647,011
<u>221,678</u>	<u>63,743,054</u>	<u>30,140,744</u>	<u>365,430,866</u>	<u>428,245</u>	<u>365,859,111</u>

City of Flagstaff  
 Combined Balance Sheet-All Fund Types,  
 Account Groups and Discretely Presented  
 Component Unit - Continued  
 June 30, 2000

	Governmental Fund Types			Proprietary Fund Types		
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
Liabilities, Equity and Other Credits						
Liabilities:						
Accounts Payable	\$ 1,516,839	1,076,191	--	--	679,463	120,467
Accrued Wages and Payroll Taxes	658,814	78,685	--	--	221,185	--
Payable from Restricted Assets:						
Interest Payable	--	--	--	--	867,237	--
General Obligation Bonds	--	--	--	--	3,670,000	--
Customer Deposits	--	--	--	--	556,217	--
Landfill Closure and Post-Closure Liability	--	--	--	--	2,563,634	--
Grant Revenue in Advance	65,243	30,030	--	--	--	--
Guaranty and Other Deposits	1,907,065	65,943	--	--	81,866	--
Insurance Payable	--	--	--	--	--	15,850
Capital Lease	--	--	--	--	116,010	--
Interfund Payable	--	100,000	--	--	494,897	--
Deferred Revenue	479,514	143,238	1,524,980	--	--	--
Bonds Payable (Less Current Portion):						
General Obligation Bonds	--	--	--	--	28,319,461	--
Revenue Bonds	--	--	--	--	--	--
Special Assessment Bonds	--	--	--	--	--	--
Arbitrage Liability	--	59,618	--	72,948	77,588	--
Loans Payable	--	--	--	--	4,656,116	--
Landfill Closure and Post-Closure Liability	--	--	--	--	7,814,713	--
Interest Payable	--	508,254	309,675	--	--	--
Current Bonds and Capital Leases Payable	--	1,375,000	735,000	--	--	--
<b>Total Liabilities</b>	<b>4,627,475</b>	<b>3,436,959</b>	<b>2,569,655</b>	<b>72,948</b>	<b>50,118,387</b>	<b>136,317</b>
Equity and Other Credits:						
Contributed Capital	--	--	--	--	93,387,102	--
Investment in Fixed Assets	--	--	--	--	--	--
Retained Earnings:						
Reserved for:						
Water and Sewer Construction	--	--	--	--	3,349,784	--
Renewal and Replacement	--	--	--	--	1,593,915	--
Airport Construction	--	--	--	--	408,090	--
Unreserved	--	--	--	--	69,545,979	5,480,660
Fund Balances:						
Reserved for Inventory	186,768	--	--	--	--	--
Reserved for Capital Projects	--	--	--	1,286,878	--	--
Reserved for Debt Service	--	--	493,733	--	--	--
Reserved for Employee's Pension Benefits	--	--	--	--	--	--
Unreserved	17,366,998	17,263,742	--	--	--	--
<b>Total Retained Earnings/Fund Balance</b>	<b>17,553,766</b>	<b>17,263,742</b>	<b>493,733</b>	<b>1,286,878</b>	<b>74,897,768</b>	<b>5,480,660</b>
<b>Total Equity and Other Credits</b>	<b>17,553,766</b>	<b>17,263,742</b>	<b>493,733</b>	<b>1,286,878</b>	<b>168,284,870</b>	<b>5,480,660</b>
<b>Total Liabilities, Equity and Other Credits</b>	<b>\$ 22,181,241</b>	<b>20,700,701</b>	<b>3,063,388</b>	<b>1,359,826</b>	<b>218,403,257</b>	<b>5,616,977</b>

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

Fiduciary Fund Types	Account Groups		Total Primary Government (Memorandum Only)	Component Unit Greater Flagstaff Economic Council	Total Reporting Entity (Memorandum Only)
	General Fixed Assets	General Long-term Debt			
--	--	--	3,392,960	139,528	3,532,488
--	--	854,099	1,812,783	2,345	1,815,128
--	--	--	867,237	--	867,237
--	--	--	3,670,000	--	3,670,000
--	--	--	556,217	4,679	560,896
--	--	--	2,563,634	--	2,563,634
--	--	--	95,273	--	95,273
--	--	--	2,054,874	--	2,054,874
--	--	--	15,850	--	15,850
--	--	306,645	422,655	--	422,655
--	--	--	594,897	--	594,897
--	--	--	2,147,732	5,518	2,153,250
--	--	8,180,000	36,499,461	--	36,499,461
--	--	19,180,000	19,180,000	--	19,180,000
--	--	1,620,000	1,620,000	--	1,620,000
--	--	--	210,154	--	210,154
--	--	--	4,656,116	--	4,656,116
--	--	--	7,814,713	--	7,814,713
--	--	--	817,929	--	817,929
--	--	--	2,110,000	--	2,110,000
--	--	30,140,744	91,102,485	152,070	91,254,555
--	--	--	93,387,102	--	93,387,102
--	63,743,054	--	63,743,054	14,475	63,757,529
--	--	--	3,349,784	--	3,349,784
--	--	--	1,593,915	--	1,593,915
--	--	--	408,090	--	408,090
--	--	--	75,026,639	--	75,026,639
--	--	--	186,768	--	186,768
--	--	--	1,286,878	--	1,286,878
--	--	--	493,733	--	493,733
221,678	--	--	221,678	--	221,678
--	--	--	34,630,740	261,700	34,892,440
221,678	--	--	117,198,225	261,700	117,459,925
221,678	63,743,054	--	274,328,381	276,175	274,604,556
221,678	63,743,054	30,140,744	365,430,866	428,245	365,859,111

City of Flagstaff  
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
 All Governmental Fund Types and Discretely Presented Component Unit  
 For the Fiscal Year Ended June 30, 2000

	Governmental Fund Types				Total Primary Government (Memorandum Only)	Component Unit Greater Flagstaff Economic Council	Total Reporting Entity (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects			
<b>Revenues:</b>							
Taxes	\$ 14,775,220	3,644,822	3,777,091	--	22,197,133	--	22,197,133
Licenses and Permits	1,324,340	--	--	--	1,324,340	--	1,324,340
Intergovernmental Revenue	13,506,709	10,264,072	--	3,007,336	26,778,117	--	26,778,117
Capital Contributions	--	--	--	720,000	720,000	--	720,000
Improvement District Proceeds	--	--	--	66,821	66,821	--	66,821
Charges for Services	1,030,249	--	--	--	1,030,249	--	1,030,249
Fines and Forfeitures	837,695	--	--	--	837,695	--	837,695
Special Assessments	--	--	175,863	--	175,863	--	175,863
Miscellaneous Revenues	1,409,053	2,491,130	121,086	259,826	4,281,095	8,607	4,289,702
Contributions	--	--	--	--	--	511,144	511,144
Memberships	--	--	--	--	--	67,785	67,785
<b>Total Revenues</b>	<b>32,883,266</b>	<b>16,400,024</b>	<b>4,074,040</b>	<b>4,053,983</b>	<b>57,411,313</b>	<b>587,536</b>	<b>57,998,849</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General Government	3,755,883	--	--	--	3,755,883	--	3,755,883
Parks and Recreation	3,486,908	--	--	--	3,486,908	--	3,486,908
Public Safety	13,533,876	--	--	--	13,533,876	--	13,533,876
Public Works	727,764	--	--	--	727,764	--	727,764
Cemetery	148,980	--	--	--	148,980	--	148,980
Community Development	2,218,804	--	--	--	2,218,804	--	2,218,804
Contributions to Other Agencies	998,422	--	--	--	998,422	--	998,422
Criminal Justice	1,021,651	--	--	--	1,021,651	--	1,021,651
Highways and Streets	--	7,042,108	--	--	7,042,108	--	7,042,108
Library	--	2,109,557	--	--	2,109,557	--	2,109,557
Real Estate Proceeds	--	1,434,985	--	--	1,434,985	--	1,434,985
Beautification	--	716,496	--	--	716,496	--	716,496
Economic Development	--	334,232	--	--	334,232	504,087	838,319
Tourism	--	1,130,972	--	--	1,130,972	--	1,130,972
Arts and Science	--	354,655	--	--	354,655	--	354,655
Recreation	--	1,634,909	--	--	1,634,909	--	1,634,909
Community Redevelopment	--	757,344	--	--	757,344	--	757,344
Contingencies	61,512	--	--	--	61,512	--	61,512
Capital Outlays	--	--	--	8,756,365	8,756,365	--	8,756,365
<b>Debt Service:</b>							
Principal Retirement	--	1,375,000	890,000	--	2,265,000	--	2,265,000
Interest and Fiscal Charges	--	1,018,235	598,631	--	1,616,866	--	1,616,866
<b>Total Expenditures</b>	<b>25,953,800</b>	<b>17,908,493</b>	<b>1,488,631</b>	<b>8,756,365</b>	<b>54,107,289</b>	<b>504,087</b>	<b>54,611,376</b>

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

City of Flagstaff  
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
 All Governmental Fund Types and Discretely Presented Component Unit - Continued  
 For the Fiscal Year Ended June 30, 2000

	Governmental Fund Types				Total Primary Government (Memorandum Only)	Component Unit Greater Flagstaff Economic Council	Total Reporting Entity (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects			
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 6,929,466	(1,508,469)	2,585,409	(4,702,382)	3,304,024	83,449	3,387,473
Other Financing Sources (Uses):							
Operating Transfers - In	3,897,709	4,042,213	1,242,780	2,400,000	11,582,702	--	11,582,702
Operating Transfers - Out	(6,861,344)	(1,377,639)	(3,708,864)	--	(11,947,847)	--	(11,947,847)
Total Other Financing Sources (Uses)	(2,963,635)	2,664,574	(2,466,084)	2,400,000	(365,145)	--	(365,145)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	3,965,831	1,156,105	119,325	(2,302,382)	2,938,879	83,449	3,022,328
Fund Balances at Beginning of Year	13,587,935	16,107,637	374,408	3,589,260	33,659,240	178,251	33,837,491
Fund Balances at End of Year	<u>\$ 17,553,766</u>	<u>17,263,742</u>	<u>493,733</u>	<u>1,286,878</u>	<u>36,598,119</u>	<u>261,700</u>	<u>36,859,819</u>

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

City of Flagstaff  
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
 All Governmental Fund Types  
 Budget and Actual  
 For the Fiscal Year Ended June 30, 2000

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenues:</b>						
Taxes	\$ 13,666,407	14,775,220	1,108,813	3,509,754	3,644,822	135,068
Licenses and Permits	953,851	1,324,340	370,489	--	--	--
Intergovernmental Revenue	12,484,131	13,506,709	1,022,578	11,451,677	10,264,072	(1,187,605)
Capital Contributions	--	--	--	--	--	--
Improvement District Proceeds	--	--	--	--	--	--
Charges for Services	804,493	1,030,249	225,756	--	--	--
Fines and Forfeitures	862,868	837,695	(25,173)	--	--	--
Special Assessments	--	--	--	--	--	--
Miscellaneous Revenues	803,204	1,409,053	605,849	2,293,204	2,491,130	197,926
<b>Total Revenues</b>	<b>29,574,954</b>	<b>32,883,266</b>	<b>3,308,312</b>	<b>17,254,635</b>	<b>16,400,024</b>	<b>(854,611)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General Government	4,369,117	3,755,883	613,234	--	--	--
Parks and Recreation	4,051,610	3,486,908	564,702	--	--	--
Public Safety	14,359,971	13,533,876	826,095	--	--	--
Public Works	1,024,173	727,764	296,409	--	--	--
Cemetery	188,288	148,980	39,308	--	--	--
Community Development	5,310,185	2,218,804	3,091,381	--	--	--
Contributions to Other Agencies	1,298,301	998,422	299,879	--	--	--
Criminal Justice	1,033,271	1,021,651	11,620	--	--	--
Highways and Streets	--	--	--	14,569,763	7,042,108	7,527,655
Library	--	--	--	2,898,616	2,109,557	789,059
Real Estate Proceeds	--	--	--	1,970,000	1,434,985	535,015
Beautification	--	--	--	2,325,734	716,496	1,609,238
Economic Development	--	--	--	395,304	334,232	61,072
Tourism	--	--	--	1,439,563	1,130,972	308,591
Arts and Science	--	--	--	360,301	354,655	5,646
Recreation	--	--	--	3,260,634	1,634,909	1,625,725
Community Redevelopment	--	--	--	1,711,573	757,344	954,229
Contingencies	400,000	61,512	338,488	--	--	--
Capital Outlays	--	--	--	--	--	--
<b>Debt Service:</b>						
Principal Retirement	--	--	--	1,375,000	1,375,000	--
Interest and Fiscal Charges	--	--	--	1,020,308	1,018,235	2,073
<b>Total Expenditures</b>	<b>32,034,916</b>	<b>25,953,800</b>	<b>6,081,116</b>	<b>31,326,796</b>	<b>17,908,493</b>	<b>13,418,303</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(2,459,962)</b>	<b>6,929,466</b>	<b>9,389,428</b>	<b>(14,072,161)</b>	<b>(1,508,469)</b>	<b>12,563,692</b>
<b>Other Financing Sources (Uses):</b>						
Operating Transfers - In	3,946,607	3,897,709	(48,898)	4,331,207	4,042,213	(288,994)
Bond Proceeds	--	--	--	--	--	--
Operating Transfers- Out	(7,110,574)	(6,861,344)	249,230	(1,708,302)	(1,377,639)	330,663
<b>Total Other Financing Sources (Uses)</b>	<b>(3,163,967)</b>	<b>(2,963,635)</b>	<b>200,332</b>	<b>2,622,905</b>	<b>2,664,574</b>	<b>41,669</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(5,623,929)</b>	<b>3,965,831</b>	<b>9,589,760</b>	<b>(11,449,256)</b>	<b>1,156,105</b>	<b>12,605,361</b>
<b>Fund Balances at Beginning of Year</b>	<b>11,304,288</b>	<b>13,587,935</b>	<b>2,283,647</b>	<b>15,102,009</b>	<b>16,107,637</b>	<b>1,005,628</b>
<b>Fund Balances at End of Year</b>	<b>\$ 5,680,359</b>	<b>17,553,766</b>	<b>11,873,407</b>	<b>3,652,753</b>	<b>17,263,742</b>	<b>13,610,989</b>

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

Debt Service Funds			Capital Projects Funds		
Budget	Actual	Variance	Budget	Actual	Variance
3,804,363	3,777,091	(27,272)	--	--	--
--	--	--	--	--	--
--	--	--	3,138,881	3,007,336	(131,545)
--	--	--	1,000,000	720,000	(280,000)
--	--	--	--	66,821	66,821
--	--	--	--	--	--
--	--	--	--	--	--
144,219	175,863	31,644	--	--	--
70,278	121,086	50,808	100,000	259,826	159,826
<u>4,018,860</u>	<u>4,074,040</u>	<u>55,180</u>	<u>4,238,881</u>	<u>4,053,983</u>	<u>(184,898)</u>
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	13,322,320	8,756,365	4,565,955
890,000	890,000	--	--	--	--
566,098	598,631	(32,533)	--	--	--
<u>1,456,098</u>	<u>1,488,631</u>	<u>(32,533)</u>	<u>13,322,320</u>	<u>8,756,365</u>	<u>4,565,955</u>
<u>2,562,762</u>	<u>2,585,409</u>	<u>22,647</u>	<u>(9,083,439)</u>	<u>(4,702,382)</u>	<u>4,381,057</u>
1,242,780	1,242,780	--	2,400,000	2,400,000	--
--	--	--	4,667,513	--	(4,667,513)
<u>(3,688,497)</u>	<u>(3,708,864)</u>	<u>(20,367)</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>(2,445,717)</u>	<u>(2,466,084)</u>	<u>(20,367)</u>	<u>7,067,513</u>	<u>2,400,000</u>	<u>(4,667,513)</u>
117,045	119,325	2,280	(2,015,926)	(2,302,382)	(286,456)
397,094	374,408	(22,686)	2,342,699	3,589,260	1,246,561
<u>514,139</u>	<u>493,733</u>	<u>(20,406)</u>	<u>326,773</u>	<u>1,286,878</u>	<u>960,105</u>

City of Flagstaff  
 Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances  
 All Proprietary Fund Types  
 For the Fiscal Year Ended June 30, 2000  
 (With Comparative Totals for the Fiscal Year Ended June 30, 1999)

	Proprietary Fund Types		Total Memorandum Only	
	Enterprise	Internal Service	2000	1999
<b>Operating Revenues:</b>				
Water Revenues	\$ 9,998,028	--	9,998,028	9,445,181
Sewer Revenues	6,312,763	--	6,312,763	6,261,919
Airport Revenues	822,723	--	822,723	797,541
Environmental Services Revenues	6,409,920	--	6,409,920	6,541,170
Intergovernmental Revenue	14,597	--	14,597	18,325
City Contribution	--	3,686,067	3,686,067	3,329,238
Miscellaneous Revenues	63,520	62,131	125,651	199,969
<b>Total Operating Revenues</b>	<b>23,621,551</b>	<b>3,748,198</b>	<b>27,369,749</b>	<b>26,593,343</b>
<b>Operating Expenses</b>				
Staff Support and Services	2,607,830	--	2,607,830	2,591,669
Administration	473,346	--	473,346	493,715
Water	3,508,624	--	3,508,624	2,914,054
Wastewater	2,580,713	--	2,580,713	2,457,984
Airport	721,549	--	721,549	707,206
Environmental Services	3,803,575	--	3,803,575	4,043,691
Employee Benefit Insurance	--	2,949,840	2,949,840	2,601,917
Other Insurance	--	533,795	533,795	595,415
	13,695,637	3,483,635	17,179,272	16,405,651
Depreciation	6,597,540	--	6,597,540	6,120,169
<b>Total Operating Expenses</b>	<b>20,293,177</b>	<b>3,483,635</b>	<b>23,776,812</b>	<b>22,525,820</b>
<b>Operating Income (Loss)</b>	<b>3,328,374</b>	<b>264,563</b>	<b>3,592,937</b>	<b>4,067,523</b>
<b>Non-Operating Revenues (Expenses):</b>				
Interest Income	1,707,529	289,410	1,996,939	1,573,004
Interest Expense and Fiscal Charges	(1,938,103)	--	(1,938,103)	(2,164,887)
Water and Sewer Buy-Ins	1,135,467	--	1,135,467	1,416,291
Net Gain (Loss) on Disposal of Fixed Assets	5,981	--	5,981	(300,925)
Miscellaneous	3,998	--	3,998	(9,703)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>914,872</b>	<b>289,410</b>	<b>1,204,282</b>	<b>513,780</b>

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

City of Flagstaff  
 Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances  
 All Proprietary Fund Types - Continued  
 For the Fiscal Year Ended June 30, 2000  
 (With Comparative Totals for the Fiscal Year Ended June 30, 1999)

	Proprietary Fund Types		Total Memorandum Only	
	Enterprise	Internal Service	2000	1999
Income (Loss) Before Operating Transfers	\$ 4,243,246	553,973	4,797,219	4,581,303
Operating Transfers In (Out):				
Operating Transfers - In from:				
Secondary Property Tax Revenue Fund	2,622,480	--	2,622,480	2,596,242
General Fund	529,131	--	529,131	627,443
Economic Development Fund	--	--	--	15,000
Beautification	38,520	--	38,520	--
Operating Transfers - Out to:				
General Fund	(2,824,986)	--	(2,824,986)	(2,801,826)
Net Operating Transfers In (Out)	365,145	--	365,145	436,859
Net Income (Loss)	4,608,391	553,973	5,162,364	5,018,162
Add Back Depreciation on Fixed Assets Acquired with Capital Grants	1,486,979	--	1,486,979	1,297,381
Increase (Decrease) in Retained Earnings	6,095,370	553,973	6,649,343	6,315,543
Retained Earnings (Deficit) July 1	68,802,398	4,926,687	73,729,085	67,413,542
Retained Earnings (Deficit) June 30	\$ 74,897,768	5,480,660	80,378,428	73,729,085

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

City of Flagstaff  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types  
 For the Fiscal Year Ended June 30, 2000

	Enterprise	Internal Service	Total Memorandum Only
<b>Cash Flows From Operating Activities</b>			
Cash Received From Customers and Users	\$ 23,115,982	3,686,526	26,802,508
Cash Payments to Suppliers of Goods and Services	(6,170,173)	(3,484,849)	(9,655,022)
Cash Payments to Employees for Services	(6,983,418)	--	(6,983,418)
Operating Grants Received	14,597	--	14,597
Decrease in Customer Deposits	(40,324)	--	(40,324)
Miscellaneous Operating Revenue (Expense)	20,628	62,131	82,759
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>9,957,292</b>	<b>263,808</b>	<b>10,221,100</b>
<b>Cash Flows From Non-Capital Financing Activities</b>			
Operating Transfers In From Other Funds	3,007,480	--	3,007,480
Increase in Interfund Payable	190,000	--	190,000
Operating Transfers Out to Other Funds	(2,642,335)	--	(2,642,335)
Change in Guarantees	(3,690)	--	(3,690)
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>551,455</b>	<b>--</b>	<b>551,455</b>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Capital Grants Received	1,270,185	--	1,270,185
Capital Contributed by Contractors	1,135,468	--	1,135,468
Bonds			
Principal Payments	(3,484,285)	--	(3,484,285)
Interest Payments and Related Expenses	(2,018,199)	--	(2,018,199)
Proceeds From Sale of Capital Assets	20,165	--	20,165
Principal on Loans Receivable	158,956	--	158,956
Acquisition and Construction of Capital Assets	(5,673,317)	--	(5,673,317)
Increase in Arbitrage Liability	20,845	--	20,845
Principal Paid on ADEQ Loan	(270,862)	--	(270,862)
Capital Lease			
Principal Payments	(23,599)	--	(23,599)
Interest Payments	(11,041)	--	(11,041)
Capital Loan			
Principal Payments	(10,749)	--	(10,749)
Interest Payments	(16,725)	--	(16,725)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(8,903,158)</b>	<b>--</b>	<b>(8,903,158)</b>
<b>Cash Flows From Investing Activities</b>			
Interest From State Investment Pool	1,554,800	263,117	1,817,917
<b>Net Cash From Investing Activities</b>	<b>1,554,800</b>	<b>263,117</b>	<b>1,817,917</b>
<b>Net Increase (Decrease) in Cash</b>	<b>3,160,389</b>	<b>526,925</b>	<b>3,687,314</b>
Cash Balance at Beginning of Year	29,248,641	4,898,119	34,146,760
Cash Balance at End of Year	<u>\$ 32,409,030</u>	<u>5,425,044</u>	<u>37,834,074</u>

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

City of Flagstaff  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types - Continued  
 For the Fiscal Year Ended June 30, 2000

	Enterprise	Internal Service	Total Memorandum Only
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$ 3,328,374	264,563	3,592,937
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation	6,597,540	--	6,597,540
Changes in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable	(457,230)	459	(456,771)
(Increase) Decrease in Inventory	51,815	--	51,815
Increase (Decrease) in Accounts Payable	(132,091)	(1,214)	(133,305)
Increase (Decrease) in Accrued Payroll and Payroll Taxes	(95,536)	--	(95,536)
Increase (Decrease) in Customer Deposits	(40,324)	--	(40,324)
Increase (Decrease) in Landfill Closure and Post-Closure Liability	717,858	--	717,858
Miscellaneous Revenues (Expenses)	(13,114)	--	(13,114)
Total Adjustments	6,628,918	(755)	6,628,163
Net Cash Provided (Used) by Operating Activities	<u>\$ 9,957,292</u>	<u>263,808</u>	<u>10,221,100</u>
Non-Cash Investing, Capital, and Financing Activities			
Developers Contributing Assets to Governmental Entity	<u>\$ 2,079,236</u>	<u>--</u>	<u>2,079,236</u>
Cash and Cash Equivalents			
Unrestricted	\$ 19,648,163	5,425,044	25,073,207
Restricted	12,760,867	--	12,760,867
Cash Balance June 30	<u>\$ 32,409,030</u>	<u>5,425,044</u>	<u>37,834,074</u>

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

City of Flagstaff  
 Firemen's Pension Trust Fund  
 Statement of Plan Net Assets  
 June 30, 2000  
 (With Comparative Totals as of June 30, 1999)

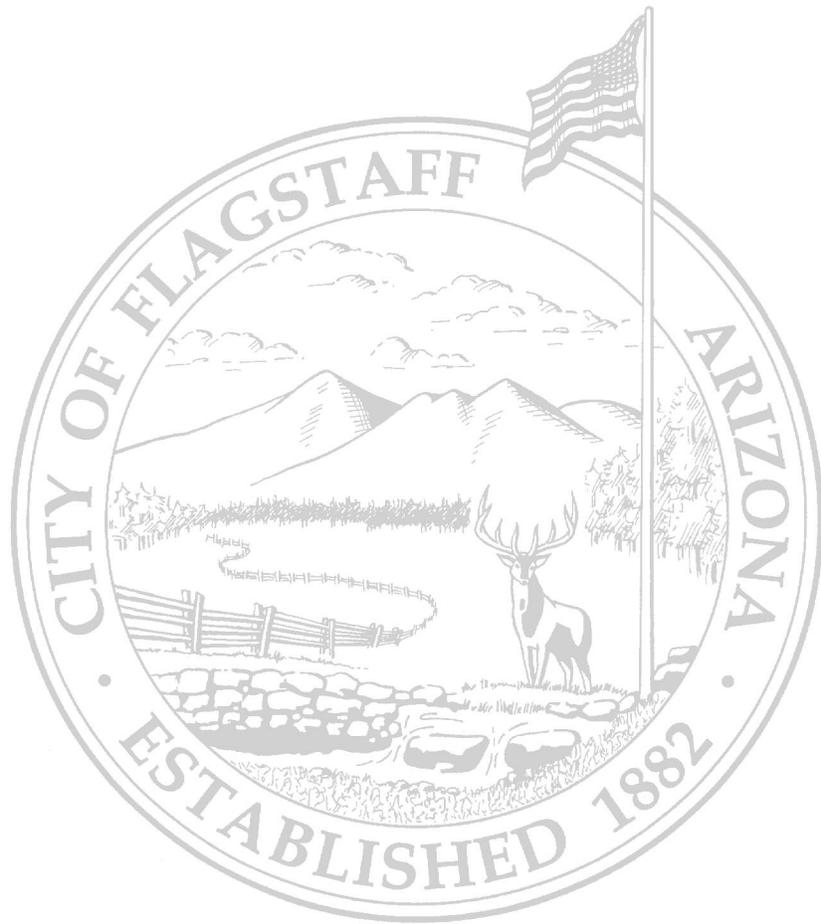
	2000	1999
<b>Assets:</b>		
Cash and Cash Equivalents	\$ 221,678	\$ 218,401
Total Assets	221,678	218,401
<b>Liabilities:</b>		
Total Liabilities	--	--
Net Assets Held in Trust for Pension Benefits (The Funding Status and Progress is presented on page 44 and 45.)	\$ 221,678	\$ 218,401

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

City of Flagstaff  
Firemen's Pension Trust Fund  
Statement of Changes in Plan Net Assets  
For the Year Ended June 30, 2000  
(With Comparative Actual for the Fiscal Year Ended June 30, 1999)

	2000			1999
	Budget	Actual	Variance	Actual
Additions:				
Investment Income:				
Interest Income	\$ 13,000	12,877	(123)	11,068
Other Income	--	--	--	90
Total Additions	<u>13,000</u>	<u>12,877</u>	<u>(123)</u>	<u>11,158</u>
Deductions:				
Distributions to Participants	<u>9,600</u>	<u>9,600</u>	<u>--</u>	<u>9,600</u>
Total Deductions	<u>9,600</u>	<u>9,600</u>	<u>--</u>	<u>9,600</u>
Net Increase (Decrease) in Net Assets	3,400	3,277	(123)	1,558
Net Assets Held in Trust for Pension Benefits:				
Beginning of Year	<u>220,521</u>	<u>218,401</u>	<u>(2,120)</u>	<u>216,843</u>
End of Year	<u>\$ 223,921</u>	<u>221,678</u>	<u>(2,243)</u>	<u>218,401</u>

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



The notes to the Financial Statements include a summary of significant accounting policies and other disclosures considered necessary for a clear understanding of the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

# **NOTES TO THE FINANCIAL STATEMENTS**

# CITY OF FLAGSTAFF

## Notes to Financial Statements

Year Ended June 30, 2000

### I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Flagstaff was incorporated as a town in 1894 and as a city in 1928. The current City Charter was approved April 10, 1984. 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 of Flagstaff conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

#### A Reporting Entity

The City of Flagstaff (the City) is a municipal corporation governed by an elected mayor and six-member council. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be 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. The discretely presented component unit is reported in a separate column in the combined financial statement to emphasize it is legally separate from the government. The discretely presented component unit year-end is June 30.

