

ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE
PAYSON UNIFIED SCHOOL DISTRICT NO. 10
PAYSON, ARIZONA
FOR THE
YEAR ENDED JUNE 30, 2021

Issued by
Business Services Department

THIS PAGE BLANK

ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE
PAYSON UNIFIED SCHOOL DISTRICT NO. 10
PAYSON, ARIZONA
FOR THE
YEAR ENDED JUNE 30, 2021

Issued by
Business Services Department
Payson Unified School District No. 10
902 W. Main Street
Payson, Arizona 85541

THIS PAGE BLANK

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2021**

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL	1
LIST OF PRINCIPAL OFFICIALS	6
ORGANIZATIONAL CHART	7
ASBO CERTIFICATE OF EXCELLENCE	8
GFOA CERTIFICATE OF ACHIEVEMENT	9

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	10
REQUIRED SUPPLEMENTARY INFORMATION	
MANAGEMENT'S DISCUSSION AND ANALYSIS	13
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	21
STATEMENT OF ACTIVITIES	22
BALANCE SHEET – GOVERNMENTAL FUNDS	23
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	24
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	25
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURE, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	26
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL – GENERAL FUND – BUDGETARY BASIS	27
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL – SPECIAL PROJECTS FUND	28
NOTES TO BASIC FINANCIAL STATEMENTS	29

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY AND PENSION CONTRIBUTIONS	52
--	-----------

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	53
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS	54
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – DEBT SERVICE FUND	55
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –INSTRUCTIONAL IMPROVEMENT FUND	56
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –CLASSROOM SITE FUND	57
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – FOOD SERVICES FUND	58
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – OTHER SPECIAL REVENUE FUND	59
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – STUDENT ACTIVITIES FUND	60
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – BUILDING RENEWAL GRANT FUND	61

STATISTICAL SECTION (UNAUDITED)

FINANCIAL TRENDS

NET POSITION BY COMPONENT	62
CHANGES IN NET POSITION	63
FUND BALANCES OF GOVERNMENTAL FUNDS	65

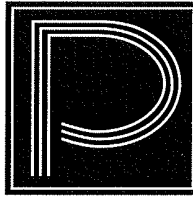
**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS	66
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY	68
REVENUE CAPACITY	
SECONDARY ASSESSED VALUE BY CLASSIFICATION	69
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS	70
PRINCIPAL PROPERTY TAXPAYERS	71
PROPERTY TAX LEVIES AND COLLECTIONS	72
DEBT CAPACITY	
RATIO OF OUTSTANDING DEBT BY TYPE	73
RATIOS OF GENERAL BONDED DEBT OUTSTANDING	74
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT	75
LEGAL DEBT MARGIN INFORMATION	76
CALCULATION OF LEGAL DEBT MARGIN	77
DEMOGRAPHIC AND ECONOMIC INFORMATION	
DEMOGRAPHIC AND ECONOMIC STATISTICS	78
PRINCIPAL EMPLOYERS	79
OPERATING INFORMATION	
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION	80
OPERATING STATISTICS	81
SCHOOL BUILDING INFORMATION	82

THIS PAGE BLANK

INTRODUCTORY SECTION

THIS PAGE BLANK



PAYSON UNIFIED SCHOOL DISTRICT NO.10

OFFICE OF THE SUPERINTENDENT

December 27, 2021

Governing Board and Citizens
Payson Unified School District No. 10
902 W. Main Street
Payson, Arizona 85541

The Annual Comprehensive Financial Report of Payson Unified School District No. 10 (District) for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position of the governmental activities, each major fund, the aggregate remaining fund information of the District and the respective changes in financial position in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The District is required to undergo an annual single audit in conformity with the provisions of the Uniform Grant Guidance. Information related to this single audit, including the schedule of federal financial assistance, findings and recommendations, and independent auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in the single audit report. The single audit report is available for viewing at the Payson Unified School District No. 10 Administration Office.

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 auditor.

The financial reporting entity (the District) includes all the funds of the primary government (i.e., Payson Unified School District No. 10 as legally defined). The District's major operations include education, pupil transportation, construction, and maintenance of District facilities, food services, bookstore, and athletic functions.

The Payson Unified School District No. 10 is one of eight public school districts located in Gila County, Arizona. It provides a program of public education from preschool through grade twelve.

POST OFFICE BOX 919 • 902 W. MAIN STREET • PAYSON, ARIZONA 85547 • (928) 472-2070

ECONOMIC CONDITION AND OUTLOOK

Payson Unified School District No. 10 is located in Payson, Gila County, Arizona, 90 miles northeast of Phoenix and 90 miles southeast of Flagstaff. The Town of Payson's current population is estimated to be 16,093 (Population Estimates, ADOA, 2019). Surrounding communities bring the total population within District boundaries to 20,548 (Population Estimates, ADOA, 2020). The District encompasses an area of approximately 522 square miles, most of which is public land. In fact only 3.7% of Gila County is privately owned.

