

Dear Editor,

This is my response to the FUSD \$100,000,000 Bond up for a vote on Nov. 8, 2022. I will begin by explaining a couple things and then listing a historical breakout of previous spending. Right now without the \$100 million bond, our children, grandchildren and great grandchildren are in debt before they even get their high school diploma, so this must be publically reconsidered.

A bond is a loan made to the school district to purchase capital items. Everyone who pays property taxes or rent is responsible to pay these bonds and their accruing interest. Education receives 63% of Flagstaff property taxes. Which according to the FUSD audit ending June 30, 2022 p. 15, the FUSD district receives \$61,151,695 in property taxes and total revenues were \$137 million dollars in 2021-2022. The audit is 122 pages long and does not audit the internal control of FUSD spending.

2024 - \$100 Million Bond Breakout

\$25,000,000	A New Kinsey School
\$25,000,000	A New Marshall School
\$12,000,000	Replace and rebuild the district's transportation and maintenance facility
\$7,000,000	Replacing the Transportation fleet
\$12,000,000	Maintenance of lifecycle projects
\$8,000,000	Technology replacements and upgrades
\$6,000,000	Campus-Specific projects
\$5,000,000	Camp Colton improvements
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\$100,000,000	

Anne Dunno said that \$8,000,000 collected in 2024 will go to K-12 art, music, athletics, full-day kindergarten, specialized programs for advanced placement because they are essential. Where is the \$8 million dollars coming from? Is it included in the \$100 million bond? And if so, which of the listed categories is it supposed to come out of? If these things are truly essential, why aren't they in the basic budget every year instead of using a bond that is supposed to be for Capital items? What is our base budget each year and what are the details for that budget?

According to the AZ Daily Sun article, the school board said, if we do not pass the override, a phase-down period would reduce the override by one third in 2025 and 2026. Doesn't this mean the district will have to start spending within more of a budget, just like the rest of us do?

I would like to see an entire detailed breakout of how the money will be spent, especially since FUSD reported that we are spending \$14,185 per student. We have been paying an override for a very long time, and we still have \$80.5 million in long-term debt to pay back until 2036 - even without passing the next \$100 million bond.

Here are the historical breakouts.

2012 Bond Expenditures:

\$2,400,000	Safe & Secure Entrances
\$1,800,000	Parking Lot Repairs
\$1,100,000	Roof Replacements
\$2,970,000	Facility Enhancements (ADA, Solar, HVAC, Playgrounds)
\$2,460,000	Buses & Transportation
\$2,460,000	High School Auditoriums
\$3,340,000	Equitable Access to Technology Devices
\$4,400,000	Balance for FY's 2018-2019 (What happened to this balance?)
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\$20,930,000	

Prop 423:

2018 - \$75 Million Bond - Prop 423

\$29,600,000	Renovation of MEMS & Replacement of a School
\$22,300,000	Major Maintenance - Health & Safety Enhancements
\$10,600,000	Technology Access for All Students
\$7,300,000	Bus Replacements
\$3,000,000	Repairs to Aging Buildings
\$2,200,000	Athletic & Recreation Field Replacements
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\$75,000,000	

The Prop 424 Override fact sheet promised no increase to the current tax rate (because the 2018 bond was continuing the 2012 increase). It was an additional 15% increase of the annual Maintenance and Operations allocation. The total in 2012, 2018 Bonds & Overrides was \$104,054,179.

The 2018 fact sheet for the override also says the money is needed to continue:

\$104,250	K-3 Intervention Programs
\$150,000	Athletics, Fine & Performing Arts, Clubs
\$441,510	Art, Music & PE in Elementary
\$1,145,091	Full Day Kindergarten
\$1,145,091	Below State Average Class Sizes
\$1,888,348	Maintain Magnets, Dual Enrollment & Enrichment Programs
\$3,249,889	Unfunded State Support for Special Education & Gifted Programs
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\$8,124,179	

These are the same categories Anne Dunno wants us to supposedly pay in the new \$100 million dollar bond, reported in the AZ Daily Sun article. Again, why do we have to pay beyond a budget for these essentials?