**Blended Component Unit.** The Municipal Facilities Corporation (MFC) is a non-profit corporation created by the City for the purpose of constructing, acquiring and equipping municipal facilities. For financial reporting purposes, transactions of the MFC are included as if it were part of the City's operations. For fiscal year 2000 there were no financial activities for the MFC.

**Discretely Presented Component Unit.** The Greater Flagstaff Economic Council (GFEC) is responsible for planning and encouraging economic growth within the City of Flagstaff's jurisdiction. GFEC has an eighteen member Board of Directors, of which the Mayor and Vice Mayor are Directors who can directly or indirectly appoint two additional Directors. The remaining members of the Board are voted on by GFEC members. The Greater Flagstaff Economic Council is fiscally dependent upon the City of Flagstaff; in 2000 the City provided over 48% of GFEC's revenues. GFEC is presented as a governmental fund type. Complete financial statements for the Greater Flagstaff Economic Council may be obtained at the entity's office: 1300 South Milton #125, Flagstaff, AZ 86001.

**Related Organizations.** The City of Flagstaff's officials are also responsible for appointing members of the board 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 Measurement Focus, Basis of Accounting and Basis of Presentation**

The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/retained earnings, revenues and expenditures, or expenses, as appropriate. The City uses the following fund types and account groups:

**Governmental Funds** are used to account for the City's general government activities. Governmental fund types use the flow of current financial resources measurement focus and modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recorded when susceptible to accrual, i.e., 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. Expenditures are recorded when the fund liability is incurred, except for unmatured interest on general long term debt which is recognized when due, and certain compensated absences and claims and judgements which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Utility franchise taxes, transaction privilege taxes, property taxes, state revenue sharing, state and city sales tax, grant revenues earned, investment earnings and auto lieu taxes are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Special assessments are recognized as revenue only to the extent that individual installments are considered current assets. Annual installments not currently receivable are reflected as deferred revenue. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental funds include the following fund types:

General Fund - The General Fund is the general operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The revenue sources are local property taxes levied specifically for debt service and collections from property owners on special assessment districts.

Capital Projects Funds - These funds account for the construction of major capital projects not being financed by proprietary or non-expendable trust funds.

**Proprietary Funds** are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City's Proprietary Funds apply all applicable Governmental Accounting Standards Board (GASB) Statements, as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Enterprise Funds - The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. They are designed to accumulate the total cost of providing a particular service and to indicate the extent to which user charges imposed upon service consumers are sufficient to cover these costs.

Internal Service Fund - This fund accounts for activities and services performed for other organizational units within the City. Charges to other City divisions are made to support these activities. The only internal service fund of the City is its Self-Insurance Fund.

**Fiduciary Funds** are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Pension Trust - The Firemen's Pension Fund is a non-expendable trust fund that is used to account for the activity of the City's single-employer retirement system. This fund is accounted for on the same basis as a proprietary fund, using the same measurement focus and basis of accounting.

**Account Groups** are used to establish accounting control and accountability for certain of the City's fixed assets and general long-term debt.

General Fixed Assets Account Group is used to account for all fixed assets of the City other than those accounted for in proprietary or trust funds.

General Long-Term Debt Account Group is used to account for all long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

## **C Assets, Liabilities and Equity**

### **1. Deposits and Investments**

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

State statutes authorized the government to invest in the State's Local Government Investment Pool, in obligations of the U.S. Treasury, commercial paper and repurchase agreements.

Investments are stated at fair value.

## **2. Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivable/payables."

All trade and property tax receivables are shown net of an allowance for uncollectibles.

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 Enterprise Fund, the Highway Users Fund, the Airport Enterprise Fund and the Library General Obligation Bond Fund. General Obligation bonds are serviced by each of these funds. For fiscal year 1999-2000, primary and secondary property tax collections amounted to \$2,759,130 and \$3,777,091 respectively.

Property taxes are recognized on the modified accrual basis, i.e. when both measurable and available. Property taxes receivable at June 30, 2000 represents delinquent amounts.

## **3. Inventory**

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.

## **4. Restricted Assets/Liabilities**

In accordance with applicable covenants of Enterprise Fund Bond Issues, Mayor and Council Resolutions, or other agreements, appropriate assets and liabilities have been restricted.

## **5. Fixed Assets**

General fixed assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the governmental funds and capitalized at historical cost in the general fixed assets account group. Contributed fixed assets are recorded at fair value at date of acquisition. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized in the general fixed asset account group.

It is the City's policy not to capitalize public domain ("infrastructure") general fixed assets such as roads, bridges, streets and similar items in the general fixed assets account group.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in the general fixed assets account group or capitalized in the proprietary funds.

Property, plant and equipment in the proprietary funds are stated at historical cost; or, if donated, at fair value at the date of donation. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	40-50 years
Improvements	20-75 years
Machinery and equipment	5-10 years

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

## **6. Compensated Absences**

City employees are granted vacation and sick leave in varying amounts under the City's personnel ordinance. In the event of termination, an employee is reimbursed for accumulated vacation. In accordance with Governmental Accounting Standards Board Statement 16, *Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences*, the City has provided for the current portion of accrued vacation benefits in the governmental funds to be paid out of current resources. A long-term liability of \$854,099 is recorded in the General Long-Term Debt Account Group for the accrued vacation benefits to be funded by future operations. Proprietary Fund types accrue vacation benefits in the period they are earned.

Sick leave benefits provide for ordinary sick pay and are not vested with the employee and, therefore, are not accrued. Such accumulated sick leave benefits totaled \$5,052,604 at June 30, 2000.

## **7. Investment Income**

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments.

## **8. Long-term Obligations**

The City reports long-term debt of governmental funds at face value in the General Long-Term Debt Account Group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the General Long-Term Debt Account Group. According to Arizona Revised Statute 48-557, if there is a deficiency in the funds collected from special assessments, the General Fund will furnish an amount sufficient to meet the obligation of the bonds payable and reimburse itself when funds are subsequently received. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

For governmental fund types, bond premiums and discounts, as well as issuance costs are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium

or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

## **9. Fund Equity**

Reservations of fund balance and retained earnings are limited to outside third-party restrictions and legal restrictions imposed by City ordinances. The proprietary fund's contributed capital represents equity acquired through capital grants and capital contributions from developers, customers or other funds. Reservations of fund balance and retained earnings represent amounts that are not appropriable or are legally restricted.

## **10. Memorandum Only -- Total Columns**

Total columns on the general purposed financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis and do not represent consolidated financial information. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles.

## **11. Comparative Data**

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's cash flows and operations.

## **12. Transactions Between Funds**

Transactions that would be treated as revenues, expenditures or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures or expenses in the funds involved. These transactions are considered quasi-external transactions. Transactions which constitute reimbursements to a fund for expenditures or expenses initially made from that fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed. Other transfers are treated as operating transfers and are included in the results of operations of both governmental and proprietary funds.

## **13. Rebateable Arbitrage**

Rebateable Arbitrage is treated as a reduction of revenue and recorded as a liability in the appropriate fund.

# **II STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

## **A Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Annual budgets for the enterprise funds are prepared on a basis which differs from GAAP because state law requires capital purchases and debt service payments to be budgeted as expenses, bond proceeds and grants that are to be utilized to be budgeted as revenues and amortization and depreciation are not budgeted. All funds except the Internal Service Fund are budgeted. The Internal Service Fund requires no

budget by state law and, therefore, no comparison of budget to actual is presented in the financial statements. All annual appropriations lapse at fiscal year end.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

Prior to June 1, the City Manager submits to the City Council a proposed budget for the fiscal year beginning the following July 1. The operating budget includes proposed expenditures and the means of financing them.

Two public hearings are held to obtain taxpayer comments.

Prior to July 1, the budget is adopted through passage of a resolution.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the department level. With the approval of the City Council, the City Manager may make transfers out of a contingency appropriation into a department's budget. The total departmental budgeted amounts are not changed without Council approval. Council approved certain transfers from the contingency budgeted amounts to various departments on June 20, 2000; however, these transfers were not material in relation to the original department appropriations.

Encumbrance accounting is employed by the City. Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control. Encumbrances outstanding at year-end for goods or services which were not received prior to the end of the fiscal year are canceled.

The following table compares budget to actual for expenditures/expenses at the department level for year ended June 30, 2000:

	<u>Budget</u>	<u>Actual</u>
Management Services	\$ 5,300,838	4,430,615
General Administration	3,972,239	3,520,443
Community Development	12,029,419	5,880,465
Fire	5,638,568	5,436,530
Non-Departmental	21,397,049	18,639,580
Police	8,721,403	8,097,346
Public Works	39,065,196	20,850,138
Utilities	<u>23,494,593</u>	<u>15,038,954</u>
Total	<u>\$ 119,619,305</u>	<u>81,894,071</u>

## **B Budgetary Basis of Accounting**

The City's adopted budget for all governmental funds is prepared on a basis consistent with generally accepted accounting principles (GAAP).

### **C Excess of Expenditures over Appropriations**

In the General Fund, Sales Tax expenditures exceeded appropriations in the amount of \$279. This excess over appropriations was due to an increase in the compensated absences accrual at year-end. Additional General Fund revenues funded these expenditures. This is not in excess of the legal level of control.

In the General Fund, Public Works Administration exceeded appropriations in the amount of \$6,235. This excess over appropriations as due to a change in the cost allocation method for this department. Additional General Fund revenues funded these expenditures. This is not in excess of the legal level of control.

In the Special Assessment Bond Fund, debt service expenditures exceeded appropriations in the amount of \$32,908. This excess over appropriations was due to bonds issued for the construction of the Bow and Arrow Improvement District. The first debt service payment for interest only was not budgeted. Assessment collections from the parcel owners funded these expenditures. This is not in excess of the legal level of control.

### **D Deficit Fund Equity**

The Airport Enterprise Fund has a \$3,789,608 deficit in unreserved retained earnings. The City has taken \$6,034,682 of depreciation in the last five years that has contributed to these deficits.

## **III DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

### **A Deposits and Investments**

The City maintains a cash and investment pool that is available for use by all funds except the Deferred Compensation Fund. Each fund type's portion of this pool is included on the combined balance sheet in "Cash and Cash Equivalents". The following summarizes the various deposits and investments of the City:

Deposits: At year-end, the book value of the City's deposits was \$8,486,133 and the bank balance was \$10,987,554. The \$2,501,421 difference represents deposits in transit, outstanding checks and other reconciling items at June 30, 2000. Of the bank balance, \$3,141,405 was covered by federal depository insurance or by collateral held by the City's agent in the City's name, and \$7,846,149 was covered by collateral held in the fiscal agent's trust department but not in the City's name. The trust department pledges a pool of collateral against all trust deposits it holds.

At year-end, the book value of deposits for GFEC, a discretely presented component unit, was \$282,991 which was covered by federal depository insurance or by collateral held by the entity's agent in GFEC's name.

Investments: City resolution and State Statutes authorize the City to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, repurchase agreements, money market accounts, certificates of deposit and the State of Arizona Local Government Investment Pool (LGIP). The LGIP is a part of the State Treasurer's office. The State Board of Deposit provides oversight for the State Treasurer's pools, and the LGIP Advisory Committee provides consultation and advice to the Treasurer. The fair value of the participant's position in the pool approximates the value of that participants' pool shares. Those shares are not identified with specific investments and are not subject to custodial credit risk. All other investments were insured or registered in the

City's name, or were held by the City or its agent in the City's name. It is the City's policy generally to hold investments until maturity. The fair value of the investments is based on quoted market values. The City has no investments held by a counterparty's trust department or agent. The City is in compliance with the provisions of Statement No. 31 of the Governmental Accounting Standards Board (GASB), *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which require certain investments to be reported at fair value rather than at cost.

The City's investments are categorized as follows to give an indication of the level of risk assumed at year-end:

- Category 1      Investments that are insured or registered or for which the securities are held by the City or its agent in the City's name.
  
- Category 2      Uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name.
  
- Category 3      Uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name.

All of the investments at June 30, 2000 were included in Category 1.

Investments as of June 30, 2000:

	<u>Fair Value</u>
State of Arizona Investment Pool	\$ 66,195,950
Local Government Securities	<u>105,000</u>
Total Investments	<u>\$ 66,300,950</u>

Cash and Investments:

Reconciliation of Exhibit A-1 to Note III.A

Exhibit A-1

	<u>Amount</u>
Cash and cash equivalents	\$ 59,002,860
Restricted Cash:	
Cash with fiscal agent	2,928,083
Other restricted cash	<u>12,856,140</u>
	<u>\$ 74,787,083</u>
Deposits	\$ 8,486,133
Investments	<u>66,300,950</u>
	<u>\$ 74,787,083</u>

The Pension Trust Fund owns less than one percent of the investments.

**B Receivables**

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Fund Types</u>				<u>Proprietary Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Internal Service</u>	
Receivables:							
Sale of Property	\$ -	143,238	-	-	-	-	143,238
Intergovernmental	96,946	-	-	-	-	-	96,946
Accounts	1,907,222	955,826	-	1,143,985	3,447,178	22,702	7,476,913
Interest	251,967	165,029	-	-	343,070	74,334	834,400
Sales Tax	1,837,729	-	-	-	-	-	1,837,729
Grants	421,174	385,024	-	-	445,761	-	1,251,959
Special Assessments	-	-	1,524,980	-	-	-	1,524,980
Interfund	-	500,000	-	-	-	94,897	594,897
Restricted:							
Sale of Property	-	-	-	-	175,094	-	175,094
Interest	-	-	-	-	72,916	-	72,916
Gross Receivable	4,515,038	2,149,117	1,524,980	1,143,985	4,484,019	191,933	14,009,072
Less: Allowance for Uncollectibles	<u>(120,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75,400)</u>	<u>-</u>	<u>(195,400)</u>
Net Total Receivables	<u>\$ 4,395,038</u>	<u>2,149,117</u>	<u>1,524,980</u>	<u>1,143,985</u>	<u>4,408,619</u>	<u>191,933</u>	<u>13,813,672</u>

**C Interfund Receivables and Payables**

The composition of interfund balances as of June 30, 2000 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Highway User Fund	Metropolitan Planning Org.	\$ 100,000
Highway User Fund	Airport Fund	400,000
Internal Service Fund	Airport Fund	94,897
		\$ 594,897

**D Fixed Assets**

A summary of changes in general fixed assets follows:

	June 30, 1999	Additions	Deletions	Transfers	June 30, 2000
Land	\$ 5,618,012	-	-	-	5,618,012
Buildings	20,562,956	31,239	-	-	20,594,195
Improvements	8,211,859	1,507,341	-	160,896	9,880,096
Machinery & Equipment	18,250,968	1,861,581	(238,467)	-	19,874,082
Construction in Progress	631,495	7,306,070	-	(160,896)	7,776,669
	\$ 53,275,290	10,706,231	(238,467)	-	63,743,054

Transfers from the enterprise funds to General Fund are included with the additions. Completed Construction in Progress is included in the transfers.

Construction in Progress is comprised of the following:

	Balance as of June 30, 2000
Police Station Remodel	\$ 7,408,488
USGS 1997 Bond Building	202,068
Park Enhancements	166,113
	\$ 7,776,669

A summary of enterprise funds property, plant and equipment as of June 30, 2000 follows:

	Water and Wastewater	Airport	Environmental Services	Total
Land	\$ 384,567	113,365	1,849,428	2,347,360
Buildings	54,642,749	5,951,202	219,558	60,813,509
Improvements	147,672,829	25,571,001	747,834	173,991,664
Machinery & Equipment	5,450,163	1,780,382	6,382,890	13,613,435
Construction in Progress	6,851,696	1,004,414	946,815	8,802,925
Less accumulated depreciation	(60,238,793)	(13,913,885)	(4,141,605)	(78,294,283)
	<u>\$ 154,763,211</u>	<u>20,506,479</u>	<u>6,004,920</u>	<u>181,274,610</u>

The summary of changes in fixed assets for the component unit is as follows:

	June 30, 1999	Additions	Deletions	June 30, 2000
Improvements other than building	\$ 1,208	-	-	1,208
Machinery & Equipment	66,473	623	(5,449)	61,647
Total	67,681	<u>623</u>	<u>(5,449)</u>	62,855
Less Accumulative Depreciation	(45,826)			(48,380)
	<u>\$ 21,855</u>			<u>14,475</u>

## E Leases

The City has a number of lease purchase agreements, all of which have been capitalized in the appropriate fund or account group.

Item Purchased	Fund of Source of Funding	Account Group Where Capitalized	Capitalized Cost
Construct T-hangars & shades	Airport Fund	Airport	\$ 285,218
Copier	General Fund	General Fixed Assets	81,570
Computer Equipment	General Fund	General Fixed Assets	748,099
		Total	1,114,887
		Less Accumulated Depreciation and Amortization	(75,665)
		Net total	<u>\$ 1,039,222</u>

Future minimum payments under capital leases are as follows:

Fiscal Year	General Fixed Assets	Airport Fixed Assets	Total
2001	\$ 319,937	34,639	354,576
2002	-	34,639	34,639
2003	-	34,640	34,640
2004	-	34,640	34,640
Minimum lease payments	319,937	138,558	458,495
Less: Interest	(13,291)	(22,548)	(35,839)
Present Value of Minimum payments	<u>\$ 306,646</u>	<u>116,010</u>	<u>422,656</u>

At June 30, 2000, the City was in compliance with the terms of all capital lease agreements. Current portion represents lease payments due on July 1, 2000.

The City has no non-cancelable operating leases.

## F Long-term Obligations

Following is a summary of changes in the general long-term debt account group:

	General Obligation	Capital Lease Obligations	Assessments with Governmental Commitment	Accrued Vacation Benefits	Street Construction Revenue	Total
Balance June 30, 1999	\$ 8,915,000	607,792	1,055,000	739,037	20,555,000	31,871,829
Additions	-	-	720,000	115,062	-	835,062
Reductions	<u>(735,000)</u>	<u>(301,147)</u>	<u>(155,000)</u>	<u>-</u>	<u>(1,375,000)</u>	<u>(2,566,147)</u>
Balance June 30, 2000	<u>\$ 8,180,000</u>	<u>306,645</u>	<u>1,620,000</u>	<u>854,099</u>	<u>19,180,000</u>	<u>30,140,744</u>

The above amounts have been reduced by deposits made to the City's fiscal agents for the July 1, 2000 maturities. The total general long-term debt of the City is \$30,140,744.

### Special Assessment Bonds

Proceeds from special assessment bonds are used for improvements such as paving, sidewalks and sewers. Payments made by the assessed property owners are pledged as collateral. In the event of default by a property owner, the lien created by the assessment is sold at public auction and the proceeds are used to offset the defaulted assessment. If there is no purchase at the public auction, the City is required to buy the property with funds appropriated from the General Fund.

### Loan Payable

In July, 1992 the City of Flagstaff entered into a loan agreement with the Wastewater Management Authority of Arizona for the purpose of constructing reclaimed water lines for the new reclaimed water plant. The \$6,000,000 loan is scheduled to be paid in annual installments over twenty years with an interest rate of 3.402%. The unpaid principal amount of the loan at June 30, 2000 is \$4,066,865.

In September 1999, the City of Flagstaff entered into a loan agreement with Arizona Department of Transportation Aeronautics Division for the purpose of constructing a 14 unit T-hangar and a 12-unit shade hangar. The \$600,000 loan is scheduled to be paid in quarterly installments over 17 years with an interest rate of 5.60%. The unpaid principal amount of the loan at June 30, 2000 is \$589,251.

### Landfill Closure Liability

The Environmental Services Fund currently operates one landfill, the Cinderlake Landfill. Federal and state regulations require that environmental damage caused by landfills be mitigated and that action be taken to prevent future damage. Closure costs, which include the capping of the landfill with soil and installing such items as drainage and monitoring systems, and postclosure cost estimates are based on a study made by an

independent consultant and are subject to change due to inflation, technology changes and applicable legal or regulatory requirements.

Total closure and postclosure costs for the Cinderlake Landfill, which is still operating, are currently estimated to be \$13,460,642, all of which represents future expenses. \$10,378,347 has been recorded as a liability and restricted liability in the accompanying financial statements representing costs associated with the cumulative capacity used to date (77% of the total landfill capacity used as of June 30, 2000). The remaining \$3,082,295 will be accrued over the remaining life of the landfill, which is currently estimated to be 7 years. The accrual for these closure and postclosure costs for fiscal year 2000 was \$717,858. Based on current estimates for closure and post-closure landfill costs, the City is setting aside legally restricted funds to insure sufficient funds will be available to meet these requirements. The City makes annual contributions to finance closure and postclosure costs. At June 30, 2000 the balance of the investments held for those purposes is \$2,531,725. These investments are reported as restricted cash and investments in the City's Environmental Services Fund, and are held by the State of Arizona's Local Government Investment Pool.

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, postclosure and corrective action when needed. The City, which has pledged its full faith and credit to meet state financial responsibility requirements, is in compliance with these requirements.

In March of 1999, the City purchased 343.9 acres of land from the 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 postclosure requirements will be accrued.

#### Bonds Payable - Excluding Refunded Debt

The following is a summary of bond transactions of the City for the year ended June 30, 2000:

	General Obligation	Water and Wastewater General Obligation	Airport General Obligation	Special Assessments	Street Construction Revenue	Total
Bonds Payable June 30, 1999	\$ 9,860,000	32,903,746	2,570,000	1,055,000	21,845,000	68,233,746
New Liability	-	35,715	-	720,000	-	755,715
Bonds retired or refunded	<u>(945,000)</u>	<u>(3,350,000)</u>	<u>(170,000)</u>	<u>(155,000)</u>	<u>(1,290,000)</u>	<u>(5,910,000)</u>
Total bonds payable June 30, 2000	8,915,000	29,589,461	2,400,000	1,620,000	20,555,000	63,079,461
Debt to be retired July 1, 2000	<u>735,000</u>	<u>3,490,000</u>	<u>180,000</u>	<u>-</u>	<u>1,375,000</u>	<u>5,780,000</u>
Long-term bonds payable June 30, 2000	<u>\$ 8,180,000</u>	<u>26,099,461</u>	<u>2,220,000</u>	<u>1,620,000</u>	<u>19,180,000</u>	<u>57,299,461</u>

The Water and Wastewater General Obligation Bonds are backed by the ultimate taxing power and general revenues of the City; however, these bonds are 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 Fund.

Bonds payable at June 30, 2000, are comprised of the following individual issues:

General Obligation Bonds:

General Purpose:

\$3,110,000 Library Refunding Bonds, Series C (1991) serial bonds due in annual installments of \$240,000 to \$450,000 through July 1, 2000; interest at 4.4% to 8.0%.	\$ 450,000
\$5,500,000 Public Safety Bonds, Series 1997 due in annual installments of \$835,000 to \$1,105,000, July 1, 2001 through July 1, 2005; interest at 4.7% to 6.5%.	5,500,000
\$4,000,000 Parks and Recreation Bonds, Series 1997 due in annual installments of \$210,000 to \$530,000 through July 1, 2008; interest rate at 4.6% to 6.5%.	<u>2,965,000</u>
	<u>\$ 8,915,000</u>

Water and Wastewater:

\$19,000,000 Wastewater Improvement Project of 1991 Series A (1991) due in annual installments of \$50,000 to \$2,595,000 through July 1, 2009; interest at 4.5% to 8.5%.	\$ 8,510,000
\$924,240 Wastewater Improvement Project of 1991 Capital Appreciation Bonds due in three installments: \$595,827 due July 1, 1997, plus interest at 5.8%; \$124,349 due July 1, 2002, plus interest at 6.3%; \$204,064 due July 1, 2007, plus interest at 6.75%. Shown at combined accreted value.	569,461
\$20,085,000 Water and Wastewater Improvement Refunding Bonds, Series C (1991) due in annual installments of \$784,000 to \$2,340,000 through July 1, 2006; interest at 4.4% to 8.0%.	7,325,000
\$6,000,000 Water Improvement Project Bonds Series 1993, due in annual installments of \$90,000 to \$930,000 through July 1, 2013; interest at 4.75% to 6.75%.	5,185,000
\$8,000,000 Water Improvement Project Bonds Series 1997, due in annual installments of \$185,000 to \$1,680,000, July 1, 2002 and July 1, 2007 through July 1, 2013; interest at 4.5% to 6.5%.	<u>8,000,000</u>
	<u>\$ 29,589,461</u>

Airport:

\$3,450,000 Airport Improvement Project of 1991 Series A (1991)  
 due in annual installments of \$95,000 to \$305,000 through  
 July 1, 2009; interest at 4.5% to 8.5% \$ 2,400,000

Revenue Bonds:

Street Construction:

\$5,580,000 Junior Lien Street and Highway User Revenue Bonds,  
 Series 1992 serial bonds due in installments of \$350,000 to  
 \$1,725,000 July 1, 2008 through July 1, 2012; interest at 6.12%. \$ 5,580,000

\$16,845,000 Street and Highway Revenue Refunding Bonds Series  
 1993 serial bonds due in installments of \$95,000 to \$1,880,000  
 through July 1, 2009; interest at 3.4% to 4.75%. 14,975,000  
\$ 20,555,000

Special Assessment Bonds:

\$1,525,000 1994 Improvement District series bonds due in annual  
 installments of \$55,000 to \$200,000, January 1, 1996 through  
 January 1, 2005; interest at 5.7%. \$ 900,000

\$720,000 1999 Improvement District series bonds due in annual  
 installments of \$43,000 to \$94,000, January 1, 2001 through  
 January 1, 2010; interest at 4.9%. 720,000  
\$ 1,620,000

Statutory Debt Limitation:

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, parks and open space purposes may not exceed 20 percent of a City's net assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6 percent of a City's net assessed valuation.

