

**REGULAR MEETING OF THE
FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT
AND REVITALIZATION DISTRICT**

Tuesday, January 12, 2021 – 10:00 AM

To reduce the spread of COVID-19 and protect the safety of district members and the public, in person attendance at the district meeting has been suspended until further notice.

The public and the board members may access the online meeting via Zoom Video Conference at:

<https://us02web.zoom.us/j/89703003546?pwd=YkttNTZtL2owYk05Sjg2QUF5ZE12dz09>

Meeting ID: 897 0300 3546

Password: 234648

A G E N D A

NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION

Pursuant to A.R.S. §38-431.02, notice is hereby given to the members of the FDBIRD Board of Directors and to the general public that, at this meeting, the Board may vote to go into executive session, which will not be open to the public, for legal advice and discussion with the District's attorney on any item listed on the following agenda, pursuant to A.R.S. §38-431.03(A) (3).

1. Call to Order
2. Roll Call
3. Approval of Minutes of the Regular Board Meeting of October 13, 2020
4. Acceptance and Approval of Monthly Financial Reports:
 - A. July 2020
 - B. August 2020
5. Acceptance and Approval of the FY 2020 Financial Statements
6. Review of Board Terms and 2021 Calendar
7. FDBA Director Report
8. PUBLIC PARTICIPATION

Public Participation enables the public to address the Board about an item that is not on the agenda. Comments relating to items that are on the agenda will be taken at the time that the item is discussed.

9. Adjournment

CERTIFICATE OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Flagstaff City Hall on _____, at _____ a.m./p.m. in accordance with the statement filed by the Board with the District Clerk.

_____ Stacy Saltzburg, MMC, District Clerk

REGULAR MEETING OF THE
FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT
AND REVITALIZATION DISTRICT

Tuesday, October 13, 2020 – 10:00 AM

To reduce the spread of COVID-19 and protect the safety of district members and the public, in person attendance at the district meeting has been suspended until further notice.

MINUTES

NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION

Pursuant to A.R.S. §38-431.02, notice is hereby given to the members of the FDBIRD Board of Directors and to the general public that, at this meeting, the Board may vote to go into executive session, which will not be open to the public, for legal advice and discussion with the District's attorney on any item listed on the following agenda, pursuant to A.R.S. §38-431.03(A) (3).

1. Call to Order

Vice Chairwoman Karen Kinne-Herman called the Regular Meeting of October 13, 2020 to order at 10:01 a.m.

2. Roll Call

MEMBERS PRESENT:

Vice Chairwoman Karen Kinne-Herman (virtually)
Member Steve Chatinsky (virtually)
Member Jerry McLaughlin (virtually)
Member John VanLandingham (virtually)

MEMBERS ABSENT:

Chairman David Stilley

Others present: District Attorney Ashley DeBoard; District Treasurer Brandi Suda; District Clerk Stacy Saltzburg; FDBA Director Terry Madeksza

3. Approval of Minutes of the Regular Board Meeting of July 7, 2020

Member John VanLandingham moved to approve the minutes of July 7, 2020; seconded by Member Jerry McLaughlin; passed unanimously.

4. Acceptance of Monthly Financial Reports:

A. June 2020

Ms. Suda stated that the June statement is ready for review and approval. July through September are being finalized and she is working on her review of the auditor's annual review.

Vice Chairwoman Kinne-Herman noted that at the last meeting Ms. Suda reported that the County had not yet paid their payment in lieu of taxes. She asked if that had been paid. Ms. Suda explained that it had not; the County had reissued the check, but it got lost in the mail again. They are currently working on setting up an

EFT account to have the payment directly deposited into the bank account. Hopefully this will eliminate any issues and expedite the process in the future.

Member Jerry McLaughlin moved to accept the monthly financial reports; seconded by Member Steve Chatinsky; passed unanimously.

5. Consideration and Possible Action to Approve Payment of the Semi-annual payment to the FDDB in in the amount of \$88,250.

Vice Chairwoman Kinne-Herman offered that she believes that the District gets great value from the services that the FDDB provides.

Member Jerry McLaughlin moved to approve payment of the semi-annual payment to the FDDB in in the amount of \$88,250; seconded by Member Steve Chatinsky; passed unanimously.

6. FDDB Director Report

Ms. Madeksza reported that the DBA has met with all the candidates for City Council and shared that it was a good opportunity to hear their perspectives on the downtown. They were good conversations and it allowed for relationships to be started with the non-incumbent candidates. The DBA will continue to work closely with the newly elected Council and will continue to push the downtown agenda.

Ms. Madeksza stated that the DBA led an effort to establish a small business relief grant and they were able to raise \$30,000 from NAU, Coconino County, and the City of Flagstaff to fund the program. The grants are meant to target small businesses with ten or less employees and those who were unable to receive federal funding. Businesses are struggling and this is an opportunity to help them. The grant just opened yesterday, and it will be open through noon on Friday, October 16, 2020. There is a group of stakeholders that will review and make awards. The grant is open to any small business in Flagstaff, not just downtown. If additional funds are secured the program could be expanded.

Ms. Madeksza reported that parking will remain free through March 2021 with a plan to go back to \$1.00 per hour in March. This will provide time to reset the marketing and messaging to the community while also supporting downtown businesses. She reported that the lockbox funds had not been utilized to fund operations since the program paused earlier in the year and it is not anticipated that they will need to be used. She also reported that there is a plan in place to continue the expanded use of right of way through the winter months. The traffic barriers will be taken down on October 19, 2020 in preparation for colder weather. The barriers are filled with water and will become hazardous should they freeze. White picket fences and crowd fencing will be used in place of the barriers that will allow the businesses along Aspen to extend their outdoor operations further into the winter season.