Tourism, retail, Indian gaming, health care, government, and retirement dominate the economy. The Payson area's 2021 current average unemployment rate is 7.4% (6.3% LY) (Arizona Workforce Informer, ADOA, 2020), versus Arizona's 2021 average unemployment rate of 6.8% (6.7% LY).

The lack of mid- to high-paying jobs continues to challenge the Payson community and the schools to retain families and students. Median income in Payson is \$51,280 versus \$62,055 for Arizona (2019, City-Data.com). There is a widening gap between rural Gila County and the urban area of Maricopa County.

This year, the student population decreased by approximately 12%. With the exception of a slight increase in 2019/20, the student population has decreased or remained flat for the past seven years. We projected flat student enrollment for 2020/21, although we maintain contingency in the budget in case the enrollment drops. Students are predominantly white and English speaking. The Hispanic population of nonenglish speaking students requires a comprehensive menu of services to English Language Learners to bring them to Fluent English Proficiency quickly. Students from the Tonto Apache Reservation south of Payson add to the diverse student body at Payson Schools.

Our school buildings range in age, with Payson High School being the oldest built in 1970 and Julia Randall Elementary School being the newest, built in 2009.

MAJOR INITIATIVES

Payson Unified School District continues to address the needs of its students to provide the best possible education to help create immunity to the complex challenges that it faces. The decline in student enrollment from 2019-20 to 2020-21, reduced funding from the State of Arizona, mandatory school closures, District driven school closures, and COVID-19 close contact tracing has increased the importance of efficient and effective educational delivery methods for all students while in and outside of the physical classroom. Therefore, the District prioritized its financial efforts to areas consistent with the realistic and honest needs to support its educational delivery methods.

Partnerships with Edgenuity, Galileo, Major Clarity, Savvas, HMH, and IXL create individualized instruction to assist in attracting students to attend the District for top-of-the-line individualized educational opportunities available.

In conjunction with these partnerships, the District continues to move forward. This forward momentum is driven by the District Strategic Plan. The Strategic Plan was reviewed and revised through collaboration with key stakeholders within and outside the PUSD community and approved by the Governing Board in June of 2021. This Plan drives all school sites and departments collectively with the mission that "We are committed to excellence by cultivating the unique skills and abilities of all learners to reach their greatest potential."

The four goals as outlined in the Strategic Plan include the following:

- Provide rigorous, engaging learning experiences to support positive student growth.
- Create a learning environment that promotes personalized learning opportunities.
- Develop home, school, and community collaboration that complements reinforces, and supports the value of education.
- Create a workplace where problem-solving, teamwork, and leadership result in the ongoing improvement of the organization.

The Strategic Plan states that these goals are driven by the District's values.

- Relationships: Creating connectedness amongst faculty, staff, families, and the community to engage students in academic, extracurricular, and life-long success.
- Balance: Providing diverse, fair, and equitable opportunities to develop well-rounded individuals.
- Caring: Showing kindness, concern, and compassion to all while encouraging excellence in learning.
- Excellence: Striving to achieve the highest attainable level in any endeavor.
- Innovation: Evolving in order to incorporate creative and advanced methods of thinking, teaching, and learning.
- Passion: Building a positive connection to learning that is contagious and fosters enthusiasm.
- Unity: Committing to working as a team to make collective decisions regarding shared goals while respecting the perspectives of all stakeholders.

Payson Unified School District has 2,045 (2020-21 enrollment) students at six schools: Julia Randall Elementary, Payson Elementary, Rim Country Middle School, Payson High School, Payson Center for Success High School, and Payson Center for Success - Online. Other physical plant sites include a Warehouse, Maintenance, Transportation Complex, Technology Center, and District/Special Services Office.

Payson Unified School District focuses on the following initiatives in 2020-2021. Faculty, staff, students, administration, and the Governing Board are committed to the challenges and opportunities of 21st-century public education.

Technology: Payson USD continued to focus on the District's technology plan, upgrading and supporting all aspects of technology throughout the District. The Plan's focus was the rollout of other technologies and tools to support teaching and learning in and outside of the physical classroom and the upgrade and maintenance of our infrastructure. In the area of infrastructure, the District upgraded servers that host our virtualized server environment. Each server operating system was upgraded to Windows Server 2019. We upgraded our firewall, created new domain controllers, and upgraded our wireless controller to a virtualized wireless controller. We increased our Internet connection to a 2 Gbps service with a new provider.