The following is a summary of legal borrowing capacity:

Water, Sewer, Light, Parks and Open Space Purpose Bonds	All other General Obligation Bonds
20 percent constitutional limit <span style="float: right;">\$ 77,113,240</span>	6 percent constitutional limit <span style="float: right;">\$ 23,133,972</span>
Net such general obligation bonds outstanding <span style="float: right;"><u>28,779,461</u></span>	Net such general obligation bonds outstanding <span style="float: right;"><u>7,720,000</u></span>
Available 20 percent limitation borrowing capacity <span style="float: right;"><u>\$ 48,333,779</u></span>	Available 6 percent limitation borrowing capacity <span style="float: right;"><u>\$ 15,413,972</u></span>

On June 30, 2000, the City had authorized but unissued bonds approved by the voters: General Obligation-- \$10,975,760 of which \$4,200,000 is for Recreation and \$6,775,760 is for Water and Wastewater.

There are also a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all limitations and restrictions. The City has no sinking fund requirements.

### Debt Service Requirements to Maturity

The following is a summary of debt service cash requirements to maturity for all bonds and loans payable as of June 30, 2000.

Fiscal Year Ending June 30	General Obligation	Water and Wastewater General Obligation	Airport General Obligation	Special Assessments	Street Construction Revenue	ADEQ Loan Payable	ADOT Loan Payable	Total
2001	\$ 1,538,255	2,900,763	319,080	283,967	2,380,133	418,432	54,949	7,895,579
2002	1,642,730	3,131,189	317,575	298,063	2,390,492	418,432	54,949	8,253,430
2003	1,750,830	2,913,735	315,275	300,074	2,401,423	418,432	54,949	8,154,718
2004	1,876,580	2,920,710	317,375	301,270	2,402,562	418,432	54,949	8,291,878
2005	1,639,760	2,907,110	318,575	297,750	2,398,988	418,432	54,949	8,035,564
2006-2017	<u>1,310,760</u>	<u>21,001,096</u>	<u>1,272,650</u>	<u>468,287</u>	<u>13,877,890</u>	<u>2,929,019</u>	<u>631,915</u>	<u>41,491,617</u>
	9,758,915	35,774,603	2,860,530	1,949,411	25,851,488	5,021,179	906,660	82,122,786
Less amounts representing interest	<u>1,578,915</u>	<u>9,675,142</u>	<u>640,530</u>	<u>329,411</u>	<u>6,671,488</u>	<u>954,314</u>	<u>317,409</u>	<u>20,167,209</u>
Net amount outstanding	<u>\$ 8,180,000</u>	<u>26,099,461</u>	<u>2,220,000</u>	<u>1,620,000</u>	<u>19,180,000</u>	<u>4,066,865</u>	<u>589,251</u>	<u>61,955,577</u>

### Advance Refundings

In prior years the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the City's General Long-Term Debt Account group. As of June 30, 2000, the amount of defeased debt outstanding but removed from the General Long-Term Debt Account Group was as follows:

Library General Obligation Bonds, Project of 1985 (1985),  
dated October 1, 1985 \$ 475,000

Water and Sewer General Obligation Bonds, Project of 1986  
(1986), dated June 16, 1986. Issues maturing after  
December, 1993 were refunded. 7,405,000

Street and Highway Revenue Bonds, Project of 1988 (1988),  
Dated May 1, 1988. Issues maturing after December,  
1997 were refunded. 5,675,000

Street and Highway Revenue Bonds, Project of 1990 (1990),  
dated June 1, 1990. Issues maturing after December,  
1999 were refunded. 7,855,000  
\$ 21,410,000

### G Contributed Capital

Contributed capital is recorded in enterprise funds that have received capital grants or contributions from developers, customers, or other funds.

During the year contributed capital changed by the following amounts:

	Water and Wastewater Fund	Airport Fund	Environmental Services Fund	Total
Contributed Capital July 1, 1999	\$ 69,542,712	21,034,107	1,065,387	91,642,206
Contributing Sources/Uses				
Grant Contributions	-	1,152,639	-	1,152,639
Amortization	(693,342)	(793,637)	-	(1,486,979)
Contractors - System Construction	2,079,236	-	-	2,079,236
Contributed Capital - June 30, 2000	<u>\$ 70,928,606</u>	<u>21,393,109</u>	<u>1,065,387</u>	<u>93,387,102</u>

### H Arbitrage Liability

The City has an arbitrage liability recorded as of June 30, 2000 in the amount of \$210,154 related to the General Obligation Bonds, Series 1997. The liability was allocated to the funds that use and earn interest on the proceeds. The outstanding rebateable arbitrage is as follows:

Fund	Total Liability
Recreation Fund	\$ 59,618
Public Safety Bond Fund	72,948
Water and Wastewater Fund	77,588
Total	<u>\$ 210,154</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, \$25,000 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, 2000 have potential exposure to the City of approximately \$105,000 based on the requirements of Governmental Accounting Standards Board Statement No. 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 retained earnings of the Internal Service Fund are 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>
1997-98	\$ 322,000	90,738	207,738	205,000
1998-99	205,000	115,079	207,079	113,000
1999-2000	113,000	161,683	169,683	105,000

The City of Flagstaff participates in a risk sharing pool for employee health care, through 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 Contingent Liabilities

The City is aware of existing environmental contamination at various sites and facilities. The City has annually budgeted monies for these purposes and includes remediation activities in its annual work program.

### C Segment Information -- Enterprise Funds

The City maintains three enterprise funds, which provide water and wastewater distribution and collection, an airport facility and an environmental services operation. Selected segment information for the year ended June 30, 2000 is as follows:

	Water and Wastewater	Airport	Environmental Services	Total
Operating Revenues	\$ 16,344,629	852,405	6,424,517	23,621,551
Depreciation and Amortization	4,667,823	1,353,215	576,502	6,597,540
Operating Income (Loss)	3,365,620	(1,604,474)	1,567,228	3,328,374
Operating Grants	-	-	14,597	14,597
Operating Transfers In (Out)	-	612,172	(247,027)	365,145
Net Income (Loss)	3,964,073	(1,103,347)	1,747,665	4,608,391
Current Capital Contributions	2,079,236	1,152,639	-	3,231,875
Fixed Asset Additions	5,262,128	1,275,657	1,214,768	7,752,553
Fixed Asset Deletions	129,239	8,084	7,383	144,706
Net Working Capital	16,201,458	517,180	6,107,620	22,826,258
Total Assets	181,780,284	21,741,630	14,881,343	218,403,257
Bonds Payable	26,099,461	2,220,000	-	28,319,461
Total Equity	145,975,452	18,011,591	4,297,827	168,284,870

## D Interfund Transfers

The following is a summary of the interfund transfers for the fiscal year:

Operating Transfers Out From:		Operating Transfers In To:	
General Fund	\$ 6,861,344	Library Fund	\$ 1,067,551
		Highway User Revenue Fund	2,395,308
		Economic Development Fund	5,000
		Arts and Science Fund	64,354
		Real Estate Proceeds Funds	150,000
		Community Redevelopment Fund	250,000
		General Capital Projects Fund	2,400,000
		Airport Fund	385,000
		Environmental Services Fund	144,131
Highway User Revenue Fund	500,000	General Fund	500,000
Beautification Fund	188,721	General Fund	150,201
		Environmental Services Fund	38,520
Tourism Fund	6,238	General Fund	6,238
Recreation Fund	682,680	General Fund	416,284
		General Obligation Bond Fund	156,396
		Beautification Fund	110,000
Secondary Property Tax Fund	3,708,864	General Obligation Bond Fund	1,086,384
		Water and Wastewater Fund	2,395,308
		Airport Fund	227,172
Water and Wastewater Fund	2,395,308	General Fund	2,395,308
Environmental Services Fund	429,678	General Fund	429,678
	<u>\$ 14,772,833</u>		<u>\$ 14,772,833</u>

## **E Retained Earnings**

All reservations of enterprise fund retained earnings are legal reserves required under bond indenture and are referred to, in title, as specified in the indentures.

## **F Committed Construction**

At June 30, 2000 there were major uncompleted construction contracts in the Highway Users Revenue Fund, Real Estate Proceeds Fund, Public Safety Bond Fund, Water and Wastewater Fund and Environmental Services Fund. The amounts were \$1,329,920 for General Street Improvements, \$292,774 for Environmental Remediation, \$9,197 for Park Improvements, \$3,409,809 for Water and Wastewater Fund, \$63,654 for Environmental Services and \$441,087 for construction of a new Police Facility. The Police Facility includes \$196,195 that will be reimbursed by Coconino County for the portion of the contract related to the County Sheriff Facility.

## **G Deferred Compensation Plan**

The City offers its employees a deferred compensation plan established in accordance with Internal Revenue Code Section 457. In prior years the Internal Revenue Code specified that the plan's assets were the property of the City until paid or made available to participants, subject only on an equal basis to the claims of the City's general creditors. Therefore, the plan's assets were recorded in an Agency Fund. A 1996 federal law now requires all assets and income of Internal Revenue Code Section 457 deferred compensation plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of the participants and their beneficiaries.

Assets of the City's plan are administered by a private corporation under contract with the City. The plan was originally set up in compliance with the new federal law. Consequently, the plan's assets and liabilities have been excluded from the City's general purpose financial statements.

## **H Retirement and Pension Plans**

**Plan Descriptions** - The City contributes to the four plans described below. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits.

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.

The *Public Safety Personnel Retirement System* (PSPRS) is an agent multiple-employer defined benefit pension plan 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 five-member board, known as The Fund Manager, and 162 local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The *Elected Officials Retirement Plan* (EORP) is a cost-sharing multiple-employer defined benefit pension plan that covers elected officials and judges of certain state and local governments. The EORP is governed by The Fund Manager of 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 may 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

PSPRS and EORP

1020 E. Missouri Ave.  
Phoenix, AZ 85014  
  
(602) 255-5575

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

*Cost Sharing Plans* - For the year ended June 30, 2000, active ASRS members and the City were each required by statute to contribute at the actuarially determined rate of 3.34% (2.85% retirement and 0.49% long-term disability) of the members' annual covered payroll. The City's contributions to ASRS for the years ended June 30, 2000, 1999, and 1998 were \$443,402, \$461,354 and \$468,118, respectively, which were equal to the required contributions for the year.

In addition, active EORP members were required by statute to contribute 7.00% of the members' annual covered payroll. The City was required to contribute 10.22% of the members' annual covered payroll, as determined by actuarial valuation. The City's contributions to EORP for the years ended June 30, 2000, 1999, and 1998 were \$2,641, \$2,423, and \$3,404 respectively, which were equal to the required contributions for the year. In addition, a payment of \$4,220 was made in each year as an installment due for its unfunded accrued liability.

*Agent Plan* - For the year ended June 30, 2000, active PSPRS members were required by statute to contribute 7.65% of the members' annual covered payroll, and the City was required to contribute at the actuarially determined rate of 7.13% and 0.00 % for Police and Fire respectively.

**Annual Pension Cost** - The City's pension cost for the agent plan for the year ended June 30, 1999, the date of the most recent actuarial valuation, and related information follow.

<u>Contribution rates:</u>	<u>PSPRS</u>
City – Police	4.23%
City – Fire	.94%
Plan members	7.65%
Annual pension cost	\$ 303,651
Contributions made	\$ 303,651
Actuarial valuation date	6/30/99
Actuarial cost method	Entry age
Actuarial assumptions:	
Investment rate of return	9.0%
Projected salary increases	6.5% - 9.5%
Includes inflation at	5.5%
Cost-of-living adjustments	None
Amortization method	Level percentage open
Remaining amortization period from 7-1-99	20 years
Asset valuation method	4-year smoothed market

**Trend Information** - Information for the agent plan as of most recent actuarial valuations follows.

**Contributions Required and Contributions Made**

<u>Plan</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PSPRS 1999			
Police	\$ 213,815	100%	\$ -0-
Fire	89,836	100%	-0-
PSPRS 1998			
Police	300,643	100%	-0-
Fire	77,417	100%	-0-
PSPRS 1997			
Police	341,140	100%	-0-
Fire	145,390	100%	-0-

**Funding Progress** - An analysis of funding progress for each of the agent plans as of the most recent actuarial valuations, June 30, 1999, follows.

Valuation Date June 30, 1999	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Percent Funded (1) / (2)	(4) Unfunded AAL (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded AAL as a Percentage of Covered Payroll (4) / (5)
PSPRS 1999						
Police	\$ 18,940,063	\$ 16,998,084	111.4%	\$ (1,941,979)	\$ 3,637,417	-%
Fire	26,556,266	19,734,031	134.6%	(6,822,235)	3,748,130	-%
PSPRS 1998						
Police	16,342,484	14,986,111	109.1%	(1,356,373)	3,635,373	-%
Fire	23,059,030	17,691,792	130.3%	(5,367,238)	3,486,271	-%
PSPRS 1997						
Police	14,995,162	14,403,900	104.1%	(591,262)	3,556,779	-%
Fire	21,252,240	16,641,889	127.7%	(4,610,351)	3,348,120	-%

#### VOLUNTEER FIREMEN'S RELIEF AND PENSION FUND

The Volunteer Firemen's Relief and Pension Fund ("Fund") is a single-employer defined benefit pension trust fund administered by the City. A fireman having served as a member of the City's Fire Department prior to 1978, and who is not a paid member of a fire department or a member of the Public Safety Retirement System, is eligible to receive benefits.

The fund does not issue a stand-alone report or is included in any other report than the City's.

A fireman who has served for 25 years or more, or who has reached sixty years of age, and served twenty years or more, shall be paid a monthly pension not to exceed \$250 per month based on the benefits available to members of the fire department as determined by the board of trustees. Such pension may be increased or decreased in amount, or discontinued at the discretion of the Fund's board of trustees. The Fund's funding provisions and all other requirements are established by state statute.

At June 30, 2000, the number of firemen covered by the Fund was classified as follows:

Retirees and beneficiaries currently receiving benefits		4
Active employees:	Non-vested	<u>3</u>
	Total covered firemen	<u>7</u>

**Funding Status and Progress:**

Per state statute there is no requirement that an actuarial valuation be performed to determine that the Volunteer Firemen's Relief and Pension Fund is fully funded. If the funds provided in the Fund are insufficient to pay fully the pensions authorized pursuant to the statute, the fund shall be prorated among those entitled thereto.

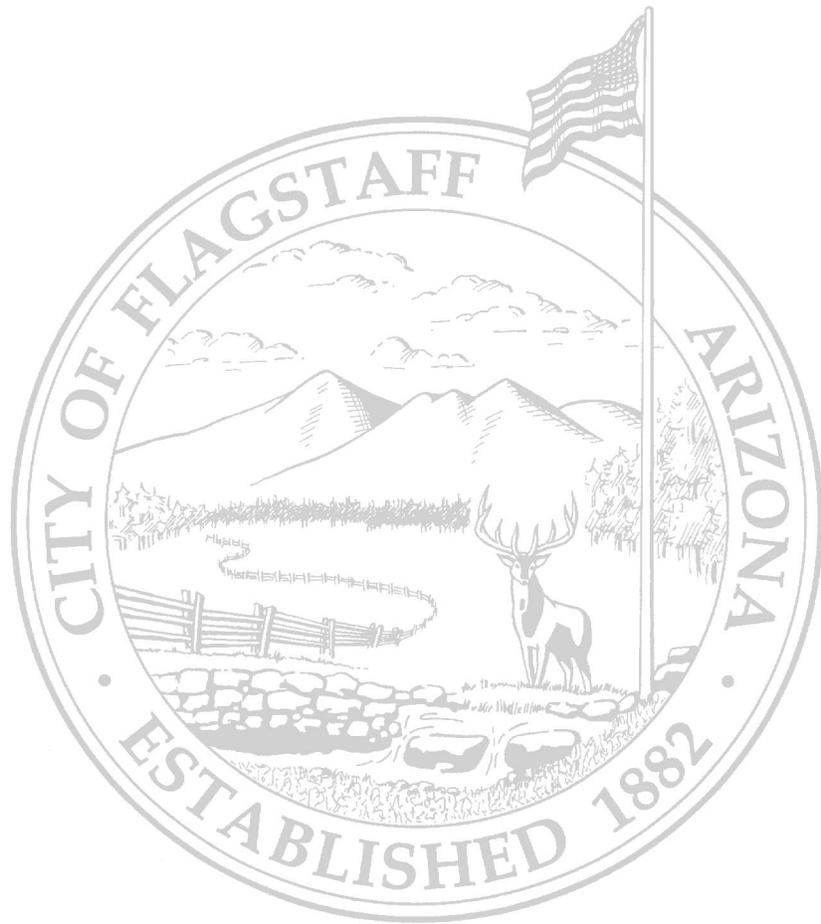
**Contributions:**

State statute requires a 5% contribution of annual compensation each from the City and the employee. Because no compensation was paid by the City to volunteer firemen, no contribution was made during the current fiscal year. No member or City contributions have been made to this fund since fiscal year ended June 30, 1979.

**Trend Information:**

Trend information for ten years is presented below:

Fiscal Year June 30	Net Assets Available for Benefits	Revenues				Expenses
		Employee Contributions	Employer Contributions	Investment Income	Other Income	Benefit Payments
1991	\$ 196,209	-	-	13,903	-	6,150
1992	199,106	-	-	9,547	-	6,650
1993	199,578	-	-	6,020	219	4,800
1994	202,469	-	-	7,533	158	4,800
1995	209,232	-	-	11,396	166	4,800
1996	211,198	-	-	11,390	177	9,601
1997	213,721	-	-	11,922	201	9,600
1998	216,843	-	-	12,332	390	9,600
1999	218,401	-	-	11,068	89	9,600
2000	221,678	-	-	12,877	-	9,600



The General Fund accounts for all revenues and expenditures used to finance the traditional services associated with a municipal government that are not accounted for in other funds. In Flagstaff, these services include general government, parks and recreation, public safety, public works, cemetery, community development, health, criminal justice, and any other activity for which a special fund has not been created.

**GENERAL FUND**

**GENERAL FUND**

City of Flagstaff  
General Fund  
Comparative Balance Sheets  
June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 16,360,101	13,963,410
Cash with Fiscal Agent	154	158,622
Intergovernmental Receivable	96,946	19,950
Accounts Receivable (Net)	1,787,222	1,738,364
Interest Receivable	251,967	137,261
Sales Tax Receivable	1,837,729	1,644,956
Grants Receivable	421,174	170,098
Restricted Assets:		
Cash and Cash Equivalents	65,243	30,678
Inventory	186,768	133,533
Contractor Performance Bonds	1,164,201	904,743
Miscellaneous Assets	9,736	17,322
<b>Total Assets</b>	<b><u>\$ 22,181,241</u></b>	<b><u>18,918,937</u></b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 1,516,839	1,826,761
Accrued Wages and Payroll Taxes	658,814	1,197,638
Payable From Restricted Assets:		
Grant Revenue in Advance	65,243	30,678
Guaranty and Other Deposits	1,841,822	1,719,592
Deferred Revenue	544,757	556,333
<b>Total Liabilities</b>	<b><u>4,627,475</u></b>	<b><u>5,331,002</u></b>
<b>Fund Balances:</b>		
Reserved for Inventory	186,768	133,533
Unreserved	17,366,998	13,454,402
<b>Total Fund Balances</b>	<b><u>17,553,766</u></b>	<b><u>13,587,935</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 22,181,241</u></b>	<b><u>18,918,937</u></b>

Exhibit B-2

City of Flagstaff  
 General Fund  
 Statement of Revenues, Expenditures and  
 Changes in Fund Balances-Budget and Actual  
 For the Fiscal Year Ended June 30, 2000  
 (With Comparative Actual for the Fiscal Year Ended June 30, 1999)

	2000			1999
	Budget	Actual	Variance	Actual
<b>Revenues:</b>				
Taxes	\$ 13,666,407	14,775,220	1,108,813	13,507,752
Licenses and Permits	953,851	1,324,340	370,489	1,335,184
Intergovernmental	12,484,131	13,506,709	1,022,578	12,415,342
Charges for Services	804,493	1,030,249	225,756	837,373
Fines and Forfeitures	862,868	837,695	(25,173)	838,306
<b>Miscellaneous:</b>				
Interest	300,000	981,477	681,477	580,266
Sale of Fixed Assets	32,595	36,869	4,274	31,043
Miscellaneous	470,609	390,707	(79,902)	405,664
<b>Total Revenues</b>	<b>29,574,954</b>	<b>32,883,266</b>	<b>3,308,312</b>	<b>29,950,930</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General Government:</b>				
Manager	234,513	230,505	4,008	174,467
Attorney	493,994	423,757	70,237	374,908
Data Processing	421,768	409,977	11,791	322,974
Administrative Services	366,701	340,034	26,667	290,138
Finance and Budget	237,222	232,434	4,788	213,553
Human Resources	242,540	225,235	17,305	226,944
Sales Tax	351,666	351,945	(279)	326,327
City Clerk	216,236	188,102	28,134	41,360
Council and Commission	77,083	67,786	9,297	51,944
Non Departmental	1,727,394	1,286,108	441,286	2,223,512
<b>Total General Government</b>	<b>4,369,117</b>	<b>3,755,883</b>	<b>613,234</b>	<b>4,246,127</b>
Contingencies	400,000	61,512	338,488	6,067
<b>Parks and Recreation:</b>				
Parks	1,845,508	1,708,780	136,728	1,522,465
Recreation	2,206,102	1,778,128	427,974	1,664,381
<b>Total Parks and Recreation</b>	<b>4,051,610</b>	<b>3,486,908</b>	<b>564,702</b>	<b>3,186,846</b>
<b>Public Safety:</b>				
Fire	5,638,568	5,436,530	202,038	5,531,915
Police	8,721,403	8,097,346	624,057	7,767,179
<b>Total Public Safety</b>	<b>14,359,971</b>	<b>13,533,876</b>	<b>826,095</b>	<b>13,299,094</b>

City of Flagstaff  
General Fund  
Statement of Revenues, Expenditures and  
Changes in Fund Balances-Budget and Actual - Continued  
For the Fiscal Year Ended June 30, 2000  
(With Comparative Actual for the Fiscal Year Ended June 30, 1999)

	2000			1999
	Budget	Actual	Variance	Actual
Public Works:				
Shop	65,766	49,945	15,821	57,838
Facilities Maintenance	775,838	563,112	212,726	541,772
Administration	39,333	45,568	(6,235)	66,599
USGS Facilities	143,236	69,139	74,097	86,568
Total Public Works	<u>1,024,173</u>	<u>727,764</u>	<u>296,409</u>	<u>752,777</u>
Cemetery	<u>188,288</u>	<u>148,980</u>	<u>39,308</u>	<u>136,259</u>
Community Development:				
Planning	464,191	406,497	57,694	455,118
Drainage	3,442,680	537,297	2,905,383	--
Building Inspection	655,700	638,893	16,807	585,273
Engineering	614,584	513,681	100,903	189,239
Administration	133,030	122,436	10,594	107,501
Total Community Development	<u>5,310,185</u>	<u>2,218,804</u>	<u>3,091,381</u>	<u>1,337,131</u>
Contributions to Other Agencies	<u>1,298,301</u>	<u>998,422</u>	<u>299,879</u>	<u>1,068,915</u>
Criminal Justice	<u>1,033,271</u>	<u>1,021,651</u>	<u>11,620</u>	<u>920,826</u>
Total Expenditures	<u>32,034,916</u>	<u>25,953,800</u>	<u>6,081,116</u>	<u>24,954,042</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,459,962)</u>	<u>6,929,466</u>	<u>9,389,428</u>	<u>4,996,888</u>

Exhibit B-2

City of Flagstaff  
 General Fund  
 Statement of Revenues, Expenditures and  
 Changes in Fund Balances-Budget and Actual - Continued  
 For the Fiscal Year Ended June 30, 2000  
 (With Comparative Actual for the Fiscal Year Ended June 30, 1999)

	2000			1999
	Budget	Actual	Variance	Actual
Other Financing Sources (Uses):				
Operating Transfer - In	3,946,607	3,897,709	(48,898)	4,161,716
Lease Proceeds	--	--	--	898,000
Operating Transfer - Out	<u>(7,110,574)</u>	<u>(6,861,344)</u>	<u>249,230</u>	<u>(4,721,118)</u>
Total Other Financing Sources (Uses)	<u>(3,163,967)</u>	<u>(2,963,635)</u>	<u>200,332</u>	<u>338,598</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(5,623,929)	3,965,831	9,589,760	5,335,486
Fund Balances at Beginning of Year	<u>11,304,288</u>	<u>13,587,935</u>	<u>2,283,647</u>	<u>8,252,449</u>
Fund Balances at End of Year	<u>\$ 5,680,359</u>	<u>17,553,766</u>	<u>11,873,407</u>	<u>13,587,935</u>

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.

**Highway User Revenue Fund**

This Fund receives and expends the City's allocation of the Highway User Revenue money. The amount available to each City is allocated on a population basis that is determined by the latest Federal census. Money allocated to this Fund must be used for street construction, reconstruction and maintenance.

**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.

**Real Estate Proceeds Fund**

This Fund was established by the City Council by resolution in fiscal year 1985-86 to account for the proceeds received from the sale of excess real estate.

**Beautification, Economic Development, Tourism, Arts & Science, Recreation**

These five funds were established to account for the Bed, Board and Booze Tax revenue approved by the voters March 3, 1988, and extended March 1996. When this tax was extended, it was designated that it would be distributed on a percentage basis as follows: 20% Beautification; 9.5% Economic Development; 30% Tourism; 7.5% for Arts & Science and 33% for Recreation.

