
FLORENCE UNIFIED SCHOOL DISTRICT NO. 1
FLORENCE, ARIZONA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30,2022



**FLORENCE UNIFIED SCHOOL DISTRICT NO. 1
FLORENCE, ARIZONA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2022**

Issued by:
Business and Finance Department

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INTRODUCTORY SECTION



Florence Unified School District No. 1

P.O. Box 2850 Florence, Arizona 85132

(520) 866-3500 Fax (520) 866-3515

Mr. Chris Knutsen, Superintendent

Tony Jimenez, Assistant Superintendent for Administrative Services
Denice Erickson, Assistant Superintendent for Academic Services

January 17, 2023

Citizens and Governing Board
Florence Unified School District No.1
P.O. Box 2850
Florence, AZ 85132

State law mandates that school districts required to undergo an annual single audit publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Florence Unified School District No.1 for the fiscal year ended June 30, 2022.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the District's organizational chart and a list of District officials and administrative staff. The financial section includes the financial statements and the combining and individual fund financial statements and schedules, as well as the auditors' report on the financial statements and schedules. The statistical section includes certain un-audited and demographic information, generally presented on a multi-year basis.

The District's financial statements have been audited by CWDL, a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2022, are fairly presented in conformity with accounting principles generally accepted in the United States of America.

The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Reporting Package.

Board of Education

Steve Johnson, President Sherri Jones, Vice-President
Jim Thomas, Member Roger Biede, Member Tammy Quist, Member

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE DISTRICT

The District is one of 21 public school districts located in Pinal County, Arizona. It provides a program of public education from kindergarten through grade 12 with a 100-day count of 9,224 students during fiscal year ending June 30, 2022.

The District's Governing Board is organized under Section 15-321 of the Arizona Revised Statutes (A.R.S.). Management of the District is independent of other state or local governments. The County Treasurer collects taxes for the District but exercises no control over its expenditures/expenses.

The membership of the Governing Board consists of five members elected by the public. Under existing statutes, the Governing Board's duties and powers include, but are not limited to, the acquisition, maintenance and disposition of school property; the development and adoption of a school program; and the establishment, organization and operation of schools. The Board also has broad financial responsibilities, including the approval of the annual budget, and the establishment of a system of accounting and budgetary controls.

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments.

Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing board is financially accountable. The District's major operations include education, student transportation, construction and maintenance of District facilities, food services, bookstore and athletic functions.

The Florence Unified School District encompasses Florence and San Tan Valley, Arizona. While we are located within easy access of both Phoenix and Tucson, we enjoy the small-town atmosphere and community support.

We are also proud of our school's strong academic, vocational, and athletic achievements and are continually striving to raise the bar to assure that each of our students reaches his or her highest potential.

Florence Unified School District covers approximately 819 square miles of the Sun Corridor megapolitan area that connects Phoenix and Tucson. Explosive growth in the residential housing market fueled a 385% change in enrollment in the District from 1999 to 2010.

The annual expenditure budget serves as the foundation for the District's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual expenditure budget approved by the District's Governing Board.

The District's proposed expenditure budget is presented to the Governing Board for review prior to July 5. The Governing Board is required to hold a public hearing on the proposed budget and to adopt the final budget by no later than July 15. The expenditure budget is prepared by fund for all Governmental Funds and includes function and object code details for the General Fund and some Special Revenue and Capital Projects Funds. The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established at the individual fund level for all funds. The District is not required to prepare an annual budget of revenue; therefore, a deficit budgeted fund balance may be presented. However, this does not affect the District's ability to expend monies.

A schedule of revenues, expenditures and changes in fund balance – budget and actual is provided in this report for the General Fund. This schedule is presented as required supplementary information. For other Governmental Funds, this schedule is presented in the Combining and Individual Fund Financial Statements and Schedules section of this report.

Funds that have over-expenditures of budgeted funds have revenue earned throughout the year. The budget for these funds is simply an estimate and does not prevent the District from exceeding the budget if the necessary revenue is earned.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Local Economy. Florence is home to both the Pinal County government complex and the Arizona State Prison. Major employers of the area include the Arizona Department of Corrections, Pinal County, Correctional Services Corporation and Corrections Corporation of America.

Agricultural products from the area include cotton, cattle and grain.

Long-term Financial Planning. As many of the East Valley Cities within the Maricopa County/Phoenix Metropolitan area are built out, the Florence Unified School District will continue to experience the influx of subdivisions which brings residents, students and businesses to the area.

Cash Management. Cash temporarily idle during the year was invested in interest-bearing accounts and time certificates of deposit. In addition, the County Treasurer pools money from all districts in the County and invests surplus cash; allocating the interest back to the districts based on the districts' average balances with the County Treasurer. The District's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio.

Risk Management. The District joined the Arizona Risk Retention Trust in 1992. The Trust has grown to become the largest single insuring entity for Arizona public schools. Since it began with five school districts in 1986, the Trust has grown to over 241 member districts covering over 700,000 students.

The District provides group health insurance, short term disability, dental, vision and life insurance coverage, to all

employees who work more than 30 hours per week. Supplemental Accident, Cancer, Intensive Care, Hospitalization, Tax-deferred investment plans and pre-paid legal services may be purchased on a voluntary basis. The District also provides sick leave, personal leave and vacation time for eligible employees. The District uses the consulting firm The Gallagher Company, to assist with the bidding, implementation and administration of its employee benefit plans.

Pension Plan. The District contributes to a cost-sharing multiple-employer defined benefit pension plan administered by the Arizona State Retirement System. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The District's contribution to the System for the year ended June 30, 2022 was equal to the required contribution for the year.

ACKNOWLEDGMENTS

Acknowledgments. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the business and finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

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

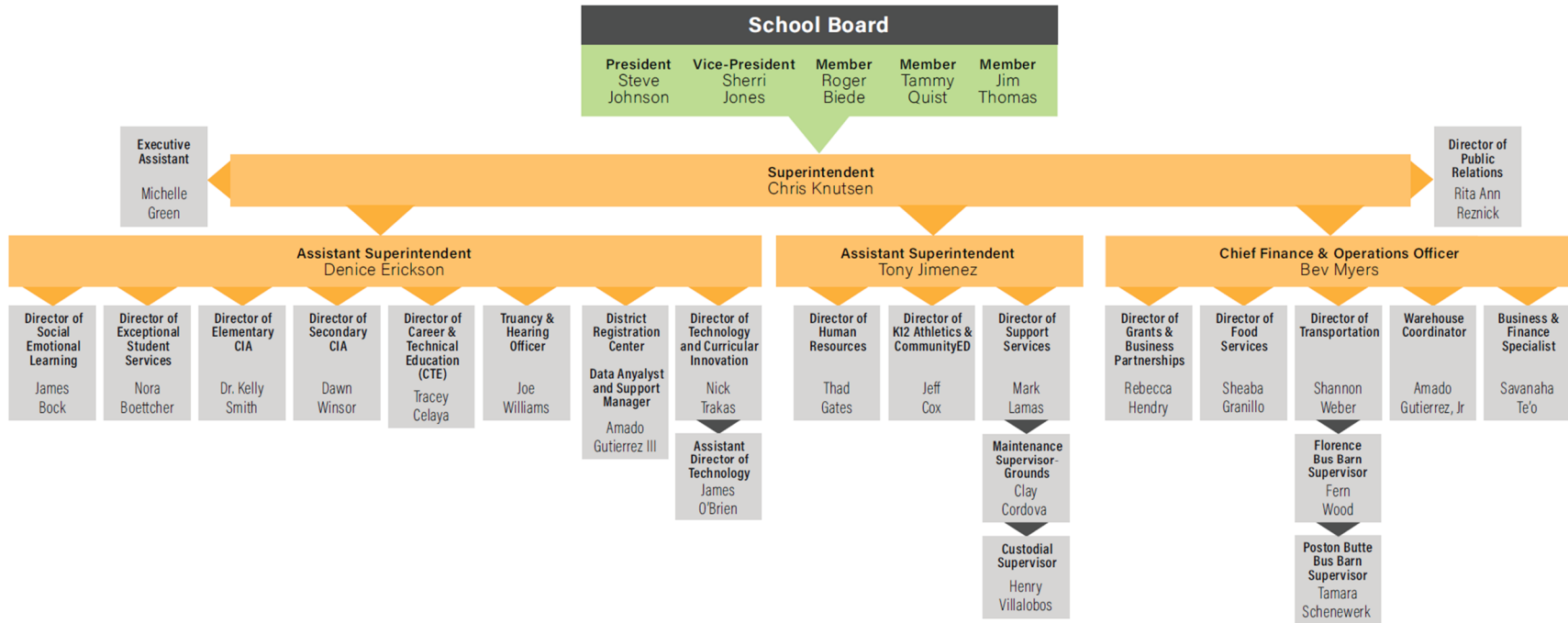
Respectfully submitted,

A handwritten signature in cursive script that reads "Chris Knutsen". The signature is written in black ink and is positioned above a thin horizontal line.

Chris Knutsen, Superintendent Florence Unified School District No. 1

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

Florence Unified School District



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

GOVERNING BOARD

Steve Johnson
President

Sherri Jones
Vice-President

Jim Thomas
Member

Roger Biede
Member

Tammy Quist
Member



ADMINISTRATIVE STAFF

Chris Knutsen
Superintendent

Denice Erickson
Assistant Superintendent for Student Services

Tony Jimenez
Assistant Superintendent for Administrative Services

Beverly Myers
Chief Finance & Operations Officer

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Florence Unified School District No. 1 (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Florence Unified School District No. 1, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 1, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.


The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Scottsdale, Arizona
January 17, 2023

REQUIRED SUPPLEMENTARY INFORMATION

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

As management of the Florence Unified School District No. 1 (District), we offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$77,403,695 (net position). The District's total net position increased by \$6,802,777.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$37,357,731, an increase of \$9,744,862 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$18,806,394, or 27% of total General Fund expenditures.
- The District's net capital assets increased \$6,280,904 as a result of depreciation exceeding new capital acquisitions during the current year.
- The District's long-term liabilities decreased \$6,006,125 or 8% due to current year principal payments on the District's bonds and financed purchases.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business.

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

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

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District are considered governmental funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Classroom Site Fund, Special Projects Fund, and Adjacent Ways Fund, the four of which are considered to be major funds. Data from the other ten governmental funds are combined into a single aggregated presentation.

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

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

The basic governmental fund financial statements can be found on pages 14 - 17 of this report.

Notes to Basic Financial Statements

The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 18 - 36 of this report.

Required Supplementary Information Other than MD&A

The District reports a multi-year schedule of the District's proportionate share of net pension liability and contributions to its cost-sharing pension plan on page 37.

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

Governments have the option of reporting the General Fund and major special revenue budgetary statements as part of the basic financial statements or as required supplementary information (RSI) other than the MD&A. The District has elected to present the General Fund and Classroom Site Fund budgetary comparison schedules as RSI other than the MD&A which can be found starting on page 38 of this report. Notes to the RSI are presented after the budgetary comparison schedules on page 41.

Supplementary information

The combining statements in connection with nonmajor governmental funds are presented immediately following the required supplementary information other than the MD&A. Combining and individual fund statements and schedules can be found on pages 42 - 54 of this report.

Other Information

The statistical section includes selected financial, revenue, debt, and demographic information, generally presented on a multi-year basis. The statistical section can be found on pages 55 - 75 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as useful indicators of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$77,403,695 at the close of the most recent fiscal year.

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

	Governmental Activities		
	2022	2021	Net Change
ASSETS AND DEFERRED OUTFLOWS			
Current and other assets	\$ 39,478,949	\$ 36,131,117	\$ 3,347,832
Capital assets	163,719,627	170,000,531	(6,280,904)
Deferred outflows	16,824,132	16,299,405	524,727
Total Assets and Deferred Outflows	220,022,708	222,431,053	(2,408,345)
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities	922,206	1,784,908	(862,702)
Long-term liabilities	122,717,454	150,045,227	(27,327,773)
Deferred inflows	18,979,353	-	18,979,353
Total Liabilities and Deferred Inflows	142,619,013	151,830,135	(9,211,122)
NET POSITION			
Net investment in capital assets	100,145,998	99,504,121	641,877
Restricted	18,513,878	11,557,258	6,956,620
Unrestricted	(41,256,181)	(40,460,461)	(795,720)
Total Net Position	\$ 77,403,695	\$ 70,600,918	\$ 6,802,777

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

Government-Wide Financial Analysis (Continued)

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, improvements, vehicles, equipment and furniture), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the District was able to report positive balances in the net investment in capital assets and restricted net position. The District reported a negative balance in unrestricted net position due to the District's reporting of its proportionate share of the net pension liability for its cost-sharing pension plan required under Governmental Accounting Standards Board (GASB) Statement No. 68. Additional information on the District's net pension liability can be found in Note 11 of this report.