We upgraded our District and school websites to improve our communications with PUSD families and community members. The new sites are easier to use, organize and standardize where users can find information across all areas. We also invested in a new emergency notifications system. This system allows the District and sites to communicate with families through text, calls, or email with an easy-to-use interface. In addition, we have created a streamlined pathway for teachers, administrators, and staff to celebrate and promote PUSD activities through social media and our new web presence.

We have refined our 1:1 computing program processes to manage, distribute and repair Chromebooks. We replaced 20% of our Chromebooks at the end of life to keep students using current technology. Hotspots were procured and distributed to students who did not have adequate connectivity at home. We have updated our technology policies to reflect the adoption of 1:1 computing across all grade

levels. We've integrated Galileo, IXL, Edgenuity, Major Clarity, HMH, and Savvas Science curriculum software into our environment to facilitate single sign-on and grade book connections for our users. Additional hardware was procured, installed, and configured in our STEAM labs, and updates and maintenance were performed on existing hardware. We offered three mini educational technology conferences and training to support teachers and staff pursuing the Google Certified Educator designation.

Curriculum: Payson USD continued updating the curriculum and aligning it with state and national standards. The focus on curriculum included professional development and online resources for teachers and students. Professional development focused on building more robust instructional techniques in a virtual setting while using the board-adopted curriculum to support students' mastery of state standards. This coincided with the previous years of professional development with the implementation of K-12 Mathematics and ELA textbook adoption.

The District engaged in planning for future years as well. A team of educators reviewed and selected the science curriculum, IXL, and Galileo for benchmark testing. These decisions were each made with the input of many faculty members to unify practices and continue moving our students forward.

FINANCIAL PLANNING

The student population has decreased from 2,724 students in 2007-08 to 2,045 students in 2020-21. The decline in enrollment has prompted several belt-tightening actions.

The District budgeted flat enrollment in 2020-21, however the enrollment declined by approximately 13%. Arizona funds public school districts based on current enrollment, which would include significant decreases to the general fund. During 2019-20, allocated budgets were frozen, in an effort to increase carryover of budget capacity from 2019-20 to 2020-21. In addition, the District received federal funds intended to “fill in learning gaps” and continue day to day operations as a result of the pandemic. Therefore, programs and services to students remained in tact.

Housing additions within our District boundaries have increased and are projected to increase enrollment over the next several years. Moderate growth is anticipated as the beginning of a long-term trend.

Based on legislation passed in 2021, the District has the opportunity to convert our online learning opportunity for students in future years from Arizona Online Instruction, funded at 85-95% of the base funding for students attending “brick and mortar”, to Distance Learning, funded at 100% of the base funding.

The District has a balanced budget, maintains cost and budget controls, forecasts future enrollment, and aligns spending programs to long-term strategic initiatives. The District currently maintains a bond rating of “Aa2” from Moody’s.

AWARDS AND ACKNOWLEDGMENTS

Awards. The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2020. This was the twenty-sixth consecutive year that the District has received this prestigious award. In addition, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2020. In order to be awarded these certificates, the District published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements. The Certificates are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Programs' requirements, and we are submitting it to ASBO and GFOA to determine its eligibility for fiscal year 2020-21 certificate.

Acknowledgements. The preparation of the annual comprehensive financial report on a timely basis was made possible by the dedicated service of the entire staff of the finance department. Each member of the department has my 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.

Sincerely,

A handwritten signature in black ink, appearing to read "Kathie Manning". The signature is written in a cursive style with a large, sweeping initial "K".