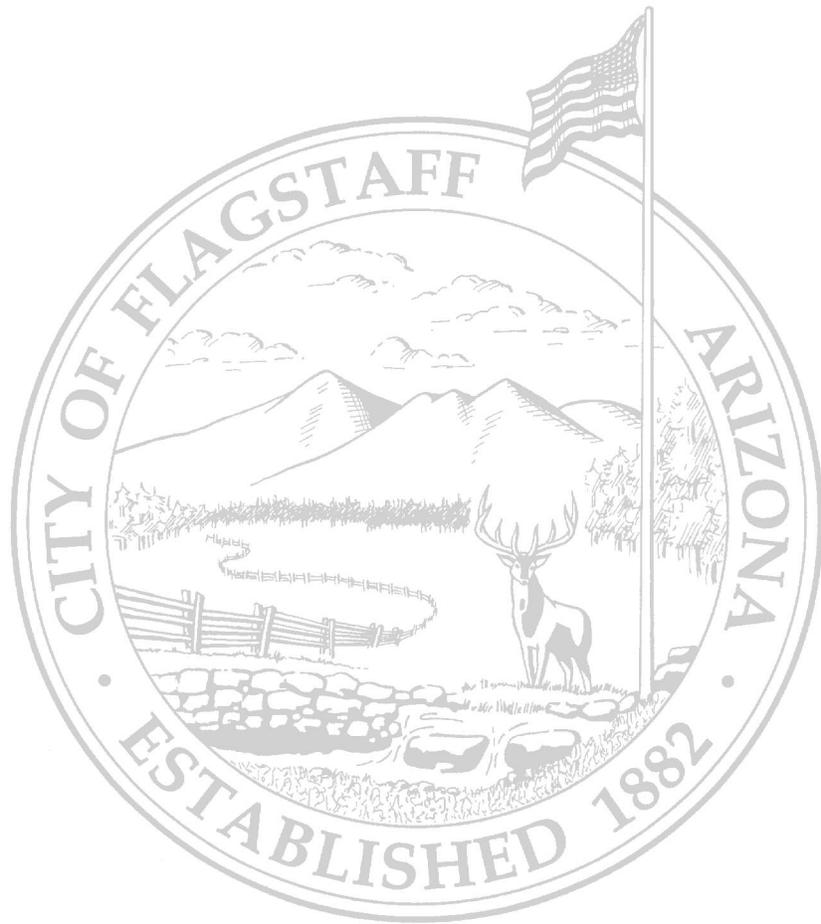
**Community Redevelopment**

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

**Metropolitan Planning Organization**

This fund was established in fiscal year 1997 to account for funding derived from the City's status as a Metropolitan Planning Organization.

**SPECIAL REVENUE FUNDS**



City of Flagstaff  
 Special Revenue Funds  
 Combining Balance Sheet  
 June 30, 2000  
 (With Comparative Totals for June 30, 1999)

	Highway User Revenue Fund	Library Fund	Real Estate Proceeds Fund	Beautification Fund	Economic Development Fund
<b>Assets</b>					
Cash and Cash Equivalents	\$ 9,436,902	1,030,148	932,872	1,012,408	103,325
Cash with Fiscal Agent	1,883,254	--	--	--	--
Receivable from Sale of Property	--	--	143,238	--	--
Accounts Receivable (Net)	679,178	45,610	863	100,042	125,440
Interest Receivable	147,270	--	--	--	--
Grants Receivable	42,435	--	--	31,183	--
Interfund Receivable	500,000	--	--	--	--
Restricted Assets:					
Cash and Cash Equivalents	--	--	--	30,030	--
<b>Total Assets</b>	<b>\$ 12,689,039</b>	<b>1,075,758</b>	<b>1,076,973</b>	<b>1,173,663</b>	<b>228,765</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 740,713	11,251	105,037	7,490	56,335
Accrued Wages and Payroll Taxes	41,723	28,684	--	1,620	--
Payable From Restricted Assets:	--	--	--	--	--
Grant Revenue in Advance	--	--	--	30,030	--
Guaranty and Other Deposits	--	65,943	--	--	--
Interfund Payable	--	--	--	--	--
Deferred Revenue	--	--	143,238	--	--
Arbitrage Liability	--	--	--	--	--
Interest Payable	508,254	--	--	--	--
Current Bonds Payable	1,375,000	--	--	--	--
<b>Total Liabilities</b>	<b>2,665,690</b>	<b>105,878</b>	<b>248,275</b>	<b>39,140</b>	<b>56,335</b>
<b>Fund Balances:</b>					
Unreserved	10,023,349	969,880	828,698	1,134,523	172,430
<b>Total Liabilities and Fund Balances</b>	<b>\$ 12,689,039</b>	<b>1,075,758</b>	<b>1,076,973</b>	<b>1,173,663</b>	<b>228,765</b>

Tourism Fund	Arts and Science Fund	Recreation Fund	Community Redevelopment Fund	Metropolitan Planning Organization Fund	Total	
					2000	1999
801,563	136,928	2,917,065	266,536	553	16,638,300	18,014,115
--	--	--	--	--	1,883,254	--
--	--	--	--	--	143,238	143,238
4,111	--	--	582	--	955,826	1,467,785
--	--	17,759	--	--	165,029	109,788
33,349	--	--	176,863	101,194	385,024	330,201
--	--	--	--	--	500,000	370,000
--	--	--	--	--	30,030	105,377
<u>839,023</u>	<u>136,928</u>	<u>2,934,824</u>	<u>443,981</u>	<u>101,747</u>	<u>20,700,701</u>	<u>20,540,504</u>
1,684	58,994	63,009	31,369	309	1,076,191	1,915,808
5,220	--	--	--	1,438	78,685	162,964
--	--	--	--	--	--	--
--	--	--	--	--	30,030	105,377
--	--	--	--	--	65,943	65,943
--	--	--	--	100,000	100,000	160,000
--	--	--	--	--	143,238	143,238
--	--	59,618	--	--	59,618	48,463
--	--	--	--	--	508,254	541,074
--	--	--	--	--	1,375,000	1,290,000
<u>6,904</u>	<u>58,994</u>	<u>122,627</u>	<u>31,369</u>	<u>101,747</u>	<u>3,436,959</u>	<u>4,432,867</u>
<u>832,119</u>	<u>77,934</u>	<u>2,812,197</u>	<u>412,612</u>	<u>--</u>	<u>17,263,742</u>	<u>16,107,637</u>
<u>839,023</u>	<u>136,928</u>	<u>2,934,824</u>	<u>443,981</u>	<u>101,747</u>	<u>20,700,701</u>	<u>20,540,504</u>

City of Flagstaff  
 Special Revenue Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balances  
 For the Fiscal Year Ended June 30, 2000  
 (With Comparative Totals for the Fiscal Year Ended June 30, 1999)

	Highway User Revenue Fund	Library Fund	Real Estate Proceeds Fund	Beautification Fund	Economic Development Fund
<b>Revenues:</b>					
Taxes	\$ --	--	--	726,964	355,308
Intergovernmental	8,149,356	1,100,315	--	258,057	--
Miscellaneous	584,267	52,398	1,298,584	109,487	7,290
<b>Total Revenues</b>	<b>8,733,623</b>	<b>1,152,713</b>	<b>1,298,584</b>	<b>1,094,508</b>	<b>362,598</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Highway and Streets	6,913,718	--	--	--	--
Library	--	2,109,557	--	--	--
Real Estate Proceeds	--	--	1,434,985	--	--
Beautification	--	--	--	716,496	--
Economic Development	--	--	--	--	334,232
Tourism	--	--	--	--	--
Arts and Science	--	--	--	--	--
Recreation	--	--	--	--	--
Community Redevelopment	--	--	--	--	--
<b>Debt Service:</b>					
Principal Retirement	1,375,000	--	--	--	--
Interest and Fiscal Charges	1,018,235	--	--	--	--
<b>Total Expenditures</b>	<b>9,306,953</b>	<b>2,109,557</b>	<b>1,434,985</b>	<b>716,496</b>	<b>334,232</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(573,330)</b>	<b>(956,844)</b>	<b>(136,401)</b>	<b>378,012</b>	<b>28,366</b>
<b>Other Financing Sources (Uses):</b>					
Operating Transfers - In	2,395,308	1,067,551	150,000	110,000	5,000
Operating Transfers - Out	(500,000)	--	--	(188,721)	--
<b>Total Other Financing Sources (Uses)</b>	<b>1,895,308</b>	<b>1,067,551</b>	<b>150,000</b>	<b>(78,721)</b>	<b>5,000</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>1,321,978</b>	<b>110,707</b>	<b>13,599</b>	<b>299,291</b>	<b>33,366</b>
<b>Fund Balances Beginning of Year</b>	<b>8,701,371</b>	<b>859,173</b>	<b>815,099</b>	<b>835,232</b>	<b>139,064</b>
<b>Fund Balances End of Year</b>	<b>\$ 10,023,349</b>	<b>969,880</b>	<b>828,698</b>	<b>1,134,523</b>	<b>172,430</b>

Tourism Fund	Arts and Science Fund	Recreation Fund	Community Redevelopment Fund	Metropolitan Planning Organization Fund	Total	
					2000	1999
1,090,447	272,612	1,199,491	--	--	3,644,822	3,536,803
57,111	--	--	570,843	128,390	10,264,072	10,022,417
183,546	8,822	171,260	75,476	--	2,491,130	1,019,819
<u>1,331,104</u>	<u>281,434</u>	<u>1,370,751</u>	<u>646,319</u>	<u>128,390</u>	<u>16,400,024</u>	<u>14,579,039</u>
--	--	--	--	128,390	7,042,108	5,536,908
--	--	--	--	--	2,109,557	2,067,739
--	--	--	--	--	1,434,985	1,685,482
--	--	--	--	--	716,496	409,888
--	--	--	--	--	334,232	387,041
1,130,972	--	--	--	--	1,130,972	1,049,352
--	354,655	--	--	--	354,655	347,941
--	--	1,634,909	--	--	1,634,909	1,386,059
--	--	--	757,344	--	757,344	1,227,353
--	--	--	--	--	1,375,000	1,290,000
--	--	--	--	--	1,018,235	1,086,248
<u>1,130,972</u>	<u>354,655</u>	<u>1,634,909</u>	<u>757,344</u>	<u>128,390</u>	<u>17,908,493</u>	<u>16,474,011</u>
<u>200,132</u>	<u>(73,221)</u>	<u>(264,158)</u>	<u>(111,025)</u>	<u>--</u>	<u>(1,508,469)</u>	<u>(1,894,972)</u>
--	64,354	--	250,000	--	4,042,213	4,203,675
(6,238)	--	(682,680)	--	--	(1,377,639)	(1,934,478)
<u>(6,238)</u>	<u>64,354</u>	<u>(682,680)</u>	<u>250,000</u>	<u>--</u>	<u>2,664,574</u>	<u>2,269,197</u>
193,894	(8,867)	(946,838)	138,975	--	1,156,105	374,225
<u>638,225</u>	<u>86,801</u>	<u>3,759,035</u>	<u>273,637</u>	<u>--</u>	<u>16,107,637</u>	<u>15,733,412</u>
<u>832,119</u>	<u>77,934</u>	<u>2,812,197</u>	<u>412,612</u>	<u>--</u>	<u>17,263,742</u>	<u>16,107,637</u>

Exhibit C-3

City of Flagstaff  
Highway User Revenue Fund  
Comparative Balance Sheets  
June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 9,436,902	9,639,182
Cash with Fiscal Agent	1,883,254	--
Accounts Receivable (Net)	679,178	710,838
Interest Receivable	147,270	87,452
Grants Receivable	42,435	--
Interfund Receivable	<u>500,000</u>	<u>370,000</u>
<b>Total Assets</b>	<b><u>\$ 12,689,039</u></b>	<b><u>10,807,472</u></b>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 740,713	189,951
Accrued Wages and Payroll Taxes	41,723	85,076
Interest Payable	508,254	541,074
Current Bonds Payable	<u>1,375,000</u>	<u>1,290,000</u>
<b>Total Liabilities</b>	<b><u>2,665,690</u></b>	<b><u>2,106,101</u></b>
 <b>Fund Balances:</b>		
Unreserved	<u>10,023,349</u>	<u>8,701,371</u>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 12,689,039</u></b>	<b><u>10,807,472</u></b>

City of Flagstaff  
Highway Users Revenue Fund  
Statement of Revenues, Expenditures and  
Changes in Fund Balances-Budget and Actual  
For the Fiscal Year Ended June 30, 2000  
(With Comparative Actual for the Fiscal Year Ended June 30, 1999)

	2000			1999
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental	\$ 7,573,744	8,149,356	575,612	7,575,069
Miscellaneous:				
Interest	165,353	577,414	412,061	395,402
Recovery of Prior Year Expense	--	--	--	16,624
Sale of Fixed Assets	106,694	3,600	(103,094)	15,941
Other	585,989	3,253	(582,736)	5,413
Total Revenues	<u>8,431,780</u>	<u>8,733,623</u>	<u>301,843</u>	<u>8,008,449</u>
Expenditures:				
Current:				
Staff and Support Services	1,620,236	1,454,737	165,499	1,469,294
Street Maintenance	3,182,955	2,706,994	475,961	2,239,248
Street Construction	10,185,310	2,751,987	7,433,323	1,005,451
Drainage	--	--	--	594,051
Contingency	50,000	--	50,000	--
Total Highways and Streets	<u>15,038,501</u>	<u>6,913,718</u>	<u>8,124,783</u>	<u>5,308,044</u>
Debt Service:				
Principal Retirement	1,375,000	1,375,000	--	1,290,000
Interest and Fiscal Charges	1,020,308	1,018,235	2,073	1,086,248
Total Expenditures	<u>17,433,809</u>	<u>9,306,953</u>	<u>8,126,856</u>	<u>7,684,292</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(9,002,029)</u>	<u>(573,330)</u>	<u>8,428,699</u>	<u>324,157</u>
Other Financing Sources (Uses):				
Operating Transfers - In	2,395,308	2,395,308	--	2,722,148
Operating Transfers - Out	(500,000)	(500,000)	--	(1,000,000)
Total Other Financing Sources (Uses)	<u>1,895,308</u>	<u>1,895,308</u>	<u>--</u>	<u>1,722,148</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(7,106,721)</u>	<u>1,321,978</u>	<u>8,428,699</u>	<u>2,046,305</u>
Fund Balances at Beginning of Year	<u>7,498,805</u>	<u>8,701,371</u>	<u>1,202,566</u>	<u>6,655,066</u>
Fund Balances at End of Year	<u>\$ 392,084</u>	<u>10,023,349</u>	<u>9,631,265</u>	<u>8,701,371</u>

Exhibit C-5

City of Flagstaff  
Library Fund  
Comparative Balance Sheets  
June 30, 2000 and 1999

	2000	1999
<b>Assets</b>		
Cash and Cash Equivalents	\$ 1,030,148	433,888
Accounts Receivable (Net)	45,610	592,636
<b>Total Assets</b>	<b>\$ 1,075,758</b>	<b>1,026,524</b>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 11,251	42,844
Accrued Wages and Payroll Taxes	28,684	58,564
Guaranty and Other Deposits	65,943	65,943
<b>Total Liabilities</b>	<b>105,878</b>	<b>167,351</b>
 <b>Fund Balances:</b>		
Unreserved	969,880	859,173
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,075,758</b>	<b>1,026,524</b>

City of Flagstaff  
Library Fund  
Statement of Revenues, Expenditures and  
Changes in Fund Balances-Budget and Actual  
For the Fiscal Year Ended June 30, 2000  
(With Comparative Actual for the Fiscal Year Ended June 30, 1999)

	2000			1999
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental	\$ 1,464,156	1,100,315	(363,841)	1,146,779
Miscellaneous:				
Interest	14,931	28,871	13,940	17,940
Recovery of Prior Year Expense	--	--	--	99
Sale of Fixed Assets	--	--	--	193
Other	20,000	23,527	3,527	28,898
Total Revenues	<u>1,499,087</u>	<u>1,152,713</u>	<u>(346,374)</u>	<u>1,193,909</u>
Expenditures:				
Current:				
Staff Support and Services	292,139	286,862	5,277	281,200
Library Services	2,506,477	1,822,695	683,782	1,786,539
Contingencies	100,000	--	100,000	--
Total Expenditures	<u>2,898,616</u>	<u>2,109,557</u>	<u>789,059</u>	<u>2,067,739</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,399,529)</u>	<u>(956,844)</u>	<u>442,685</u>	<u>(873,830)</u>
Other Financing Sources (Uses):				
Operating Transfers - In	1,067,551	1,067,551	--	1,104,928
Total Other Financing Sources (Uses)	<u>1,067,551</u>	<u>1,067,551</u>	<u>--</u>	<u>1,104,928</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(331,978)</u>	<u>110,707</u>	<u>442,685</u>	<u>231,098</u>
Fund Balances at Beginning of Year	<u>796,340</u>	<u>859,173</u>	<u>62,833</u>	<u>628,075</u>
Fund Balances at End of Year	<u>\$ 464,362</u>	<u>969,880</u>	<u>505,518</u>	<u>859,173</u>

Exhibit C-7

City of Flagstaff  
Real Estate Proceeds Fund  
Comparative Balance Sheets  
June 30, 2000 and 1999

	2000	1999
<b>Assets</b>		
Cash and Cash Equivalents	\$ 932,872	2,174,012
Receivable from Sale of Property	143,238	143,238
Accounts Receivable (Net)	863	862
<b>Total Assets</b>	<b>\$ 1,076,973</b>	<b>2,318,112</b>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 105,037	1,359,775
Deferred Revenue	143,238	143,238
<b>Total Liabilities</b>	<b>248,275</b>	<b>1,503,013</b>
 <b>Fund Balances:</b>		
Unreserved	828,698	815,099
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,076,973</b>	<b>2,318,112</b>

City of Flagstaff  
Real Estate Proceeds Fund  
Statement of Revenues, Expenditures and  
Changes in Fund Balances-Budget and Actual  
For the Fiscal Year Ended June 30, 2000  
(With Comparative Actual for the Fiscal Year Ended June 30, 1999)

	2000			1999
	Budget	Actual	Variance	Actual
Revenues:				
Miscellaneous:				
Interest	\$ 22,638	104,684	82,046	127,578
Recovery of Prior Year Expense	--	--	--	300
Sale of Real Property	1,130,465	--	(1,130,465)	16,216
Other	--	1,193,900	1,193,900	3,000
Total Revenues	<u>1,153,103</u>	<u>1,298,584</u>	<u>145,481</u>	<u>147,094</u>
Expenditures:				
Current:				
Real Estate	<u>1,970,000</u>	<u>1,434,985</u>	<u>535,015</u>	<u>1,685,482</u>
Total Expenditures	<u>1,970,000</u>	<u>1,434,985</u>	<u>535,015</u>	<u>1,685,482</u>
Excess (Deficiency) of Revenues Over Expenditures	(816,897)	(136,401)	680,496	(1,538,388)
Other Financing Sources (Uses):				
Operating Transfers - In	<u>150,000</u>	<u>150,000</u>	<u>--</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>150,000</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(666,897)	13,599	680,496	(1,538,388)
Fund Balances at Beginning of Year	<u>1,796,271</u>	<u>815,099</u>	<u>(981,172)</u>	<u>2,353,487</u>
Fund Balances at End of Year	<u>\$ 1,129,374</u>	<u>\$ 828,698</u>	<u>(300,676)</u>	<u>\$ 815,099</u>

Exhibit C-9

City of Flagstaff  
 Beautification Fund  
 Comparative Balance Sheets  
 June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 1,012,408	804,305
Accounts Receivable (Net)	100,042	35,423
Grants Receivable	31,183	--
<b>Restricted Assets:</b>		
Cash and Cash Equivalents	<u>30,030</u>	<u>105,377</u>
<b>Total Assets</b>	<u><u>\$ 1,173,663</u></u>	<u><u>945,105</u></u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 7,490	1,025
Accrued Wages and Payroll Taxes	1,620	3,471
<b>Payable from Restricted Assets:</b>		
Grant Revenue in Advance	<u>30,030</u>	<u>105,377</u>
<b>Total Liabilities</b>	<u>39,140</u>	<u>109,873</u>
 <b>Fund Balances:</b>		
Unreserved	<u>1,134,523</u>	<u>835,232</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 1,173,663</u></u>	<u><u>945,105</u></u>

City of Flagstaff  
 Beautification Fund  
 Statement of Revenues, Expenditures and  
 Changes in Fund Balances-Budget and Actual  
 For the Fiscal Year Ended June 30, 2000  
 (With Comparative Actual for the Fiscal Year Ended June 30, 1999)

	2000			1999
	Budget	Actual	Variance	Actual
Revenues:				
Taxes	\$ 699,946	726,964	27,018	703,361
Intergovernmental	920,000	258,057	(661,943)	24,575
Miscellaneous:				
Interest	20,000	45,162	25,162	30,712
Recovery of Prior Year Expense	--	--	--	31,867
Other	3,000	64,325	61,325	8,094
<b>Total Revenues</b>	<b>1,642,946</b>	<b>1,094,508</b>	<b>(548,438)</b>	<b>798,609</b>
Expenditures:				
Current:				
Beautification	2,325,734	716,496	1,609,238	409,888
<b>Total Expenditures</b>	<b>2,325,734</b>	<b>716,496</b>	<b>1,609,238</b>	<b>409,888</b>
Excess (Deficiency) of Revenues Over Expenditures	(682,788)	378,012	1,060,800	388,721
Other Financing Sources (Uses):				
Operating Transfers - In	110,000	110,000	--	110,000
Operating Transfers - Out	(181,492)	(188,721)	(7,229)	(133,617)
<b>Total Other Financing Sources (Uses)</b>	<b>(71,492)</b>	<b>(78,721)</b>	<b>(7,229)</b>	<b>(23,617)</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(754,280)	299,291	1,053,571	365,104
Fund Balances at Beginning of Year	947,736	835,232	(112,504)	470,128
Fund Balances at End of Year	<u>\$ 193,456</u>	<u>1,134,523</u>	<u>941,067</u>	<u>835,232</u>

Exhibit C-11

City of Flagstaff  
 Economic Development Fund  
 Comparative Balance Sheets  
 June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 103,325	92,857
Accounts Receivable (Net)	<u>125,440</u>	<u>125,830</u>
<b>Total Assets</b>	<b><u>\$ 228,765</u></b>	<b><u>218,687</u></b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Accounts Payable	<u>\$ 56,335</u>	<u>79,623</u>
<b>Total Liabilities</b>	<u>56,335</u>	<u>79,623</u>
<b>Fund Balances:</b>		
Unreserved	<u>172,430</u>	<u>139,064</u>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 228,765</u></b>	<b><u>218,687</u></b>

City of Flagstaff  
Economic Development Fund  
Statement of Revenues, Expenditures and  
Changes in Fund Balances-Budget and Actual  
For the Fiscal Year Ended June 30, 2000  
(With Comparative Actual for the Fiscal Year Ended June 30, 1999)

	2000			1999
	Budget	Actual	Variance	Actual
Revenues:				
Taxes	\$ 342,474	355,308	12,834	354,096
Miscellaneous:				
Interest	2,548	7,290	4,742	6,536
Total Revenues	<u>345,022</u>	<u>362,598</u>	<u>17,576</u>	<u>360,632</u>
Expenditures:				
Current:				
Economic Development	395,304	334,232	61,072	387,041
Total Expenditures	<u>395,304</u>	<u>334,232</u>	<u>61,072</u>	<u>387,041</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(50,282)</u>	<u>28,366</u>	<u>78,648</u>	<u>(26,409)</u>
Other Financing Sources (Uses):				
Operating Transfers - In	5,000	5,000	--	30,000
Operating Transfers - Out	--	--	--	(15,000)
Total Other Financing Sources (Uses)	<u>5,000</u>	<u>5,000</u>	<u>--</u>	<u>15,000</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(45,282)	33,366	78,648	(11,409)
Fund Balances at Beginning of Year	<u>101,939</u>	<u>139,064</u>	<u>37,125</u>	<u>150,473</u>
Fund Balances at End of Year	<u>\$ 56,657</u>	<u>172,430</u>	<u>115,773</u>	<u>139,064</u>

Exhibit C-13

City of Flagstaff  
Tourism Fund  
Comparative Balance Sheets  
June 30, 2000 and 1999

	2000	1999
<b>Assets</b>		
Cash and Cash Equivalents	\$ 801,563	770,851
Accounts Receivable (Net)	4,111	1,563
Grants Receivable	33,349	8,409
<b>Total Assets</b>	<b>\$ 839,023</b>	<b>780,823</b>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 1,684	129,688
Accrued Wages and Payroll Taxes	5,220	12,910
<b>Total Liabilities</b>	<b>6,904</b>	<b>142,598</b>
 <b>Fund Balances:</b>		
Unreserved	832,119	638,225
<b>Total Liabilities and Fund Balances</b>	<b>\$ 839,023</b>	<b>780,823</b>

City of Flagstaff  
Tourism Fund  
Statement of Revenues, Expenditures and  
Changes in Fund Balances-Budget and Actual  
For the Fiscal Year Ended June 30, 2000  
(With Comparative Actual for the Fiscal Year Ended June 30, 1999)

	2000			1999
	Budget	Actual	Variance	Actual
<b>Revenues:</b>				
Taxes	\$ 1,049,919	1,090,447	40,528	1,055,041
Intergovernmental	60,000	57,111	(2,889)	63,901
<b>Miscellaneous:</b>				
Interest	31,126	52,606	21,480	36,094
Recovery of Prior Year Expense	--	--	--	20,268
Other	104,836	130,940	26,104	73,754
<b>Total Revenues</b>	<b>1,245,881</b>	<b>1,331,104</b>	<b>85,223</b>	<b>1,249,058</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Tourism	1,439,563	1,130,972	308,591	1,049,352
<b>Total Expenditures</b>	<b>1,439,563</b>	<b>1,130,972</b>	<b>308,591</b>	<b>1,049,352</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(193,682)</b>	<b>200,132</b>	<b>393,814</b>	<b>199,706</b>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers - Out	(6,238)	(6,238)	--	(6,238)
<b>Total Other Financing Sources (Uses)</b>	<b>(6,238)</b>	<b>(6,238)</b>	<b>--</b>	<b>(6,238)</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(199,920)</b>	<b>193,894</b>	<b>393,814</b>	<b>193,468</b>
<b>Fund Balances at Beginning of Year</b>	<b>472,444</b>	<b>638,225</b>	<b>165,781</b>	<b>444,757</b>
<b>Fund Balances at End of Year</b>	<b>\$ 272,524</b>	<b>832,119</b>	<b>559,595</b>	<b>638,225</b>

Exhibit C-15

City of Flagstaff  
Arts and Science Fund  
Comparative Balance Sheets  
June 30, 2000 and 1999

	2000	1999
<b>Assets</b>		
Cash and Cash Equivalents	\$ 136,928	98,551
Total Assets	\$ 136,928	98,551
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 58,994	11,750
Total Liabilities	58,994	11,750
<b>Fund Balances:</b>		
Unreserved	77,934	86,801
Total Liabilities and Fund Balances	\$ 136,928	98,551

City of Flagstaff  
 Arts and Science Fund  
 Statement of Revenues, Expenditures and  
 Changes in Fund Balances-Budget and Actual  
 For the Fiscal Year Ended June 30, 2000  
 (With Comparative Actual for the Fiscal Year Ended June 30, 1999)

	2000			1999
	Budget	Actual	Variance	Actual
Revenues:				
Taxes	\$ 262,504	272,612	10,108	263,760
Miscellaneous:				
Interest	2,024	8,822	6,798	4,992
Total Revenues	<u>264,528</u>	<u>281,434</u>	<u>16,906</u>	<u>268,752</u>
Expenditures:				
Current:				
Arts and Science	360,301	354,655	5,646	347,941
Total Expenditures	<u>360,301</u>	<u>354,655</u>	<u>5,646</u>	<u>347,941</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(95,773)</u>	<u>(73,221)</u>	<u>22,552</u>	<u>(79,189)</u>
Other Financing Sources (Uses):				
Operating Transfers - In	64,354	64,354	--	64,354
Total Other Financing Sources (Uses)	<u>64,354</u>	<u>64,354</u>	<u>--</u>	<u>64,354</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(31,419)	(8,867)	22,552	(14,835)
Fund Balances at Beginning of Year	<u>40,397</u>	<u>86,801</u>	<u>46,404</u>	<u>101,636</u>
Fund Balances at End of Year	<u>\$ 8,978</u>	<u>77,934</u>	<u>68,956</u>	<u>86,801</u>