Overall, net position increased \$6,802,777 or 10%. Key elements of this increase are indicated as follows:

	Governmental Activities		
	2022	2021	Net Change
REVENUES			
Program revenues:			
Charges for services	\$ 2,864,832	\$ 2,466,006	\$ 398,826
Operating grants and contributions	26,993,394	21,939,280	5,054,114
Capital grants and contributions	305,001	2,606,727	(2,301,726)
General revenues:			
Property taxes	28,854,424	22,449,390	6,405,034
State equalization and additional state aid	47,703,289	45,736,375	1,966,914
County equalization	2,687,968	2,929,279	(241,311)
Interest and other	1,381,354	149,820	1,231,534
Total Revenues	110,790,262	98,276,877	12,513,385
EXPENSES			
Instruction	49,038,416	46,795,383	2,243,033
Support Services:			
Students and instructional staff	12,335,812	10,967,339	1,368,473
General and school administration	7,298,090	7,409,073	(110,983)
Business and other support services	3,512,944	1,630,667	1,882,277
Operation and maintenance of plant	15,552,880	15,841,069	(288,189)
Operation of noninstructional services	6,138,456	5,366,160	772,296
Student transportation	7,487,398	5,380,688	2,106,710
Interest on long-term debt	2,623,489	2,891,873	(268,384)
Total Expenses	103,987,485	96,282,252	7,705,233
Change in net position	6,802,777	1,994,625	4,808,152
Net Position - Beginning	70,600,918	68,606,293	1,994,625
Net Position - Ending	\$ 77,403,695	\$ 70,600,918	\$ 6,802,777

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

The District reported an increase in charges for services of \$1,231,477 (50%). This increase was mainly due to increases in community service revenue, food service sales, student activities, and auxiliary operations revenue during the current year due to the easing of restrictions from the COVID-19 pandemic.

Operating grants and contributions increased \$5,054,114 (23%). This increase was mainly due to increases in federal and state funding from COVID-19 grants.

Capital grants and contributions decreased \$2,301,726 (88%) due to decreases in School Facilities Board (SFB) funding for various District projects.

The District experienced an increase in property tax revenue of \$6,405,034 as a result of an increase in property values and tax rates.

State and county equalization and additional state aid increased \$1,725,603 (4%) due to increases in enrollment and the state budget formula.

The changes in interest and other income was due to increases in miscellaneous revenues received from various sources during the current year.

The District incurred a 10% increase in expenses in the current year. The District's mission is to provide an appropriate and outstanding educational experience for every student served within budget constraints. The increase was mainly due to increases in salaries and related benefits, student transportation, including fuel, communications, technology purchases, textbooks, personal protective equipment (PPE), and other professional services received.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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

Governmental Funds – The focus of the District's governmental funds is to provide information on near- term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$37,357,731, an increase of \$9,744,862 in comparison with the prior year. Approximately 50% of this total amount (\$18,681,148) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remaining fund balance is restricted to indicate that it is not available for new spending.

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

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

GOVERNMENTAL FUND	Balance	Increase (Decrease) From 2020-21
General Fund	\$ 18,969,099	\$ 4,827,512
Classroom Site Fund	6,298,888	4,194,079
Special Projects Fund	101,670	(549,412)
Adjacent Ways	5,705,651	1,862,884
Nonmajor Governmental Funds	6,282,423	(590,201)

The General Fund continues to experience a positive net change in fund balance. For the fiscal year ended June 30, 2022 the General Fund had an increase in fund balance of \$4,827,512. This increase is due to continued conservative spending practices. Increases in property taxes allowed the District to increase salaries and still report a positive change in fund balance.

The \$4,194,079 increase in the Classroom Site Fund was due to increases in state funding.

The \$549,412 decrease in the Special Projects Fund was due to expending prior year grant funding in the current year.

The \$1,862,884 increase in the Adjacent Ways Fund was due to increases in tax revenue from increases in property tax rates and assessed values.

The decrease of \$590,201 in the Nonmajor Governmental Funds was due to continued spending of bond proceeds out of the Bond Building Fund netted against increases in federal food service reimbursement.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget totaled \$6,492,991. In Arizona, school districts build their original “adopted” budget based on a projection of the coming fiscal year’s 100th day average daily attendance. In May, the District is allowed to increase or decrease its budget for differences between expected and actual student growth. The decrease was allocated among various line items, mostly regular education – instruction, special projects – instruction, student transportation, and operations and maintenance of plant. Budgetary basis General Fund expenditures were \$5,735,300 less than budget during the fiscal year. Budgetary basis expenditures were within 10% of budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District’s investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$163,719,627 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, vehicles, furniture, and equipment. The net decrease in the District’s investment in capital assets for the current fiscal year was due to depreciation exceeding capital acquisitions.

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

Capital Assets (Continued)

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

- Buses
- Roof renovations
- HVAC repair and replacement
- Technology related equipment

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

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

	Governmental Activities		
	2022	2021	Net Change
CAPITAL ASSETS			
Land	\$ 5,193,938	\$ 5,193,938	\$ -
Land improvements	6,541,243	7,503,292	(962,049)
Buildings & improvements	143,780,952	149,664,169	(5,883,217)
Vehicles, equipment, and furniture	8,203,494	7,639,132	564,362
Total Capital Assets	\$ 163,719,627	\$ 170,000,531	\$ (6,280,904)

Long-Term Debt

At end of the current fiscal year, the District's debt included compensated absences, financed purchases, bonds payable and the net pension liability. Compensated absences increased \$440,002 during the current year due to increases in pay rates. Financed purchases and bonds payable decreased due to scheduled principal payments. The net pension liability decreased \$16,710,298 due to various factors as explained in Note 11 of this report.

	Governmental Activities		
	2022	2021	Net Change
LONG-TERM LIABILITIES			
Financed purchases	\$ 7,036,061	\$ 7,564,085	\$ (528,024)
General obligation bonds	\$ 56,555,968	\$ 62,474,071	(5,918,103)
Compensated absences	1,660,891	1,220,889	440,002
Total Long-term Liabilities	\$ 65,252,920	\$ 71,259,045	\$ (6,006,125)

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- District's student population and pattern of growth
- Competitive employee salaries
- Regression and historical trend
- Local economy and inflation
- Available budget balance carryforward
- Sustainability of revenues

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

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Florence Unified School District No. 1, P.O. Box 2850, Florence, Arizona 85232. See more information about the District on their website at www.fusdaz.com

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
ASSETS	
Cash and investments	\$ 18,929,600
Property taxes receivable	499,556
Intergovernmental receivable	18,985,918
Accounts receivable	52,703
Lease receivable	772,567
Deposits	75,900
Inventory	162,705
Capital assets, not depreciated	5,193,938
Capital assets, net of accumulated depreciation	158,525,689
Total Assets	203,198,576
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	15,665,650
Deferred outflows of resources related to refunding	1,158,482
Total Deferred Outflows of Resources	16,824,132
LIABILITIES	
Accounts payable	793,594
Unearned revenue	128,612
Long-term liabilities:	
Due within one year	6,502,504
Due in more than one year	58,750,416
Net pension liability	57,464,534
Total Liabilities	123,639,660
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	18,206,786
Deferred inflows related to leases	772,567
Total Deferred Inflows of Resources	18,979,353
NET POSITION	
Net Investment in capital assets	100,145,998
Restricted:	
Teacher compensation and other qualified programs (A.R.S 15-977)	6,298,888
Instructional improvement programs	368,416
Federal and state instructional programs	101,670
Food service	2,185,330
Community programs	1,453,430
Extracurricular activities	174,090
Student activities	369,999
Capital projects	6,716,645
Debt service	845,410
Unrestricted	(41,256,181)
Total Net Position	\$ 77,403,695

See accompanying Notes to the Basic Financial Statements

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

Function/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Primary Government:					
Governmental Activities:					
Instruction	\$ 49,038,416	\$ 74,593	\$ 15,013,967	\$ -	\$ (33,949,856)
Support services:					
Students	8,575,666	97,908	1,122,818	-	(7,354,940)
Instructional staff	3,760,146	461	2,034,816	-	(1,724,869)
General administration	1,930,022	7,788	5,969	-	(1,916,265)
School administration	5,368,068	1,668	367,333	-	(4,999,067)
Business and other support services	3,512,944	34,830	198,766	-	(3,279,348)
Operation and maintenance of plant	15,552,880	91,876	1,078,551	305,001	(14,077,452)
Student transportation	7,487,398	9,912	464,604	-	(7,012,882)
Operation of noninstructional services	6,138,456	2,545,796	6,706,570	-	3,113,910
Interest on long-term debt	2,623,489	-	-	-	(2,623,489)
Total	\$ 103,987,485	\$ 2,864,832	\$ 26,993,394	\$ 305,001	\$ (73,824,258)
General revenues:					
Property taxes					28,854,424
Grants and contributions not restricted to specific programs:					
State equalization and additional state aid					47,703,289
County equalization					2,687,968
Investment earnings					91,211
Other					1,290,143
Total general revenues					80,627,035
Change in net position					6,802,777
Net position - beginning					70,600,918
Net position - ending					\$ 77,403,695

See accompanying Notes to the Basic Financial Statements

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

	General Fund	Classroom Site Fund	Special Projects Fund	Adjacent Ways	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 625,310	\$ 6,298,888	\$ 12,407	\$ 5,700,603	\$ 6,292,392	\$ 18,929,600
Receivables:						
Property taxes	336,953	-	-	26,940	135,663	499,556
Intergovernmental	11,833,476	-	7,005,791	-	146,651	18,985,918
Accounts receivable	-	-	-	-	52,703	52,703
Leases	772,567	-	-	-	-	772,567
Deposits	-	-	-	-	75,900	75,900
Due from other funds	6,729,890	-	-	-	-	6,729,890
Inventory	162,705	-	-	-	-	162,705
Total Assets	\$ 20,460,901	\$ 6,298,888	\$ 7,018,198	\$ 5,727,543	\$ 6,703,309	\$ 46,208,839
LIABILITIES						
Accounts payable	\$ 430,048	\$ -	\$ 290,280	\$ -	\$ 73,266	\$ 793,594
Due to other funds	-	-	6,497,636	-	232,254	6,729,890
Unearned revenue	-	-	128,612	-	-	128,612
Total Liabilities	430,048	-	6,916,528	-	305,520	7,652,096
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to leases	772,567	-	-	-	-	772,567
Unavailable revenues	289,187	-	-	21,892	115,366	426,445
Total Deferred Inflows of Resources	1,061,754	-	-	21,892	115,366	1,199,012
FUND BALANCES						
Nonspendable	162,705	-	-	-	-	162,705
Restricted	-	6,298,888	101,670	5,705,651	6,407,669	18,513,878
Unassigned	18,806,394	-	-	-	(125,246)	18,681,148
Total Fund Balances	18,969,099	6,298,888	101,670	5,705,651	6,282,423	37,357,731
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 20,460,901	\$ 6,298,888	\$ 7,018,198	\$ 5,727,543	\$ 6,703,309	\$ 46,208,839

See accompanying Notes to the Basic Financial Statements

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

Total Fund Balance - Governmental Funds \$ 37,357,731

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

Capital assets:

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

Capital assets	264,263,368	
Accumulated depreciation	<u>(100,543,741)</u>	163,719,627

Property tax revenue not collected within 60 days subsequent to fiscal year end are reported as deferred inflows of resources in the governmental funds:	426,445
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Long-term liabilities:

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

Net pension liability	(57,464,534)	
Compensated absences	<u>(65,252,920)</u>	(122,717,454)

Deferred outflows and inflows of resources relating to pensions:

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

Deferred charges on refunding	1,158,482	
Deferred outflows of resources relating to pensions:	15,665,650	
Deferred inflows of resources relating to pensions:	<u>(18,206,786)</u>	(1,382,654)

Total Net Position - Governmental Activities \$ 77,403,695

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

	General Fund	Classroom Site Fund	Special Projects Fund	Adjacent Ways	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 18,815,741	\$ -	\$ -	\$ 1,934,954	\$ 8,029,099	\$ 28,779,794
Intergovernmental	53,528,642	7,694,688	10,731,062	-	7,226,274	79,180,666
Food Services Sales	-	-	-	-	222,854	222,854
Auxiliary operations	1,442,451	-	-	-	62,722	1,505,173
Student activities	-	-	-	-	629,315	629,315
Contributions and donations	83,263	-	-	-	165,550	248,813
Investment earnings	30,649	12,042	-	4,748	43,772	91,211
Other	453,841	142	1,307	-	1,342,343	1,797,633
Total Revenues	74,354,587	7,706,872	10,732,369	1,939,702	17,721,929	112,455,459
EXPENDITURES						
Current						
Instruction	36,604,490	3,512,793	5,287,673	-	1,376,764	46,781,720
Support services:						
Students	7,048,967	-	1,102,166	-	275,609	8,426,742
Instructional staff	1,701,896	-	2,023,103	-	1,013	3,726,012
General administration	1,051,710	-	4,803	-	17,095	1,073,608
School administration	4,948,089	-	364,988	-	3,662	5,316,739
Business and other support services	3,215,484	-	192,524	-	79,947	3,487,955
Operations and maintenance of plant	9,035,527	-	1,059,029	-	207,637	10,302,193
Student transportation	5,543,555	-	460,505	-	1,857,381	7,861,441
Operations of noninstructional services	212,324	-	174,851	-	5,525,519	5,912,694
Debt service:						
Principal	189,860	-	-	-	5,837,274	6,027,134
Interest and fiscal charges	37,903	-	-	-	2,762,765	2,800,668
Capital outlay:						
Facilities acquisition	16,949	-	412,536	76,818	487,388	993,691
Total Expenditures	69,606,754	3,512,793	11,082,178	76,818	18,432,054	102,710,597
Excess (Deficiency) of Revenues Over Expenditures	4,747,833	4,194,079	(349,809)	1,862,884	(710,125)	9,744,862
Other Financing Sources (Uses)						
Transfers in	736,153	-	-	-	656,474	1,392,627
Transfers out	(656,474)	-	(199,603)	-	(536,550)	(1,392,627)
Net Financing Sources (Uses)	79,679	-	(199,603)	-	119,924	-
NET CHANGE IN FUND BALANCE	4,827,512	4,194,079	(549,412)	1,862,884	(590,201)	9,744,862
Fund Balance - Beginning, As Restated	14,171,935	2,104,809	651,082	3,842,767	6,872,624	27,643,217
Increase/(decrease) in inventories	(30,348)	-	-	-	-	(30,348)
Fund Balance - Ending	\$ 18,969,099	\$ 6,298,888	\$ 101,670	\$ 5,705,651	\$ 6,282,423	\$ 37,357,731

See accompanying Notes to the Basic Financial Statements

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

Net Change in Fund Balances - Governmental Funds \$ 9,744,862

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

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

Expenditures for capital outlay:	\$ 3,059,005	
Depreciation expense:	<u>(8,792,029)</u>	(5,733,024)

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. (547,880)

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

Property taxes	74,630
Intergovernmental revenues	(1,739,827)

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

Pension contributions	6,092,130
Pension expense	(6,822,077)

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

Principal payment on financed purchases	528,024
Principal payment on general obligation bonds	5,499,110
Amortization of bond premium/discount	418,993
Amortization of deferred charges	(241,814)

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

Net decrease (increase) in compensated absences	(440,002)
Net increase (decrease) in inventories balances	<u>(30,348)</u>

Change in Net Position of Governmental Activities **\$ 6,802,777**

NOTES TO BASIC FINANCIAL STATEMENTS

FLORENCE UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Florence Unified School District No. 1 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the District's more significant accounting policies follows. For the year ended June 30, 2022, the District implemented the provisions of GASB Statement No. 87, *Leases*, as amended, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. As a result, the District's financial statements have been modified to reflect the recognition of certain lease assets that were previously classified as operating leases and recognized as inflows of resources based on the contract payment provisions.