Kathie Manning
Director of Business Services

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2021**

GOVERNING BOARD

Joanne Conlin
President

Audrey Hogue
Member

Barbara Underwood
Member

Michell Marinelli
Vice President

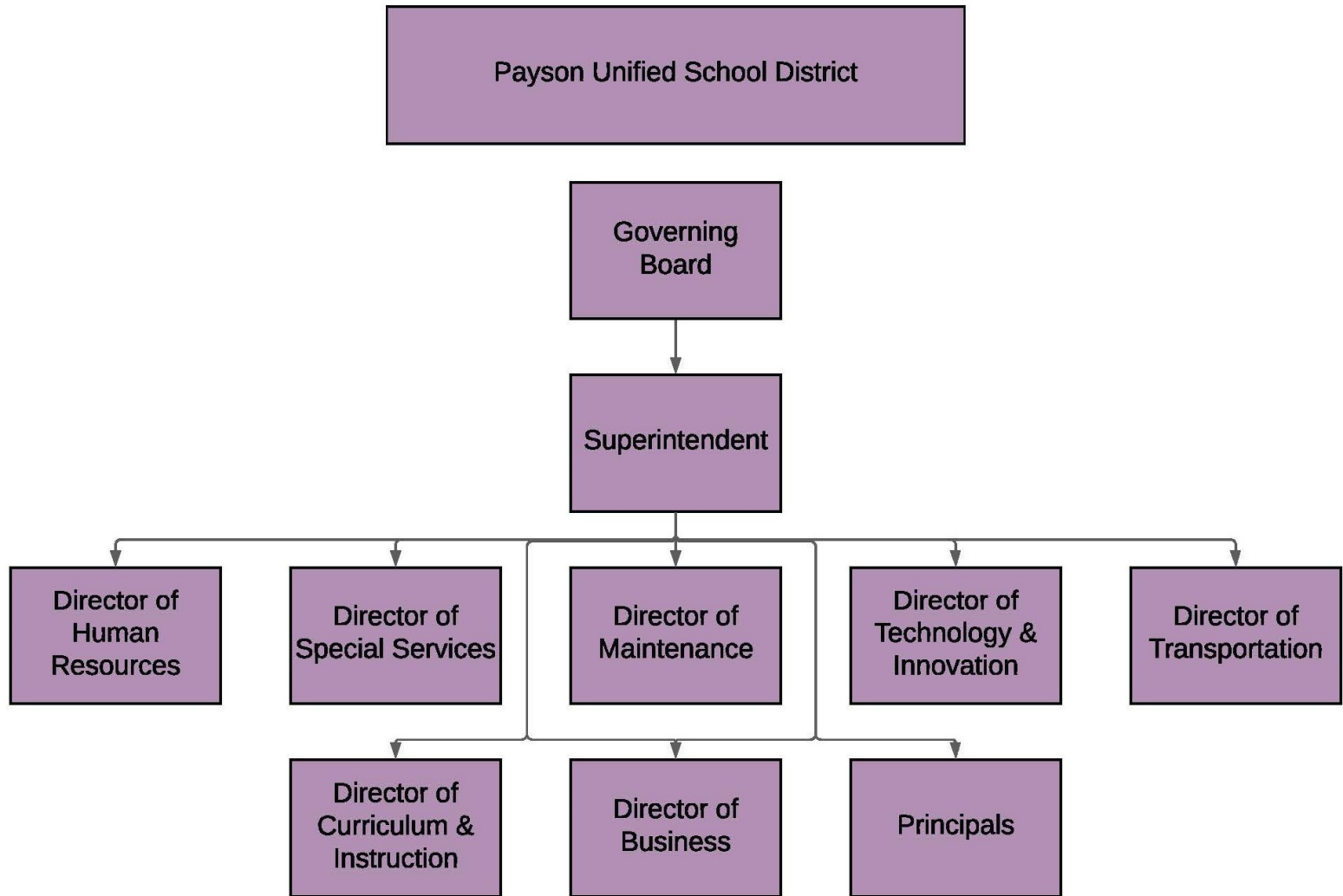
Jolynn Schinstock
Member

ADMINISTRATIVE STAFF

Linda Gibson, Superintendent

Kathie Manning, Director of Business Services

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
ORGANIZATIONAL CHART
JUNE 30, 2021**





**The Certificate of Excellence in Financial Reporting
is presented to**

Payson Unified School District No. 10

**for its Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2020.**

The report meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink that reads 'W. Edward Chabal'.

W. Edward Chabal
President

A handwritten signature in black ink that reads 'David J. Lewis'.

David J. Lewis
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Payson Unified School District No. 10
Arizona**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

THIS PAGE BLANK

FINANCIAL SECTION

THIS PAGE BLANK



INDEPENDENT AUDITORS' REPORT

Governing Board
Payson Unified School District No. 10
Payson, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Payson Unified School District No. 10 (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Payson Unified School District No. 10 as of June 30, 2021, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund and Other Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During the fiscal year ended June 30, 2021, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASBS) No. 84, *Fiduciary Activities*. As a result of the implementation of GASBS No. 84, the District reported a restatement for the change in accounting principle. (See Note 4.D). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Payson Unified School District No. 10's basic financial statements. The combining and individual fund financial statements and schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual 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 fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2021, on our consideration of Payson Unified School District No. 10'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 result of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Payson Unified School District No. 10's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Phoenix, Arizona
December 27, 2021

THIS PAGE BLANK

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE BLANK

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

As management of the Payson Unified School District No. 10 (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, 2021.

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 \$10,243,204 (net position).
- ◆ The District's total net position increased by \$2,810,294.
- ◆ As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$7,554,309, an increase of \$1,940,442 in comparison with the prior year.
- ◆ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,116,212 or 31.3% of current year General Fund expenditures.
- ◆ The District's total bonded debt decreased by \$2,466,452 (9.8%) during the current fiscal year. The decrease was due to the scheduled payments over the outstanding debt balances for the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is 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.