Exhibit C-17

City of Flagstaff  
Recreation Fund  
Comparative Balance Sheets  
June 30, 2000 and 1999

	2000	1999
<b>Assets</b>		
Cash and Cash Equivalents	\$ 2,917,065	3,802,191
Interest Receivable	17,759	22,336
<b>Total Assets</b>	<b>\$ 2,934,824</b>	<b>3,824,527</b>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 63,009	17,029
Arbitrage Liability	59,618	48,463
<b>Total Liabilities</b>	<b>122,627</b>	<b>65,492</b>
 <b>Fund Balances:</b>		
Unreserved	2,812,197	3,759,035
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,934,824</b>	<b>3,824,527</b>

City of Flagstaff  
Recreation Fund  
Statement of Revenues, Expenditures and  
Changes in Fund Balances-Budget and Actual  
For the Fiscal Year Ended June 30, 2000  
(With Comparative Actual for the Fiscal Year Ended June 30, 1999)

	2000			1999
	Budget	Actual	Variance	Actual
Revenues:				
Taxes	\$ 1,154,911	1,199,491	44,580	1,160,545
Miscellaneous:				
Interest	83,600	169,403	85,803	169,037
Recovery of Prior Year Expense	--	1,857	1,857	(1,878)
<b>Total Revenues</b>	<u>1,238,511</u>	<u>1,370,751</u>	<u>132,240</u>	<u>1,327,704</u>
Expenditures:				
Current:				
Recreation	<u>3,260,634</u>	<u>1,634,909</u>	<u>1,625,725</u>	<u>1,386,059</u>
<b>Total Expenditures</b>	<u>3,260,634</u>	<u>1,634,909</u>	<u>1,625,725</u>	<u>1,386,059</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,022,123)</u>	<u>(264,158)</u>	<u>1,757,965</u>	<u>(58,355)</u>
Other Financing Sources (Uses):				
Operating Transfers - In	288,994	--	(288,994)	74,245
Operating Transfers - Out	<u>(1,020,572)</u>	<u>(682,680)</u>	<u>337,892</u>	<u>(779,623)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(731,578)</u>	<u>(682,680)</u>	<u>48,898</u>	<u>(705,378)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(2,753,701)</u>	<u>(946,838)</u>	<u>1,806,863</u>	<u>(763,733)</u>
Fund Balances at Beginning of Year	<u>3,342,499</u>	<u>3,759,035</u>	<u>416,536</u>	<u>4,522,768</u>
Fund Balances at End of Year	<u>\$ 588,798</u>	<u>2,812,197</u>	<u>2,223,399</u>	<u>3,759,035</u>

Exhibit C-19

City of Flagstaff  
Community Redevelopment Fund  
Comparative Balance Sheets  
June 30, 2000 and 1999

	2000	1999
<b>Assets</b>		
Cash and Cash Equivalents	\$ 266,536	194,492
Accounts Receivable (Net)	582	633
Grants Receivable	176,863	157,367
<b>Total Assets</b>	<b>\$ 443,981</b>	<b>352,492</b>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 31,369	78,855
<b>Total Liabilities</b>	<b>31,369</b>	<b>78,855</b>
 <b>Fund Balances:</b>		
Unreserved	412,612	273,637
<b>Total Liabilities and Fund Balances</b>	<b>\$ 443,981</b>	<b>352,492</b>

City of Flagstaff  
Community Redevelopment Fund  
Statement of Revenues, Expenditures and  
Changes in Fund Balances-Budget and Actual  
For the Fiscal Year Ended June 30, 2000  
(With Comparative Actual for the Fiscal Year Ended June 30, 1999)

	2000			1999
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental	\$ 1,387,515	570,843	(816,672)	983,229
Miscellaneous:				
Interest	--	11,504	11,504	9,904
Recovery of Prior Year Expense	--	--	--	147
Other	--	63,972	63,972	2,688
Total Revenues	<u>1,387,515</u>	<u>646,319</u>	<u>(741,196)</u>	<u>995,968</u>
Expenditures:				
Current:				
Community Redevelopment	<u>1,711,573</u>	<u>757,344</u>	<u>954,229</u>	<u>1,227,353</u>
Total Expenditures	<u>1,711,573</u>	<u>757,344</u>	<u>954,229</u>	<u>1,227,353</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(324,058)</u>	<u>(111,025)</u>	<u>213,033</u>	<u>(231,385)</u>
Other Financing Sources (Uses):				
Operating Transfers - In	<u>250,000</u>	<u>250,000</u>	<u>--</u>	<u>98,000</u>
Total Other Financing Sources (Uses)	<u>250,000</u>	<u>250,000</u>	<u>--</u>	<u>98,000</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(74,058)</u>	<u>138,975</u>	<u>213,033</u>	<u>(133,385)</u>
Fund Balances at Beginning of Year	<u>105,578</u>	<u>273,637</u>	<u>168,059</u>	<u>407,022</u>
Fund Balances at End of Year	<u>\$ 31,520</u>	<u>412,612</u>	<u>381,092</u>	<u>273,637</u>

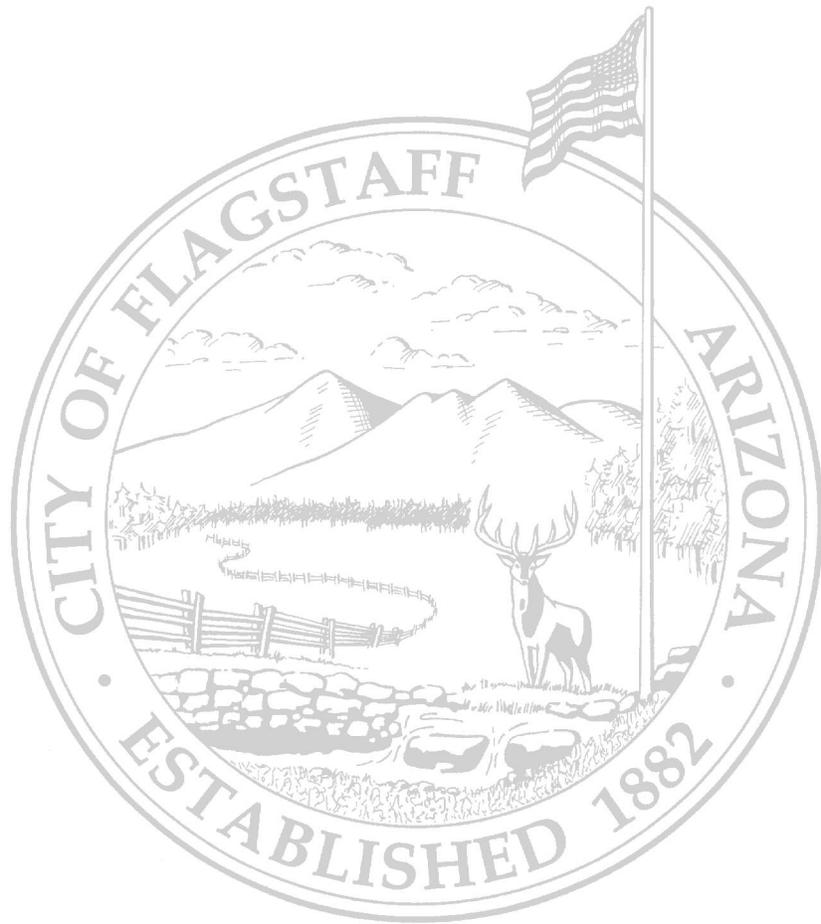
Exhibit C-21

City of Flagstaff  
Metropolitan Planning Organization Fund  
Comparative Balance Sheets  
June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 553	3,786
Grant Receivable	<u>101,194</u>	<u>164,425</u>
<b>Total Assets</b>	<u><b>\$ 101,747</b></u>	<u><b>168,211</b></u>
 <b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 309	5,268
Accrued Wages and Payroll Taxes	1,438	2,943
Interfund Payable	<u>100,000</u>	<u>160,000</u>
<b>Total Liabilities</b>	<u><b>101,747</b></u>	<u><b>168,211</b></u>
 <b>Fund Balances:</b>		
Unreserved	<u>--</u>	<u>--</u>
<b>Total Liabilities and Fund Balances</b>	<u><b>\$ 101,747</b></u>	<u><b>168,211</b></u>

City of Flagstaff  
Metropolitan Planning Organization  
Statement of Revenues, Expenditures and  
Changes in Fund Balances-Budget and Actual  
For the Fiscal Year Ended June 30, 2000  
(With Comparative Actual for the Fiscal Year Ended June 30, 1999)

	2000			1999
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental	\$ 466,262	128,390	(337,872)	228,864
Miscellaneous:				
Recovery of Prior Year Expense	--	--	--	--
<b>Total Revenues</b>	<b>466,262</b>	<b>128,390</b>	<b>(337,872)</b>	<b>228,864</b>
Expenditures:				
Current:				
Metropolitan Planning	466,262	128,390	337,872	228,864
<b>Total Expenditures</b>	<b>466,262</b>	<b>128,390</b>	<b>337,872</b>	<b>228,864</b>
Excess (Deficiency) of Revenues Over Expenditures	--	--	--	--
Fund Balances at Beginning of Year	--	--	--	--
Fund Balances at End of Year	<u>\$ --</u>	<u>--</u>	<u>--</u>	<u>--</u>



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 accounts for the accumulation of resources for and the payments of principal, interest and costs of General Obligation Bonds.

**Special Assessment Bond Fund**

This fund accounts for the accumulation of resources for and the payment of principal, interest and related costs for all improvement district bonds issued by the City.

**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.

**DEBT SERVICE FUNDS**

City of Flagstaff  
Debt Service Funds  
Combining Balance Sheet  
June 30, 2000  
(With Comparative Totals as of June 30, 1999)

	General Obligation Bond Fund	Special Assessment Bond Fund	Secondary Property Tax Revenue Fund	Total	
				2000	1999
<b>Assets</b>					
Cash and Cash Equivalents	\$ 12,815	117,496	363,422	493,733	1,632,541
Cash with Fiscal Agent	988,890	55,785	--	1,044,675	--
Special Assessments Receivable	--	1,524,980	--	1,524,980	981,625
<b>Total Assets</b>	<b>\$ 1,001,705</b>	<b>1,698,261</b>	<b>363,422</b>	<b>3,063,388</b>	<b>2,614,166</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Deferred Revenue	\$ --	1,524,980	--	1,524,980	981,625
Interest Payable	253,890	55,785	--	309,675	313,133
Current Bonds Payable	735,000	--	--	735,000	945,000
<b>Total Liabilities</b>	<b>988,890</b>	<b>1,580,765</b>	<b>--</b>	<b>2,569,655</b>	<b>2,239,758</b>
<b>Fund Balances:</b>					
Reserved for Debt Service	12,815	117,496	363,422	493,733	374,408
<b>Total Fund Balances</b>	<b>12,815</b>	<b>117,496</b>	<b>363,422</b>	<b>493,733</b>	<b>374,408</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,001,705</b>	<b>1,698,261</b>	<b>363,422</b>	<b>3,063,388</b>	<b>2,614,166</b>

City of Flagstaff  
Debt Service Funds  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
For the Fiscal Year Ended June 30, 2000  
(With Comparative Totals for the Fiscal Year Ended June 30, 1999)

	General Obligation Bond Fund	Special Assessment Bond Fund	Secondary Property Tax Revenue Fund	Total	
				2000	1999
<b>Revenues:</b>					
Taxes	\$ --	--	3,777,091	3,777,091	3,537,987
Special Assessments	--	175,863	--	175,863	157,640
Miscellaneous	576	107,041	13,469	121,086	89,610
<b>Total Revenues</b>	<b>576</b>	<b>282,904</b>	<b>3,790,560</b>	<b>4,074,040</b>	<b>3,785,237</b>
<b>Expenditures:</b>					
<b>Debt Service:</b>					
Principal Retirement	735,000	155,000	--	890,000	1,090,000
Interest and Fiscal Charges	509,255	89,376	--	598,631	632,356
<b>Total Expenditures</b>	<b>1,244,255</b>	<b>244,376</b>	<b>--</b>	<b>1,488,631</b>	<b>1,722,356</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(1,243,679)</b>	<b>38,528</b>	<b>3,790,560</b>	<b>2,585,409</b>	<b>2,062,881</b>
<b>Other Financing Sources (Uses):</b>					
Operating Transfers - In	1,242,780	--	--	1,242,780	1,511,130
Operating Transfers - Out	--	--	(3,708,864)	(3,708,864)	(3,657,784)
<b>Total Other Financing Sources (Uses)</b>	<b>1,242,780</b>	<b>--</b>	<b>(3,708,864)</b>	<b>(2,466,084)</b>	<b>(2,146,654)</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(899)</b>	<b>38,528</b>	<b>81,696</b>	<b>119,325</b>	<b>(83,773)</b>
<b>Fund Balances at Beginning of Year</b>	<b>13,714</b>	<b>78,968</b>	<b>281,726</b>	<b>374,408</b>	<b>458,181</b>
<b>Fund Balances at End of Year</b>	<b>\$ 12,815</b>	<b>117,496</b>	<b>363,422</b>	<b>493,733</b>	<b>374,408</b>

City of Flagstaff  
General Obligation Bond Fund  
Comparative Balance Sheets  
June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 12,815	1,241,779
Cash with Fiscal Agent	<u>988,890</u>	<u>--</u>
Total Assets	<u>\$ 1,001,705</u>	<u>1,241,779</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Interest Payable	\$ 253,890	283,065
Current Bonds Payable	<u>735,000</u>	<u>945,000</u>
Total Liabilities	<u>988,890</u>	<u>1,228,065</u>
<b>Fund Balances:</b>		
Reserved for Debt Service	<u>12,815</u>	<u>13,714</u>
Total Liabilities and Fund Balances	<u>\$ 1,001,705</u>	<u>1,241,779</u>

Exhibit D-4

City of Flagstaff  
 General Obligation Bond Fund  
 Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget and Actual  
 For the Fiscal Year Ended June 30, 2000  
 (With Comparative Actual for the Fiscal Year Ended June 30, 1999)

	2000			1999
	Budget	Actual	Variance	Actual
<b>Revenues:</b>				
<b>Miscellaneous Revenues:</b>				
Interest	\$ 657	576	(81)	893
<b>Total Revenues</b>	<b>657</b>	<b>576</b>	<b>(81)</b>	<b>893</b>
<b>Expenditures:</b>				
<b>Debt Service:</b>				
Principal Retirement	735,000	735,000	--	945,000
Interest and Fiscal Charges	509,630	509,255	375	567,538
<b>Total Expenditures</b>	<b>1,244,630</b>	<b>1,244,255</b>	<b>375</b>	<b>1,512,538</b>
Excess (Deficiency) of Revenues Over Expenditures	(1,243,973)	(1,243,679)	294	(1,511,645)
<b>Other Financing Sources (Uses):</b>				
Operating Transfers - In	1,242,780	1,242,780	--	1,511,130
<b>Total Other Financing Sources (Uses)</b>	<b>1,242,780</b>	<b>1,242,780</b>	<b>--</b>	<b>1,511,130</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(1,193)	(899)	294	(515)
Fund Balances at Beginning of Year	13,146	13,714	568	14,229
Fund Balances at End of Year	<u>\$ 11,953</u>	<u>12,815</u>	<u>862</u>	<u>13,714</u>

City of Flagstaff  
Special Assessment Bond Fund  
Comparative Balance Sheets  
June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 117,496	109,036
Cash with Fiscal Agent	55,785	--
Special Assessment Receivable	<u>1,524,980</u>	<u>981,625</u>
<b>Total Assets</b>	<u>\$ 1,698,261</u>	<u>1,090,661</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Deferred Revenue	\$ 1,524,980	981,625
Interest Payable	<u>55,785</u>	<u>30,068</u>
<b>Total Liabilities</b>	<u>1,580,765</u>	<u>1,011,693</u>
<b>Fund Balances:</b>		
Reserved for Debt Service	<u>117,496</u>	<u>78,968</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,698,261</u>	<u>1,090,661</u>

Exhibit D-6

City of Flagstaff  
 Special Assessment Bond Fund  
 Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget and Actual  
 For the Fiscal Year Ended June 30, 2000  
 (With Comparative Actual for the Fiscal Year Ended June 30, 1999)

	2000			1999
	Budget	Actual	Variance	Actual
Revenues:				
Special Assessments	\$ 144,219	175,863	31,644	157,640
Miscellaneous Revenues:				
Interest	54,260	105,619	51,359	70,056
Miscellaneous	--	1,422	1,422	1,380
Total Revenues	<u>198,479</u>	<u>282,904</u>	<u>84,425</u>	<u>229,076</u>
Expenditures:				
Debt Service:				
Principal Retirement	155,000	155,000	--	145,000
Interest and Fiscal Charges	<u>56,468</u>	<u>89,376</u>	<u>(32,908)</u>	<u>64,818</u>
Total Expenditures	<u>211,468</u>	<u>244,376</u>	<u>(32,908)</u>	<u>209,818</u>
Excess (Deficiency) of Revenues Over Expenditures	(12,989)	38,528	51,517	19,258
Fund Balances at Beginning of Year	<u>76,732</u>	<u>78,968</u>	<u>2,236</u>	<u>59,710</u>
Fund Balances at End of Year	<u>\$ 63,743</u>	<u>117,496</u>	<u>53,753</u>	<u>78,968</u>

City of Flagstaff  
 Secondary Property Tax Revenue Fund  
 Comparative Balance Sheets  
 June 30, 2000 and 1999

	2000	1999
<b>Assets</b>		
Cash and Cash Equivalents	\$ 363,422	281,726
Total Assets	\$ 363,422	281,726
<b>Liabilities and Fund Balances</b>		
Liabilities:	\$ --	--
Total Liabilities	--	--
Fund Balances:		
Reserved for Debt Service	363,422	281,726
Total Liabilities and Fund Balances	\$ 363,422	281,726

City of Flagstaff  
 Secondary Property Tax Revenue Fund  
 Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget and Actual  
 For the Fiscal Year Ended June 30, 2000  
 (With Comparative Actual for the Fiscal Year Ended June 30, 1999)

	2000			1999
	Budget	Actual	Variance	Actual
Revenues:				
Taxes	\$ 3,804,363	3,777,091	(27,272)	3,537,987
Miscellaneous Revenues:				
Interest	15,361	13,469	(1,892)	17,281
Total Revenues	<u>3,819,724</u>	<u>3,790,560</u>	<u>(29,164)</u>	<u>3,555,268</u>
Expenditures:	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,819,724</u>	<u>3,790,560</u>	<u>(29,164)</u>	<u>3,555,268</u>
Other Financing Sources (Uses):				
Operating Transfers - Out	<u>(3,688,497)</u>	<u>(3,708,864)</u>	<u>(20,367)</u>	<u>(3,657,784)</u>
Total Other Financing Sources (Uses)	<u>(3,688,497)</u>	<u>(3,708,864)</u>	<u>(20,367)</u>	<u>(3,657,784)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	131,227	81,696	(49,531)	(102,516)
Fund Balances at Beginning of Year	<u>307,216</u>	<u>281,726</u>	<u>(25,490)</u>	<u>384,242</u>
Fund Balances at End of Year	<u>\$ 438,443</u>	<u>363,422</u>	<u>(75,021)</u>	<u>281,726</u>

Capital Projects Funds are used to account for the acquisition or construction of major capital facilities other than those financed by proprietary fund operations.

**Special Improvement Districts Fund**

This fund was established in fiscal year 1994 to account for the receipts from the sale of improvement district bonds, city contributions and private donations to be used for improvements in various improvement districts. Downtown improvement district bonds were issued on March 1, 1994 in the amount of \$1,525,000. Bow and Arrow improvement district bonds were issued on July 1, 1999 in the amount of \$720,000.

**Bond Construction Fund**

This fund was established in fiscal year 1997 to account for the receipt of bond proceeds to be used for capital projects. General obligation bonds were issued on February 1, 1997 in the amount of \$5,500,000 for Public Safety facilities and equipment. The city expects to issue \$4,700,000 in municipal facility corporation bonds for the construction of a new USGS facility in the spring of 2001.

# CAPITAL PROJECTS FUNDS

City of Flagstaff  
 Capital Project Funds  
 Combining Balance Sheet  
 June 30, 2000  
 (With Comparative Totals as of June 30, 1999)

	Special Improvement Districts Fund	Bond Construction Fund	Total	
			2000	1999
<b>Assets</b>				
Cash and Cash Equivalents	\$ --	215,841	215,841	3,441,983
Accounts Receivable (Net)	--	1,143,985	1,143,985	183,384
Interest Receivable	--	--	--	28,744
<b>Total Assets</b>	<b>\$ --</b>	<b>1,359,826</b>	<b>1,359,826</b>	<b>3,654,111</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Arbitrage Liability	\$ --	72,948	72,948	64,851
<b>Total Liabilities</b>	<b>--</b>	<b>72,948</b>	<b>72,948</b>	<b>64,851</b>
<b>Fund Balances:</b>				
Reserved for Capital Projects	--	1,286,878	1,286,878	3,589,260
<b>Total Fund Balances</b>	<b>--</b>	<b>1,286,878</b>	<b>1,286,878</b>	<b>3,589,260</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ --</b>	<b>1,359,826</b>	<b>1,359,826</b>	<b>3,654,111</b>

Exhibit E-2

City of Flagstaff  
 Capital Project Funds  
 Combining Statement of Revenues,  
 Expenditures and Changes in Fund Balances  
 For the Fiscal Year Ended June 30, 2000  
 (With Comparative Totals for the Fiscal Year Ended June 30, 1999)

	Special Improvement Districts Fund	Bond Construction Fund	Total	
			2000	1999
<b>Revenues:</b>				
Intergovernmental	\$ --	3,007,336	3,007,336	183,384
Capital Contributions	720,000	--	720,000	--
Improvement District Proceeds	66,821	--	66,821	55,352
Miscellaneous	8,016	251,810	259,826	184,359
<b>Total Revenues</b>	<b>794,837</b>	<b>3,259,146</b>	<b>4,053,983</b>	<b>423,095</b>
<b>Expenditures:</b>				
Street, Curb and Gutter	848,225	--	848,225	1,722
Capital Projects	--	7,908,140	7,908,140	2,004,278
<b>Total Expenditures</b>	<b>848,225</b>	<b>7,908,140</b>	<b>8,756,365</b>	<b>2,006,000</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(53,388)</b>	<b>(4,648,994)</b>	<b>(4,702,382)</b>	<b>(1,582,905)</b>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers - In	--	2,400,000	2,400,000	--
<b>Total Other Financing Sources (Uses)</b>	<b>--</b>	<b>2,400,000</b>	<b>2,400,000</b>	<b>--</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(53,388)</b>	<b>(2,248,994)</b>	<b>(2,302,382)</b>	<b>(1,582,905)</b>
<b>Fund Balance at Beginning of Year</b>	<b>53,388</b>	<b>3,535,872</b>	<b>3,589,260</b>	<b>5,172,165</b>
<b>Fund Balances at End of Year</b>	<b>\$ --</b>	<b>1,286,878</b>	<b>1,286,878</b>	<b>3,589,260</b>

City of Flagstaff  
 Special Improvement Districts Fund  
 Comparative Balance Sheets  
 June 30, 2000 and 1999

	2000	1999
<b>Assets</b>		
Cash and Cash Equivalents	\$ --	53,388
Total Assets	\$ --	53,388
<b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Interfund Payable	\$ --	--
Total Liabilities	--	--
<b>Fund Balances:</b>		
Reserved	--	53,388
Total Liabilities and Fund Balances	\$ --	53,388

Exhibit E-4

City of Flagstaff  
 Special Improvement Districts Fund  
 Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget and Actual  
 For the Fiscal Year Ended June 30, 2000  
 (With Comparative Actual for the Fiscal Year Ended June 30, 1999)

	2000			1999
	Budget	Actual	Variance	Actual
<b>Revenues:</b>				
Miscellaneous Revenue				
Capital Contributions	\$ 1,000,000	720,000	(280,000)	--
Improvement District Proceeds	--	66,821	66,821	55,352
Interest	--	8,016	8,016	--
<b>Total Revenues</b>	<b>1,000,000</b>	<b>794,837</b>	<b>(205,163)</b>	<b>55,352</b>
<b>Expenditures:</b>				
Street, Curb and Gutter	1,000,000	848,225	151,775	1,722
<b>Total Expenditures</b>	<b>1,000,000</b>	<b>848,225</b>	<b>151,775</b>	<b>1,722</b>
 Excess (Deficiency) of Revenues Over Expenditures	 --	 (53,388)	 (53,388)	 53,630
 Fund Balance (Deficit) at Beginning of Year	 --	 53,388	 53,388	 (242)
 Fund Balance at End of Year	 \$ --	 --	 --	 53,388

City of Flagstaff  
Bond Construction Fund  
Comparative Balance Sheets  
June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 215,841	3,388,595
Accounts Receivable (Net)	1,143,985	183,384
Interest Receivable	<u>--</u>	<u>28,744</u>
<b>Total Assets</b>	<u>\$ 1,359,826</u>	<u>3,600,723</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Arbitrage Liability	<u>\$ 72,948</u>	<u>64,851</u>
<b>Total Liabilities</b>	<u>72,948</u>	<u>64,851</u>
<b>Fund Balances:</b>		
Reserved	<u>1,286,878</u>	<u>3,535,872</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,359,826</u>	<u>3,600,723</u>

Exhibit E-6

City of Flagstaff  
 Bond Construction Fund  
 Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget and Actual  
 For the Fiscal Year Ended June 30, 2000  
 (With Comparative Actual for the Fiscal Year Ended June 30, 1999)

	2000			1999
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental	\$ 3,138,881	3,007,336	(131,545)	183,384
Miscellaneous Revenues:				
Interest	100,000	38,153	(61,847)	184,359
Other	--	213,657	213,657	--
<b>Total Revenues</b>	<b>3,238,881</b>	<b>3,259,146</b>	<b>20,265</b>	<b>367,743</b>
Expenditures:				
Capital Projects	12,322,320	7,908,140	4,414,180	2,004,278
<b>Total Expenditures</b>	<b>12,322,320</b>	<b>7,908,140</b>	<b>4,414,180</b>	<b>2,004,278</b>
Excess (Deficiency) of Revenues Over Expenditures	(9,083,439)	(4,648,994)	4,434,445	(1,636,535)
Other Financing Sources (Uses):				
Operating Transfers - In	2,400,000	2,400,000	--	--
Bond Proceeds	4,667,513	--	(4,667,513)	--
<b>Total Other Financing Sources (Uses)</b>	<b>7,067,513</b>	<b>2,400,000</b>	<b>(4,667,513)</b>	<b>--</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Financing Uses	(2,015,926)	(2,248,994)	(233,068)	(1,636,535)
Fund Balances at Beginning of Year	2,342,699	3,535,872	1,193,173	5,172,407
Fund Balances at End of Year	<u>\$ 326,773</u>	<u>1,286,878</u>	<u>960,105</u>	<u>3,535,872</u>

Enterprise Funds are designed to accumulate the total cost of providing a particular service and to indicate the extent to which user charges imposed upon service consumers are sufficient to cover those costs. These funds are maintained on an accrual basis of accounting.