Reporting Entity

The District is a special-purpose government that a separately elected governing body governs. It is legally separate from and fiscally independent of other state and local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements present only the funds of those organizational entities for which its elected governing board is financially accountable.

Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

FLORENCE UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due. However, since debt service resources are provided during the current year for payment of long-term principal and interest due early in the following year (within one month), the expenditures and related liabilities have been recognized in the Debt Service Fund.

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

The District reports the following major governmental funds:

Major Governmental Funds

The *General Fund* is the District's primary operating fund. It accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds. For budget purposes, it is described as the Maintenance and Operation Fund by Arizona Revised Statutes (A.R.S.) and is budgeted within four subsections titled regular education programs, special education programs, pupil transportation, and K-3 reading program.

The *Classroom Site Fund* accounts for the activity of State apportioned educational sales tax monies.

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

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

Amounts reported as program revenues include 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. When both restricted and unrestricted resources are available for use for governmental activities, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Deposits and Investments

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

FLORENCE UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deposits and Investments (Continued)

A.R.S. authorize the District to invest public monies in the State and County Treasurer’s investment pools; U.S. Treasury obligations; specified state and local government bonds; and interest-earning investment contracts such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories. Statute authorizes the District to deposit monies of Auxiliary Operations and Student Activities in bank accounts. Monies in these funds may also be invested. In addition, statute authorizes the District to maintain various bank accounts such as clearing accounts to temporarily deposit receipts before they are transmitted to the County Treasurer; revolving accounts to pay minor disbursements; and withholding accounts for taxes, employee insurance programs, and federal savings bonds. Some of these bank accounts may be interest bearing.

Statute does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. Statute requires collateral for deposits of monies at 102% of all deposits not covered by federal depository insurance.

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

Property Taxes Receivables

The Pinal County Treasurer is responsible for collecting property taxes for all governmental entities within the County. The County levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

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

Intergovernmental Receivable

Intergovernmental receivables are comprised of federal grants (\$7,236,286), state grants (\$94,492), state equalization (\$11,545,187), school facilities board (\$107,008), and other (\$2,945).

Short-Term Interfund Receivables and Payables

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

FLORENCE UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Inventories

Inventories in the government-wide and financial statements are recorded as assets when purchased and expensed when consumed. These inventories are stated at cost using the first-in/first-out (FIFO) method. The costs of inventories are accounted for using the consumption method (expensed when consumed).

Deposits

The \$75,900 represent cash deposits with Mohave Educational Services in the food service cooperative.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The costs of prepaid items are accounted for using the consumption method (expensed when consumed).

Lease Receivable

The District recognizes lease receivables with an initial, individual value of \$10,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the District charges the lessee) and the implicit rate cannot be determined, the District uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The District's estimated incremental borrowing rate is based on the applicable federal rate as the discount rate to measure lease receivables.

Capital Assets

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

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

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

Asset Class	Years
Land improvements	5-50 years
Building and improvements	5-40 years
Vehicles, equipment, furniture	5-50 years

Deferred Outflows of Resources

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

FLORENCE UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Arizona State Retirement System (ASRS) and additions to/deductions from ASRS's fiduciary net position have been determined on the same basis as they are reported by ASRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources

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

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

Net Position

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

Fund Balance

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, committed, assigned, and unassigned fund balance classifications.

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

FLORENCE UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Balance (Continued)

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

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

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

The District has classified its fund balances as follows:

	General Fund	Classroom Site Fund	Special Projects Fund	Adjacent Ways	Non-Major Governmental Funds	Total Governmental Activities
Nonspendable						
Inventory	\$ 162,705	\$ -	\$ -	\$ -	\$ -	\$ 162,705
Restricted						
Teacher compensation and other qualified programs (A.R.S. 15-977)	-	6,298,888	-	-	-	6,298,888
Instructional improvement programs	-	-	-	-	368,416	368,416
Federal and state instructional programs	-	-	101,670	-	-	101,670
Food service	-	-	-	-	2,185,330	2,185,330
Community programs	-	-	-	-	1,453,430	1,453,430
Extracurricular activities	-	-	-	-	174,090	174,090
Student activities	-	-	-	-	369,999	369,999
Capital projects	-	-	-	5,705,651	1,010,994	6,716,645
Debt service	-	-	-	-	845,410	845,410
Total restricted	-	6,298,888	101,670	5,705,651	6,407,669	18,513,878
Unassigned	18,806,394	-	-	-	(125,246)	18,681,148
Total	\$ 18,969,099	\$ 6,298,888	\$ 101,670	\$ 5,705,651	\$ 6,282,423	\$ 37,357,731

FLORENCE UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

An annual budget of revenue from all sources for the fiscal year is not prepared. In addition, a budget was not prepared for the New School Facilities Nonmajor Governmental Fund.

The following funds exceeded the final revised budget:

	Expenditures and Other Uses		
	Budget	Actual	Excess
Debt Service Fund			
Debt service	\$ 8,028,781	\$ 8,030,933	\$ 2,152

Budget capacity was available in other funds to make up for this excess.

Deficit Fund Equity

A deficit fund balance in the amount of \$125,246 was reported in the Building Renewal Grant Fund. The deficit was due to grant funding that has not been requested or received within 60 days of fiscal year end. The District expects to receive the revenue in the subsequent year to offset the deficit.

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Deposits:	
Cash in bank	\$ 1,366,620
Investments:	
Cash on deposit with county treasurer	17,562,980
Total deposits and investments	<u>\$ 18,929,600</u>

FLORENCE UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits

Custodial Credit Risk – This is the risk that, in the event of a failure by a counterparty, the District will not be able to recover its deposits or collateralized securities that are in the possession of an outside party. The District had a carrying value of \$1,366,620 for cash on deposit with a local financial institution and a bank balance of \$1,871,951 at June 30, 2022. The District does not have a formal policy regarding custodial credit risk. However, of the bank balance, \$500,000 was insured by federal depository insurance and the remainder was collateralized by the State of Arizona Pooled Collateral Program.

Investments

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

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

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

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

NOTE 4 – RECEIVABLES

Property taxes are recognized as revenues in the fiscal year they are levied in the government-wide financial statements and represent a reconciling item between the government-wide and fund financial statements. In the fund financial statements property taxes are recognized as revenues in the fiscal year they are levied and collected or if they are collected within 60 days subsequent to fiscal year-end. Property taxes not collected within 60 days subsequent to fiscal year-end or collected in advance of the fiscal year for which they are levied are reported as deferred inflows of resources. Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also record unearned revenue in connection with resources that have been received, but not yet earned. The District did not report any unearned revenue. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

	<u>Unavailable</u>
Delinquent property taxes receivable:	
General Fund	\$ 289,187
Nonmajor Governmental Funds	115,366
Total	<u>\$ 404,553</u>

FLORENCE UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 – CAPITAL ASSETS

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

	Balance July 01, 2021	Additions	Deductions	Balance June 30, 2022
Capital assets not being depreciated				
Land	\$ 5,193,938	\$ -	\$ -	\$ 5,193,938
Total capital assets not being depreciated	<u>5,193,938</u>	<u>-</u>	<u>-</u>	<u>5,193,938</u>
Capital assets being depreciated				
Land improvements	16,835,690	1	-	16,835,691
Buildings and improvements	223,017,109	374,700	(618,064)	222,773,745
Vehicles, equipment, and furniture	19,624,383	2,684,304	(2,848,693)	19,459,994
Total capital assets being depreciated	<u>259,477,182</u>	<u>3,059,005</u>	<u>(3,466,757)</u>	<u>259,069,430</u>
Less accumulated depreciation				
Land improvements	(9,332,398)	(962,050)	-	(10,294,448)
Buildings and improvements	(73,352,940)	(5,752,045)	112,192	(78,992,793)
Vehicles, equipment, and furniture	(11,985,251)	(2,077,934)	2,806,685	(11,256,500)
Total accumulated depreciation	<u>(94,670,589)</u>	<u>(8,792,029)</u>	<u>2,918,877</u>	<u>(100,543,741)</u>
Total capital assets, being depreciated, net	<u>164,806,593</u>	<u>(5,733,024)</u>	<u>(547,880)</u>	<u>158,525,689</u>
Governmental activities capital assets, net	<u>\$ 170,000,531</u>	<u>\$ (5,733,024)</u>	<u>\$ (547,880)</u>	<u>\$ 163,719,627</u>

Depreciation expenses was charged to governmental functions as follows:

Governmental Activities:	
Instruction	\$ 1,826,653
Support Services:	
Students	73,751
Instructional Staff	
General Administration	
School Administration	
Business and Other Support Services	412,830
Operations and Maintenance of Plant	4,752,580
Student Transportation	1,553,830
Operation of Noninstructional Services	172,385
	<u>\$ 8,792,029</u>

FLORENCE UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

<u>Due to other funds</u>	<u>Due from other funds</u>
	General Fund
Special Projects Fund	\$ 6,497,636
Nonmajor Governmental Funds	232,254
<u>Total</u>	<u>\$ 6,729,890</u>

The above interfund receivable and payable are due to cash shortfalls at June 30, 2022. Cash will be received subsequent to June 30, 2022 to repay the short-term borrowings.

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

<u>Transfer to</u>	<u>Transfer from</u>			Total
	General Fund	Special Projects Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 199,603	\$ 536,550	\$ 736,153
Nonmajor Governmental Funds	656,474	-	-	656,474
<u>Total</u>	<u>\$ 656,474</u>	<u>\$ 199,603</u>	<u>\$ 536,550</u>	<u>\$ 1,392,627</u>

Transfers were made to record indirect costs transferred to the indirect cost pool for various federal grants.

NOTE 7 – LEASES RECEIVABLE

The District has granted easements for cell towers under the provisions of contracts classified as leases. The related receivables under the lease agreements have been recorded at the present value of their future minimum lease payments as of the inception date. Lease revenue of \$76,215 and related interest revenue of \$9,870 are recorded as other local revenue in the General Fund. Future minimum lease payments to be received under the lease agreements at year end are summarized as follows:

Year ending June 30:	Governmental Activities
2023	\$ 104,095
2024	124,822
2025	126,257
2026	93,254
2027	20,166
2028-32	99,677
2033-37	69,678
2038-42	76,146
2043-37	58,472
Total minimum lease payments	<u>\$ 772,567</u>

FLORENCE UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – LONG-TERM OBLIGATIONS

Compensated Absences

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

Obligations Under Financed Purchase

The District has acquired energy efficient upgrades and technology equipment and improvements under the provisions of long-term finance agreements. The financed purchases have been recorded at the present value of their future minimum payments as of the inception date. Amortization of assets recorded under financed purchases are included with depreciation expense.

The assets acquired through financed purchases that meet the District’s capitalization threshold are as follows:

	Governmental Activities
Asset:	
Building improvements	\$ 8,497,022
Vehicles, furniture, & equipment	683,201
Less: accumulated depreciation	(2,807,456)
Total	\$ 6,372,767

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

	Governmental Activities
Year ending June 30:	
2023	\$ 669,415
2024	692,633
2025	716,659
2026	741,517
2027	767,237
2028-32	4,254,332
2033-37	969,275
Total minimum lease payments	8,811,068
Less: amount representing interest	(1,775,007)
Present value of net minimum capital lease payments	\$ 7,036,061

FLORENCE UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – LONG-TERM OBLIGATIONS (CONTINUED)

General Obligation Bonds Payable

Bonds payable at year end, consisted of the following outstanding general obligation bonds. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund, a non-major governmental fund, are used to pay bonded debt. The District’s legal debt limit is \$223.9 million, and the available margin is \$170.4 million.