Ms. Madeksza reported that the DBA has formed a partnership with the Flagstaff Arts Council. The Arts Council will be helping with the marketing of the First Friday Art Walks and providing additional information and outreach to encourage more downtown businesses to participate. It is hoped that the partnership will result in drawing more people downtown to participate in the event.

Ms. Madeksza stated that the Downtown Vision Plan continues to move forward, and the vendor is currently working on the draft plan. There has been an effort to see some historic

preservation applied as well as integrating housing and connectivity with the Mountain Line connection center. She also reported that the Clean Team continues to operate and their efforts with power washing the sidewalks have been very successful.

Ms. Madeksza reported about upcoming holiday activities including a Halloween Bingo game that encourages people to visit and spend money downtown. For the winter holidays, she offered that instead of a single large tree lighting event that draws a large crowd downtown, they will be doing a lighting of the tree and downtown area nightly. People can come downtown and stroll, get some hot cocoa and enjoy the lights and decorations. There are a number of activities that are in the works including the luminary stroll and holiday passport. While it may be different than years past, downtown will look beautiful and people can expect the same holiday feel that they have always enjoyed in years past.

Vice Chairwoman Kinne-Herman asked about Tequila Sunrise. Ms. Madeksza stated that Homecoming was moved to November 7, 2020 and it will be a virtual event. This will certainly have an impact on how many people are out in person. She has reached out to many of the bars that traditionally participate in Tequila Sunrise and most of them have said that they would not be opening early. It may be that the event will be scaled back significantly due to the various restrictions in place.

7. PUBLIC PARTICIPATION

Public Participation enables the public to address the Board about an item that is not on the agenda. Comments relating to items that are on the agenda will be taken at the time that the item is discussed.

There were no members of the public in attendance.

8. Adjournment

The Regular Meeting of the Flagstaff Downtown Business Improvement District of October 13, 2020 adjourned at 10:23 a.m.

David Stilley, Chairman

ATTEST:

Stacy Saltzburg, District Clerk



Johanna Klomann, CPA, PLLC

419 W Aspen Ave, Flagstaff, AZ 86001

ITEM 4A

(Office) [928-774-8995](tel:928-774-8995) (Fax) [866-706-1017](tel:866-706-1017) KlomannCPA.com

Flagstaff Downtown Business Improvement

Dear Board of Directors:

I have prepared the accompanying balance sheet of Flagstaff Downtown Business Improvement (a not for profit organization) as of July 31, 2020, as well as a Budget to Actual Income Statement and General Ledger in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. I have not audited, reviewed or compiled the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with U.S. generally accepted accounting principles.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with U.S. generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the organization's assets, liabilities, net assets, revenue, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Johanna Klomann, CPA
October 20, 2020

FDBIRD
Balance Sheet
As of July 31, 2020

	<u>Jul 31, 20</u>
ASSETS	
Current Assets	
Checking/Savings	
BBVA Checking	3,261.27
BBVA Money Mkt	73,380.06
Total Checking/Savings	<u>76,641.33</u>
Total Current Assets	<u>76,641.33</u>
TOTAL ASSETS	<u>76,641.33</u>
LIABILITIES & EQUITY	
Equity	
Unrestricted Net Assets	175,591.41
Net Income	-98,950.08
Total Equity	<u>76,641.33</u>
TOTAL LIABILITIES & EQUITY	<u>76,641.33</u>

FDBIRD
Budget to Actual Income Statement
July 2020

	Jul 20	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
BID Prop. Tax Assess. May	2,636.50	77,967.00	-75,330.50
BID Prop. Tax Assess. Nov.	0.00	77,967.00	-77,967.00
Carry Forwards	0.00	100,363.00	-100,363.00
City of Flagstaff	0.00	9,863.00	-9,863.00
Coconino County	0.00	25,295.00	-25,295.00
Interest Earned	27.17	150.00	-122.83
Total Income	2,663.67	291,605.00	-288,941.33
Expense			
Contingency	0.00	30,000.00	-30,000.00
District Formation Expenses			
One Time Infrastructure Project	10,000.00		
Total District Formation Expenses	10,000.00		
Management Overhead	88,250.00	176,500.00	-88,250.00
Advertising	0.00	600.00	-600.00
Dues & Subscriptions	0.00	450.00	-450.00
Insurance	0.00	1,800.00	-1,800.00
Total Overhead	0.00	2,850.00	-2,850.00
Professional Services			
Accounting (Audit & Tax)	0.00	3,500.00	-3,500.00
Bookkeeping	0.00	1,200.00	-1,200.00
Contract Clerk & Treasurer	2,263.75	3,500.00	-1,236.25
Legal Counsel	1,100.00	2,500.00	-1,400.00
Total Professional Services	3,363.75	10,700.00	-7,336.25
Total Expense	101,613.75	220,050.00	-118,436.25
Net Ordinary Income	-98,950.08	71,555.00	-170,505.08
Net Income	-98,950.08	71,555.00	-170,505.08