**Water and Wastewater Fund**

This fund is used to account for the services that the Water and Wastewater utility provide to city residents and some residents of the County. All revenues generated and expenses incurred for the operation of the water and wastewater plants, the water production and distribution systems, and the wastewater collection system are accounted for in this fund.

**Airport Fund**

The operation of Pulliam Airport is accounted for in this fund, including user charges, rental of airport facilities and the maintenance of runways, buildings and grounds at this location.

**Environmental Services Fund**

The collection of residential and commercial refuses and the operation of the City landfill are accounted for in this fund, including user charges and related expenses.

# **ENTERPRISE FUNDS**

City of Flagstaff  
Enterprise Funds  
Combining Balance Sheet  
June 30, 2000  
(With Comparative Totals as of June 30, 1999)

	Water and Wastewater Fund	Airport Fund	Environmental Services Fund	Totals	
				2000	1999
<b>Assets</b>					
Cash and Cash Equivalents	\$ 14,236,032	30,942	5,381,189	19,648,163	17,610,516
Accounts Receivable (Net)	2,409,552	103,630	858,596	3,371,778	2,914,548
Interest Receivable	270,666	--	72,404	343,070	220,067
Grants Receivable	--	445,161	600	445,761	563,307
Restricted Assets:					
Cash and Cash Equivalents	9,748,818	480,324	2,531,725	12,760,867	11,638,125
Receivable from Sale of Property	--	175,094	--	175,094	334,050
Interest Receivable	41,007	--	31,909	72,916	43,188
Inventory	310,998	--	--	310,998	362,813
Fixed Assets (Net of Depreciation)	<u>154,763,211</u>	<u>20,506,479</u>	<u>6,004,920</u>	<u>181,274,610</u>	<u>180,116,672</u>
<b>Total Assets</b>	<b><u>\$ 181,780,284</u></b>	<b><u>21,741,630</u></b>	<b><u>14,881,343</u></b>	<b><u>218,403,257</u></b>	<b><u>213,803,286</u></b>
<b>Liabilities and Fund Equity</b>					
Liabilities:					
Accounts Payable	\$ 520,841	29,429	129,193	679,463	811,554
Accrued Wages and Taxes Payable	143,212	19,337	58,636	221,185	316,721
Payable from Restricted Assets:					
Interest Payable	799,909	67,328	--	867,237	975,099
General Obligation Bonds	3,490,000	180,000	--	3,670,000	3,520,000
Customer Deposits	556,217	--	--	556,217	594,813
Landfill Closure and Post-Closure Liability	--	--	2,563,634	2,563,634	1,533,722
Guaranty and Other Deposits	50,739	13,787	17,340	81,866	87,284
Capital Lease	--	116,010	--	116,010	139,609
Interfund Payable	--	494,897	--	494,897	304,897
Bonds Payable (Less Current Portion):					
General Obligation Bonds	26,099,461	2,220,000	--	28,319,461	31,953,746
Arbitrage Liability	77,588	--	--	77,588	56,743
Loans Payable	4,066,865	589,251	--	4,656,116	4,937,727
Landfill Closure and Post-Closure Liability	<u>--</u>	<u>--</u>	<u>7,814,713</u>	<u>7,814,713</u>	<u>8,126,767</u>
<b>Total Liabilities</b>	<b><u>35,804,832</u></b>	<b><u>3,730,039</u></b>	<b><u>10,583,516</u></b>	<b><u>50,118,387</u></b>	<b><u>53,358,682</u></b>
Fund Equity:					
Contributed Capital:					
Capital Grants (Net)	17,993,997	14,478,340	--	32,472,337	32,806,676
Municipality	6,228,012	6,914,769	1,065,387	14,208,168	14,208,168
Contractor	46,706,597	--	--	46,706,597	44,627,362
Retained Earnings:					
Reserved for:					
Water and Sewer Construction	3,349,784	--	--	3,349,784	3,302,689
Renewal and Replacement	1,593,915	--	--	1,593,915	1,593,915
Airport Construction	--	408,090	--	408,090	495,125
Unreserved (Deficit)	<u>70,103,147</u>	<u>(3,789,608)</u>	<u>3,232,440</u>	<u>69,545,979</u>	<u>63,410,669</u>
<b>Total Retained Earnings (Deficit)</b>	<b><u>75,046,846</u></b>	<b><u>(3,381,518)</u></b>	<b><u>3,232,440</u></b>	<b><u>74,897,768</u></b>	<b><u>68,802,398</u></b>
<b>Total Fund Equity</b>	<b><u>145,975,452</u></b>	<b><u>18,011,591</u></b>	<b><u>4,297,827</u></b>	<b><u>168,284,870</u></b>	<b><u>160,444,604</u></b>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$ 181,780,284</u></b>	<b><u>21,741,630</u></b>	<b><u>14,881,343</u></b>	<b><u>218,403,257</u></b>	<b><u>213,803,286</u></b>

City of Flagstaff  
Enterprise Funds  
Combining Statement of Revenues, Expenses and  
Changes in Retained Earnings  
For the Fiscal Year Ended June 30, 2000  
(With Comparative Totals for the Fiscal Year Ended June 30, 1999)

	Water and Wastewater Fund	Airport Fund	Environmental Services Fund	Totals	
				2000	1999
<b>Operating Revenues:</b>					
Water Revenues	\$ 9,998,028	--	--	9,998,028	9,445,181
Sewer Revenues	6,312,763	--	--	6,312,763	6,261,919
Airport Revenues	--	822,723	--	822,723	797,541
Environmental Services Revenues	--	--	6,409,920	6,409,920	6,541,170
Intergovernmental Revenue	--	--	14,597	14,597	18,325
Miscellaneous Revenues	33,838	29,682	--	63,520	83,978
<b>Total Operating Revenues</b>	<b>16,344,629</b>	<b>852,405</b>	<b>6,424,517</b>	<b>23,621,551</b>	<b>23,148,114</b>
<b>Operating Expenses:</b>					
Staff Support and Services	1,748,503	382,115	477,212	2,607,830	2,591,669
Administration	473,346	--	--	473,346	493,715
Water	3,508,624	--	--	3,508,624	2,914,054
Wastewater	2,580,713	--	--	2,580,713	2,457,984
Airport	--	721,549	--	721,549	707,206
Environmental Services	--	--	3,803,575	3,803,575	4,043,691
Depreciation	4,667,823	1,353,215	576,502	6,597,540	6,120,169
<b>Total Operating Expenses</b>	<b>12,979,009</b>	<b>2,456,879</b>	<b>4,857,289</b>	<b>20,293,177</b>	<b>19,328,488</b>
<b>Operating Income (Loss)</b>	<b>3,365,620</b>	<b>(1,604,474)</b>	<b>1,567,228</b>	<b>3,328,374</b>	<b>3,819,626</b>
<b>Non Operating Revenues (Expenses):</b>					
Interest Income	1,261,720	23,345	422,464	1,707,529	1,340,297
Interest Expense and Fiscal Charges	(1,803,379)	(134,724)	--	(1,938,103)	(2,164,887)
Water and Sewer Buy-Ins	1,135,467	--	--	1,135,467	1,416,291
Net Gain (Loss) on Disposal of Fixed Assets	4,645	334	1,002	5,981	(300,925)
Miscellaneous	--	--	3,998	3,998	(9,703)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>598,453</b>	<b>(111,045)</b>	<b>427,464</b>	<b>914,872</b>	<b>281,073</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>3,964,073</b>	<b>(1,715,519)</b>	<b>1,994,692</b>	<b>4,243,246</b>	<b>4,100,699</b>
<b>Operating Transfers In (Out):</b>					
<b>Operating Transfers - In from:</b>					
Secondary Property Tax Revenue Fund	2,395,308	227,172	--	2,622,480	2,596,242
General Fund	--	385,000	144,131	529,131	627,443
Economic Development Fund	--	--	--	--	15,000
Beautification	--	--	38,520	38,520	--
<b>Operating Transfers - Out to:</b>					
General Fund	(2,395,308)	--	(429,678)	(2,824,986)	(2,801,826)
<b>Net Operating Transfers In (Out)</b>	<b>--</b>	<b>612,172</b>	<b>(247,027)</b>	<b>365,145</b>	<b>436,859</b>
<b>Net Income (Loss)</b>	<b>3,964,073</b>	<b>(1,103,347)</b>	<b>1,747,665</b>	<b>4,608,391</b>	<b>4,537,558</b>
<b>Add Back Depreciation on Fixed Assets Acquired with Capital Grants</b>	<b>693,342</b>	<b>793,637</b>	<b>--</b>	<b>1,486,979</b>	<b>1,297,381</b>
<b>Increase (Decrease) in Retained Earnings</b>	<b>4,657,415</b>	<b>(309,710)</b>	<b>1,747,665</b>	<b>6,095,370</b>	<b>5,834,939</b>
<b>Retained Earnings (Deficit) July 1</b>	<b>70,389,431</b>	<b>(3,071,808)</b>	<b>1,484,775</b>	<b>68,802,398</b>	<b>62,967,459</b>
<b>Retained Earnings (Deficit) June 30</b>	<b>\$ 75,046,846</b>	<b>(3,381,518)</b>	<b>3,232,440</b>	<b>74,897,768</b>	<b>68,802,398</b>

City of Flagstaff  
Enterprise Funds  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2000  
(With Comparative Totals for the Fiscal Year Ended June 30, 1999)

	Water and Wastewater Fund	Airport Fund	Environmental Services Fund	2000 Total	1999 Total
<b>Cash Flows From Operating Activities</b>					
Cash Received From Customers and Users	\$ 15,988,997	772,847	6,354,138	23,115,982	23,266,119
Cash Payments to Other Supplies of Goods and Services	(4,032,782)	(650,501)	(1,486,890)	(6,170,173)	(6,408,484)
Cash Payments to Employees for Services	(4,279,988)	(666,247)	(2,037,183)	(6,983,418)	(6,352,035)
Operating Grants Received	--	--	14,597	14,597	17,725
Increase (Decrease) in Customer Deposits	(38,596)	(228)	(1,500)	(40,324)	76,998
Miscellaneous Operating Revenue (Expense)	15,691	939	3,998	20,628	85,348
Net Cash Provided (Used) by Operating Activities	<u>7,653,322</u>	<u>(543,190)</u>	<u>2,847,160</u>	<u>9,957,292</u>	<u>10,685,671</u>
<b>Cash Flows From Non-Capital Financing Activities</b>					
Operating Transfers In From Other Funds	2,395,308	612,172	--	3,007,480	3,238,685
Gross Increase (Decrease) in Interfund Payable	--	190,000	--	190,000	(1,040,000)
Operating Transfers Out to Other Funds	(2,395,308)	--	(247,027)	(2,642,335)	(2,801,826)
Change in Guarantees	(3,690)	--	--	(3,690)	53,729
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(3,690)</u>	<u>802,172</u>	<u>(247,027)</u>	<u>551,455</u>	<u>(549,412)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>					
Capital Grants Received	--	1,270,185	--	1,270,185	4,200,635
Capital Contributed by Contractors	1,135,468	--	--	1,135,468	1,416,291
Bonds					
Principal Payments	(3,314,285)	(170,000)	--	(3,484,285)	(3,241,527)
Interest Payments and Related Expenses	(1,905,929)	(112,270)	--	(2,018,199)	(2,279,722)
Proceeds From Sale of Capital Assets	12,870	6,293	1,002	20,165	117,300
Principal on Loans Receivable	--	158,956	--	158,956	152,112
Acquisition and Construction of Capital Assets	(3,182,892)	(1,275,657)	(1,214,768)	(5,673,317)	(10,101,241)
Increase in Arbitrage Liability	20,845	--	--	20,845	56,743
Principal Paid on ADEQ Loan	(270,862)	--	--	(270,862)	(261,951)
Capital Lease					
Principal Payments	--	(23,599)	--	(23,599)	(21,766)
Interest Payments	--	(11,041)	--	(11,041)	(12,873)
Capital Loan					
Principal Payments	--	(10,749)	--	(10,749)	--
Interest Payments	--	(16,725)	--	(16,725)	--
Proceeds From Loans	--	--	--	--	600,000
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(7,504,785)</u>	<u>(184,607)</u>	<u>(1,213,766)</u>	<u>(8,903,158)</u>	<u>(9,375,999)</u>
<b>Cash Flows from Investing Activities</b>					
Interest From State Investment Pool	1,155,169	23,345	376,286	1,554,800	1,416,822
Net Cash from Investing Activities	<u>1,155,169</u>	<u>23,345</u>	<u>376,286</u>	<u>1,554,800</u>	<u>1,416,822</u>
Net Increase (Decrease) in Cash	1,300,016	97,720	1,762,653	3,160,389	2,177,082
Cash Balance July 1	22,684,834	413,546	6,150,261	29,248,641	27,071,559
Cash Balance June 30	<u>\$ 23,984,850</u>	<u>511,266</u>	<u>7,912,914</u>	<u>32,409,030</u>	<u>29,248,641</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>					
Operating Income (Loss)	\$ 3,365,620	(1,604,474)	1,567,228	3,328,374	3,819,626
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities</b>					
Depreciation	4,667,823	1,353,215	576,502	6,597,540	6,120,169
Changes in Assets and Liabilities					
(Increase) Decrease in Accounts Receivable	(321,794)	(78,619)	(56,817)	(457,230)	220,308
(Increase) Decrease in Inventory	51,815	--	--	51,815	(17,820)
Increase (Decrease) in Accounts Payable	17,555	(206,133)	56,487	(132,091)	(200,922)
Increase (Decrease) in Accrued Payroll and Payroll Taxes	(70,954)	(6,951)	(17,631)	(95,536)	27,758
(Increase) Decrease in Operating Grants Receivable	--	--	--	--	(600)
Increase (Decrease) in Customer Deposits	(38,596)	(228)	(1,500)	(40,324)	76,998
Increase (Decrease) in Landfill Closure and Post-Closure Liability	--	--	717,858	717,858	638,784
Miscellaneous Revenues (Expenses)	(18,147)	--	5,033	(13,114)	1,370
Total Adjustments	<u>4,287,702</u>	<u>1,061,284</u>	<u>1,279,932</u>	<u>6,628,918</u>	<u>6,866,045</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 7,653,322</u>	<u>(543,190)</u>	<u>2,847,160</u>	<u>9,957,292</u>	<u>10,685,671</u>
<b>Non-Cash Investing, Capital, and Financing Activities</b>					
Developers Contributing Assets to Governmental Entity	\$ 2,079,236	--	--	2,079,236	3,633,265
<b>Cash and Cash Equivalents</b>					
Unrestricted	\$ 14,236,032	30,942	5,381,189	19,648,163	17,610,516
Restricted	9,748,818	480,324	2,531,725	12,760,867	11,638,125
Cash Balance June 30	<u>\$ 23,984,850</u>	<u>511,266</u>	<u>7,912,914</u>	<u>32,409,030</u>	<u>29,248,641</u>

## Exhibit F-4

City of Flagstaff  
Water and Wastewater Fund  
Comparative Balance Sheets  
June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 14,236,032	12,970,983
Accounts Receivable (Net)	2,409,552	2,087,758
Interest Receivable	270,666	175,097
Restricted Assets:		
Cash and Cash Equivalents	9,748,818	9,713,851
Interest Receivable	41,007	30,025
Inventory	310,998	362,813
Fixed Assets (Net of Depreciation)	<u>154,763,211</u>	<u>154,158,985</u>
 Total Assets	 <u>\$ 181,780,284</u>	 <u>179,499,512</u>
<b>Liabilities and Fund Equity</b>		
Liabilities:		
Accounts Payable	\$ 520,841	503,286
Accrued Wages and Taxes Payable	143,212	214,166
Payable from Restricted Assets:		
Interest Payable	799,909	902,459
General Obligation Bonds	3,490,000	3,350,000
Customer Deposits	556,217	594,813
Guaranty and Other Deposits	50,739	54,429
Bonds Payable (Less Current Portion):		
General Obligation Bonds	26,099,461	29,553,746
Arbitrage Liability	77,588	56,743
Loans Payable	<u>4,066,865</u>	<u>4,337,727</u>
 Total Liabilities	 <u>35,804,832</u>	 <u>39,567,369</u>
<b>Fund Equity:</b>		
Contributed Capital:		
Capital Grants (Net)	17,993,997	18,687,338
Municipality	6,228,012	6,228,012
Contractors	46,706,597	44,627,362
Retained Earnings:		
Reserved for:		
Water and Sewer Construction	3,349,784	3,302,689
Renewal and Replacement	1,593,915	1,593,915
Unreserved	<u>70,103,147</u>	<u>65,492,827</u>
 Total Retained Earnings	 <u>75,046,846</u>	 <u>70,389,431</u>
 Total Fund Equity	 <u>145,975,452</u>	 <u>139,932,143</u>
 Total Liabilities and Fund Equity	 <u>\$ 181,780,284</u>	 <u>179,499,512</u>

City of Flagstaff  
Water and Wastewater Fund  
Comparative Statement of Revenues, Expenses and  
Changes in Retained Earnings  
For the Fiscal Years Ended June 30, 2000  
(With Comparative Totals for the Fiscal Year Ended June 30, 1999)

	<u>2000</u>	<u>1999</u>
Operating Revenues:		
Water Revenues	\$ 9,998,028	9,445,181
Sewer Revenues	6,312,763	6,261,919
Miscellaneous Revenues	<u>33,838</u>	<u>71,823</u>
Total Operating Revenues	<u>16,344,629</u>	<u>15,778,923</u>
Operating Expenses:		
Staff Support and Services	1,748,503	1,834,782
Administration	473,346	493,715
Water	3,508,624	2,914,054
Wastewater	2,580,713	2,457,984
Depreciation	<u>4,667,823</u>	<u>4,499,810</u>
Total Operating Expenses	<u>12,979,009</u>	<u>12,200,345</u>
Operating Income (Loss)	<u>3,365,620</u>	<u>3,578,578</u>
Non-Operating Revenues (Expenses):		
Interest Income	1,261,720	994,961
Interest Expense and Fiscal Charges	(1,803,379)	(2,019,607)
Water and Sewer Buy-Ins	1,135,467	1,416,291
Net Gain (Loss) on Disposal of Fixed Assets	<u>4,645</u>	<u>(405,743)</u>
Total Non-Operating Revenues (Expenses)	<u>598,453</u>	<u>(14,098)</u>
Income (Loss) Before Operating Transfers	<u>3,964,073</u>	<u>3,564,480</u>
Operating Transfers In (Out):		
Operating Transfers - In from:		
Secondary Property Tax Revenue Fund	2,395,308	2,372,148
General Fund	--	150,000
Operating Transfers - Out to:		
General Fund	<u>(2,395,308)</u>	<u>(2,372,148)</u>
Total Operating Transfers In (Out)	<u>--</u>	<u>150,000</u>
Net Income (Loss)	3,964,073	3,714,480
Add Back Depreciation on Fixed Assets Acquired with Capital Grants	<u>693,342</u>	<u>693,342</u>
Increase (Decrease) in Retained Earnings	4,657,415	4,407,822
Retained Earnings July 1	<u>70,389,431</u>	<u>65,981,609</u>
Retained Earnings June 30	<u>\$ 75,046,846</u>	<u>70,389,431</u>

City of Flagstaff  
Water and Wastewater Fund  
Comparative Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2000  
(With Comparative Totals for the Fiscal Year Ended June 30, 1999)

	<u>2000</u>	<u>1999</u>
Cash Flows From Operating Activities		
Cash Received From Customers and Users	\$ 15,988,997	16,045,509
Cash Payments to Other Suppliers of Goods and Services	(4,032,782)	(3,726,345)
Cash Payments to Employees for Services	(4,279,988)	(4,183,698)
Increase (Decrease) in Customer Deposits	(38,596)	74,400
Miscellaneous Operating Revenue (Expense)	15,691	71,823
Net Cash Provided (Used) by Operating Activities	<u>7,653,322</u>	<u>8,281,689</u>
Cash Flows From Non-Capital Financing Activities		
Operating Transfers In From Other Funds	2,395,308	2,522,148
Operating Transfers Out to Other Funds	(2,395,308)	(2,372,148)
Change in Guarantees	(3,690)	53,729
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(3,690)</u>	<u>203,729</u>
Cash Flows From Capital and Related Financing Activities		
Capital Contributed from Contractors	1,135,468	1,416,291
Bonds		
Principal Payments	(3,314,285)	(3,081,527)
Interest Payments and Related Expenses	(1,905,929)	(2,140,515)
Proceeds From Sale of Capital Assets	12,870	12,100
Acquisition and Construction of Capital Assets	(3,182,892)	(4,128,272)
Increase (Decrease) in Arbitrage Liability	20,845	56,743
Principal Paid on ADEQ Loan	(270,862)	(261,951)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(7,504,785)</u>	<u>(8,127,131)</u>
Cash Flows From Investing Activities		
Interest From State Investment Pool	1,155,169	1,051,334
Net Cash From Investing Activities	<u>1,155,169</u>	<u>1,051,334</u>
Net Increase (Decrease) in Cash	1,300,016	1,409,621
Cash Balance July 1	<u>22,684,834</u>	<u>21,275,213</u>
Cash Balance June 30	<u>\$ 23,984,850</u>	<u>22,684,834</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	<u>\$ 3,365,620</u>	<u>3,578,578</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities		
Depreciation	4,667,823	4,499,810
Changes in Assets and Liabilities		
(Increase) Decrease in Accounts Receivable	(321,794)	338,409
(Increase) Decrease in Inventory	51,815	(17,820)
Increase (Decrease) in Accounts Payable	17,555	(208,740)
Increase (Decrease) in Accrued Payroll and Payroll Taxes	(70,954)	17,052
Increase (Decrease) in Customer Deposits	(38,596)	74,400
Miscellaneous Operating Revenues (Expenses)	(18,147)	--
Total Adjustments	<u>4,287,702</u>	<u>4,703,111</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 7,653,322</u>	<u>8,281,689</u>
Non-Cash Investing, Capital and Financing Activities:		
Developers Contributing Assets to Governmental Entity	<u>\$ 2,079,236</u>	<u>3,633,265</u>
Cash and Cash Equivalents		
Unrestricted	\$ 14,236,032	12,970,983
Restricted	9,748,818	9,713,851
Cash Balance June 30	<u>\$ 23,984,850</u>	<u>22,684,834</u>

City of Flagstaff  
Water and Wastewater Fund  
Schedule of Revenues and Expenses  
Budget and Actual (Budget Basis)  
For the Fiscal Year Ended June 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Operating Revenues:</b>			
Water Revenues	\$ 9,767,929	9,998,028	230,099
Sewer Revenues	6,447,364	6,312,763	(134,601)
Miscellaneous	--	33,838	33,838
<b>Total Operating Revenues</b>	<b>16,215,293</b>	<b>16,344,629</b>	<b>129,336</b>
<b>Operating Expenses:</b>			
Staff Support and Services	1,846,089	1,748,503	97,586
Administration	1,933,697	473,346	1,460,351
Water	3,854,471	3,508,624	345,847
Wastewater	2,744,938	2,580,713	164,225
<b>Total Operating Expenses</b>	<b>10,379,195</b>	<b>8,311,186</b>	<b>2,068,009</b>
<b>Operating Income (Loss)</b>	<b>5,836,098</b>	<b>8,033,443</b>	<b>2,197,345</b>
<b>Non-Operating Revenues (Expenses):</b>			
Paid on Bond Maturity	(3,760,862)	(3,490,000)	270,862
Interest Income	526,000	1,261,720	735,720
Interest Expense and Fiscal Charges	(1,854,196)	(1,803,379)	50,817
Water and Sewer Buy-Ins	1,365,941	1,135,467	(230,474)
Net Gain (Loss) on Disposal of Fixed Assets	--	4,645	4,645
Capital Outlay	(9,346,429)	(3,182,892)	6,163,537
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(13,069,546)</b>	<b>(6,074,439)</b>	<b>6,995,107</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>(7,233,448)</b>	<b>1,959,004</b>	<b>9,192,452</b>
<b>Operating Transfers In (Out):</b>			
Operating Transfers - In from:			
Secondary Property Tax Revenue Fund	2,395,308	2,395,308	--
Operating Transfers - Out to:			
General Fund	(2,395,308)	(2,395,308)	--
<b>Total Operating Transfers In (Out)</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Net Income (Loss)</b>	<b>\$ (7,233,448)</b>	<b>1,959,004</b>	<b>9,192,452</b>
<b>GAAP Adjustments to Budget:</b>			
Depreciation		(4,667,823)	
Paid on Bond Maturity		3,490,000	
Capital Outlay		3,182,892	
Depreciation on Fixed Assets Acquired with Capital Grants		693,342	
<b>Increase (Decrease) in GAAP Retained Earnings</b>		<b>\$ 4,657,415</b>	

City of Flagstaff  
Airport Fund  
Comparative Balance Sheets  
June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 30,942	9,831
Accounts Receivable (Net)	103,630	25,011
Grants Receivable	445,161	562,707
Restricted Assets:		
Cash and Cash Equivalents	480,324	403,715
Receivable From Sale of Property	175,094	334,050
Fixed Assets (Net of Depreciation)	<u>20,506,479</u>	<u>20,589,996</u>
<b>Total Assets</b>	<u><u>\$ 21,741,630</u></u>	<u><u>21,925,310</u></u>
<b>Liabilities and Fund Equity</b>		
Liabilities:		
Accounts Payable	\$ 29,429	235,562
Accrued Wages and Payroll Taxes	19,337	26,288
Payable from Restricted Assets:		
Interest Payable	67,328	72,640
General Obligation Bonds	180,000	170,000
Guaranty and Other Deposits	13,787	14,015
Capital Lease	116,010	139,609
Interfund Payable	494,897	304,897
Bonds Payable (Less Current Portion)		
General Obligation Bonds	2,220,000	2,400,000
Loans Payable	<u>589,251</u>	<u>600,000</u>
<b>Total Liabilities</b>	<u>3,730,039</u>	<u>3,963,011</u>
Fund Equity:		
Contributed Capital:		
Capital Grants (Net)	14,478,340	14,119,338
Municipality	6,914,769	6,914,769
Retained Earnings:		
Reserved for:		
Airport Construction	408,090	495,125
Unreserved (Deficit)	<u>(3,789,608)</u>	<u>(3,566,933)</u>
<b>Total Retained Earnings (Deficit)</b>	<u>(3,381,518)</u>	<u>(3,071,808)</u>
<b>Total Fund Equity</b>	<u>18,011,591</u>	<u>17,962,299</u>
<b>Total Liabilities and Fund Equity</b>	<u><u>\$ 21,741,630</u></u>	<u><u>21,925,310</u></u>

City of Flagstaff  
 Airport Fund  
 Comparative Statement of Revenues, Expenses and  
 Changes in Retained Earnings  
 For the Fiscal Year Ended June 30, 2000  
 (With Comparative Totals for the Fiscal Year Ended June 30, 1999)