Purpose	Interest Rate	Maturity	Original Issue	Balance
Governmental Activities:				
School Improvements Bonds,				
Project 2008, Series B (2013)	2.50-5.0%	7/1/23-7/1/33	\$ 1,411,830	\$ 928,260
Project 2008, Series C (2014)	4.0%	7/1/28-7/1/34	1,419,120	1,419,120
Project 2017, Series A (2018)	2.50-5.0%	7/1/23-7/1/37	14,820,000	12,120,000
Project 2008, Series B (2019)	2.50-5.0%	7/1/23-7/1/31	8,555,000	7,830,000
Refunding Bonds:				
Series 2011 Refunding	4.0-5.0%	7/1/23-7/1/25	4,895,000	3,245,000
Series 2011 Refunding	3.8-4.1%	7/1/25-7/1/28	4,895,000	4,895,000
Series 2012 Refunding	3.1-4.0%	7/1/23-7/1/27	1,844,370	1,844,370
Series 2013 Refunding	3.8%-5.0%	7/1/28-7/1/29	2,510,000	2,510,000
Series 2015 Refunding	2.5-5.0%	7/1/23-7/1/28	21,715,000	13,330,000
Series 2016 Refunding	2.5-5.0%	7/1/23-7/1/28	9,309,330	5,377,590
			<u>\$ 71,374,650</u>	<u>\$ 53,499,340</u>

Annual debt service requirement to maturity on general obligation bonds at year end are summarized as follows:

Year ended, June 30,	Governmental Activities	
	Principal	Interest
2023	\$ 5,917,430	\$ 2,326,340
2024	6,422,480	2,058,969
2025	6,917,110	1,757,700
2026	6,649,170	1,430,101
2027	6,970,620	1,137,157
2028-2032	15,265,780	2,411,867
2033-2037	5,356,750	621,003
Total	<u>\$ 53,499,340</u>	<u>\$ 11,743,138</u>

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

	Balance	Additions	Deductions	Balance	Due Within
	July 01, 2021			June 30, 2022	
General obligation bonds	\$ 58,998,450	\$ -	\$ (5,499,110)	\$ 53,499,340	\$ 5,917,430
Unamortized premium	3,475,621	-	(418,993)	3,056,628	-
Financed purchases	7,564,085	-	(528,024)	7,036,061	419,105
Compensated absences	1,220,889	772,068	(332,066)	1,660,891	165,969
Total	<u>\$ 71,259,045</u>	<u>\$ 772,068</u>	<u>\$ (6,778,193)</u>	<u>\$ 65,252,920</u>	<u>\$ 6,502,504</u>

FLORENCE UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Arizona School Risk Retention Trust, Inc (ASRRT), together with other school districts in the state. ASRRT is a public entity risk pool currently operating as a common risk management and insurance program for member school districts. The District pays an annual premium to ASRRT for its general insurance coverage. The agreement provides that ASRRT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

For employee health insurance, the District is a member of the Arizona School Boards Association Insurance Trust (ASBAIT), together with other school districts. ASBAIT was established in 1981 by the Arizona School Board Association. Its formation was in response to Arizona school administrators desire to obtain comprehensive health benefits at reasonable costs. ASBAIT operates by an "Agreement and Declaration of Trust" in accordance with the laws of the State of Arizona, including, without limitation, §15-382 A.R.S. The agreement provides that ASBAIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

The District is a member of the Arizona School Alliance for Workers' Compensation, Inc. (the Alliance). The Alliance was established in 1996 and is structured as a self-insurance pool that is owned and governed by its members. The agreement provides that the Alliance will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior fiscal years.

NOTE 10 – CONTINGENT LIABILITIES

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

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

FLORENCE UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – PENSION PLANS

Cost Sharing Pension Plan

At June 30, 2022, the District reported the following related to pensions to which it contributes:

	Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Expense
Pension plan	\$ 57,464,534	\$ 15,665,650	\$ 18,206,786	\$ 6,822,077

Arizona State Retirement System

Plan Description

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

Benefits Provided

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

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

**With actuarially reduced benefits.*

FLORENCE UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – PENSION PLANS (CONTINUED)

Arizona State Retirement System (Continued)

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

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

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

Contributions

In accordance with State statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2022, statute required active ASRS members to contribute at the actuarially determined rate of 12.41 percent (12.22 percent for retirement and 0.19 percent for long-term disability) of the members' annual covered payroll, and statute required the District to contribute at the actuarially determined rate of 12.41 percent (12.01 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.19 percent for long-term disability) of the active members' annual covered payroll. If the District also made alternative contributions for retired members who returned to work, add the following sentence: In addition, the District was required by statute to contribute at the actuarially determined rate of 10.22 percent (10.13 percent for retirement and 0.09 percent for long-term disability) of annual covered payroll of retired members who worked for the District in positions that an employee who contributes to the ASRS would typically fill. The District's contributions to the pension plan for the year ended June 30, 2022, was \$6,092,130.

During fiscal year 2022, the District paid for pension contributions as follows: 80 percent from the General Fund, 6% from the Classroom Site Fund, 10% from Special Projects Funds, and 4% from nonmajor governmental funds.

FLORENCE UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – PENSION PLANS (CONTINUED)

Arizona State Retirement System (Continued)

Pension Liability

At June 30, 2022, the District reported a liability of \$15,665,650 for its proportionate share of the ASRS' net pension liability.

The net asset and net liabilities were measured as of June 30, 2021. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2020, to the measurement date of June 30, 2021. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2020, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increases from 2.7–7.2 percent to 2.9–8.4 percent. The District's proportion of the net liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021, and the change from its proportions measured as of June 30, 2020 was an increase of .0073%.

Pension Expense

For the year ended June 30, 2022 the District recognized pension expense for ASRS of \$6,822,077.

Deferred Outflows/Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 875,994	\$ -
Changes of assumptions or other inputs	7,479,469	-
Net difference between projected and actual earnings on pension plan investments	-	18,206,786
Changes in proportion and differences between contributions and proportionate share of contributions	1,218,057	-
Contributions subsequent to the measurement date	6,092,130	-
Total	<u>\$ 15,665,650</u>	<u>\$ 18,206,786</u>

FLORENCE UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – PENSION PLANS (CONTINUED)

Arizona State Retirement System (Continued)

Deferred Outflows/Inflows of Resources (Continued)

The \$6,092,130 reported as deferred outflows of resources related to ASRS pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as described below.

Year Ending June 30:	Deferred Outflows (Inflows) of Resources
2022	\$ 1,006,117
2023	648,476
2024	(4,013,664)
2025	(6,274,195)
2026	-
Thereafter	-
Total	<u>\$ (8,633,266)</u>

Actuarial Assumptions

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

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

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

FLORENCE UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – PENSION PLANS (CONTINUED)

Arizona State Retirement System (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.0% using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount Rate

At June 30, 2021, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statutes. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate – The following table presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Proportionate share of the net pension liability	\$ 90,386,899	\$ 57,464,534	\$ 30,016,391

FLORENCE UNIFIED SCHOOL DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – PENSION PLANS (CONTINUED)

Arizona State Retirement System (Continued)

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report.

NOTE 12 – RESTATEMENTS

At June 30, 2022, the District recorded a restatement of fund balance to correct an error for the fund balance classification of the Unrestricted Capital Outlay Fund. In the previous year, this fund was classified as a major special revenue fund but did not have a third-party external restriction on its use or internal commitment. In the current fiscal year, these amounts will be grouped within the General Fund. Additionally, the District recorded a restatement for the reclassification of the following funds to the General Fund: School Plant, Litigation Recovery, Insurance Refund, Insurance Proceeds. Lastly, the following funds were reclassified from the General Fund to Other Governmental Funds: Community School, Civic Center, Grants and Gifts to Teachers, and Textbooks. The prior year ESSER Fund was grouped with the Special Projects Fund for the current year.

The net effects of the restatements on the Governmental Funds and are as follows:

Governmental Funds

	Fund balance as previously stated	Fund balance reclassification	Fund balance as restated
General Fund	\$ 13,456,340	\$ 715,595	\$ 14,171,935
ESSER Fund	644,432	(644,432)	-
Debt Service Fund	817,213	-	817,213
Classroom Site Fund	2,104,809	-	2,104,809
Adjacent Ways Fund	3,842,767	-	3,842,767
Special Projects Fund	-	651,082	651,082
Other Governmental Funds	6,777,656	(722,245)	6,055,411
Total governmental funds	<u>\$ 27,643,217</u>	<u>\$ -</u>	<u>\$ 27,643,217</u>

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

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

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	Reporting Fiscal Year (Measurement Date)								
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
Proportion of the net pension liability	0.44%	0.43%	0.42%	0.41%	0.41%	0.36%	0.36%	0.35%	N/A
Proportionate share of the net pension liability	\$ 57,464,534	\$ 74,174,832	\$ 61,398,634	\$ 56,566,926	\$ 63,729,806	\$ 58,217,375	\$ 55,813,777	\$ 51,291,440	N/A
Covered payroll	\$ 49,917,989	\$ 47,564,176	\$ 45,241,731	\$ 40,880,311	\$ 41,128,688	\$ 34,706,410	\$ 33,826,776	\$ 32,278,663	N/A
Proportionate share of the net pension liability as a percentage of its covered payroll	115.12%	155.95%	135.71%	138.37%	154.95%	167.74%	165.00%	158.90%	N/A
Plan fiduciary net position as a percentage of the total pension liability	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	N/A

SCHEDULE OF CONTRIBUTIONS

	Reporting Fiscal Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 6,092,130	\$ 5,722,173	\$ 5,344,272	\$ 4,970,323	\$ 4,396,057	\$ 4,269,474	\$ 3,607,587	\$ 3,566,552	\$ 3,323,959
Contributions in relation to the actuarially determined contribution	6,092,130	5,722,173	5,344,272	4,970,323	4,396,057	4,269,474	3,607,587	3,566,552	3,323,959
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 51,651,128	\$ 49,917,989	\$ 47,564,176	\$ 45,241,731	\$ 40,880,311	\$ 41,128,688	\$ 34,706,410	\$ 33,826,776	\$ 32,278,663
Contributions as a percentage of covered payroll	11.79%	11.46%	11.24%	10.99%	10.75%	10.38%	10.39%	10.54%	10.30%

See accompanying Notes to Required Supplementary Information

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ 18,114,163	\$ 18,114,163
Intergovernmental	-	-	49,896,431	49,896,431
Investment earnings	-	-	9,810	9,810
Other	-	-	81,746	81,746
Total Revenues	-	-	68,102,150	68,102,150
EXPENDITURES				
Regular education:				
Instruction	24,369,520	26,444,032	24,257,281	2,186,751
Support services - students	2,345,000	2,398,759	2,266,145	132,614
Support services - instructional staff	1,070,144	1,160,832	1,101,355	59,477
Support services - general administration	1,240,841	1,237,849	985,981	251,868
Support services - school administration	4,277,213	4,365,902	4,286,075	79,827
Support services - central services	1,951,877	2,234,989	1,978,019	256,970
Operations and maintenance of plant	8,643,870	9,501,232	8,910,124	591,108
Operation of noninstructional services	118,000	118,000	118,385	(385)
School sponsored cocurricular activities	69,174	100,222	104,814	(4,592)
School sponsored athletics	1,353,258	1,713,548	1,436,411	277,137
Other programs	2,000	39,600	18,028	21,572
Total regular education	45,440,897	49,314,965	45,462,618	3,852,347
Special education:				
Instruction	8,945,650	9,866,329	8,961,948	904,381
Support services - students	4,034,440	4,523,794	4,121,110	402,684
Support services - instructional staff	538,393	593,198	563,343	29,855
Support services - central services	41,084	43,395	33,183	10,212
Operations and maintenance of plant	7,495	8,250	1,188	7,062
Total special education	13,574,362	15,034,966	13,680,772	1,354,194
Pupil transportation:				
Student transportation services	4,517,209	5,641,639	5,219,718	421,921
Total pupil transportation	4,517,209	5,641,639	5,219,718	421,921
K-3 reading program:				
Instruction	335,704	369,593	262,755	106,838
Total K-3 reading program	335,704	369,593	262,755	106,838
Total Expenditures	63,868,172	70,361,163	64,625,863	5,735,300
Excess (Deficiency) of Revenues Over Expenditures	(63,868,172)	(70,361,163)	3,476,287	73,837,450
Other Financing Sources (Uses):				
Transfers out	-	-	(656,474)	(656,474)
NET CHANGE IN FUND BALANCE	(63,868,172)	(70,361,163)	2,819,813	73,180,976
Fund Balance - Beginning	-	-	10,289,417	10,289,417
Decrease in Inventories	-	-	(30,348)	(30,348)
Fund Balance - Ending	\$ 13,078,882	\$ 13,078,882	\$ 13,078,882	\$ 83,440,045

See accompanying Notes to Required Supplementary Information

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

	Budgeted Amounts		Actual	Variances - Final to Actual
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 7,694,688	\$ 7,694,688
Investment earnings	-	-	12,042	12,042
Other	-	-	142	142
Total Revenues	-	-	7,706,872	7,706,872
EXPENDITURES				
Regular education:				
Instruction	7,879,216	9,669,492	2,886,355	6,783,137
Support services - instructional	202,900	-	-	-
Total regular education	8,082,116	9,669,492	2,886,355	6,783,137
Special education:				
Instruction	-	-	593,494	(593,494)
Total special education	-	-	593,494	(593,494)
K-3 reading program:				
Instruction	-	-	32,944	(32,944)
Total K-3 reading program	-	-	32,944	(32,944)
Total Expenditures	8,082,116	9,669,492	3,512,793	6,156,699
Excess (Deficiency) of Revenues				
Over Expenditures	(8,082,116)	(9,669,492)	4,194,079	13,863,571
NET CHANGE IN FUND BALANCE	(8,082,116)	(9,669,492)	4,194,079	13,863,571
Fund Balance - Beginning	-	-	2,104,809	2,104,809
Fund Balance - Ending	\$ (8,082,116)	\$ (9,669,492)	\$ 6,298,888	\$ 15,968,380