FDBIRD
General Ledger
As of July 31, 2020

Type	Date	Num	Adj	Name	Memo	Split	Debit	Credit	Balance
BBVA Checking									104,875.02
Check	07/07/2020	1131		Flagstaff DBA		One Time Infra...		10,000.00	94,875.02
Check	07/07/2020	1134		Flagstaff DBA		Management		88,250.00	6,625.02
Check	07/10/2020	1138		Brandi Suda		Contract Clerk ...		1,382.50	5,242.52
Check	07/10/2020	1139		Stacy Saltzburg		Contract Clerk ...		881.25	4,361.27
Check	07/13/2020	1140		Flagstaff Law Group		Legal Counsel		1,100.00	3,261.27
Total BBVA Checking							0.00	101,613.75	3,261.27
BBVA Money Mkt									70,716.39
Deposit	07/01/2020				Deposit	Interest Earned	27.17		70,743.56
Deposit	07/15/2020				Deposit	BID Prop. Tax ...	2,636.50		73,380.06
Total BBVA Money Mkt							2,663.67	0.00	73,380.06
Accounts Receivable									0.00
Total Accounts Receivable									0.00
Undeposited Funds									0.00
Total Undeposited Funds									0.00
Furniture and Equipment									0.00
Total Furniture and Equipment									0.00
Marketable Securities									0.00
Total Marketable Securities									0.00
Other Assets									0.00
Total Other Assets									0.00
Security Deposits Asset									0.00
Total Security Deposits Asset									0.00
Accounts Payable									0.00
Total Accounts Payable									0.00
Payroll Liabilities									0.00
Total Payroll Liabilities									0.00
Other Liabilities									0.00
Total Other Liabilities									0.00
Opening Balance Equity									0.00
Total Opening Balance Equity									0.00
Perm. Restricted Net Assets									0.00
Total Perm. Restricted Net Assets									0.00
Temp. Restricted Net Assets									0.00
Total Temp. Restricted Net Assets									0.00
Unrestricted Net Assets									-175,591.41
Total Unrestricted Net Assets									-175,591.41
BID Prop. Tax Assess. May									0.00
Deposit	07/15/2020				Deposit	BBVA Money Mkt		2,636.50	-2,636.50
Total BID Prop. Tax Assess. May							0.00	2,636.50	-2,636.50
BID Prop. Tax Assess. Nov.									0.00
Total BID Prop. Tax Assess. Nov.									0.00
Carry Forwards									0.00
Total Carry Forwards									0.00
City of Flagstaff									0.00
Total City of Flagstaff									0.00
Coconino County									0.00
Total Coconino County									0.00
Events									0.00
Total Events									0.00
Grants									0.00
Total Grants									0.00
Interest Earned									0.00
Deposit	07/01/2020				Deposit	BBVA Money Mkt		27.17	-27.17
Total Interest Earned							0.00	27.17	-27.17
Other Contributions									0.00
City of Flagstaff IGA									0.00
Total City of Flagstaff IGA									0.00
One Time Infrastructure Project									0.00
Total One Time Infrastructure Project									0.00
Other Contributions - Other									0.00
Total Other Contributions - Other									0.00
Total Other Contributions									0.00

FDBIRD
General Ledger
As of July 31, 2020

Type	Date	Num	Adj	Name	Memo	Split	Debit	Credit	Balance
Sponsorships									0.00
Total Sponsorships									0.00
Contingency									0.00
Total Contingency									0.00
District Formation Expenses									0.00
Election Expenses									0.00
Total Election Expenses									0.00
One Time Infrastructure Project									0.00
Check	07/07/2020	1131		Flagstaff DBA		BBVA Checking	10,000.00		10,000.00
Total One Time Infrastructure Project							10,000.00	0.00	10,000.00
District Formation Expenses - Other									0.00
Total District Formation Expenses - Other									0.00
Total District Formation Expenses							10,000.00	0.00	10,000.00
Management									0.00
Check	07/07/2020	1134		Flagstaff DBA		BBVA Checking	88,250.00		88,250.00
Total Management							88,250.00	0.00	88,250.00
Overhead									0.00
Advertising									0.00
Total Advertising									0.00
Dues & Subscriptions									0.00
Total Dues & Subscriptions									0.00
Insurance									0.00
Total Insurance									0.00
Overhead - Other									0.00
Total Overhead - Other									0.00
Total Overhead									0.00
Payroll Expenses									0.00
Total Payroll Expenses									0.00
Professional Services									0.00
Accounting (Audit & Tax)									0.00
Total Accounting (Audit & Tax)									0.00
Bookkeeping									0.00
Total Bookkeeping									0.00
Contract Clerk & Treasurer									0.00
Check	07/10/2020	1138		Brandi Suda		BBVA Checking	1,382.50		1,382.50
Check	07/10/2020	1139		Stacy Saltzburg		BBVA Checking	881.25		2,263.75
Total Contract Clerk & Treasurer							2,263.75	0.00	2,263.75
Legal Counsel									0.00
Check	07/13/2020	1140		Flagstaff Law Group		BBVA Checking	1,100.00		1,100.00
Total Legal Counsel							1,100.00	0.00	1,100.00
Parking Development									0.00
Total Parking Development									0.00
Professional Services - Other									0.00
Total Professional Services - Other									0.00
Total Professional Services							3,363.75	0.00	3,363.75
Website									0.00
Total Website									0.00
Ask My Accountant									0.00
Total Ask My Accountant									0.00
No acct									0.00
Total no acct									0.00
TOTAL							104,277.42	104,277.42	0.00



Johanna Klomann, CPA, PLLC

419 W Aspen Ave, Flagstaff, AZ 86001

ITEM 4B

(Office) [928-774-8995](tel:928-774-8995) (Fax) [866-706-1017](tel:866-706-1017) KlomannCPA.com

Flagstaff Downtown Business Improvement

Dear Board of Directors:

I have prepared the accompanying balance sheet of Flagstaff Downtown Business Improvement (a not for profit organization) as of August 31, 2020, as well as a Budget to Actual Income Statement and General Ledger in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. I have not audited, reviewed or compiled the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with U.S. generally accepted accounting principles.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with U.S. generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the organization's assets, liabilities, net assets, revenue, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Johanna Klomann, CPA
October 20, 2020

FDBIRD
Balance Sheet
As of August 31, 2020

	<u>Aug 31, 20</u>
ASSETS	
Current Assets	
Checking/Savings	
BBVA Checking	6,598.27
BBVA Money Mkt	68,403.02
Total Checking/Savings	<u>75,001.29</u>
Total Current Assets	<u>75,001.29</u>
TOTAL ASSETS	<u>75,001.29</u>
LIABILITIES & EQUITY	
Equity	
Unrestricted Net Assets	175,591.41
Net Income	<u>-100,590.12</u>
Total Equity	<u>75,001.29</u>
TOTAL LIABILITIES & EQUITY	<u>75,001.29</u>