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 of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference being reported as net position. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the District is improving or deteriorating.

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

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

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

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

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 can be divided into two categories: governmental funds and fiduciary funds.

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

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

The District maintains nine 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, Special Projects Fund, and Debt Service Fund of which are considered to be major funds. Data from the other six 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 23 - 28 of this report.

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

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 29 – 51 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's pension. Required supplementary information may be found on page 52.

Other Information

The combining and individual fund statements and schedules are presented following the notes to basic financial statements. Combining and individual fund statements and schedules can be found on pages 53 - 63 of this report.

The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The statistical section can be found on pages 64 - 84 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 deferred inflows of resources by \$10,243,204 at the close of the most recent fiscal year.

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

Net Position

A summary of the District's Statement of Net Position is as follows:

**Table A-1
The District's Net Position
June 30, 2021 and 2020**

	Governmental Activities		Percent Change
	2021	2020 Restated	
Assets:			
Current and Other Assets	\$ 8,723,592	\$ 6,994,352	24.7 %
Capital Assets	<u>38,263,891</u>	<u>39,233,722</u>	(2.5)
Total Assets	<u>46,987,483</u>	<u>46,228,074</u>	1.6
Deferred Outflows of Resources	6,557,443	5,127,837	27.9
Liabilities:			
Other Liabilities	832,764	1,052,087	(20.8)
Noncurrent Liabilities Outstanding	<u>42,323,092</u>	<u>41,769,844</u>	1.3
Total Liabilities	<u>43,155,856</u>	<u>42,821,931</u>	0.8
Deferred Inflows of Resources	<u>145,866</u>	<u>1,101,070</u>	(86.8)
Net Position:			
Net Investment in Capital Assets	17,185,781	15,956,999	7.7
Restricted	2,524,389	1,723,292	46.5
Unrestricted	<u>(9,466,966)</u>	<u>(10,247,381)</u>	(7.6)
Total Net Position	<u>\$ 10,243,204</u>	<u>\$ 7,432,910</u>	37.8

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), 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 of capital assets and restricted net position. Unrestricted net position reported a deficit of \$9,466,966. The deficit is mainly due to the implementation of GASB No. 68 in fiscal year 2015 which lead to a restatement of net position and the reporting of the District's net pension liability going forward. This amount will be reduced as future contributions are made which should increase the unrestricted net position for the District.

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

Change in Net Position

The District's net position increased by \$2,810,294 during the current fiscal year. A summary of the District's Statement of Activities is as follows:

**Table A-2
Change in Net Position
Years Ended June 30, 2021 and 2020**

	Governmental Activities		
	2021	2020 Restated	Percent Change
REVENUES			
Program Revenues:			
Charges for Services	\$ 858,955	\$ 911,223	(5.7)%
Operating Grants and Contributions	7,033,568	5,427,567	29.6
Capital Grants and Contributions	662,590	772,849	(14.3)
General Revenues:			
Property Taxes	13,286,610	12,466,544	6.6
Grants and Contributions Not Restricted to Specific Programs:			
State Equalization and Additional State Aid	5,572,589	6,075,904	(8.3)
County Equalization Assistance	320,550	394,991	(18.8)
Federal Aid Not Restricted	222,925	263,719	(15.5)
Investment Earnings	52,911	90,550	(41.6)
Other	225,183	31,494	615.0
Total Revenues	<u>28,235,881</u>	<u>26,434,841</u>	6.8
EXPENSES			
Instruction	12,689,069	12,458,708	1.8
Support Services:			
Students	2,418,755	2,095,163	15.4
Instructional Staff	1,448,763	1,276,868	13.5
General Administration	412,841	471,376	(12.4)
School Administration	1,106,237	1,084,526	2.0
Business and Other Support Services	1,165,617	923,490	26.2
Operation and Maintenance of Plant	2,904,350	2,800,704	3.7
Student Transportation	1,374,963	1,512,111	(9.1)
Operation of Noninstructional Services	709,273	937,476	(24.3)
Interest on Long-Term Debt	1,195,719	1,291,989	(7.5)
Total Expenses	<u>25,425,587</u>	<u>24,852,411</u>	2.3
CHANGE IN NET POSITION	2,810,294	1,582,430	77.6
Net Position - Beginning of Year, as Restated	<u>7,432,910</u>	<u>5,850,480</u>	27.0
NET POSITION - END OF YEAR	<u>\$ 10,243,204</u>	<u>\$ 7,432,910</u>	37.8

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

Program revenues made up of charges for services, operating grants and contributions and capital grants and contributions increased from the prior year by \$1,443,474. This was mostly due to an increase federal and state funding.