See accompanying Notes to Required Supplementary Information

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

	Budgeted Amounts		Actual	Variances -
	Original	Final		Final to Actual
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 10,731,062	\$ 10,731,062
Other	-	-	1,307	1,307
Total Revenues	-	-	10,732,369	10,732,369
EXPENDITURES				
Regular education:				
Instruction	8,540,377	9,298,870	2,882,608	6,416,262
Support services - students	2,689,047	2,927,868	907,626	2,020,242
Support services - instructional staff	5,684,532	6,189,390	1,918,683	4,270,707
Support services - general administration	14,230	15,494	4,803	10,691
Support services - school administration	1,070,688	1,165,778	361,386	804,392
Support services - central services	561,685	611,570	189,584	421,986
Operations and maintenance of plant	3,124,497	3,401,991	1,054,602	2,347,389
Operation of noninstructional services	136,407	148,522	46,041	102,481
School sponsored athletics	17,785	19,365	6,003	13,362
Other programs	730,504	795,382	246,565	548,817
Total regular education	22,569,752	24,574,230	7,617,901	16,956,329
Special education:				
Instruction	6,748,218	7,347,545	2,277,706	5,069,839
Support services - students	569,255	619,812	192,139	427,673
Support services - instructional staff	309,368	336,844	104,420	232,424
Support services - central services	8,710	9,484	2,940	6,544
Operations and maintenance of plant	13,116	14,281	4,427	9,854
Total special education	7,648,668	8,327,966	2,581,632	5,746,334
Pupil transportation:				
Student transportation services	1,364,350	1,485,522	460,505	1,025,017
K-3 reading program:				
Instruction	28,454	28,454	9,604	18,850
Total K-3 reading program	28,454	28,454	9,604	18,850
Capital outlay				
Facilities acquisition	1,222,231	1,330,781	412,536	918,245
Total Expenditures	32,833,455	35,746,952	11,082,178	24,664,774
Excess (Deficiency) of Revenues				
Over Expenditures	(32,833,455)	(35,746,952)	(349,809)	35,397,143
Other Financing Sources (Uses):				
Transfers out	-	-	(199,603)	(199,603)
NET CHANGE IN FUND BALANCE	(32,833,455)	(35,746,952)	(549,412)	35,197,540
Fund Balance - Beginning	-	-	651,082	651,082
Fund Balance - Ending	\$ (32,833,455)	\$ (35,746,952)	\$ 101,670	\$ 35,848,622

See accompanying Notes to Required Supplementary Information

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

NOTE 1 – AVAILABILITY OF PRIOR YEAR PENSION INFORMATION

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

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

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

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

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

	General Fund				
	Total Revenues	Total Expenditures	Other Financing Sources and Uses	Fund balance beginning of year	Fund balance end of year
Statement of revenues, expenditures and changes in fund balance	\$ 74,354,587	\$ 69,606,754	\$ 49,331	\$ 14,171,935	\$ 18,969,099
Non-maintenance and operation activity included in the General Fund	(6,252,437)	(4,980,891)	(705,805)	(3,882,518)	(5,890,217)
Schedule of revenues, expenditures, and changes in fund balance - budget to actual	<u>\$ 68,102,150</u>	<u>\$ 64,625,863</u>	<u>\$ (656,474)</u>	<u>\$ 10,289,417</u>	<u>\$ 13,078,882</u>

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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

SPECIAL PROJECTS FUNDS

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

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

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

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

CAPITAL PROJECTS FUNDS

Bond Building Fund – accounts for proceeds from District bond issues that are expended on the acquisition or lease of sites; construction or renovation of school buildings; supplying school buildings with furniture, equipment, and technology; improving school grounds; or purchasing pupil transportation vehicles.

Gifts and Donations - Capital – accounts for gifts and donations to be used for capital acquisitions.

Energy and Water Savings – accounts for grant monies received from the Arizona School Facilities Board for the purpose of developing energy and water savings projects.

Building Renewal Grant Fund – accounts for building renewal grant monies requested from the School Facilities Board that are used for infrastructure or for major upgrades, repairs, or renovations to areas, systems, or buildings that will maintain or extend their useful life.

New School Facilities – account for monies received from the Arizona School Facilities Board to be used for constructing new school facilities and purchasing land for new school sites.

DEBT SERVICE FUND

Debt Service Fund - accounts for resources accumulated and used for the payment of long-term debt principal, interest and related costs. The District did not budget for the Debt Service Fund.

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

	Special Revenue Funds				Capital Project Funds					Debt Service Fund	Non-Major Governmental Funds
	Instructional Improvement Fund	Other Special Revenue Fund	Food Service Fund	Student Activities Fund	Bond Building Fund	Gifts and Donations Capital	Energy Water Savings	Building Renewal Grant Fund	New School Facilities	Debt Service Fund	
ASSETS											
Cash and investments	\$ 368,416	\$ 1,615,696	\$ 2,118,274	\$ 369,999	\$ 18,400	\$ 430,413	\$ 545,992	\$ -	\$ 89	\$ 825,113	\$ 6,292,392
Receivables:											
Property taxes	-	-	-	-	-	-	-	-	-	135,663	135,663
Intergovernmental	-	2,945	36,698	-	-	-	-	107,008	-	-	146,651
Accounts receivable	-	26,603	-	-	-	26,100	-	-	-	-	52,703
Deposits	-	-	75,900	-	-	-	-	-	-	-	75,900
Total Assets	\$ 368,416	\$ 1,645,244	\$ 2,230,872	\$ 369,999	\$ 18,400	\$ 456,513	\$ 545,992	\$ 107,008	\$ 89	\$ 960,776	\$ 6,703,309
LIABILITIES											
Accounts payable	\$ -	\$ 17,724	\$ 45,542	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ 73,266
Due to other funds	-	-	-	-	-	-	-	232,254	-	-	232,254
Total Liabilities	-	17,724	45,542	-	-	-	10,000	232,254	-	-	305,520
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenues	-	-	-	-	-	-	-	-	-	115,366	115,366
FUND BALANCES											
Restricted	368,416	1,627,520	2,185,330	369,999	18,400	456,513	535,992	-	89	845,410	6,407,669
Unassigned	-	-	-	-	-	-	-	(125,246)	-	-	(125,246)
Total Fund Balances	368,416	1,627,520	2,185,330	369,999	18,400	456,513	535,992	(125,246)	89	845,410	6,282,423
Total Liabilities and Fund Balances	\$ 368,416	\$ 1,645,244	\$ 2,230,872	\$ 369,999	\$ 18,400	\$ 456,513	\$ 545,992	\$ 107,008	\$ 89	\$ 960,776	\$ 6,703,309

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

	Special Revenue Funds				Capital Project Funds					Debt Service Fund	Non-Major Governmental Funds
	Instructional Improvement Fund	Other Special Revenue Fund	Food Service Fund	Student Activities Fund	Bond Building Fund	Gifts and Donations Capital	Energy Water Savings	Building Renewal Grant Fund	New School Facilities	Debt Service Fund	
REVENUES											
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,029,099	\$ 8,029,099
Intergovernmental	343,897	74,158	6,503,218	-	-	-	-	305,001	-	-	7,226,274
Food Services Sales	-	-	222,854	-	-	-	-	-	-	-	222,854
Auxiliary operations	-	62,722	-	-	-	-	-	-	-	-	62,722
Student Activities	-	-	-	629,315	-	-	-	-	-	-	629,315
Contributions and donations	-	-	-	-	-	165,550	-	-	-	-	165,550
Investment earnings	925	3,797	3,822	-	-	3,805	1,391	-	1	30,031	43,772
Other	-	1,342,343	-	-	-	-	-	-	-	-	1,342,343
Total Revenues	344,822	1,483,020	6,729,894	629,315	-	169,355	1,391	305,001	1	8,059,130	17,721,929
EXPENDITURES											
Current											
Instruction	301,328	163,745	-	12,914	898,777	-	-	-	-	-	1,376,764
Support services:											
Students	-	214,926	-	60,683	-	-	-	-	-	-	275,609
Instructional staff	-	1,013	-	-	-	-	-	-	-	-	1,013
General administration	-	17,095	-	-	-	-	-	-	-	-	17,095
School administration	-	3,662	-	-	-	-	-	-	-	-	3,662
Business and other support services	-	76,458	31	-	-	3,458	-	-	-	-	79,947
Operations and maintenance of plant	-	201,684	-	-	-	1,225	-	4,728	-	-	207,637
Student transportation	-	21,758	-	-	1,835,623	-	-	-	-	-	1,857,381
Operations of noninstructional services	-	413,690	4,575,762	480,562	-	6,828	10,000	38,677	-	-	5,525,519
Debt service:											
Principal	-	-	-	-	-	-	338,164	-	-	5,499,110	5,837,274
Interest and other	-	-	-	-	-	-	230,942	-	-	2,531,823	2,762,765
Capital outlay:											
Facilities acquisition	-	67,955	-	-	-	155,772	-	263,661	-	-	487,388
Total Expenditures	301,328	1,181,986	4,575,793	554,159	2,734,400	167,283	579,106	307,066	-	8,030,933	18,432,054
Excess (Deficiency) of Revenues Over Expenditures	43,494	301,034	2,154,101	75,156	(2,734,400)	2,072	(577,715)	(2,065)	1	28,197	(710,125)
Other Financing Sources (Uses)											
Transfers in	-	-	-	-	-	-	656,474	-	-	-	656,474
Transfers out	-	-	(536,550)	-	-	-	-	-	-	-	(536,550)
Payment to refund bond escrow	-	-	-	-	-	-	-	-	-	-	-
Net Financing Sources (Uses)	-	-	(536,550)	-	-	-	656,474	-	-	-	119,924
NET CHANGE IN FUND BALANCE	43,494	301,034	1,617,551	75,156	(2,734,400)	2,072	78,759	(2,065)	1	28,197	(590,201)
Fund Balance - Beginning, As Restated	324,922	1,326,486	567,779	294,843	2,752,800	454,441	457,233	(123,181)	88	817,213	6,872,624
Fund Balance - Ending	\$ 368,416	\$ 1,627,520	\$ 2,185,330	\$ 369,999	\$ 18,400	\$ 456,513	\$ 535,992	\$ (125,246)	\$ 89	\$ 845,410	\$ 6,282,423

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

	Budgeted Amounts		Actual	Variances - Final to Actual
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 343,897	\$ 343,897
Investment earnings	-	-	925	925
Total Revenues	-	-	344,822	344,822
EXPENDITURES				
Regular education:				
Instruction	330,000	576,691	301,328	275,363
Total Expenditures	330,000	576,691	301,328	275,363
Excess (Deficiency) of Revenues Over Expenditures	(330,000)	(576,691)	43,494	620,185
Fund Balance - Beginning	-	-	324,922	324,922
Fund Balance - Ending	\$ (330,000)	\$ (576,691)	\$ 368,416	\$ 945,107

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances -</u>
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 74,158	\$ 74,158
Auxiliary Operations	-	-	62,722	62,722
Investment earnings	-	-	3,797	3,797
Other	-	-	1,342,343	1,342,343
Total Revenues	-	-	1,483,020	1,483,020
EXPENDITURES				
Regular education:				
Instruction	17,198	18,344	7,569	10,775
Support services - students	145,099	154,768	63,859	90,909
Support services - general administration	38,843	41,431	17,095	24,336
Support services - school administration	3,117	3,325	1,372	1,953
Support services - central services	13,831	14,752	6,087	8,665
Operations and maintenance of plant	455,759	486,131	200,583	285,548
Operation of noninstructional services	250	267	110	157
School sponsored cocurricular activities	21,458	22,888	9,444	13,444
School sponsored athletics	129,512	138,142	56,999	81,143
Other programs	1,099,291	1,172,547	483,806	688,741
Total regular education	1,924,358	2,052,596	846,924	1,205,672
Special education:				
Instruction	314,298	335,243	138,325	196,918
Support services - students	234,756	250,400	103,318	147,082
Support services - instructional staff	2,302	2,455	1,013	1,442
Support services - school administration	5,203	5,550	2,290	3,260
Support services - central services	250	267	110	157
Total special education	556,810	593,915	245,056	348,859
Pupil transportation:				
Student transportation services	49,438	52,732	21,758	30,974
K-3 reading program:				
Support services - students	666	710	293	417
Capital Outlay:				
Facilities acquisition	154,406	164,695	67,955	96,740
Total Expenditures	2,685,677	2,864,649	1,181,986	1,682,663
Excess (Deficiency) of Revenues				
Over Expenditures	(2,685,677)	(2,864,649)	301,034	3,165,683
NET CHANGE IN FUND BALANCE	(2,685,677)	(2,864,649)	301,034	3,165,683
Fund Balance - Beginning	-	-	1,326,486	1,326,486
Fund Balance - Ending	\$ (2,685,677)	\$ (2,864,649)	\$ 1,627,520	\$ 4,492,169