FDBIRD
Budget to Actual Income Statement
 July through August 2020

	Jul - Aug 20	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
BID Prop. Tax Assess. May	2,636.50	77,967.00	-75,330.50
BID Prop. Tax Assess. Nov.	0.00	77,967.00	-77,967.00
Carry Forwards	0.00	100,363.00	-100,363.00
City of Flagstaff	0.00	9,863.00	-9,863.00
Coconino County	0.00	25,295.00	-25,295.00
Interest Earned	50.13	150.00	-99.87
Total Income	2,686.63	291,605.00	-288,918.37
Expense			
Contingency	0.00	30,000.00	-30,000.00
District Formation Expenses			
One Time Infrastructure Project	10,000.00		
Total District Formation Expenses	10,000.00		
Management Overhead	88,250.00	176,500.00	-88,250.00
Advertising	0.00	600.00	-600.00
Dues & Subscriptions	0.00	450.00	-450.00
Insurance	1,663.00	1,800.00	-137.00
Total Overhead	1,663.00	2,850.00	-1,187.00
Professional Services			
Accounting (Audit & Tax)	0.00	3,500.00	-3,500.00
Bookkeeping	0.00	1,200.00	-1,200.00
Contract Clerk & Treasurer	2,263.75	3,500.00	-1,236.25
Legal Counsel	1,100.00	2,500.00	-1,400.00
Total Professional Services	3,363.75	10,700.00	-7,336.25
Total Expense	103,276.75	220,050.00	-116,773.25
Net Ordinary Income	-100,590.12	71,555.00	-172,145.12
Net Income	-100,590.12	71,555.00	-172,145.12

FDBIRD
General Ledger
As of August 31, 2020

Type	Date	Num	Adj	Name	Memo	Split	Debit	Credit	Balance
BBVA Checking									3,261.27
Transfer	08/27/2020				Funds Transfer	BBVA Money Mkt	5,000.00		8,261.27
Check	08/31/2020	1143		Philadelphia Insurance		Insurance		1,663.00	6,598.27
Total BBVA Checking							5,000.00	1,663.00	6,598.27
BBVA Money Mkt									73,380.06
Deposit	08/03/2020				Deposit	Interest Earned	22.96		73,403.02
Transfer	08/27/2020				Funds Transfer	BBVA Checking		5,000.00	68,403.02
Total BBVA Money Mkt							22.96	5,000.00	68,403.02
Accounts Receivable									0.00
Total Accounts Receivable									0.00
Undeposited Funds									0.00
Total Undeposited Funds									0.00
Furniture and Equipment									0.00
Total Furniture and Equipment									0.00
Marketable Securities									0.00
Total Marketable Securities									0.00
Other Assets									0.00
Total Other Assets									0.00
Security Deposits Asset									0.00
Total Security Deposits Asset									0.00
Accounts Payable									0.00
Total Accounts Payable									0.00
Payroll Liabilities									0.00
Total Payroll Liabilities									0.00
Other Liabilities									0.00
Total Other Liabilities									0.00
Opening Balance Equity									0.00
Total Opening Balance Equity									0.00
Perm. Restricted Net Assets									0.00
Total Perm. Restricted Net Assets									0.00
Temp. Restricted Net Assets									0.00
Total Temp. Restricted Net Assets									0.00
Unrestricted Net Assets									-175,591.41
Total Unrestricted Net Assets									-175,591.41
BID Prop. Tax Assess. May									-2,636.50
Total BID Prop. Tax Assess. May									-2,636.50
BID Prop. Tax Assess. Nov.									0.00
Total BID Prop. Tax Assess. Nov.									0.00
Carry Forwards									0.00
Total Carry Forwards									0.00
City of Flagstaff									0.00
Total City of Flagstaff									0.00
Coconino County									0.00
Total Coconino County									0.00
Events									0.00
Total Events									0.00
Grants									0.00
Total Grants									0.00
Interest Earned									-27.17
Deposit	08/03/2020				Deposit	BBVA Money Mkt		22.96	-50.13
Total Interest Earned							0.00	22.96	-50.13
Other Contributions									0.00
City of Flagstaff IGA									0.00
Total City of Flagstaff IGA									0.00
One Time Infrastructure Project									0.00
Total One Time Infrastructure Project									0.00
Other Contributions - Other									0.00
Total Other Contributions - Other									0.00
Total Other Contributions									0.00
Sponsorships									0.00
Total Sponsorships									0.00
Contingency									0.00
Total Contingency									0.00

FDBIRD
General Ledger
As of August 31, 2020

Type	Date	Num	Adj	Name	Memo	Split	Debit	Credit	Balance
District Formation Expenses									10,000.00
Election Expenses									0.00
Total Election Expenses									0.00
One Time Infrastructure Project									10,000.00
Total One Time Infrastructure Project									10,000.00
District Formation Expenses - Other									0.00
Total District Formation Expenses - Other									0.00
Total District Formation Expenses									10,000.00
Management									88,250.00
Total Management									88,250.00
Overhead									0.00
Advertising									0.00
Total Advertising									0.00
Dues & Subscriptions									0.00
Total Dues & Subscriptions									0.00
Insurance									0.00
Check	08/31/2020	1143		Philadelphia Insurance		BBVA Checking	1,663.00		1,663.00
Total Insurance							1,663.00	0.00	1,663.00
Overhead - Other									0.00
Total Overhead - Other									0.00
Total Overhead							1,663.00	0.00	1,663.00
Payroll Expenses									0.00
Total Payroll Expenses									0.00
Professional Services									3,363.75
Accounting (Audit & Tax)									0.00
Total Accounting (Audit & Tax)									0.00
Bookkeeping									0.00
Total Bookkeeping									0.00
Contract Clerk & Treasurer									2,263.75
Total Contract Clerk & Treasurer									2,263.75
Legal Counsel									1,100.00
Total Legal Counsel									1,100.00
Parking Development									0.00
Total Parking Development									0.00
Professional Services - Other									0.00
Total Professional Services - Other									0.00
Total Professional Services									3,363.75
Website									0.00
Total Website									0.00
Ask My Accountant									0.00
Total Ask My Accountant									0.00
No acct									0.00
Total no acct									0.00
TOTAL							6,685.96	6,685.96	0.00