General revenues increased \$357,566 mainly due to increased property taxes offset by less state aid offset.

District expenses increased by \$573,176 during the year due to increased personnel costs.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S 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 \$7,554,309, an increase of \$1,940,442 in comparison with the prior year. The District reported an unassigned fund balance of \$5,116,212. The remainder of fund balance was nonspendable or restricted to indicate that it was not available for new spending.

At June 30, 2021, fund balances were as follows:

**Table A-3
Fund Balances**

Fund	Balance	Increase (Decrease) From 2019-20
General Fund	\$ 5,996,141	\$ 1,563,434
Special Projects Fund	729	6,554
Debt Service Fund	157,563	84,285
Nonmajor Governmental Funds	1,399,876	286,169

The General Fund increase of \$1,563,434 was due to the District having unspent budget capacity and due to increased gifts and donations.

The Special Projects Fund increase of \$6,554 was due to the District carrying over state funds until the next fiscal year.

The Debt Service Fund increase was due to more property taxes and tuition being allocated to this fund.

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

The Nonmajor Governmental Funds increase of \$286,169 was mainly due to the District carrying over current year monies in the Instructional Improvement, Classroom Site, Food Services, Other Special Revenue and Student Activities Funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget totaled \$717,715. In Arizona, school districts build their original "adopted" budget based on estimated average daily membership. The District is allowed to increase or decrease its budget throughout the year in a legally permissible manner. Actual General Fund expenditures were \$2,337,633 less than budget during the fiscal year. Actual expenditures were within 13.4% of budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2021, amounts to \$38,263,891 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, and furniture, equipment and vehicles. The net decrease in the District's investment in capital assets for the current fiscal year was 2.5%.

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

- ◆ Purchase of vehicles.
- ◆ New doors at the high school.
- ◆ Roofing and weatherization projects.
- ◆ Grading and drainage project.

**Table A-4
Capital Assets (Net)
June 30, 2021 and 2020**

	Governmental Activities	
	2021	2020
Land	\$ 494,476	\$ 494,476
Construction in Progress	413,090	58,158
Land Improvements	667,527	757,267
Buildings and Improvements	35,071,842	36,207,222
Furniture, Equipment, and Vehicles	1,616,956	1,716,599
Total Capital Assets, Net	\$ 38,263,891	\$ 39,233,722

Additional information on the District's capital assets can be found in Note 3.A.3. of this report.

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

Long-Term Debt

At the end of the current fiscal year, the District had total bonded debt outstanding of \$22,590,164. This debt is backed by the full faith and credit of the District.

**Table A-5
Long Term Debt
June 30, 2021 and 2020**

	Governmental Activities	
	2021	2020
Bonds Payable	\$ 22,590,164	\$ 25,056,616

The District's bonded debt decreased by \$2,466,452 (9.8%) during the current fiscal year. This decrease was due to the schedule debt payments for any outstanding debt.

State statutes limit the amount of bonded debt a unified school district may issue to 30% of its net secondary assessed valuation. The current debt limitation for the District is \$105,807,999, which is significantly in excess of the District's outstanding bonded debt. In addition, Class B bonded debt is limited to the greater of 20% of the net secondary assessed valuation of the District or \$1,500 per student for a unified school district. The District's Class B bonded debt limitation is \$70,538,666.

Additional information on the District's long-term debt can be found in Notes 3.D. and 3.E. of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- ◆ Flat student enrollment.
- ◆ Slight decrease in property taxes.
- ◆ Purposeful increase in General Fund/capital carryover.
- ◆ Additional federal funds available due to pandemic.
- ◆ Conversion of online students funded at 85% to 95% of in-person, to distance learners funded at 100% of in-person.

All of these factors were considered in preparing the District's budget for the 2022 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Payson Unified School District No. 10 District Office, 902 W. Main Street, Payson, Arizona 85541.