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

	<u>Budgeted Amounts</u>		<u>Variances -</u>	
	<u>Original and Final</u>	<u>Actual</u>	<u>Final to Actual</u>	
REVENUES				
Intergovernmental	\$ -	\$ 6,503,218	\$	6,503,218
Food service sales	-	222,854		222,854
Investment earnings	-	3,822		3,822
Total Revenues	-	6,729,894		6,729,894
EXPENDITURES				
Regular education:				
Support services - central services	36	31		5
Operation of noninstructional services	5,308,196	4,575,762		732,434
Total regular education	5,308,232	4,575,793		732,439
Total Expenditures	5,308,232	4,575,793		732,439
Excess (Deficiency) of Revenues				
Over Expenditures	(5,308,232)	2,154,101		7,462,333
Other Financing Sources (Uses):				
Transfers out	-	(536,550)		(536,550)
Net Financing Sources (Uses)	-	(536,550)		(536,550)
NET CHANGE IN FUND BALANCE	(5,308,232)	1,617,551		1,617,589
Fund Balance - Beginning	-	567,779		567,779
Fund Balance - Ending	\$ (5,308,232)	\$ 2,185,330	\$	2,185,368

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

	Budgeted Amounts		Actual	Variances -
	Original	Final		Final to Actual
REVENUES				
Student activities	\$ -	\$ -	\$ 629,315	\$ 629,315
EXPENDITURES				
Regular education:				
Instruction	18,643	18,643	12,914	5,729
Support services - students	87,604	87,604	60,683	26,921
Operation of noninstructional services	593,174	593,174	410,891	182,283
Total regular education	699,421	699,421	484,488	214,933
Special education:				
Operation of noninstructional services	100,579	100,579	69,671	30,908
Total special education	100,579	100,579	69,671	30,908
Total Expenditures	800,000	800,000	554,159	245,841
Excess (Deficiency) of Revenues				
Over Expenditures	(800,000)	(800,000)	75,156	875,156
NET CHANGE IN FUND BALANCE	(800,000)	(800,000)	75,156	875,156
Fund Balance - Beginning	-	-	294,843	294,843
Fund Balance - Ending	\$ (800,000)	\$ (800,000)	\$ 369,999	\$ 1,169,999

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

	<u>Budgeted Amounts</u>		<u>Variances -</u>	
	<u>Original and Final</u>	<u>Actual</u>	<u>Final to Actual</u>	
REVENUES				
Property taxes	\$ -	\$ 1,934,954	\$	1,934,954
Investment earnings	-	4,748		4,748
Total Revenues	-	1,939,702		1,939,702
EXPENDITURES				
Capital Outlay:				
Facilities acquisition	5,915,178	76,818		5,838,360
Total Expenditures	5,915,178	76,818		8,805
Excess (Deficiency) of Revenues				
Over Expenditures	(5,915,178)	1,862,884		1,948,507
Fund Balance - Beginning	-	3,842,767		3,842,767
Fund Balance - Ending	\$ (5,915,178)	\$ 5,705,651	\$	5,791,274

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

	<u>Budgeted Amounts</u>		<u>Variances -</u>	
	<u>Original and Final</u>	<u>Actual</u>	<u>Final to Actual</u>	
EXPENDITURES				
Regular education:				
Instruction	\$ 926,935	\$ 898,777	\$	28,158
Total regular education	926,935	898,777		28,158
Pupil transportation:				
Student transportation services	1,893,133	1,835,623		11,939
Total Expenditures	2,820,068	2,734,400		-
Excess (Deficiency) of Revenues				
Over Expenditures	(2,820,068)	(2,734,400)		-
Fund Balance - Beginning	-	2,752,800		2,752,800
Fund Balance - Ending	\$ (2,820,068)	\$ 18,400	\$	2,752,800

FLORENCE UNIFIED SCHOOL DISTRICT NO. 1
GIFTS AND DONATIONS CAPITAL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variances -
	Original	Final	Budgetary Basis	Final to Actual
REVENUES				
Contributions and donations	\$ -	\$ -	165,550	165,550
Investment earnings	-	-	3,805	\$ 3,805
Total Revenues	-	-	169,355	169,355
EXPENDITURES				
Support services - central services	8,899	13,437	3,458	9,979
Operations and maintenance of plant	3,152	4,760	1,225	3,535
Operation of noninstructional services	17,571	26,531	6,828	19,703
Total regular education	29,623	44,727	11,511	33,216
Capital outlay				
Facilities acquisition	400,867	605,273	155,772	449,501
Total Expenditures	430,490	650,000	167,283	449,501
Excess (Deficiency) of Revenues				
Over Expenditures	(430,490)	(650,000)	2,072	618,856
Fund Balance - Beginning	-	-	454,441	454,441
Fund Balance - Ending	\$ (430,490)	\$ (650,000)	\$ 456,513	\$ 1,073,297

**FLORENCE UNIFIED SCHOOL DISTRICT NO. 1
ENERGY AND WATER SAVINGS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FISCAL YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variances -
	Original	Final		Final to Actual
REVENUES				
Investment earnings	\$ -	\$ -	\$ 1,391	\$ 1,391
EXPENDITURES				
Regular education:				
Operation of noninstructional services	17,295	19,242	10,000	9,242
Debt service:				
Principal retirement	584,858	650,691	338,164	312,527
Interest and fiscal charges	399,417	444,376	230,942	213,434
Total debt service	984,275	1,095,067	569,106	525,961
Total Expenditures	1,001,570	1,114,309	579,106	-
Excess (Deficiency) of Revenues Over Expenditures	(1,001,570)	(1,114,309)	(577,715)	1,391
Other Financing Sources (Uses):				
Transfers in	-	-	656,474	(656,474)
Fund Balance - Beginning	-	-	457,233	457,233
Fund Balance - Ending	\$ (1,001,570)	\$ (1,114,309)	\$ 535,992	\$ (197,850)

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

	Budgeted Amounts		Actual	Variances -
	Original	Final		Final to Actual
REVENUES				
Intergovernmental	\$ -	\$ -	305,001	\$ 305,001
EXPENDITURES				
Regular education:				
Operations and maintenance of plant	69,288	69,288	4,728	64,560
Operation of noninstructional services	566,805	566,805	38,677	528,128
Total regular education	636,093	636,093	43,405	592,688
Capital outlay				
Facilities acquisition	3,863,907	3,863,907	263,661	3,600,246
Total Expenditures	4,500,000	4,500,000	307,066	3,600,246
Excess (Deficiency) of Revenues				
Over Expenditures	(4,500,000)	(4,500,000)	(2,065)	3,905,247
Fund Balance - Beginning	-	-	(123,181)	(123,181)
Fund Balance - Ending	\$ (4,500,000)	\$ (4,500,000)	\$ (125,246)	\$ 3,782,066

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

	<u>Budgeted Amounts</u>		<u>Variances -</u>	
	<u>Original and Final</u>	<u>Actual</u>	<u>Final to Actual</u>	
REVENUES				
Property taxes	\$ -	8,029,099	\$	8,029,099
Investment earnings	-	30,031		30,031
Total Revenues	-	8,059,130		8,059,130
EXPENDITURES				
Debt service:				
Principal retirement	5,497,636	5,499,110		(1,474)
Interest and fiscal charges	2,531,145	2,531,823		(678)
Total debt service	8,028,781	8,030,933		(2,152)
Total Expenditures	8,028,781	8,030,933		(2,152)
Excess (Deficiency) of Revenues				
Over Expenditures	(8,028,781)	28,197		8,056,978
Fund Balance - Beginning	-	817,213		817,213
Fund Balance - Ending	\$ (8,028,781)	\$ 845,410	\$	\$ 8,874,191

**STATISTICAL SECTION
(UNAUDITED)**

STATISTICAL SECTION

This section of the Florence Unified School District No. 1's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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

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

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

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

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

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

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

Net Position:	Fiscal Year Ended June 30				
	2022	2021	2020	2019	2018
Net investment in capital assets	\$ 100,145,998	\$99,504,121	\$98,709,758	\$104,453,117	\$114,820,553
Restricted	18,513,878	11,557,258	14,446,870	11,440,978	11,033,855
Unrestricted	(41,256,181)	(40,460,461)	(45,512,129)	(43,299,330)	(44,475,344)
Total	\$ 77,403,695	\$70,600,918	\$ 67,644,499	\$ 72,594,765	\$ 81,379,064

Net Position:	Fiscal Year Ended June 30				
	2017	2016	2015	2014	2013
Net investment in capital assets	\$120,771,516	\$95,790,184	\$101,735,649	\$105,212,999	\$108,120,464
Restricted	16,432,525	13,222,716	9,841,277	7,950,147	7,857,302
Unrestricted	(48,371,183)	(45,799,312)	(52,578,347)	7,983,841	5,954,880
Total	\$ 88,832,858	\$ 63,213,588	\$ 58,998,579	\$ 121,146,987	\$ 121,932,646

Source: The District's financial records.

**FLORENCE UNIFIED SCHOOL DISTRICT NO. 1
EXPENSES, PROGRAM REVENUES, AND NET POSITION
LAST TEN FISCAL YEARS
ACCRAUAL BASIS OF ACCOUNTING
(UNAUDITED)**

	Fiscal Year Ended June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses:										
Instruction	\$ 49,038,416	\$46,795,383	\$48,512,571	\$39,351,021	\$39,858,389	\$34,323,157	\$30,281,356	\$36,581,018	\$32,988,920	\$32,889,524
Support Services - students and staff	12,335,812	10,967,339	10,044,491	10,603,065	10,395,180	8,268,231	6,600,242	5,923,709	6,542,712	6,772,871
Support Services - administration	10,811,034	9,039,740	8,766,830	7,307,595	7,286,914	7,298,319	6,266,125	7,023,167	7,187,679	6,954,374
Operation and Maintenance of plant services	15,552,880	15,841,069	14,170,074	19,691,050	14,585,447	13,331,445	7,726,095	7,974,946	7,805,068	7,314,299
Student transportation services	7,487,398	5,380,688	6,862,908	7,499,001	5,016,709	4,901,291	5,273,543	4,886,940	4,618,815	4,760,123
Operation of non-instructional services	6,138,456	5,366,160	5,442,966	5,393,402	5,294,481	5,107,688	5,517,706	4,307,245	4,016,530	3,748,799
Interest on long-term debt	2,623,489	2,891,873	3,256,298	2,973,236	2,537,849	2,276,785	1,709,403	1,437,682	1,988,331	2,065,836
Total expenses	103,987,485	96,282,252	97,056,138	92,818,370	84,974,969	75,506,916	63,374,470	68,134,707	65,148,055	64,505,826
Program revenues:										
Charges for services:										
Instruction	74,593	484,994	261,854	316,359	529,649	279,343	206,864	217,229	205,524	194,905
Operation of non-instructional services	2,545,796	1,981,012	3,734,393	4,722,968	4,870,950	4,305,706	2,984,061	2,292,811	2,652,479	2,506,186
Other Activities	244,443	-	-	-	-	-	557	-	-	-
Operating grants and contributions	26,993,394	21,939,280	13,458,792	12,918,365	12,720,295	11,574,349	10,476,003	10,230,776	6,712,757	5,539,742
Capital grants and contributions	305,001	2,606,727	2,284,076	682,262	589,514	619,133	447,248	52,500	267,043	34,817
Total program revenues	30,163,227	27,012,013	19,739,115	18,639,954	18,710,408	16,778,531	14,114,733	12,793,316	9,837,803	8,275,650
Net expense	\$ (73,824,258)	\$ (69,270,239)	\$ (77,317,023)	\$ (74,178,416)	\$ (66,264,561)	\$ (58,728,385)	\$ (49,259,737)	\$ (55,341,391)	\$ (55,310,252)	\$ (56,230,176)

Source: The District's financial records.

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

	Fiscal Year Ended June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net Expense	\$ (73,824,258)	\$ (69,270,239)	\$ (77,317,023)	\$ (74,178,416)	\$ (66,264,561)	\$ (58,728,385)	\$ (49,259,737)	\$ (55,341,391)	\$ (55,310,252)	\$ (56,230,176)
General revenues:										
Property taxes:										
Property taxes, levied for general purposes	18,188,793	14,080,033	15,769,143	14,782,885	13,304,144	9,690,755	9,991,925	11,616,729	11,248,992	11,873,135
Property taxes, levied for debt services	8,029,099	6,993,258	6,176,125	6,004,056	4,550,842	4,535,891	2,739,368	2,680,010	3,391,929	4,037,974
Property taxes, levied for capital outlay	2,636,532	625,257	540,088	138,927	-	3,744,558	3,612,461	2,246,501	2,317,408	1,883,315
Investment Income and Other	1,381,354	108,959	335,215	364,501	161,632	94,413	38,868	17,105	21,999	42,420
Unrestricted County Aid	2,687,968	791,703	999,101	1,219,822	767,498	878,298	952,013	894,695	3,834,689	2,285,405
Unrestricted State Aid	47,703,289	2,929,279	2,658,185	2,440,031	2,680,831	2,460,542	2,267,378	2,243,033	2,238,797	1,975,393
Unrestricted Federal Aid	-	45,736,375	45,888,900	40,443,895	37,345,820	34,687,814	33,872,733	32,060,908	31,470,779	32,856,738
Special item - transfer of operations	-	-	-	-	-	28,255,384	-	-	-	-
Total general revenues	80,627,035	71,264,864	72,366,757	65,394,117	58,810,767	84,347,655	53,474,746	51,758,981	54,524,593	54,954,380
Changes in net position	\$ 6,802,777	\$ 1,994,625	\$ (4,950,266)	\$ (8,784,299)	\$ (7,453,794)	\$ 25,619,270	\$ 4,215,009	\$ (3,582,410)	\$ (785,659)	\$ (1,275,796)

Source: The District's financial records.