**COCONINO COUNTY, ARIZONA
FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT & REVITALIZATION DISTRICT
ANNUAL REPORT
YEAR ENDED JUNE 30, 2020**

STREET OR P.O. BOX: PO Box 1546
CITY: FLAGSTAFF, AZ **ZIP CODE:** 86002
BUSINESS TELEPHONE: 928-275-2655
COMPLETED BY: HINTONBURDICK, PLLC
TITLE: CPA

Part A-Governing Board Members and Officers of the District

Name	Occupation	Business Telephone
Dave Stilley	Commercial property/business owner	928-275-2655
Jerry McLaughlin	Owner of Aspen Sports	928-275-2655
Karen Kinne-Herman	Commercial property/business owner	928-275-2655
John VanLandingham	Business Owner Old Town Shops, Mix, Bigfoot BBQ	928-275-2655
Steve Chatinsky	Business Owner Peace Surplus	928-275-2655
Stacy Saltzburg	Clerk City of Flagstaff	928-275-2655
Brandi Suda	Finance Director City of Flagstaff	715-577-4037

**COCONINO COUNTY, ARIZONA
FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT & REVITALIZATION DISTRICT
ANNUAL REPORT
YEAR ENDED JUNE 30, 2020**

Part B—Schedule of District Governing Board Regular Meetings

Date	Time	Location of Meeting	Locations of Public Notices
First Tuesday of every Quarter (January, April, July, October)	10:00 AM	Flagstaff City Hall 211 W. Aspen Flagstaff, AZ 86001	Notice Board Flagstaff City Hall 211 W. Aspen Flagstaff, AZ 86001

Part C—Legal Description of Boundary Changes Occurring During Fiscal Year 2019-20

NONE

**COCONINO COUNTY, ARIZONA
 FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT & REVITALIZATION DISTRICT
 ANNUAL REPORT
 YEAR ENDED JUNE 30, 2020**

**Part D–Schedule of Revenues, Expenditures, and Changes in Fund Balances
 (for governmental fund types)**

Basis of Accounting: **Modified Accrual** **Cash**

	GENERAL FUND	CAPITAL PROJECTS FUNDS	DEBT SERVICE FUNDS	FUNDS
Revenues				
Taxes	_____	_____	_____	_____
Special assessments	_____	_____	_____	_____
Licenses and permits	_____	_____	_____	_____
Intergovernmental:				
Federal	_____	_____	_____	_____
State	_____	_____	_____	_____
County	_____	_____	_____	_____
Charges for services	_____	_____	_____	_____
Fines and forfeits	_____	_____	_____	_____
Interest on investments	SEE	N/A	N/A	_____
Rents	ATTACHED	_____	_____	_____
Contributions	REVIEW	_____	_____	_____
Miscellaneous	REPORT	_____	_____	_____
Other revenues (itemize)	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total Revenues	_____	_____	_____	_____
Expenditures				
Salaries and wages	_____	_____	_____	_____
Employee benefits	_____	_____	_____	_____
Administration	_____	_____	_____	_____
Professional services	_____	_____	_____	_____
Utilities and communications	_____	_____	_____	_____
Insurance	_____	_____	_____	_____
Repairs and maintenance	_____	_____	_____	_____
Interest	_____	_____	_____	_____
Capital outlay:				
Land	_____	_____	_____	_____
Buildings	_____	_____	_____	_____
Improvements other than buildings	_____	_____	_____	_____
Machinery and equipment	_____	_____	_____	_____
Construction in progress	_____	_____	_____	_____
Debt service:				
Principal retirement	_____	_____	_____	_____
Interest and fiscal charges	_____	_____	_____	_____
Miscellaneous	_____	_____	_____	_____
Other expenditures (itemize)	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total Expenditures	_____	_____	_____	_____

**COCONINO COUNTY, ARIZONA
 FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT & REVITALIZATION DISTRICT
 ANNUAL REPORT
 YEAR ENDED JUNE 30, 2020**

Part D—(Concl'd)

	GENERAL FUND	CAPITAL PROJECTS FUNDS	DEBT SERVICE FUNDS	FUNDS
<u>Excess of Revenues Over (Under) Expenditures</u>	_____	_____	_____	_____
<u>Other Financing Sources (Uses)</u>				
Operating transfers-in	SEE	N/A	N/A	_____
Operating transfers-out	ATTACHED	_____	_____	_____
Proceeds from the sale of bonds	REVIEW	_____	_____	_____
Loan proceeds	REPORT	_____	_____	_____
Capital lease agreements	_____	_____	_____	_____
Total other financing sources (uses)	_____	_____	_____	_____
<u>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</u>	_____	_____	_____	_____
<u>Beginning Fund Balance—July 1, 2019</u>	_____	_____	_____	_____
<u>Ending Fund Balance—June 30, 2020</u>	=====	=====	=====	=====

**COCONINO COUNTY, ARIZONA
 FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT & REVITALIZATION DISTRICT
 ANNUAL REPORT
 YEAR ENDED JUNE 30, 2020**