BASIC FINANCIAL STATEMENTS

THIS PAGE BLANK

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and Investments	\$ 4,575,788
Receivables:	
Accounts Receivable	201,073
Property Taxes	309,582
Intergovernmental	3,530,518
Inventory	34,083
Net OPEB Asset	72,548
Capital Assets:	
Nondepreciable	907,566
Depreciable, Net	37,356,325
Total Assets	46,987,483
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Amount on Refunding	2,702,184
Deferred Outflows Related to OPEB	210,438
Deferred Outflows Related to Pensions	3,644,821
Total Deferred Outflows of Resources	6,557,443
LIABILITIES	
Accounts Payable	573,014
Accrued Wages and Benefits	259,750
Long-Term Liabilities:	
Due Within One Year	2,630,885
Due in More Than One Year	21,377,635
Net Pension Liability	18,236,162
Net OPEB Liability	78,410
Total Liabilities	43,155,856
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to OPEB	145,866
Total Deferred Inflows of Resources	145,866
NET POSITION	
Net Investment in Capital Assets	17,185,781
Restricted:	
Instructional Improvement Programs	156,857
OPEB Benefits	72,548
Insurance Payments	853,731
Classroom Site	184,940
Food Services	119,497
Other Programs	71,722
Vocational Education Programs	243,064
Noninstructional Programs	623,897
Capital Projects	628
Debt Service	197,505
Unrestricted	(9,466,966)
Total Net Position	\$ 10,243,204

See accompanying Notes to Basic Financial Statements.

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Functions/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	\$ 12,689,069	\$ 443,638	\$ 3,430,601	\$ 662,590	\$ (8,152,240)
Support Services:					
Students	2,418,755	66,956	861,398	-	(1,490,401)
Instructional Staff	1,448,763	39,150	545,576	-	(864,037)
General Administration	412,841	11,798	54,637	-	(346,406)
School Administration	1,106,237	46,187	27,497	-	(1,032,553)
Business and Other Support Services	1,165,617	29,848	445,884	-	(689,885)
Operation and Maintenance of Plant	2,904,350	94,069	548,625	-	(2,261,656)
Student Transportation	1,374,963	40,656	368,066	-	(966,241)
Operation of Noninstructional Services	709,273	86,653	751,284	-	128,664
Interest on Long-Term Debt	1,195,719	-	-	-	(1,195,719)
Total	\$ 25,425,587	\$ 858,955	\$ 7,033,568	\$ 662,590	(16,870,474)
GENERAL REVENUES					
Property Taxes					13,286,610
Grants and Contributions Not Restricted to Specific Programs:					
State Equalization and Additional State Aid					5,572,589
County Equalization					320,550
Federal Aid Not Restricted					222,925
Investment Earnings					52,911
Other					225,183
Total General Revenues					19,680,768
CHANGE IN NET POSITION					2,810,294
Net Position - Beginning of Year, as Restated					7,432,910
NET POSITION - END OF YEAR					\$ 10,243,204

See accompanying Notes to Basic Financial Statements.

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

ASSETS	General	Special Projects	Debt Service	Nonmajor Governmental Funds	Total
Cash and Investments	\$ 3,006,764	\$ -	\$ 147,297	\$ 1,421,727	\$ 4,575,788
Receivables:					
Accounts Receivable	171,803	-	-	29,270	201,073
Property Taxes	259,374	-	50,208	-	309,582
Intergovernmental	2,174,146	1,117,560	-	238,812	3,530,518
Inventory	26,198	-	-	7,885	34,083
Due from Other Funds	1,098,168	-	-	-	1,098,168
Total Assets	<u>\$ 6,736,453</u>	<u>\$ 1,117,560</u>	<u>\$ 197,505</u>	<u>\$ 1,697,694</u>	<u>\$ 9,749,212</u>
 LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 271,074	\$ 9,285	\$ -	\$ 292,655	\$ 573,014
Accrued Wages and Benefits	245,209	9,378	-	5,163	259,750
Due to Other Funds	-	1,098,168	-	-	1,098,168
Total Liabilities	<u>516,283</u>	<u>1,116,831</u>	<u>-</u>	<u>297,818</u>	<u>1,930,932</u>
 DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	224,029		39,942	-	263,971
 FUND BALANCES					
Nonspendable	26,198	-	-	7,885	34,083
Restricted	853,731	729	157,563	1,391,991	2,404,014
Unassigned	5,116,212	-	-	-	5,116,212
Total Fund Balance	<u>5,996,141</u>	<u>729</u>	<u>157,563</u>	<u>1,399,876</u>	<u>7,554,309</u>
 Total Liabilities, Deferred Inflows, and Fund Balance	 <u>\$ 6,736,453</u>	 <u>\$ 1,117,560</u>	 <u>\$ 197,505</u>	 <u>\$ 1,697,694</u>	 <u>\$ 9,749,212</u>

See accompanying Notes to Basic Financial Statements.