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

General Fund	Fiscal Year Ended June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Nonspendable	\$ 162,705	\$ 221,265	\$ 136,773	\$ 167,107	\$ 163,345	\$ 167,697	\$ 158,440	\$ 152,499	\$ 218,710	\$ 180,315
Unassigned	18,806,394	13,235,075	10,872,622	8,017,491	5,873,217	939,298	5,368,634	4,842,920	3,940,339	4,893,247
Total General Fund	18,969,099	13,456,340	11,009,395	8,184,598	6,036,562	1,106,995	5,527,074	4,995,419	4,159,049	5,073,562
All other governmental funds:										
Nonspendable	-	644,432	-	-	-	-	-	-	-	-
Restricted	18,513,878	13,665,626	14,446,870	11,440,978	23,508,342	16,433,139	13,223,330	10,378,518	-	7,857,302
Committed	-	-	-	-	-	-	-	-	9,921,891	-
Assigned	-	-	-	-	-	-	-	-	380,336	430,183
Unassigned	(125,246)	(123,181)	(156,552)	(21,346)	(37,461)	(9,171)	-	-	-	-
Total all other governmental funds	18,388,632	14,186,877	14,290,318	11,419,632	23,470,881	16,423,968	13,223,330	10,378,518	10,302,227	8,287,485
Total all governmental funds	\$ 37,357,731	\$ 27,643,217	\$ 25,299,713	\$ 19,604,230	\$ 29,507,443	\$ 17,530,963	\$ 18,750,404	\$ 15,373,937	\$ 14,461,276	\$ 13,361,047

Source: The District's financial records.

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

	Fiscal Year Ended June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Federal sources:										
Federal aid and grants	\$ 11,793,455	\$ 13,069,496	\$ 5,591,159	\$ 4,945,527	\$ 5,058,123	\$ 4,796,357	\$ 4,104,800	\$ 4,355,863	\$ 6,090,181	\$ 2,754,287
National school lunch program	6,503,218	3,665,127	2,816,506	3,053,690	2,880,857	3,078,992	2,713,830	2,482,711	2,205,884	2,229,402
Total federal sources:	18,296,673	16,734,623	8,407,665	7,999,217	7,938,980	7,875,349	6,818,630	6,838,574	8,296,065	4,983,689
States sources:										
State equalization	52,131,084	43,596,200	45,476,991	40,052,516	37,345,820	34,810,195	33,416,883	31,744,300	31,470,779	32,267,872
State grants	289,026	160,956	197,555	92,479	173,267	75,726	46,476	292,592	284,358	62,755
School facilities board	305,001	2,306,852	2,026,826	170,386	589,514	475,883	348,999	-	188,205	-
Other revenues	8,158,882	5,161,603	5,101,147	5,119,172	4,254,773	3,581,608	3,210,477	3,162,232	2,695,150	2,573,012
Total state sources	60,883,993	51,225,611	52,802,519	45,434,553	42,363,374	38,943,412	37,022,835	35,199,124	34,638,492	34,903,639
Local sources										
Property taxes	26,091,826	21,792,839	22,425,225	20,934,948	17,841,221	18,015,741	16,368,817	16,535,101	16,773,620	16,926,306
County equalization	2,687,968	2,929,279	2,658,185	2,440,031	2,680,831	2,460,542	2,267,378	2,243,033	2,238,797	2,339,623
Food service sales	222,854	13,709	784,287	1,004,480	926,188	969,762	772,108	776,758	783,528	811,410
Investment income	91,211	108,959	335,215	364,501	161,632	94,413	38,868	17,105	21,999	-
Other revenues	4,180,934	3,826,321	4,632,645	5,865,421	5,595,184	5,011,970	3,870,056	2,934,463	6,675,394	2,488,666
Total local sources	33,274,793	28,671,107	30,835,557	30,609,381	27,205,056	26,552,428	23,317,227	22,506,460	26,493,338	22,566,005
Total revenues	\$112,455,459	\$ 96,631,341	\$ 92,045,741	\$ 84,043,151	\$ 77,507,410	\$ 73,371,189	\$ 67,158,692	\$ 64,544,158	\$ 69,427,895	\$ 62,453,333

Source: The District's financial records.

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

	Fiscal Year Ended June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenditures:										
Current:										
Instruction	\$ 46,781,720	\$ 44,726,606	\$ 44,468,720	\$ 39,404,775	\$ 38,000,570	\$ 34,091,482	\$ 30,219,935	\$ 30,343,112	\$ 28,360,120	\$ 28,471,841
Support services - students and staff	12,152,754	10,609,143	9,389,135	10,751,323	10,288,214	8,478,318	6,459,925	5,955,473	6,429,960	6,626,253
Support services - administration	9,878,302	8,606,500	7,840,062	7,374,520	6,968,831	7,444,745	6,167,113	6,870,610	6,973,193	6,778,061
Operation and maintenance of plant services	10,302,193	9,758,124	8,651,103	14,031,593	8,966,611	8,880,043	7,516,359	7,925,380	7,733,793	7,259,847
Student transportation services	7,861,441	4,314,117	4,966,932	6,938,844	4,492,021	4,633,280	3,805,395	3,848,198	3,689,254	3,792,981
Operation of non-instructional services	5,912,694	5,160,560	5,120,676	5,294,320	5,126,949	5,060,218	5,447,244	4,248,464	3,985,333	3,734,902
Capital outlay	993,691	4,716,380	8,042,963	10,652,158	2,408,830	1,793,952	1,167,792	1,701,367	1,487,207	1,237,615
Debt Service:										
Principal retirement	6,027,134	5,018,072	4,480,954	3,912,611	2,671,962	2,245,969	1,295,000	1,235,000	2,468,662	2,623,693
Interest, premium and fiscal charges	2,800,668	3,069,053	3,169,916	3,023,824	2,225,066	2,276,785	1,709,403	1,504,649	1,988,331	2,095,786
Bond Issuance Costs	-	-	136,970	-	312,783	-	-	394,221		
Total expenditures	\$ 102,710,597	\$ 95,978,555	\$ 96,267,431	\$ 101,383,968	\$ 81,461,837	\$ 74,904,792	\$ 63,788,166	\$ 64,026,474	\$ 63,115,853	\$ 62,620,979
Expenditures for Capitalized Assets	3,059,005	8,542,091	8,375,266	7,705,182	5,050,634	4,644,097	3,061,832	2,817,165	4,544,341	5,009,678
Debt service as a percentage of noncapital expenditures	8.9%	8.9%	8.7%	7.6%	6.2%	6.2%	4.8%	4.4%	7.2%	8.0%

Source: The District's financial records.

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

	Fiscal Year Ended June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Excess (deficiency) of revenues over expenditures	\$ 9,744,862	\$ 652,786	\$ (4,221,690)	\$ (17,340,817)	\$ (3,954,427)	\$ (1,533,603)	\$ 3,370,526	\$ 517,684	\$ 6,312,042	\$ (367,646)
Over financing sources (uses):										
Issuance of School Improvement Bonds	-	-	8,555,000	-	14,820,000	-	-	21,715,000	-	-
Premium on Sale of Bond	-	-	1,392,507	-	961,174	-	-	3,143,582	-	-
Payment to Refund Bond Escrow	-	-	-	-	-	-	-	(24,397,394)	-	-
Proceeds from sale of capital assets	-	-	-	7,433,842	154,085	280,076	-	-	-	-
Transfers in	1,392,627	2,740,462	3,094,362	1,096,020	5,200,053	341,177	120,038	1,211,616	1,072,273	436,310
Transfers out	(1,392,627)	(2,740,462)	(3,094,362)	(1,096,020)	(5,200,053)	(341,177)	(120,038)	(1,211,616)	(1,072,273)	(436,310)
Total other financing sources (uses)	-	-	9,947,507	7,433,842	15,935,259	280,076	-	461,188	-	-
Changes in fund balances	\$ 9,744,862	\$ 652,786	\$ 5,725,817	\$ (9,906,975)	\$ 11,980,832	\$ (1,253,527)	\$ 3,370,526	\$ 978,872	\$ 6,312,042	\$ (367,646)

Source: The District's financial records.

FLORENCE UNIFIED SCHOOL DISTRICT NO. 1
NET FULL CASH ASSESSED VALUE BY PROPERTY CLASSIFICATION
LAST TEN FISCAL YEARS
(UNAUDITED)

Property Classification (a)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Commercial, Industrial, Utilities and Mining	18%	18%	18%	18%	18%	18%	19%	19%	20%	20%
Agricultural and Vacant	15%	15%	15%	15%	15%	15%	16%	16%	16%	16%
Residential (Owner Occupied)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Residential (Rental)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Railroad, Private Cars and Airlines	15%	15%	15%	14%	15%	14%	15%	16%	15%	15%
Class	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Commercial, Industrial, Utilities and Mining	\$ 91,158,884	\$ 90,137,543	\$ 87,684,268	\$ 85,195,799	\$ 55,284,771	\$ 48,583,135	\$ 42,554,179	\$ 41,704,775	\$ 43,090,301	\$ 40,219,403
Agricultural and Vacant	57,390,320	59,176,934	51,875,986	48,398,677	71,859,733	71,551,006	49,892,794	46,949,957	47,613,606	53,087,849
Residential (Owner Occupied)	411,841,019	360,090,505	302,332,336	245,399,166	229,930,315	223,946,803	148,254,252	119,882,186	114,906,934	135,401,534
Residential (Rental)	184,269,294	179,251,613	165,404,617	147,944,720	145,696,965	133,675,215	108,277,977	57,593,486	41,233,618	26,023,910
Railroad, Private Cars and Airlines	1,552,968	1,226,520	1,294,375	1,385,612	1,422,206	1,230,814	1,225,235	1,296,734	1,126,307	1,106,899
Historical Property	67,725	183,161	188,160	104,888	89,390	118,183	57,957	60,517	50,285	64,307
Certain Government Property Improvements	78,518	1,553	1,943	1,438	1,251	4,204	4,054	633	-	-
Totals	\$ 746,358,728	\$ 690,067,829	\$ 608,781,685	\$ 528,430,300	\$ 504,284,631	\$ 479,109,360	\$ 350,266,448	\$ 267,488,288	\$ 248,021,051	\$ 255,903,902
Gross Full Cash Value	\$7,363,303,402	\$6,765,370,873	\$5,968,447,892	\$5,180,689,216	\$4,992,917,139	\$4,743,657,030	\$3,467,984,634	\$2,648,398,891	\$2,455,653,970	\$2,484,503,903
Ratio of Net Limited Assessed Value to Gross Full Cash Value	10.14%	10.20%	10.20%	10.20%	10.10%	10.10%	10.10%	10.10%	10.10%	10.30%
Total Direct Rate	5.93%	5.15%	5.77%	5.69%	5.36%	5.67%	7.03%	7.16%	7.71%	7.22%

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

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

Fiscal Year Ended June 30	District Direct Rates			Overlapping Rates							
	Primary	Secondary	Total	State Equalization	County	Flood Control District	Community College District	Central Arizona Project	Library District	Fire District Assistance	City of Florence
2022	4.52	1.40	5.93	0.43	3.69	0.17	2.15	0.14	0.10	0.06	1.06
2021	3.77	1.38	5.15	0.44	3.75	0.17	2.30	N/A	N/A	N/A	1.06
2020	4.43	1.34	5.77	0.46	3.79	0.17	2.21	N/A	N/A	N/A	1.07
2019	4.30	1.39	5.69	0.47	3.83	0.17	2.36	N/A	N/A	N/A	1.11
2018	4.23	1.13	5.36	0.47	3.87	0.17	2.36	N/A	N/A	N/A	1.11
2017	4.45	1.22	5.67	0.50	3.87	0.17	2.63	N/A	N/A	N/A	1.12
2016	5.38	1.65	7.03	0.51	4.00	0.17	1.37	N/A	N/A	N/A	1.18
2015	5.52	1.64	7.16	0.51	3.80	0.17	2.26	N/A	N/A	N/A	1.12
2014	4.98	2.73	7.71	0.51	3.80	0.17	2.25	N/A	N/A	N/A	1.12
2013	3.75	3.47	7.22	0.47	3.80	0.17	1.88	N/A	N/A	N/A	1.05

Source: The source of this information is the Property Tax Rates and Assessed Values, Arizona Tax Research Foundation.

Note: N/A indicates the information was not available.

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

Taxpayer	2022		2013	
	Net Assessed Property Value for Secondary Tax Purposes	Percentage of Net Assessed Property Value for Secondary Tax Purposes	Net Assessed Property Value for Secondary Tax Purposes	Percentage of Net Assessed Property Value for Secondary Tax Purposes
CORRECTIONS CORPORATION OF AMERICA	\$ 13,829,998	1.85%	\$ 14,088,420	5.58%
JOHNSON UTILITIES LLC	9,352,384	1.25%	7,155,421	2.83%
ARIZONA PUBLIC SERVICE COMPANY	6,460,804	0.87%	5,312,469	2.10%
FLORENCE WEST PRISON LLC	5,359,357	0.72%	4,544,279	1.80%
EL PASO NATURAL GAS CO.	4,888,646	0.65%	3,871,646	1.53%
APPLE INC.	3,659,706	0.49%		
IH6 PROPERTY PHOENIX LP	5,588,109	0.75%	1,196,670	0.47%
PROGRESS RESIDENTIAL 2014-1 BORROWER LLC	5,142,705	0.69%		
UNISOURCE ENERGY CORPORATION	2,404,063	0.32%		
WAL-MART STORES INC.	2,361,963	0.32%		
POSEIDON SOLAR, LLC			3,254,160	1.29%
MPT OF FLORENCE LLC			2,084,421	0.83%
PULTE HOME CORPORATION			1,553,890	0.62%
SOUTHWEST GAS CORPORATION			983,416	0.39%
Totals	\$ 59,047,735	15.71%	\$ 44,044,792	11.22%

Source: Pinal County Assessor's Office.