**Part E—Schedule of Revenues, Expenses, and Changes in Retained Earnings/Fund Equity
 (for proprietary and similar fund types)**

Basis of Accounting:	Accrual <input type="checkbox"/>	Cash <input type="checkbox"/>	ENTERPRISE FUNDS	PENSION TRUST FUNDS	FUNDS
<u>Operating Revenues</u>					
Charges for services					
Employer contributions					
Employee contributions					
Investment income					
Miscellaneous					
Total Operating Revenues			N/A	N/A	
<u>Operating Expenses</u>					
Salaries and wages					
Employee benefits					
Administration					
Professional services					
Utilities and communications					
Insurance					
Repairs and maintenance					
Landfill closure and postclosure care costs					
Depreciation					
Benefits					
Refunds					
Miscellaneous					
Total Operating Expenses					
Operating income (loss)					
<u>Nonoperating Revenues (Expenses)</u>					
Intergovernmental					
Interest revenue					
Interest expense					
Gain (Loss) on disposal of fixed assets					
Total (Net) nonoperating revenues (expenses)					
Income (Loss) before operating transfers					
<u>Operating Transfers-In (Out)</u>					
Net income (loss)					
<u>Retained Earnings/Fund Equity—July 1, 2019</u>					
<u>Increase (Decrease) in Contributed Capital</u>					
<u>Retained Earnings/Fund Equity—June 30, 2020</u>					

FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT AND REVITALIZATION DISTRICT
FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2020
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT AND REVITALIZATION DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
Independent Accountants’ Review Report	1
Board of Directors.....	3
Management’s Discussion and Analysis.....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	14
Notes to the Basic Financial Statements	15
Required Supplementary Information	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	25

This page is intentionally blank



Independent Accountants' Review Report

To the Board of Directors of
Flagstaff Downtown Business Improvement and Revitalization District
Flagstaff, Arizona

We have reviewed the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Flagstaff Downtown Business Improvement and Revitalization District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 5 through page 8 and the budgetary comparison information presented on page 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not audited, reviewed, or compiled the required supplementary information, and, accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on it.

A handwritten signature in cursive script that reads "Hinton Burdick, PLLC".

HintonBurdick, PLLC
Gilbert, Arizona
September 21, 2020

BOARD OF DIRECTORS

Dave Stilley	Chair
Stacy Saltzburg	Clerk
Brandi Suda	Treasurer
Karen Kinne-Herman	Member
John Van Landingham	Member
Steve Chatinsky	Member
Jerry McLaughlin	Member

This page is intentionally blank

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Flagstaff Downtown Business Improvement and Revitalization District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The District was created on February 4, 2014, and voters authorized the District Board to levy an ad valorem tax on June 4, 2014.
- Total assets exceed total liabilities (net position) by \$103,368 at the close of the fiscal year.
- Total net position decreased by \$4,494.
- Total revenues from all sources were \$192,515 and the total cost of all District programs was \$197,009.
- Total revenue received in the General Fund was \$309 greater than the final budget and expenditures were \$30,491 less than the final budget.
- At the end of the current fiscal year, assigned and unassigned fund balances for the General Fund were \$28,808 and \$73,466 respectively, which is a \$4,649 decrease in total fund balance from fiscal year 2019's balances of \$35,449 and \$71,474.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the District as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements. (3) Notes to the financial statements.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities (Government-wide)

A frequently asked question regarding the District's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

The Statement of Net Position and the Statement of Activities, present information about the following:

- Government activities – All of the District’s basic services are considered to be governmental activities. Property taxes and Contributions from other governments finance most of this activity.
- Proprietary activities/Business type activities – The District currently does not maintain any proprietary activities; all activities are accounted for as governmental activities.

Reporting the District’s Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the District as a whole. The District’s major fund uses the accounting approaches as explained below.

- Governmental funds – All of the District’s basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District’s general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the Basic Financial Statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District’s financial position. The District’s combined assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$103,368 as of June 30, 2020 as shown on the following condensed statement of net position.

	Governmental activities	
	June 30, 2020	June 30, 2019
Current and other assets	\$ 106,793	\$ 109,148
Total assets	<u>106,793</u>	<u>109,148</u>
Other liabilities	3,425	1,286
Total liabilities	<u>3,425</u>	<u>1,286</u>
Net position:		
Unrestricted	103,368	107,862
Total net position	<u>\$ 103,368</u>	<u>\$ 107,862</u>

Governmental Activities

The cost of all Governmental activities this year was \$197,009. General Revenues, including property taxes, intergovernmental revenues, and investment earnings totaled \$192,515.

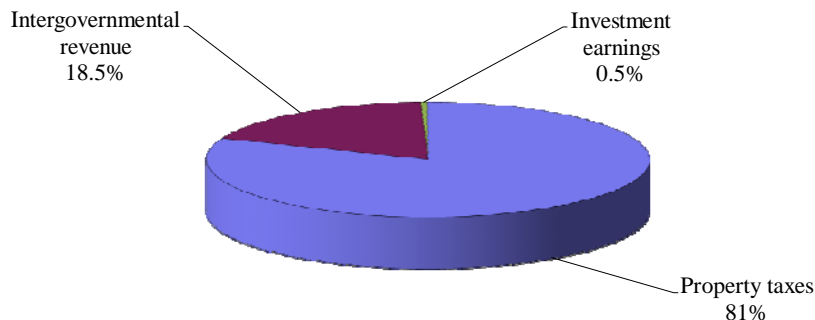
The District's programs include: General Government. Each program's revenues and expenses are presented below.