	<u>2000</u>	<u>1999</u>
Operating Revenues:		
Airport Revenues	\$ 822,723	797,541
Miscellaneous Revenues	29,682	1,201
Total Operating Revenues	<u>852,405</u>	<u>798,742</u>
Operating Expenses:		
Staff Support and Services	382,115	267,920
Airport	721,549	707,206
Depreciation	1,353,215	1,231,145
Total Operating Expenses	<u>2,456,879</u>	<u>2,206,271</u>
Operating Income (Loss)	<u>(1,604,474)</u>	<u>(1,407,529)</u>
Non-Operating Revenues (Expenses):		
Interest Income	23,345	30,557
Interest Expense and Fiscal Charges	(134,724)	(145,280)
Net Gain (Loss) on Disposal of Fixed Assets	334	--
Miscellaneous	--	(9,703)
Total Non-Operating Revenues (Expenses)	<u>(111,045)</u>	<u>(124,426)</u>
Income (Loss) Before Operating Transfers	<u>(1,715,519)</u>	<u>(1,531,955)</u>
Operating Transfers In (Out):		
Operating Transfers - In from:		
Secondary Property Tax Revenue Fund	227,172	224,094
General Fund	385,000	477,443
Economic Development Fund	--	15,000
Total Operating Transfers In (Out)	<u>612,172</u>	<u>716,537</u>
Net Income (Loss)	(1,103,347)	(815,418)
Add Back Depreciation on Fixed Assets Acquired with Capital Grants	<u>793,637</u>	<u>604,039</u>
Increase (Decrease) in Retained Earnings	(309,710)	(211,379)
Retained Earnings (Deficit) July 1	<u>(3,071,808)</u>	<u>(2,860,429)</u>
Retained Earnings (Deficit) June 30	<u><u>\$ (3,381,518)</u></u>	<u><u>(3,071,808)</u></u>

City of Flagstaff  
Airport Fund  
Comparative Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2000  
(With Comparative Totals for the Fiscal Year Ended June 30, 1999)

	2000	1999
Cash Flows From Operating Activities		
Cash Received From Customers and Users	\$ 772,847	831,952
Cash Payments to Other Suppliers of Goods and Services	(650,501)	(330,722)
Cash Payments to Employees for Services	(666,247)	(574,076)
Increase (Decrease) in Customer Deposits	(228)	4,125
Miscellaneous Operating Revenue (Expenses)	939	2,571
	(543,190)	(66,150)
Net Cash Provided (Used) by Operating Activities		
Cash Flows From Non-Capital Financing Activities		
Operating Transfers In From Other Funds	612,172	716,537
Gross Increase (Decrease) in Interfund Payable	190,000	(1,040,000)
	802,172	(323,463)
Net Cash Provided (Used) by Non-Capital Financing Activities		
Cash Flows From Capital and Related Financing Activities		
Capital Grants Received	1,270,185	4,200,635
Bonds		
Principal Payments	(170,000)	(160,000)
Interest Payments and Related Expenses	(112,270)	(139,207)
Proceeds From Sale of Capital Assets	6,293	--
Principal on Loans Receivable	158,956	152,112
Acquisition and Construction of Capital Assets	(1,275,657)	(4,315,143)
Capital Lease		
Principal Payments	(23,599)	(21,766)
Interest Payments	(11,041)	(12,873)
Capital Loan		
Principal Payments	(10,749)	--
Interest Payments	(16,725)	--
Proceeds From Loans	--	600,000
	(184,607)	303,758
Net Cash Provided (Used) by Capital and Related Financing Activities		
Cash Flows From Investing Activities		
Interest From State Investment Pool	23,345	30,557
	23,345	30,557
Net Cash From Investing Activities		
Net Increase (Decrease) in Cash	97,720	(55,298)
Cash Balance July 1	413,546	468,844
Cash Balance June 30	\$ 511,266	413,546
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ (1,604,474)	(1,407,529)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities		
Depreciation	1,353,215	1,231,145
Changes in Assets and Liabilities		
(Increase) Decrease in Accounts Receivable	(78,619)	34,411
Increase (Decrease) in Accounts Payable	(206,133)	68,420
Increase (Decrease) in Accrued Payroll and Payroll Taxes	(6,951)	1,908
Increase (Decrease) in Customer Deposits	(228)	4,125
Miscellaneous Revenues (Expenses)	--	1,370
	1,061,284	1,341,379
Total Adjustments		
Net Cash Provided (Used) by Operating Activities	\$ (543,190)	(66,150)
Cash and Cash Equivalents		
Unrestricted	\$ 30,942	9,831
Restricted	480,324	403,715
Cash Balance June 30	\$ 511,266	413,546

City of Flagstaff  
 Airport Fund  
 Schedule of Revenues and Expenses  
 Budget and Actual (Budget Basis)  
 For the Fiscal Year Ended June 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:			
Airport Revenues	\$ 893,644	822,723	(70,921)
Miscellaneous Revenues	1,400	29,682	28,282
<b>Total Operating Revenues</b>	<b>895,044</b>	<b>852,405</b>	<b>(42,639)</b>
Operating Expenses:			
Staff Support and Services	405,512	382,115	23,397
Airport	815,497	721,549	93,948
<b>Total Operating Expenses</b>	<b>1,221,009</b>	<b>1,103,664</b>	<b>117,345</b>
<b>Operating Income (Loss)</b>	<b>(325,965)</b>	<b>(251,259)</b>	<b>74,706</b>
Non-Operating Revenues (Expenses):			
Paid on Bond Maturity	(180,000)	(180,000)	--
Paid on Loan Maturity	(29,200)	(10,749)	18,451
Interest Income	19,632	23,345	3,713
Interest Expense and Fiscal Charges	(134,805)	(134,724)	81
Intergovernmental Revenue	4,353,010	1,152,639	(3,200,371)
Net Gain (Loss) on Disposal of Fixed Asset	--	334	334
Capital Outlay	(5,075,758)	(1,275,657)	3,800,101
Lease Purchase Principal	(23,599)	(23,599)	--
Principal on Loans Receivable	158,957	158,957	--
Proceeds from Loans	266,177	--	(266,177)
<b>Total Non-Operating Revenues (Expense)</b>	<b>(645,586)</b>	<b>(289,454)</b>	<b>356,132</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>(971,551)</b>	<b>(540,713)</b>	<b>430,838</b>
Operating Transfers In (Out):			
Operating Transfers - In from:			
Secondary Property Tax Revenue Fund	206,805	227,172	20,367
General Fund	654,000	385,000	(269,000)
<b>Total Operating Transfers In (Out)</b>	<b>860,805</b>	<b>612,172</b>	<b>(248,633)</b>
<b>Net Income (Loss) - Budget Basis</b>	<b>\$ (110,746)</b>	<b>71,459</b>	<b>182,205</b>
GAAP Adjustments to Budget:			
Depreciation		(1,353,215)	
Paid on Bond Maturity		180,000	
Paid on Loan Maturity		10,749	
Intergovernmental Revenue		(1,152,639)	
Capital Outlay		1,275,657	
Lease Purchase Principal		23,599	
Depreciation on Fixed Assets Acquired with Capital Grants		793,637	
Principal on Loans Receivable		(158,957)	
<b>Increase (Decrease) in GAAP Retained Earnings</b>		<b>\$ (309,710)</b>	

City of Flagstaff  
Environmental Services Fund  
Comparative Balance Sheets  
June 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 5,381,189	4,629,702
Accounts Receivable (Net)	858,596	801,779
Interest Receivable	72,404	44,970
Grants Receivable	600	600
Restricted Assets:		
Cash and Cash Equivalents	2,531,725	1,520,559
Interest Receivable	31,909	13,163
Fixed Assets (Net of Depreciation)	<u>6,004,920</u>	<u>5,367,691</u>
<b>Total Assets</b>	<u><u>\$ 14,881,343</u></u>	<u><u>12,378,464</u></u>
<b>Liabilities and Fund Equity</b>		
Liabilities:		
Accounts Payable	\$ 129,193	72,706
Accrued Wages and Payroll Taxes	58,636	76,267
Payable from Restricted Assets:		
Landfill Closure and Post-Closure Liability	2,563,634	1,533,722
Guaranty and Other Deposits	17,340	18,840
Landfill Closure and Post-Closure Liability	<u>7,814,713</u>	<u>8,126,767</u>
<b>Total Liabilities</b>	<u>10,583,516</u>	<u>9,828,302</u>
Fund Equity:		
Contributed Capital:		
Municipality	1,065,387	1,065,387
Retained Earnings:		
Unreserved (Deficit)	<u>3,232,440</u>	<u>1,484,775</u>
<b>Total Fund Equity</b>	<u>4,297,827</u>	<u>2,550,162</u>
<b>Total Liabilities and Fund Equity</b>	<u><u>\$ 14,881,343</u></u>	<u><u>12,378,464</u></u>

City of Flagstaff  
Environmental Services Fund  
Comparative Statement of Revenues, Expenses and  
Changes in Retained Earnings  
For the Fiscal Years Ended June 30, 2000  
(With Comparative Totals for the Fiscal Year Ended June 30, 1999)

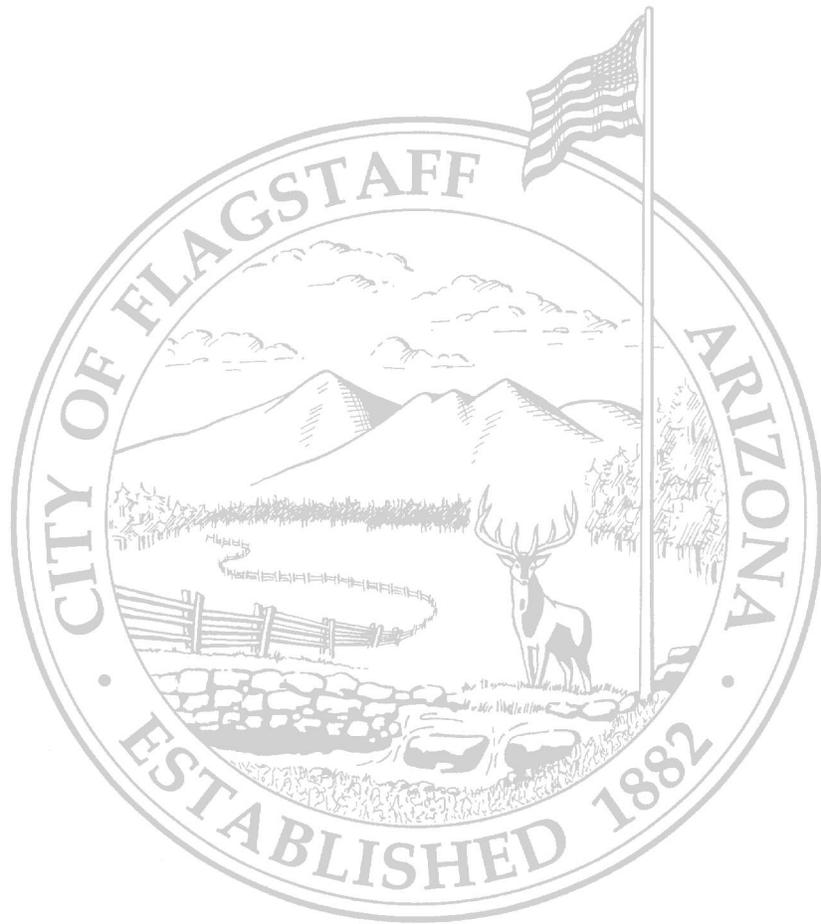
	<u>2000</u>	<u>1999</u>
Operating Revenues:		
Environmental Services Revenues	\$ 6,409,920	6,541,170
Intergovernmental Revenue	14,597	18,325
Miscellaneous Revenues	<u>  --</u>	<u>10,954</u>
Total Operating Revenues	<u>6,424,517</u>	<u>6,570,449</u>
Operating Expenses:		
Staff Support and Services	477,212	488,967
Environmental Services	3,085,717	3,404,907
Depreciation	576,502	389,214
Landfill Closure and Post-Closure Accrual	<u>717,858</u>	<u>638,784</u>
Total Operating Expenses	<u>4,857,289</u>	<u>4,921,872</u>
Operating Income (Loss)	<u>1,567,228</u>	<u>1,648,577</u>
Non-Operating Revenues (Expenses):		
Interest Income	422,464	314,779
Interest Expenses and Fiscal Charges	1,002	--
Net Gain (Loss) on Disposal of Fixed Assets	<u>3,998</u>	<u>104,818</u>
Total Non-Operating Revenues (Expenses)	<u>427,464</u>	<u>419,597</u>
Income (Loss) Before Operating Transfers	<u>1,994,692</u>	<u>2,068,174</u>
Operating Transfers In (Out):		
Operating Transfers - In From:		
General Fund	144,131	--
Beautification	38,520	--
Operating Transfers - Out to:		
General Fund	<u>(429,678)</u>	<u>(429,678)</u>
Total Operating Transfers In (Out)	<u>(247,027)</u>	<u>(429,678)</u>
Net Income (Loss)	1,747,665	1,638,496
Retained Earnings July 1	<u>1,484,775</u>	<u>(153,721)</u>
Retained Earnings (Deficit) June 30	<u>\$ 3,232,440</u>	<u>1,484,775</u>

City of Flagstaff  
Environmental Services Fund  
Comparative Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2000  
(With Comparative Totals for the Fiscal Year Ended June 30, 1999)

	<u>2000</u>	<u>1999</u>
Cash Flows From Operating Activities		
Cash Received From Customers and Users	\$ 6,354,138	6,388,658
Cash Payments to Other Suppliers of Goods and Services	(1,486,890)	(2,351,417)
Cash Payments to Employees for Services	(2,037,183)	(1,594,261)
Operating Grant Received	14,597	17,725
Increase (Decrease) in Customer Deposits	(1,500)	(1,527)
Miscellaneous Operating Revenue (Expense)	3,998	10,954
Net Cash Provided (Used) by Operating Activities	<u>2,847,160</u>	<u>2,470,132</u>
Cash Flows From Non-Capital Financing Activities		
Operating Transfers Out to Other Funds	<u>(247,027)</u>	<u>(429,678)</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(247,027)</u>	<u>(429,678)</u>
Cash Flows From Capital and Related Financing Activities		
Proceeds From Sale of Capital Assets	1,002	105,200
Acquisition and Construction of Capital Assets	<u>(1,214,768)</u>	<u>(1,657,826)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,213,766)</u>	<u>(1,552,626)</u>
Cash Flows From Investing Activities		
Interest From State Investment Pool	<u>376,286</u>	<u>334,931</u>
Net Cash From Investing Activities	<u>376,286</u>	<u>334,931</u>
Net Increase in Cash	1,762,653	822,759
Cash Balance July 1	<u>6,150,261</u>	<u>5,327,502</u>
Cash Balance June 30	<u>\$ 7,912,914</u>	<u>6,150,261</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	<u>\$ 1,567,228</u>	<u>1,648,577</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities		
Depreciation	576,502	389,214
Changes in Assets and Liabilities		
(Increase) Decrease in Accounts Receivable	(56,817)	(152,512)
Increase (Decrease) in Accounts Payable	56,487	(60,602)
Increase (Decrease) in Accrued Payroll and Payroll Taxes	(17,631)	8,798
(Increase) Decrease in Operating Grants Receivable	--	(600)
Increase (Decrease) in Customer Deposits	(1,500)	(1,527)
Increase (Decrease) in Landfill Closure and Post-Closure Liability	717,858	638,784
Miscellaneous Revenues (Expenses)	<u>5,033</u>	<u>--</u>
Total Adjustments	<u>1,279,932</u>	<u>821,555</u>
Net Cash Provided (used) by Operating Activities	<u>\$ 2,847,160</u>	<u>2,470,132</u>
Cash and Cash Equivalents		
Unrestricted	\$ 5,381,189	4,629,702
Restricted	2,531,725	1,520,559
Cash Balance June 30	<u>\$ 7,912,914</u>	<u>6,150,261</u>

City of Flagstaff  
 Environmental Services Fund  
 Schedule of Revenues and Expenses  
 Budget and Actual (Budget Basis)  
 For the Fiscal Year Ended June 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:			
Environmental Services Revenues	\$ 5,605,077	6,409,920	804,843
Intergovernmental Revenue	--	14,597	14,597
<b>Total Operating Revenues</b>	<b>5,605,077</b>	<b>6,424,517</b>	<b>819,440</b>
Operating Expenses:			
Staff Support and Services	573,025	477,212	95,813
Environmental Services	3,358,955	3,085,717	273,238
<b>Total Operating Expenses</b>	<b>3,931,980</b>	<b>3,562,929</b>	<b>369,051</b>
<b>Operating Income (Loss)</b>	<b>1,673,097</b>	<b>2,861,588</b>	<b>1,188,491</b>
Non-Operating Revenues (Expenses):			
Interest Income	227,000	422,464	195,464
Net Gain (Loss) on Disposal of Fixed Assets	--	1,002	1,002
Capital Outlay	(4,597,542)	(1,214,768)	3,382,774
Miscellaneous Revenues	--	3,998	3,998
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(4,370,542)</b>	<b>(787,304)</b>	<b>3,583,238</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>(2,697,445)</b>	<b>2,074,284</b>	<b>4,771,729</b>
Operating Transfers In (Out):			
Operating Transfers - In From:			
General Fund	124,361	144,131	19,770
Beautification	31,291	38,520	7,229
Operating Transfers - Out To:			
General Fund	(429,678)	(429,678)	--
<b>Total Operating Transfers In (Out)</b>	<b>(274,026)</b>	<b>(247,027)</b>	<b>26,999</b>
<b>Net Income (Loss)</b>	<b>\$ (2,971,471)</b>	<b>1,827,257</b>	<b>(4,798,728)</b>
GAAP Adjustments to Budget:			
Depreciation		(576,502)	
Capital Outlay		1,214,768	
Landfill Closure and Post-Closure Accrual		(717,858)	
<b>Increase (Decrease) in GAAP Retained Earnings</b>		<b>\$ 1,747,665</b>	



**General Fixed Assets** are those fixed assets not accounted for in the Enterprise Funds. To be classified as a fixed asset, a specific piece of property must be tangible, have a life longer than one year, and have a significant value.

**GENERAL FIXED ASSET ACCOUNT GROUP**

# **GENERAL FIXED ASSET ACCOUNT GROUP**

City of Flagstaff  
 Schedule of General Fixed Assets - By Source  
 June 30, 2000

General fixed assets:	
Land	\$ 5,618,012
Buildings	20,594,195
Improvements other than buildings	9,880,095
Machinery and equipment	19,874,083
Construction in progress	<u>7,776,669</u>
Total general fixed assets	<u>\$ 63,743,054</u>
Investment in general fixed assets from:	
Federal grants	\$ 777,594
State grants	303,081
County grants	27,763
General fund revenues	38,258,130
Special revenue fund revenues	10,912,160
Gifts	53,047
Contributed from utility fund	245,109
Intergovernmental contribution	791,850
General obligation bonds	<u>12,374,320</u>
Total investment in general fixed assets	<u>\$ 63,743,054</u>

City of Flagstaff  
 Schedule of General Fixed Assets - By Functions and Activities  
 June 30, 2000

	Total	Land	Buildings	Improvements other than Buildings	Machinery and Equipment
General government:					
General administration	\$ 4,218,202	823,837	537,027	67,894	2,789,444
Law	4,316	-	-	-	4,316
Data processing	120,240	-	1,417	109,641	9,182
Library	681,758	-	72,239	-	609,519
Finance	73,568	-	-	-	73,568
Community development	45,654	-	-	-	45,654
City court	119,660	-	2,640	-	117,020
Personnel	7,547	-	-	-	7,547
Municipal complex	9,310,006	2,460,727	6,849,279	-	-
Beautification	1,705	-	-	-	1,705
Tourism	1,387,452	501,365	817,103	18,404	50,580
Total general government	<u>15,970,108</u>	<u>3,785,929</u>	<u>8,279,705</u>	<u>195,939</u>	<u>3,708,535</u>
Public safety:					
Police protection	2,954,269	-	112,492	8,671	2,833,106
Fire protection	7,150,149	159,894	3,393,322	36,661	3,560,272
Total public safety	<u>10,104,418</u>	<u>159,894</u>	<u>3,505,814</u>	<u>45,332</u>	<u>6,393,378</u>
Parks and Recreation:					
Parks	5,216,442	909,588	244,004	2,680,627	1,382,223
Recreation	3,471,985	-	2,286,946	899,784	285,255
Recreation Capital Projects	3,685,893	-	206,464	3,479,429	-
Total parks and recreation	<u>12,374,320</u>	<u>909,588</u>	<u>2,737,414</u>	<u>7,059,840</u>	<u>1,667,478</u>
Public works:					
Facilities maintenance	6,237,924	-	5,568,669	6,094	663,161
Engineering	905,318	-	8,443	281,474	615,401
Building inspection	149,623	-	-	-	149,623
Shop	931,082	-	360,104	196,789	374,189
Planning	44,471	-	-	-	44,471
Public works administration	19,541	-	-	-	19,541
Total public works	<u>8,287,959</u>	<u>-</u>	<u>5,937,216</u>	<u>484,357</u>	<u>1,866,386</u>
Cemetery	<u>388,335</u>	<u>44,126</u>	<u>30,443</u>	<u>196,627</u>	<u>117,139</u>
Streets	<u>8,841,245</u>	<u>718,475</u>	<u>103,603</u>	<u>1,898,000</u>	<u>6,121,167</u>
Total general fixed assets allocated to functions.	<u>55,966,385</u>	<u>5,618,012</u>	<u>20,594,195</u>	<u>9,880,095</u>	<u>19,874,083</u>
Construction work in progress	<u>7,776,669</u>				
Total general fixed assets	<u>\$ 63,743,054</u>				

City of Flagstaff  
Schedule of Changes in General Fixed Assets - By Functions and Activities  
Year Ended June 30, 2000

	General fixed assets at beginning of year	Additions	Deductions	Transfers between Departments	General fixed assets at end of year
General government:					
General administration	\$ 4,202,993	230,880	215,671	-	4,218,202
Law	4,316	-	-	-	4,316
Data processing	122,509	-	2,269	-	120,240
Library	654,830	31,578	4,650	-	681,758
Finance	73,568	-	-	-	73,568
Community development	45,654	-	-	-	45,654
City court	119,660	-	-	-	119,660
Personnel	8,801	-	1,254	-	7,547
Municipal complex	9,310,006	-	-	-	9,310,006
Beautification	1,705	-	-	-	1,705
Tourism	1,392,815	-	5,363	-	1,387,452
Total general government	<u>15,936,857</u>	<u>262,458</u>	<u>229,207</u>	<u>-</u>	<u>15,970,108</u>
Public safety:					
Police protection	2,516,388	437,881	-	-	2,954,269
Fire protection	7,105,240	44,909	-	-	7,150,149
Total public safety	<u>9,621,628</u>	<u>482,790</u>	<u>-</u>	<u>-</u>	<u>10,104,418</u>
Parks and Recreation:					
Parks	4,898,335	318,107	-	-	5,216,442
Recreation	3,423,867	51,970	3,852	-	3,471,985
Recreation Capital Projects	2,080,605	1,444,392	-	160,896	3,685,893
Total parks and recreation	<u>10,402,807</u>	<u>1,814,469</u>	<u>3,852</u>	<u>160,896</u>	<u>12,374,320</u>
Public works:					
Facilities maintenance	6,237,924	-	-	-	6,237,924
Engineering	809,948	100,778	5,408	-	905,318
Building inspection	134,431	15,192	-	-	149,623
Shop	884,327	46,755	-	-	931,082
Planning	41,652	2,819	-	-	44,471
Public works administration	19,541	-	-	-	19,541
Total public works	<u>8,127,823</u>	<u>165,544</u>	<u>5,408</u>	<u>-</u>	<u>8,287,959</u>
Cemetery	373,206	15,129	-	-	388,335
Streets	8,181,474	659,771	-	-	8,841,245
Construction work in progress	631,495	7,306,070	-	(160,896)	7,776,669
Total general fixed assets	<u>\$ 53,275,290</u>	<u>10,706,231</u>	<u>238,467</u>	<u>-</u>	<u>63,743,054</u>



# **SUPPORTING SCHEDULES**

# **SUPPORTING SCHEDULES**

SCHEDULE I

Debt Service Requirements to Maturity - General Obligation Bonds

June 30, 2000

Fiscal Year	Principal	Interest	Total Requirement
2000-01	\$ 3,046,048	1,712,050	4,758,098
2001-02	3,199,349	1,892,145	5,091,494
2002-03	3,395,000	1,584,840	4,979,840
2003-04	3,745,000	1,369,665	5,114,665
2004-05	3,695,000	1,170,445	4,865,445
2005-06	2,790,000	969,765	3,759,765
2006-07	3,384,064	1,176,252	4,560,316
2007-08	3,005,000	635,800	3,640,800
2008-09	2,965,000	493,800	3,458,800
2009-10	1,680,000	354,400	2,034,400
2010-11	1,800,000	270,400	2,070,400
2011-12	1,925,000	180,400	2,105,400
2012-13	1,870,000	84,625	1,954,625
	\$ 36,499,461	11,894,587	48,394,048

SCHEDULE II

Debt Service Requirements to Maturity - Street Construction Revenue Bonds

June 30, 2000

Fiscal Year	Principal	Interest	Total Requirement
2000-01	\$ 1,420,000	960,133	2,380,133
2001-02	1,490,000	900,492	2,390,492
2002-03	1,565,000	836,423	2,401,423
2003-04	1,635,000	767,562	2,402,562
2004-05	1,705,000	693,988	2,398,988
2005-06	1,805,000	615,558	2,420,558
2006-07	1,880,000	530,723	2,410,723
2007-08	1,370,000	441,423	1,811,423
2008-09	1,445,000	359,723	1,804,723
2009-10	1,520,000	280,135	1,800,135
2010-11	1,620,000	190,455	1,810,455
2011-12	1,725,000	94,873	1,819,873
	\$ 19,180,000	6,671,488	25,851,488

SCHEDULE III

Debt Service Requirements to Maturity - Special Assessment Bonds

June 30, 2000

Fiscal Year	Principal	Interest	Total Requirement
2000-01	\$ 203,000	80,967	283,967
2001-02	229,000	69,063	298,063
2002-03	244,000	56,074	300,074
2003-04	259,000	42,270	301,270
2004-05	270,000	27,750	297,750
2005-06	75,000	18,497	93,497
2006-07	76,000	14,799	90,799
2007-08	82,000	10,927	92,927
2008-09	88,000	6,761	94,761
2009-10	94,000	2,303	96,303
	\$ 1,620,000	329,411	1,949,411



**STATISTICAL  
SECTION**



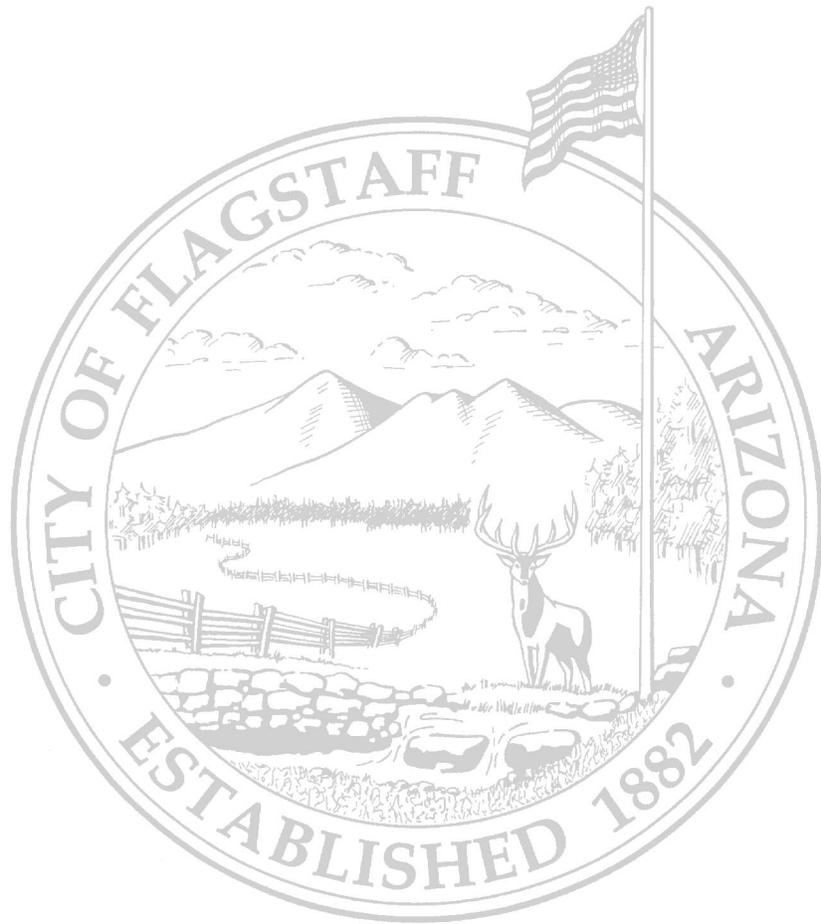


Table I  
 General Government Expenditures by Function  
 Last Ten Fiscal Years

Fiscal Year	General Government and Library	Public Safety	Community Development	Contributions to Other Agencies	Parks and Recreation
1991	\$ 4,607,100	8,890,058	1,062,635	565,781	1,314,034
1992	6,276,638	9,403,623	1,303,290	593,124	2,123,661
1993	5,891,579	9,960,011	1,295,476	734,056	1,973,895
1994	7,263,107	10,419,132	1,200,587	1,017,835	2,023,179
1995	7,142,198	10,793,046	986,219	1,106,599	2,441,776
1996	7,212,411	11,017,376	1,652,750	1,404,276	2,866,078
1997	8,825,304	12,060,567	1,201,352	1,600,649	3,452,107
1998	11,477,923	12,167,725	1,412,182	1,065,899	3,269,940
1999	14,819,049	13,299,094	1,337,131	1,068,915	3,186,846
2000	21,046,910	13,533,876	1,681,507	998,422	3,486,908

Note: Includes General, Special Revenue, Debt Service and Capital Projects.