An auditor from <https://cowl.com/company/> in Scottsdale made a presentation during one of the school board meetings. Anne Dunno said the report was easy to understand and invited the public to read it. The auditor's responsibility was to form an opinion to obtain reasonable assurance about whether FUSD'S financial statements are free from material misstatement, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. The auditors will issue their report on the District's internal control of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters on an unspecified future date. The auditors do not express an opinion on whether the district spends the tax payer's money wisely or as promised. Normally on an audited financial quality statement, the auditors have to test at least 20% of the A/R n A/P to verify the accuracy of the totals. A/P - accounts payable is money that the company owes to others. A/P are amounts a company owes because it purchased goods or services on credit from a supplier or vendor. It's always recorded as a liability because it decreases a company's cash. A/R are accounts receivable monies that others owe to the company. A/R are amounts that a company has a right to collect because it sold goods or services on credit to a customer. These are always recorded as an asset because it will increase a company's cash.

Here is some additional eye-opening information from the FUSD Financial Audit for June 30, 2022:

Long-Term Public Debt as of June 30, 2022

\$7,285,000	Capital Leases
\$72,140,526	General obligation bonds
\$1,117,975	Compensated Absences
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\$80,543,501	

Audit p. 31

General Obligation Bonds Currently Outstanding as of June 30, 2021

<u>Maturity Date</u>	<u>School Improvement Bonds</u>	<u>Balance</u>	<u>Original Issue</u>
7/1/2022	2012 Series B (2013)	\$7,050,000	\$10,600,000
7/1/22 - 7/1/26	2012 Series B (2017)	\$7,715,000	\$9,175,000
7/1/22 - 7/1/2033	2018 Series A (2019)	\$18,915,000	\$21,120,000
7/1/2022	2020 Refunding Bonds	\$3,570,000	\$7,100,000
7/1/22 - 7/1/2036	2018 Series A (2021)	<u>\$27,900,000</u>	<u>\$27,900,000</u>
	<i>Audit total</i>	\$64,610,000	\$75,895,000
	<i>When Excel adds up the Balances</i>	<u>\$65,150,000</u>	

General Obligation Bonds that are Currently Outstanding as of June 30, 2021, are a combination of school improvement and refunding bonds which the audit reports to have a total of \$64,610,000. But when I add up what is listed I get a total of \$65,150,000, which is \$540,000 different. What am I missing here? The last of these bonds will mature in July of 2036.

Debt Service Requirements on Long-Term Debt as of June 30, 2021

<u>As of June, 30</u>	<u>Principal</u>	<u>Interest</u>	
2022	\$6,370,000	\$2,416,512	
2023	\$6,050,000	\$2,081,375	
2024	\$6,250,000	\$1,898,375	
2025	\$460,000	\$1,671,375	
2026	\$5,505,000	\$1,458,225	
2027-2031	\$19,010,000	\$4,538,225	
2032-2035	<u>\$16,815,000</u>	<u>\$928,163</u>	Total
	\$60,460,000	\$14,992,250	\$75,452,250

The district also has \$75,452,250 in another category entitled, "Debt Service Requirements on Long-Term Debt as of June 30, 2022" that we will also be paying until 2035.

Other FUSD spending:

- More than \$21 million in Administration, nearly \$12 million more than 2020 (and FUSD still let teachers go. Is this the category where FUSD paid police officers to be at school board meetings last year?)
- \$3,393,416 on Community programs
- \$1,033,693 last school-year in debt service
- \$1,429,138 on long term interest paid
- \$2,241,322 Desegregation (This is not because of a court case, it's an agreement between the district and the State since the 1980's. Why isn't this resolved, so it's not a yearly expense?)

Governmental Activities	<u>Spent to Date</u>	<u>Remaining</u>
Killip Elementary School Renovations	\$6,021,447	\$17,657,313
Mount Elden Middle School Renovations	\$9,779,972	\$3,726,573
Flagstaff High School Track and Field	\$1,048,549	\$584,646
Energy Conservation Equipment	<u>\$5,097,098</u>	<u>\$2,186,902</u>
	\$21,947,066	\$24,155,434

Americans already have a National Debt of over \$500,000 per person. All our leaders including FUSD have to stop spending these exorbitant amounts of money that keep us all in debt for generations. Spending beyond the taxpayers' budget is unsustainable and we must find a way to stay within a budget while still teaching the essentials.. We the people are paying higher costs for everything. Even without the new \$100 million bond, we are in debt for FUSD's spending until 2036. And there is plenty of data from our own community that clearly shows our schools are not preparing children with the education they need for basic life skills for the future.