	Governmental activities	
	June 30, 2020	June 30, 2019
Revenues:		
General revenues:		
Property taxes	\$ 155,934	\$ 150,531
Intergovernmental revenue	35,617	34,772
Unrestricted interest earnings	964	1,219
Total revenues	<u>192,515</u>	<u>186,522</u>
Expenses:		
General Government	<u>197,009</u>	<u>173,198</u>
Total expenses	<u>197,009</u>	<u>173,198</u>
Increase/(decrease) in net position	(4,494)	13,324
Net position, beginning	<u>107,862</u>	<u>94,538</u>
Net position, ending	<u>\$ 103,368</u>	<u>\$ 107,862</u>

Total resources available during the year to finance governmental operations were \$300,377 consisting of net position at July 1, 2019 of \$107,862 and general revenues of \$192,515. Total Governmental Activities expenses during the year were \$197,009; thus Governmental Net Position decreased by \$4,494 to \$103,368.

The following graph provides a breakdown of revenues by source for all government activities.

Revenue By Source - Governmental Activities



General Fund Budgetary Highlights

The final appropriations for the General Fund at year-end were \$30,419 more than actual expenditures. Actual revenues were greater than the final budget by \$309.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the District are those assets that are used in performance of District functions, such as vehicles and equipment. At the end of fiscal year 2020, net capital assets of the government activities totaled \$0. Therefore, no depreciation on capital assets is recognized in the Government-Wide financial statements. (See notes to the financial statements.)

Debt

At year end, the District had no debt.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the District Budget for fiscal year 2021, the District Board and management were cautious as to the growth of revenues and expenditures. Overall General Fund operating expenditures were budgeted so as to contain costs at the same level as fiscal year 2020.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Brandi Suda, District Treasurer PO Box 1546 Flagstaff, Arizona 86002 or call (715)577-4037.

BASIC FINANCIAL STATEMENTS

This page is intentionally blank

**FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT
AND REVITALIZATION DISTRICT**
Statement of Net Position
June 30, 2020

	Governmental Activities	Total
Assets		
Cash and cash equivalents	\$ 77,341	\$ 77,341
Receivables	29,452	29,452
Total assets	106,793	106,793
Liabilities		
Accounts payable and other current liabilities	3,425	3,425
Total liabilities	3,425	3,425
Net Position		
Unrestricted	103,368	103,368
Total net position	\$ 103,368	\$ 103,368

See accompanying notes and independent accountants' review report.

**FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT
AND REVITALIZATION DISTRICT**
Statement of Activities
For the Fiscal Year Ended June 30, 2020

	Governmental Activities
Expenses:	
General Government	\$ 197,009
Total program expenses	197,009
 General revenues	
Property taxes	155,934
Intergovernmental revenue	35,617
Unrestricted interest earnings	964
Total general revenues	192,515
Change in net position	(4,494)
Net position - beginning	107,862
Net position - ending	\$ 103,368

See accompanying notes and independent accountants' review report.

**FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT
AND REVITALIZATION DISTRICT**

**Balance Sheet
Governmental Funds
June 30, 2020**

	General Fund	Total Governmental Funds
	<u> </u>	<u> </u>
Assets		
Cash	\$ 77,341	\$ 77,341
Taxes receivable	29,452	29,452
Total assets	<u>106,793</u>	<u>106,793</u>
 Liabilities		
Accounts payable	<u>3,425</u>	<u>3,425</u>
Total liabilities	<u>3,425</u>	<u>3,425</u>
 Deferred inflows of resources		
Unavailable revenue - property taxes	<u>1,094</u>	<u>1,094</u>
Total deferred inflows of resources	<u>1,094</u>	<u>1,094</u>
 Fund balances		
Assigned	28,808	28,808
Unassigned	<u>73,466</u>	<u>73,466</u>
Total fund balances	<u>102,274</u>	<u>102,274</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 106,793</u>	

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

Unavailable revenues are not available to pay for current period expenditures and, therefore, are not recognized in the funds	<u>1,094</u>
Net position of governmental activities	<u>\$ 103,368</u>

See accompanying notes and independent accountants' review report.

**FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT
AND REVITALIZATION DISTRICT**
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	General Fund	Total Governmental Funds
Revenues:		
Property taxes	\$ 155,779	\$ 155,779
Intergovernmental revenue	35,617	35,617
Interest income	964	964
Total revenues	192,360	192,360
Expenditures:		
Current:		
Administrative services	176,500	176,500
Overhead	1,625	1,625
Professional services	8,884	8,884
Total expenditures	197,009	197,009
Excess of revenues over(under) expenditures	(4,649)	(4,649)
Net change in fund balances	(4,649)	(4,649)
Fund balances - beginning	106,923	106,923
Fund balances - ending	\$ 102,274	\$ 102,274
Net change in fund balances - total governmental funds		\$ (4,649)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the change in unavailable revenue - property taxes.		155
Change in net position of governmental activities		\$ (4,494)

See accompanying notes and independent accountants' review report.

**FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT
AND REVITALIZATION DISTRICT**
Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies

Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, when applicable, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Reporting entity

The Flagstaff Downtown Business Improvement and Revitalization District (the District) was organized on February 4, 2014 as a Special Improvement District pursuant to the provisions of Chapter 4 of Title 48 of the Arizona Revised Statutes – Revitalization Districts, which sets forth the legal framework for a business improvement district. The District provides improvements to the Flagstaff downtown area. The main focus of the District is to improve the look and feel of downtown Flagstaff which will result in significant returns on investments for downtown businesses and property values. The District is supported primarily through property taxes collected through Coconino County.

Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds.

Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds. The emphasis of the District's fund financial statements is on major governmental funds, each is displayed in a separate column. Currently the District has only one fund, the General Fund.

The District reports the following major governmental funds:

The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government.

The District does not have any other funds.

**FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT
AND REVITALIZATION DISTRICT**
Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash, cash equivalents, and investments

Cash includes cash on hand and demand deposits with banks. The District has no investments for the year ended June 30, 2020 and has not established a specific investment policy but follows the State of Arizona's statutory requirements.

**FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT
AND REVITALIZATION DISTRICT**
Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

Inventories and prepaid items

The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Also, the District's inventory of materials and supplies is deemed to be immaterial; thus, no provision for inventory has been made in these financial statements.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased.

Capital assets

If in the future, the District acquires capital assets, the Capital assets will be reported in the governmental activities column in the government-wide statement of net position. The District has not established a policy specifying a capitalization threshold. It reviews expenditures for assets of significant cost with an estimated useful life of two or more years. In accordance with generally accepted accounting principles, capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of capital assets is computed and recorded by the straight-line method. As of June 30, 2020 the District had not made any capital expenditures and no capital assets had been donated to the District. The District does not foresee acquiring any capital assets in the near future.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government currently has no items which qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT
AND REVITALIZATION DISTRICT**
Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The governing board is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The governing board (board) has by resolution authorized the board chairman to assign fund balance. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT
AND REVITALIZATION DISTRICT**
Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

Revenues and expenditures/expenses

Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes

Property tax revenues are recognized as revenues in the year collected or if collected within 60 days thereafter unless they are prepaid.

The County levies real property taxes on or before the third Monday in August, which become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. The County also levies various personal property taxes during the year, which are due the second Monday of the month following receipt of the tax notice and become delinquent 30 days thereafter. A lien against real and personal property assessed attaches on the first day of January preceding the assessment and levy thereof.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT
AND REVITALIZATION DISTRICT**
Notes to the Financial Statements
June 30, 2020

Note 2. Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

Annual budgets are prepared and adopted by resolution by the Board on or before July 15th for the same fiscal year in accordance with State law. Prior to adoption of the budget, a public hearing is conducted to obtain taxpayer input. The budget includes proposed expenditures and the proposed sources of financing for such expenditures and is adopted on a basis consistent with generally accepted accounting principles using the modified accrual basis of accounting. Budgets are adopted and control of budget appropriations are exercised under State law, at the department level. Budgeted amounts may be transferred between line items; however, any revisions that alter the total expenditures of any fund must be approved by the District Board. Budget amendments are required to increase a department's expenditure budgets. Expenditures may not legally exceed budgeted appropriations at the total activity level.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District.

Note 3. Deposits and Investments

Deposits of the District at June 30, 2020 consist of the following:

Deposits:	
Cash on deposit with	
BBVA Compass	\$ 77,341
Total Deposits	<u>\$ 77,341</u>

Deposits

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The District does not have a formal policy for custodial credit risk. As of June 30, 2020, none of the District's deposit balance of \$175,591 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT
AND REVITALIZATION DISTRICT**
Notes to the Financial Statements
June 30, 2020

Note 3. Deposits and Investments (Continued)

Investments

The District follows the State of Arizona statutory requirements for the investment of funds in time certificates of deposit with federally insured depositories, investment in the county treasurer's pool, and other investments as allowed. Eligible Arizona depositories as defined by state statutes are any commercial bank or savings and loan association with its principal place of business in the state of Arizona, which are insured by the federal deposit insurance corporation, or any other insuring instrumentality of the United States. The District had no investments as of June 30, 2020.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the state statutes which define allowable investments.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing exposure to credit risk is to comply with the state statutes which define allowable investments.

Note 4. Risk Management

The District is exposed to various risks of loss related to torts and theft. The District has assessed its risk and acquired insurance to mitigate these risks. The District had no settlements exceeding insurance coverage during the past fiscal year.

Note 5. Commitments

Intergovernmental Agreement

On May 6, 2014, the District entered into an agreement with the City of Flagstaff Arizona for ongoing day to day District management services, provide and implement comprehensive long range planning for the District, develop and implement the organizational needs of the District, and other management services beginning on May 6, 2014. The agreement called for a one-time fee of \$127,000, which was paid by the City to the District. The agreement will expire on May 6, 2024 unless terminated sooner by either party with 180 days written notice.

**FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT
AND REVITALIZATION DISTRICT**
Notes to the Financial Statements
June 30, 2020

Note 5. Commitments (Continued)

Management Services Agreement

On September 22, 2014, the District entered into an agreement with the Flagstaff Downtown Business Alliance for management services. The agreement includes budget and finance services, management and operation services, management of public infrastructure improvement, and heritage square plaza recommendations. The agreement is effective from the date of the agreement for five years unless terminated by the District without cause upon 90 days written notice. The agreement was renewed for an additional five year term as of June 25, 2019. The annual fee is \$176,500 to be paid in installments.

REQUIRED SUPPLEMENTARY INFORMATION

This page is intentionally blank

**FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT
AND REVITALIZATION DISTRICT**
Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund – Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 155,934	\$ 155,934	\$ 155,779	\$ (155)
Intergovernmental revenue	35,617	35,617	35,617	-
Interest income	500	500	964	464
Total revenues	<u>192,051</u>	<u>192,051</u>	<u>192,360</u>	<u>309</u>
Expenditures:				
Current:				
Administrative services	181,600	181,600	176,500	5,100
Overhead	2,850	2,850	1,625	1,225
Professional services	13,050	13,050	8,884	4,166
Contingency	30,000	30,000	-	30,000
Total expenditures	<u>227,500</u>	<u>227,500</u>	<u>197,009</u>	<u>30,491</u>
Excess of revenues over(under) expenditures	<u>(35,449)</u>	<u>(35,449)</u>	<u>(4,649)</u>	<u>30,800</u>
Net change in fund balances	(35,449)	(35,449)	(4,649)	30,800
Fund balances - beginning	<u>106,923</u>	<u>106,923</u>	<u>106,923</u>	<u>-</u>
Fund balances - ending	<u>\$ 71,474</u>	<u>\$ 71,474</u>	<u>\$ 102,274</u>	<u>\$ 30,800</u>

See independent accountants' review report.