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

Fiscal Year Ended June 30	Current Collections			Percentage of Levy	Collections in Subsequent Fiscal Years	Collections to Date	Percentage of the Levy
	Taxes Levied for the Fiscal Year	Amount	Percentage of Levy				
2022	\$ 28,036,833	\$ 27,684,298	98.74	\$ -	\$ 27,684,298	98.74	
2021	21,837,594	21,587,731	98.86	224,504	21,812,235	99.88	
2020	22,940,024	22,694,940	98.93	201,725	22,896,665	99.81	
2019	20,933,969	20,600,555	98.41	128,115	20,728,670	99.02	
2018	17,795,266	17,487,045	98.27	220,326	17,707,371	99.51	
2017	17,959,186	17,616,816	98.09	286,884	17,903,700	99.69	
2016	16,349,356	15,915,369	97.35	283,783	16,199,152	99.08	
2015	16,321,062	15,979,796	97.91	195,483	16,175,279	99.11	
2014	16,841,865	16,300,631	96.79	401,108	16,701,739	99.17	
2013	16,256,911	15,735,016	96.79	469,650	16,204,666	99.68	

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

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

Fiscal Year Ended June 30	General Obligation Bonds					Total Outstanding Debt				
	General Obligation Bonds	Less: Amount Restricted for Principal	Total	As Percentage of Estimated Actual Value of Property	Per Capita	Financed Purchases	Total	Percentage of Estimated Actual Value (Full Cash Value)	Per Capita	Percentage of Personal Income
2022	\$ 56,555,968	\$ 960,776	\$ 55,595,192	0.76%	\$ 521	\$ 7,036,061	\$63,592,029	0.86%	\$ 596	0.50%
2021	67,085,421	817,213	66,268,208	1.00%	652	7,564,085	74,649,506	1.10%	169	0.49%
2020	71,612,865	787,532	70,825,333	1.20%	840	7,970,807	79,583,672	1.30%	186	0.58%
2019	65,458,030	778,577	64,679,453	1.20%	806	8,343,311	73,801,341	1.40%	176	0.74%
2018	68,265,372	537,248	67,728,124	1.40%	999	1,321,810	69,587,182	1.40%	170	0.58%
2017	55,004,060	435,384	54,568,676	1.20%	863	1,324,747	56,328,807	1.20%	92	0.33%
2016	41,084,652	202,652	40,882,000	1.20%	691	-	41,084,652	1.20%	101	0.37%
2015	42,581,617	391,350	42,190,267	1.60%	768	-	42,581,617	1.60%	106	0.41%
2014	41,300,000	240,096	41,059,904	1.70%	798	-	41,300,000	1.70%	106	0.43%
2013	41,940,000	147,251	41,792,749	1.70%	811	-	41,940,000	1.70%	108	0.45%

Source: The District's financial records.

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

<u>Fiscal Year Ended June 30</u>	<u>Debt Outstanding</u>	<u>Estimate Percentage Applicable to School District</u>	<u>Estimated Amount Applicable to School District</u>
Overlapping			
Pinal County Community College District	\$ 61,360,000	18.34%	\$ 11,253,424
Anthem @ Merrill Ranch			
Community Facilities District No. 1	2,280,000	100.00%	2,280,000
Anthem @ Merrill Ranch			
Community Facilities District No. 2	6,946,000	100.00%	<u>6,946,000</u>
Subtotal, Overlapping Debt			<u>\$ 20,479,424</u>
Direct:			
Florence Unified School District No.1	\$ 63,592,029	100.00%	<u>\$ 63,592,029</u>
Total direct and overlapping debt			<u><u>\$ 84,071,453</u></u>

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIO

Net directed general obligation bonded debt	
as a percentage of net assessed property value for secondary tax purposes	8.52%
Net direct and overlapping general bonded debt	
per capita	\$2,979
as a percentage of net assessed property value for secondary tax purposes	11.26%
as a percentage of net full cash value	1.14%

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

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

Legal Debt Margin Calculation:		Class B Bond Legal Debt Margin Calculation:	
Net full cash assessed value	\$ 746,358,728	Net full cash assessed value	\$ 746,358,728
	<u>30%</u>		<u>20%</u>
Debt limit (30% of assessed value)	223,907,618	Debt limit (20% of assessed value)	149,271,746
Less: Net debt applicable to limit	<u>(53,499,340)</u>	Less: Net debt applicable to limit	<u>(53,499,340)</u>
Legal debt margin	\$ 170,408,278	Legal debt margin	\$ 95,772,406

	<u>Fiscal Year Ended June 30</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Debt Limit	\$ 223,907,618	\$ 207,020,349	\$ 182,634,506	\$ 158,529,090	\$ 151,285,389
Less: Net debt applicable to limit	<u>(53,499,340)</u>	<u>(67,085,421)</u>	<u>(71,612,865)</u>	<u>(65,458,030)</u>	<u>(68,265,372)</u>
Legal debt margin	<u>\$ 170,408,278</u>	<u>\$ 139,934,928</u>	<u>\$ 111,021,641</u>	<u>\$ 93,071,060</u>	<u>\$ 83,020,017</u>
Total debt applicable to the limit as percentage of debt limit	23.9%	32.4%	39.2%	41.3%	45.1%

	<u>Fiscal Year Ended June 30</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Debt Limit	\$ 143,732,808	\$ 105,079,934	\$ 80,246,486	\$ 74,406,315	\$ 76,771,171
Less: Net debt applicable to limit	<u>(55,004,060)</u>	<u>(41,084,652)</u>	<u>(42,581,617)</u>	<u>(41,300,000)</u>	<u>(41,940,000)</u>
Legal debt margin	<u>\$ 88,728,748</u>	<u>\$ 63,995,282</u>	<u>\$ 37,664,869</u>	<u>\$ 33,106,315</u>	<u>\$ 34,831,171</u>
Total debt applicable to the limit as percentage of debt limit	38.3%	39.1%	53.1%	55.5%	54.6%

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

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

Year	Pinal County				Unemployment Rate	Estimated District Population
	Population	Personal Income	Per Capita			
2022	449,557	\$ 12,686,948,097	28,221		3.3%	106,699
2021	425,264	15,287,815,536	35,949		3.0%	102,823
2020	428,200	13,780,332,400	32,182		7.3%	85,287
2019	419,310	9,917,939,430	23,653		5.1%	81,226
2018	409,472	12,001,214,848	29,309		4.1%	68,316
2017	612,764	17,114,498,520	27,930		5.2%	63,732
2016	406,584	11,255,058,288	27,682		6.0%	59,456
2015	401,918	10,387,972,628	25,846		6.5%	55,467
2014	390,965	9,702,969,370	24,818		7.6%	51,745
2013	388,106	9,373,148,006	24,151		8.9%	51,745

Source: U.S. Census Bureau, U.S. Bureau of Labor Statistics, and National Center for Education Statistics.

**FLORENCE UNIFIED SCHOOL DISTRICT NO. 1
 PRINCIPAL EMPLOYERS – PINAL COUNTY
 FISCAL YEAR ENDING JUNE 30, 2021 AND NINE YEARS PRIOR
 (UNAUDITED)**

Employer	2021	
	Approximate Number of Employees	Percentage of Total Employment
Pinal County	2,910	4.55%
State of Arizona	2,060	3.22%
Walmart	2010	3.14%
Corecivic Inc.	1980	3.09%
Casa Grant Union High School District	1080	1.69%
Gila River Indian Community	810	1.27%
Harrahs Akchin Hotel and Casino	800	1.25%
Banner Health	770	1.20%
Frys Food Stores	680	1.06%
Maricopa Unified School District	670	1.05%
	13,770	21.5%

Employer	2012	
	Approximate Number of Employees	Percentage of Total Employment
State of Arizona	2,910	2.57 %
Pinal County	2,430	2.14 %
Harrahs Akchin Hotel and Casino	2,050	1.81 %
Corecivic	1,660	1.46 %
Florenhool District	1,123	0.99 %
Pinal County Community College District	910	0.80 %
Ray Mines Plant	830	0.73 %
Hu Hu Kam Memorial Hospital	820	0.72 %
Federal Government	820	0.72 %
Casa Grant Regional Medical Center	790	0.70 %
	14,343	12.64%

Source: The source of this information is the 2021 Arizona COG/MPO Employers Database presented on the Maricopa Association of Governments website.

Note: Information relating to FY21-22 was not available.

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

	Fiscal Year Ended June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Supervisory										
Principals	13	13	12	12	12	12	10	10	10	10
Assistant principals	15	24	19	19	20	19	14	14	20	20
Total supervisory	28	37	31	31	32	31	24	24	30	30
Instruction										
Teachers	503	520	520	503	489	488	431	430	424	417
Aides	138	100	126	141	145	145	128	147	125	124
Total instruction	641	620	646	644	634	633	559	577	549	541
Student services										
Librarians	6	6	10	10	9	10	8	9	9	9
Technicians	9	7	2	2	2	2	10	5	5	5
Total student services	15	13	12	12	11	12	18	14	14	14
Support and administration										
Service workers	439	528	491	538	517	517	417	417	323	324
Total support and administration	439	528	491	538	517	517	417	417	323	324
Total full-time equivalent employees	1,123	1,198	1,180	1,225	1,194	1,193	1,018	1,032	916	909

Source: The District's personnel records.

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

<u>Fiscal Year</u>	<u>Average Daily Membership</u>
2021-22	9,209
2020-21	8,381
2019-20	9,255
2018-19	8,918
2017-18	8,815
2016-17	9,005
2015-16	8,102
2014-15	8,041
2013-14	7,774
2012-13	7,975

Source: The Arizona Department of Education.

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

Fiscal Year Ended June 30	100 Day Count	Governmental	% Change		District Wide	% Change		Teaching	Pupil- Teacher	% of Free &
	Average Daily	Funds Operating	Cost per Pupil	Cost per Pupil	Expenses	Cost per Pupil	% Change	Staff	Ratio	Reduced Students
	Membership	Expenditures								
2022	9,209	92,889,104	\$10,087	-11.92%	102,710,597	\$11,153	-2.91%	523	17.6	45.1%
2021	8,381	95,978,555	11,452	10.00%	96,282,252	11,488	9.50%	520	16.1	57.3%
2020	9,255	96,267,431	10,402	-9.00%	97,056,138	10,487	0.80%	520	17.8	56.7%
2019	8,918	101,383,968	11,368	23.00%	92,818,370	10,408	8.00%	503	17.7	58.0%
2018	8,815	81,461,837	9,241	12.00%	84,974,969	9,640	16.10%	489	18.0	59.9%
2017	9,095	74,904,792	8,236	5.00%	75,506,916	8,302	6.10%	488	18.6	55.8%
2016	8,102	63,788,166	7,873	-1.00%	63,374,470	7,822	-7.70%	431	18.8	58.3%
2015	8,041	64,026,474	7,963	1.00%	68,134,707	8,473	3.70%	430	18.7	59.1%
2014	7,975	63,115,853	7,914	0.00%	65,148,055	8,169	0.10%	424	18.8	58.0%
2013	7,904	62,820,979	7,948	-10.00%	64,505,826	8,161	-6.20%	417	19.0	44.5%

Source: The District's financial records.

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

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

	Fiscal Year Ended June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<u>Schools:</u>										
Elementary:										
Buildings	52	52	52	52	52	52	43	43	43	43
Square feet	948,345	948,345	948,345	948,345	948,345	948,345	783,850	783,850	783,850	783,850
Capacity	10,567	10,567	10,567	10,567	10,567	10,567	10,986	10,986	10,986	10,986
Enrollment	5,801	5,332	5,768	5,664	6,203	6,462	5,257	5,375	5,341	5,473
High:										
Buildings	27	27	27	27	27	27	23	23	23	23
Square feet	587,696	587,696	587,696	587,696	587,696	587,696	416,729	416,729	416,729	416,729
Capacity	4,417	4,417	4,417	4,417	4,465	4,465	3,000	3,000	3,000	3,000
Enrollment	3,423	3,237	3,393	3,166	3,150	3,122	3,111	2,680	2,433	2,502
Other:										
Buildings	2	2	2	2	2	2	2	2	2	2
Square feet	4,016	4,016	4,016	4,016	4,016	4,016	4,016	4,016	4,016	4,016
Capacity	8	8	8	8	8	8	8	8	8	8
<u>Administrative:</u>										
Buildings	2	2	2	2	2	2	2	2	2	2
Square feet	24,436	24,436	24,436	24,436	24,436	24,436	24,436	24,436	24,436	24,436
<u>Transportation:</u>										
Garages	2	2	2	2	1	1	1	1	1	1
Buses	87	83	83	83	73	73	73	73	73	73
<u>Athletics:</u>										
Football fields	10	10	10	10	9	9	9	9	9	9
Soccer fields	1	1	1	1	0	0	0	0	0	0
Running tracks	3	3	3	3	2	2	2	2	2	2
Baseball/softball	11	11	11	11	9	9	9	9	9	9
Swimming pools	0	0	0	0	1	1	1	1	1	1
Playgrounds	11	11	11	11	9	9	9	9	9	9

Source: The District's records.