<u>Public Works and Highway and Streets</u>	<u>Criminal Justice</u>	<u>Cemetery</u>	<u>Debt Service</u>	<u>Total</u>
16,294,863	454,547	163,101	3,738,117	37,090,236
13,479,817	467,904	126,328	3,074,986	36,849,371
12,025,091	540,617	170,482	3,101,380	35,692,587
8,908,093	584,582	107,142	2,545,881	34,069,538
12,407,830	642,590	117,717	2,582,250	38,220,225
7,738,757	767,706	136,249	2,929,349	35,724,952
6,701,434	865,545	169,226	3,234,752	38,110,936
9,107,198	877,167	123,440	4,108,607	43,610,081
6,289,685	920,826	136,259	4,098,604	45,156,409
8,307,169	1,021,651	148,980	3,881,866	54,107,289

Table II  
General Government Revenues by Source  
Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses and Permits	Intergovernmental Revenues	Charges for Services	Fines and Forfeits	Other Revenues	Total
1991	\$ 12,729,393	481,194	12,076,379	394,751	558,811	2,036,249	28,276,777
1992	14,674,273	579,797	12,443,329	486,907	498,062	1,955,782	30,638,150
1993	15,641,582	613,796	13,269,793	523,482	633,287	1,241,218	31,923,158
1994	16,696,324	653,521	14,637,139	580,640	660,098	1,782,470	35,010,192
1995	17,576,915	834,368	15,322,232	720,238	572,728	3,450,303	38,476,784
1996	18,112,121	1,322,309	16,095,776	872,608	808,543	1,581,552	38,792,909
1997	18,776,929	1,279,410	17,704,496	871,284	782,451	2,333,295	41,747,865
1998	19,576,193	1,246,090	19,079,704	920,566	783,854	2,497,159	44,103,566
1999	20,582,542	1,335,184	22,621,143	837,373	838,306	2,468,401	48,682,949
2000	22,197,133	1,324,340	26,778,117	1,030,249	837,695	5,243,779	57,411,313

Note: Includes General, Special Revenue, Debt Service and Capital Projects.

Table III  
Tax Revenues by Sources  
Last Ten Fiscal Years

Fiscal Year	Total Taxes	General Property Tax	Secondary Property Tax	Franchise and Other Taxes	City Sales Tax	Bed, Board and Booze Tax
1991	\$ 12,729,393	1,448,612	2,752,869	1,052,064	5,282,635	2,193,213
1992	14,674,273	1,596,979	3,706,373	1,101,891	5,815,150	2,453,880
1993	15,641,582	1,709,887	3,915,387	1,108,328	6,267,619	2,640,361
1994	16,696,324	1,806,265	3,993,710	1,274,705	6,763,872	2,857,772
1995	17,576,915	1,868,077	4,062,533	1,304,684	7,362,140	2,979,481
1996	18,112,121	2,137,125	3,344,441	1,260,317	8,240,709	3,129,529
1997	18,776,929	2,243,818	3,402,803	1,358,283	8,491,913	3,280,112
1998	19,576,193	2,405,865	3,355,628	1,512,456	8,966,287	3,335,957
1999	20,582,542	2,577,557	3,537,987	1,560,789	9,369,406	3,536,803
2000	22,197,133	2,759,130	3,777,091	1,505,710	10,510,380	3,644,822

Table IV  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections
1991	\$ 4,308,841	\$ 4,058,490	94.2%	\$ 142,991
1992	5,448,245	5,177,681	95.0%	125,671
1993	5,257,183	5,431,611	103.3%	193,663
1994	5,743,129	5,492,103	95.6%	307,872
1995	5,910,644	5,610,061	94.9%	320,549
1996	5,424,449	5,400,777	99.6%	80,789
1997	5,638,222	5,566,676	98.7%	79,945
1998	5,754,253	5,651,170	98.2%	110,323
1999	6,138,071	6,036,950	98.4%	78,594
2000	6,526,010	6,443,879	98.7%	92,342

<u>Total Tax Collections</u>	<u>Total Collections as a Percent of Current Levy</u>	<u>Outstanding Delinquent Collections</u>	<u>Outstanding Delinquent Taxes as a Percent of Current Levy</u>
\$ 4,201,481	97.5%	\$ 196,658	4.6%
5,303,352	97.3%	230,123	4.2%
5,625,274	107.0%	302,578	5.8%
5,799,975	101.0%	326,269	5.7%
5,930,610	100.3%	186,826	3.2%
5,481,566	101.1%	265,339	4.9%
5,646,621	100.1%	248,572	4.4%
5,761,493	100.1%	217,244	3.8%
6,115,544	99.6%	216,717	3.5%
6,536,221	100.2%	211,305	3.2%

Table V

## Primary Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1991	\$ 227,258,811	1,514,630,060	17,050,341	75,802,801
1992	240,724,601	1,614,150,303	15,837,715	71,169,080
1993	253,115,962	1,709,252,294	17,191,129	77,637,687
1994	263,143,187	1,807,219,306	12,656,223	63,521,760
1995	272,017,549	1,972,867,568	22,083,172	88,333,062
1996	285,152,896	2,097,918,383	20,719,183	82,906,354
1997	317,127,846	2,352,739,798	12,461,600	103,490,735
1998	329,932,001	2,458,882,909	22,781,372	97,754,981
1999	353,421,490	2,642,062,329	22,180,026	98,903,475
2000	379,547,012	2,802,287,566	30,717,569	137,001,286

Assessed Value	Total Estimated Actual Value	Ratio of Total Assessed Value to Total Estimated Actual Value
244,309,152	1,590,432,861	1- 6.5
256,562,316	1,685,319,383	1- 6.6
270,307,091	1,786,889,981	1- 6.6
275,799,410	1,870,741,066	1- 6.8
294,100,721	2,061,200,630	1- 7.0
305,872,079	2,180,824,737	1- 7.1
329,589,446	2,456,230,533	1- 7.5
352,713,373	2,556,637,890	1- 7.2
375,601,516	2,740,965,804	1- 7.3
410,264,581	2,939,288,852	1- 7.2

Table VI  
Property Tax Rates and Tax Levies  
Direct and Overlapping Governments

Last Ten Fiscal Years

Fiscal Year	City	School District	Community College	County	State	Total
<u>Tax Rates</u>						
1991	1.8914	5.9700	-	1.2117	0.4700	9.5431
1992	2.1314	6.0989	0.3609	1.1847	0.4700	10.2459
1993	2.1114	6.4710	0.3589	1.1815	0.4700	10.5928
1994	2.1014	6.3515	0.3671	1.1650	0.4700	10.4550
1995	2.0823	6.3778	0.3706	1.1622	0.4700	10.4629
1996	1.7983	6.7903	0.3728	1.1472	0.4700	10.5786
1997	1.8283	6.5237	0.3784	1.1386	-	9.8690
1998	1.7127	6.6634	0.3869	1.1168	-	9.8798
1999	1.7127	6.5477	0.3952	1.1094	-	9.7650
2000	1.7127	6.5585	0.5947	1.1444	-	10.0103

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

<u>Tax Levies</u>						
1991	\$ 4,187,949	13,001,681	-	2,632,338	1,014,049	20,836,017
1992	5,448,245	15,067,217	875,674	2,912,913	1,140,390	25,444,439
1993	5,620,237	16,905,293	925,154	3,070,523	1,211,542	27,732,749
1994	5,743,129	17,177,928	987,329	3,146,188	1,264,082	28,318,656
1995	5,910,644	17,960,572	1,038,919	3,269,358	1,317,571	29,497,064
1996	5,424,449	20,199,032	1,096,407	3,401,466	1,382,273	31,503,627
1997	5,638,222	20,034,474	1,157,420	3,492,093	-	30,322,209
1998	5,754,197	22,148,857	1,275,182	3,706,162	-	32,884,398
1999	6,138,071	23,252,495	1,393,923	3,936,405	-	34,720,894
2000	6,526,010	24,786,048	2,252,184	4,324,131	-	37,888,373

Table VII  
Special Assessment Collections  
Last Ten Fiscal Years

Fiscal Year	Current Assessments Due (1)	Current Assessments Collected (1)	Ratio of Collections to Amounts Due	Total Outstanding Current and Delinquent Assessments
1991	\$ 179,960	\$ 181,567	100.89%	\$ 2,828
1992	162,896	162,606	99.82%	3,118
1993	155,621	155,331	99.81%	3,408
1994	107,636	107,636	100.00%	3,408
1995	-	-	N/A	3,408
1996	251,401	251,401	100.00%	3,408
1997	206,465	212,925	103.13%	1,058
1998	208,545	250,940	120.33%	-
1999	201,342	227,696	113.09%	-
2000	198,479	276,642	139.38%	-

(1) Includes principal and interest.

Table VIII

Percent of Net General Bonded Debt to Secondary Assessed Value  
and Net General Bonded Debt Per Capita

Last Ten Fiscal Years

Fiscal Year	Population (1)	Secondary Assessed Value (2)	Gross Bonded Debt	Less Current Portion	Net Bonded Debt	Percent of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1991	47,233	\$ 227,800,552	\$ 26,535,000	\$ 2,575,000	\$ 23,960,000	11%	\$ 507.27
1992	48,328	230,904,138	48,122,334	3,370,000	44,752,334	19%	926.01
1993	49,536	266,966,479	44,811,087	3,325,000	41,486,087	16%	837.49
1994	50,774	270,619,542	47,548,493	3,585,000	43,963,493	16%	865.87
1995	52,701 *	284,954,647	44,029,701	4,270,000	39,759,701	14%	754.44
1996	53,966	294,100,721	39,830,151	3,595,000	36,235,151	12%	671.44
1997	55,885	310,066,911	53,809,898	4,371,000	49,438,898	16%	884.65
1998	58,145	340,743,258	49,470,273	4,170,000	45,300,273	13%	779.09
1999	59,945	362,625,557	45,333,746	4,465,000	40,868,746	11%	681.77
2000	60,880	385,566,202	40,904,461	4,405,000	36,499,461	9%	599.53

(1) City of Flagstaff Planning Department's projected population increases except 1990 and 1995, which are official census figures.

(2) From County Assessors Office.

\* 1995 Special Census.

Table IX  
 Computation of Legal Debt Margin  
 June 30, 2000

Secondary Assessed Value (1) \$ 385,566,202

Special Improvement Legal Debt Margin

Debt Limit 20 Percent of Assessed Value - Special Improvements \$ 77,113,240

Amount of Debt Applicable to Debt Limit

Total Bonded Debt	\$ 34,174,461	
Less:		
Current Portion	3,775,000	
Other Deductions Allowed by Law:		
Special Assessment Bonds	1,620,000	

Total Amount of Debt Applicable to Debt Limit 28,779,461

Legal Debt Margin Available for Water, Sewer, Light, Parks and Open Space Projects \$ 48,333,779

General Legal Debt Margin

Debt Limit 6 Percent of Assessed Value - General \$ 23,133,972

Amount of Debt Applicable to Debt Limit

Total Bonded Debt	\$ 28,905,000	
Less:		
Current Portion	2,005,000	
Other Deductions Allowed by Law:		
Highway User Revenue Bonds	19,180,000	

Total Amount of Debt Applicable to Debt Limit 7,720,000

Legal Debt Margin - Available for All Other Projects \$ 15,413,972

(1) Abstract published by the Arizona State Department of Revenue.

Table X

Computation of Direct and Overlapping Debt

June 30, 2000

The general obligation debt of all local governmental units which provide services within the City's boundaries, and which must be borne by properties in the City (commonly called overlapping debt), is summarized below:

Governmental Units	Net Debt Outstanding	Percentage Applicable to the City	Direct and Overlapping Debt
City of Flagstaff	\$ 36,499,461	100.0%	\$ 36,499,461
School District #1	56,671,986	64.8%	36,723,447
			\$ 73,222,908

Table XI

Ratio of Annual Debt Service Expenditures for  
General Bonded Debt to Total General Expenditures

Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures	Ratio of Debt Service to General Expenditures (Percent)
1991	\$ 2,575,000	1,947,688	4,522,688	37,090,236	12.19%
1992	3,370,000	3,065,935	6,435,935	36,849,371	17.47%
1993	3,325,000	2,980,662	6,305,662	35,692,587	17.67%
1994	3,585,000	2,986,494	6,571,494	34,069,538	19.29%
1995	4,270,000	2,937,532	7,207,532	38,220,225	18.86%
1996	3,595,000	2,612,598	6,207,598	35,742,952	17.37%
1997	4,371,000	2,660,912	7,031,912	38,110,976	18.45%
1998	4,170,000	2,826,759	6,996,759	43,610,081	16.04%
1999	4,465,000	2,516,329	6,981,329	45,156,409	15.46%
2000	4,405,000	2,242,254	6,647,254	54,107,289	12.29%

Table XII

## Schedule of Water and Wastewater Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1991	\$ 12,018,308	6,604,112	5,414,196	-	-	-	-
1992	13,783,459	6,462,022	7,321,437	-	-	-	-
1993	14,032,383	6,723,474	7,308,909	-	-	-	-
1994	14,719,682	6,991,300	7,728,382	-	-	-	-
1995	14,916,620	7,097,153	7,819,467	-	-	-	-
1996	16,475,146	7,136,236	9,338,910	-	-	-	-
1997	16,515,478	7,973,540	8,541,938	-	-	-	-
1998	16,767,650	7,916,657	8,850,993	-	-	-	-
1999	16,773,884	7,700,535	9,073,349	-	-	-	-
2000	17,606,349	8,311,186	9,295,163	-	-	-	-

Table XIII  
Demographic Statistics  
Last Ten Fiscal Years

Fiscal Year	Population (1)	School Enrollment (2)	Unemployment Rate (3)
1991	47,233	11,589	5.9%
1992	48,328	11,339	8.1%
1993	49,536	11,463	6.8%
1994	50,774	11,727	7.9%
1995	52,701	11,880	6.6%
1996	53,966	11,826	6.1%
1997	55,885	12,679	6.5%
1998	58,145	13,249	6.6%
1999	59,945	12,880	6.6%
2000	60,880	12,682	5.2%

(1) City of Flagstaff Planning Department's projected population increases except 1990 and 1995, which are official census figures.

(2) Flagstaff School District (includes charter schools).

(3) Arizona Department of Economic Security.

Note: Per capita income, median age, and education level data are not available.

Table XIV

## Property Value, Construction and Bank Deposits

Last Ten Fiscal Years

Fiscal Year	Residential Construction (1)		Commercial and Industrial Construction (1)		Bank Deposits Coconino County (\$000) (2)
	Number of Permits	Value	Number of Permits	Value	
1991	344	\$ 18,427,789	163	\$ 37,584,167	\$ 349,321
1992	390	21,675,635	187	28,199,788	433,564
1993	416	24,963,304	151	19,640,070	439,139
1994	465	25,187,262	118	2,597,561	448,839
1995	488	46,305,342	181	15,953,231	464,764
1996	564	68,880,721	169	24,418,924	462,848
1997	513	58,580,988	198	39,495,278	347,956 *
1998	528	45,783,140	182	33,570,116	482,770
1999	524	78,015,349	183	35,999,041	458,285
2000	586	46,399,420	122	43,592,693	460,217

(1) City Building Department.

(2) Arizona Bankers Association.

(3) Abstract published by the Arizona State Department of Revenue.

\* Number is exclusive of one large non-participating financial institute in Coconino County.

Property Value (3)

Estimated Permits	Commercial	Residential	Nontaxable
\$ 1,503,734,367	613,339,628	806,672,162	83,722,577
1,713,757,513	721,837,868	882,717,737	109,201,908
1,784,221,265	752,633,737	921,566,263	110,021,265
1,833,875,883	751,566,336	970,906,145	111,403,402
1,929,201,462	768,914,972	1,041,012,663	119,273,827
2,170,269,429	818,081,181	1,205,903,371	146,284,877
2,219,578,327	832,893,485	1,238,963,230	147,721,612
2,219,561,893	612,318,931	1,452,070,574	155,172,388
2,219,561,892	647,294,552	1,411,811,250	160,456,089
2,219,561,892	701,611,700	1,350,388,814	167,561,379

Table XV

Miscellaneous Statistical Data

Date of Incorporation - 1894		Fire Protection	
		Number of Stations	6
		Number of Employees (FTE)	84.5
Date First Charter Adopted October 3, 1958		Police Protection	
		Number of Employees	133
Date Present Charter Adopted April 10, 1984		Number of Calls for Service Annual Report-12/31/99	53,445
		Average Personnel/Shift	32
		Vehicular Patrol Units	32
Form of Government Council, City Manager		Coconino County Jail Prisoner Capacity	162
Area - Square Miles		Pulliam Airport	
2000	65.926	Fixed Base Operators	1
1999	65.926	Locally Based Aircraft	130
1998	65.926	Tiedowns	49
1997	65.926	Enclosed Hangars	47
1996	65.926	Open Hangars	38
1995	65.926		
1990	65.879		
1985	65.049	Elections	
1975	64.500	Number of Registered Voters May 2000	29,001
1965	62.500	Number of Votes Cast Last Municipal Election May 2000	9,272
1955	59.000	Percentage of Registered Voters Voting in Last Municipal Election	31.97%
Miles of Streets, Alleys and Sidewalks		Parks and Recreation	
Streets	199.56	Number of Developed Parks	26
Alleys	10.08	Number of Un-developed Parks	3
Total	<u>209.64</u>	Park Acreage	578.2
Sidewalks	<u>120.65</u>	Flagstaff Urban Trail System-Miles	21
Miles of Sewer		Number of Other Facilities:	
Storm	21.14	Swimming Pools (School Owned)	2
Sanitary	222.16	Recreation Centers	5
Number of Street Lights	2,749	Tennis Courts	17
		Handball Courts	5
		Ramadas	7
Other City Buildings	34	Softball/Baseball Fields	17
Includes City Buildings in Addition to Fire Stations and Recreation Buildings		Ice/Roller Rinks	1
		Playgrounds	17
		Skate Tracks	1
Employees as of June 30, 2000		Soccer Fields	1
Merit System	504	Disc Golf Course	1
Exempt	106	Basketball Courts	14
Temporary	361		
Elected Officials	7		
Total Payroll for the Year	\$ 23,455,160		

Education

Number of Schools:

Public Elementary	12
Public Middle School	3
Public High School	4
Private and Parochial K-12	13
Technical Schools	3
Coconino Community College	1
Northern Arizona University	1

Number of Teachers:

Public Elementary, Middle, High and Ungraded (Certified) Schools	872
Northern Arizona University Professional Staff	654
Coconino Community College Professional/Staff	278

Number of Students:

Public Schools	11,412
Charter, Private and Parochial K-12	1,270
Northern Arizona University	14,675
Coconino Community College	3,573

Sales Tax

Retail Sales by Fiscal Year:

2000	\$	1,184,229,461
1999		1,117,197,604
1998		1,065,133,746
1997		1,016,570,260
1996		965,100,588
1995		905,801,130
1994		867,566,687
1993		776,546,307
1992		686,784,204
1991		659,778,700
1990		631,835,742
1989		595,358,235
1988		546,806,636
1987		525,528,924
1986		469,294,230
1985		453,236,712
1980		297,149,801

Total Sales tax Revenue for Fiscal Year 2000

\$ 9,910,837

Population

Census Population Count-Last Five Censuses:

1995*	52,701
1990	45,854
1985	38,247
1980	34,743
1975	31,370
*Special Census	

1990 Census Information:

Age Distribution of Population  
for Urbanized Areas Only

1-4 Years	3,302
5-17 Years	8,220
18-24 Years	11,892
25-44 Years	14,677
45-64 Years	5,783
65+ Years	1,983
	<u>45,857</u>

Average Persons per Housing Unit 2.75

Per Capita Income \$ 11,517

Utility Enterprise

Total Active Accounts on June 30, 2000:

Water	15,600
Sewer	14,645
Average Gallons/Household/Month	6,400

Plants Capacity (Million Gallons per Day):

Water Treatment Plant	7.2
Reservoir Filtration Plant	4
Wildcat Hill Plant	6
Rio de Flag Reclaim Plant	4
Miles of Water Lines	337.08
Wells	21
Reservoirs	8
Reclaimed Reservoirs	1
Miles of Reclaimed Lines	14.77
Miles of Sewer Lines	222.16

1999-2000 Major Taxpayers  
City of Flagstaff, Arizona

Company Name	Estimated 1999-00 Net Secondary Assessed Valuation	As % of the City's 1999-00 Net Secondary Assessed Valuation
W. L. Gore & Associates	\$ 13,614,490	3.54%
Arizona Public Service Company	12,151,377	3.16%
Northern Arizona Gas Div (Citizens Utilities)	8,244,966	2.14%
U. S. West Communications Inc.	6,631,563	1.72%
Ralston Purina	6,379,950	1.66%
Little America	4,608,283	1.20%
Consolidated Investments Inc.	3,057,160	0.79%
Flagstaff Mall Associates Ltd. Partnership	2,874,011	0.75%
Walstaff Associates (Walgreens)	2,824,799	0.73%
Woodland Plaza Hotel Ltd. Partnership	2,673,081	0.69%
	\$ 63,059,680	16.38%

Source: Arizona Department of Revenue and the Coconino County Assessor's Office

Table XVI

Insurance Summary  
In Effect June 1, 2000 to May 30, 2001

Coverage	Limit of Liability
<b>Liability Insurance:</b>	
General Liability*	\$ 1,000,000 / per occurrence
	\$ 2,000,000 / aggregate
Law Enforcement Liability*	\$ 1,000,000 / each wrongful act
	\$ 1,000,000 / aggregate
Auto Liability*	\$ 1,000,000 / each accident
Public Officials Errors & Omissions*	\$ 1,000,000 / each claim
(Claims Made Retro Date 6-1-95)	\$ 1,000,000 / aggregate
* Liability Claims are Subject to a \$25,000 Self Insurance Retention	
Employee Benefits Liability	\$ 1,000,000 / each employee
(Claims Made Retro Date 6-1-95)	\$ 1,000,000 / aggregate
(\$1,000 Deductible Each Employee)	
Employer's Liability	\$ 1,000,000 / each accident
	\$ 1,000,000 / disease employee
	\$ 1,000,000 / disease policy limit
Worker's Compensation	Statutory
Excess Liability Following Form Over General Liability, Auto, Law Enforcement, Public Officials E&O, Employers Liability	\$ 25,000,000 / each occurrence
	\$ 25,000,000 / each wrongful act
	\$ 25,000,000 / aggregate
<b>Property Insurance:</b>	
Blanket Building and Contents, including light signals	\$ 73,028,114 / \$5,000 deductible
Flood Zones B and C	\$ 15,000,000 / 5% deductible (\$25,000 minimum deductible)
Earthquakes	\$ 15,000,000 / 5% deductible (\$25,000 minimum deductible)
Flood Zone A Properties	
Municipal Court	\$ 200,000 / building
	\$ 111,300 / contents
Police Station	\$ 200,000 / building
	\$ 200,000 / contents
City Hall, Library	\$ 500,000 / each building
	\$ 500,000 / contents each (\$5,000 deductible)
Contractors Equipment	\$ 6,164,222 / \$5,000 deductible
Computer Equipment and Peripherals	\$ 4,002,260 / \$1,000 deductible
Computer Data and Media	\$ 500,000 / \$1,000 deductible
Laptops and Portables - Replacement Cost Coverage	\$ 248,500 / \$1,000 deductible
Fine Arts Exhibition Floater	\$ 25,000 / \$500 deductible
City Hall, Visitor Center, Airport Terminal	each location
Boiler and Machinery	\$ 25,000,000 / \$5,000 deductible
<b>Crime:</b>	
Blanket Public Employees and Treasurer	\$ 1,000,000 / \$5,000 deductible
Dishonesty Bond Including Faithful Performance of Duty	
Computer Fraud	\$ 250,000 / \$5,000 deductible
<b>Aviation:</b>	
Products/Completed Operations Liability, Contractual, Construction & Demolition	\$ 20,000,000 / each occurrence
Hangar Keepers Liability	\$ 20,000,000 / each aircraft
	\$ 20,000,000 / each occurrence