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total Fund Balances for Governmental Funds \$ 7,554,309

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

Property taxes not collected within 60 days subsequent to fiscal year end are unavailable in the governmental funds. 263,971

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

Governmental Capital Assets	73,031,781
Less Accumulated Depreciation	(34,767,890)
Capital Assets Used in Governmental Activities	38,263,891

Net OPEB assets are not current resources and therefore are not reported in the governmental funds. 72,548

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds:

Deferred Outflows of Resources Related to Pensions and OPEB	3,855,259
Deferred Inflows of Resources Related to Pensions and OPEB	(145,866)

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

General Obligation Bonds	(20,130,000)
Deferred Amount on Refundings	2,702,184
Net Pension Liability	(18,236,162)
Net OPEB Liability	(78,410)
Unamortized Premium on Bonds	(2,460,164)
Capital Leases	(1,022,293)
Compensated Absences	(396,063)

Total Net Position of Governmental Activities \$ 10,243,204

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	General	Special Projects	Debt Service	Nonmajor Governmental Funds	Total
REVENUE					
Property Taxes	\$ 10,081,529	\$ -	\$ 3,241,828	\$ -	\$ 13,323,357
Intergovernmental	6,116,064	3,766,781	-	2,934,206	12,817,051
Tuition	708,037	-	66,984	-	775,021
Food Service Sales	-	-	-	12,933	12,933
Auxiliary Operations	70,630	-	-	-	70,630
Contributions and Donations	794,294	-	-	200,877	995,171
Charges for Services	371	-	-	-	371
Investment Earnings (Loss)	29,042	133	8,237	15,499	52,911
Other	32,745	-	74	192,364	225,183
Total Revenue	<u>17,832,712</u>	<u>3,766,914</u>	<u>3,317,123</u>	<u>3,355,879</u>	<u>28,272,628</u>
EXPENDITURES					
Current					
Instruction	8,500,617	1,004,048	-	1,565,794	11,070,459
Support Services:					
Students	1,512,612	825,880	-	39,000	2,377,492
Instructional Staff	884,431	478,055	-	61,451	1,423,937
General Administration	266,520	53,264	-	-	319,784
School Administration	1,043,406	26,806	-	782	1,070,994
Business and Other Support Services	674,291	434,676	-	752	1,109,719
Operation and Maintenance of Plant	2,125,119	533,558	-	14,196	2,672,873
Student Transportation	918,468	309,502	-	53,502	1,281,472
Operation of Noninstructional Services	69,802	6,304	-	595,892	671,998
Debt Service					
Principal Retirement	153,342	-	2,115,000	-	2,268,342
Interest on Long-term Debt	43,307	-	1,117,838	-	1,161,145
Capital Outlay					
Facilities Acquisition	129,698	35,287	-	686,484	851,469
Total Expenditures	<u>16,321,613</u>	<u>3,707,380</u>	<u>3,232,838</u>	<u>3,017,853</u>	<u>26,279,684</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	1,511,099	59,534	84,285	338,026	1,992,944
Other Financing Sources (Uses)					
Transfers In	102,980	-	-	-	102,980
Transfers Out	-	(52,980)	-	(50,000)	(102,980)
Total Other Financing Sources (Uses)	<u>102,980</u>	<u>(52,980)</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	1,614,079	6,554	84,285	288,026	1,992,944
Fund Balance - Beginning of Year	4,432,707	(5,825)	73,278	1,113,707	5,613,867
Change in Inventories	(50,645)	-	-	(1,857)	(52,502)
FUND BALANCE - END OF YEAR	<u>\$ 5,996,141</u>	<u>\$ 729</u>	<u>\$ 157,563</u>	<u>\$ 1,399,876</u>	<u>\$ 7,554,309</u>

See accompanying Notes to Basic Financial Statements.

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances-Total Governmental Funds \$ 1,992,944

Amounts reported for governmental activities in the statement of activities are different

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

Expenditures for Capital Assets	975,545
Less Current Year Depreciation	(1,945,376)
Excess Depreciation over Capital Expenditures	(969,831)

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	(36,747)
----------------	----------

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

Pension and OPEB Contributions	1,526,065
Pension and OPEB Expense	(1,886,957)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the 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

Principal Payments on Bonds	2,115,000
Principal Payments on Capital Leases	153,342
Amortization of Premium	351,452
Amortization of Deferred Amount on Refunding	(386,026)

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 in Compensated Absences	3,554
Change in Inventory Balances	(52,502)

Change in Net Position of Governmental Activities \$ 2,810,294

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ -	\$ -	\$ 9,675,341	\$ 9,675,341
Intergovernmental	-	-	5,621,916	5,621,916
Tuition	-	-	680,216	680,216
Investment Earnings	-	-	7,428	7,428
Total Revenue	<u>-</u>	<u>-</u>	<u>15,984,901</u>	<u>15,984,901</u>
EXPENDITURES				
Regular Education				
Instruction	6,982,446	6,049,994	5,837,736	212,258
Support Services - Students	934,289	961,085	813,625	147,460
Support Services - Instructional Staff	837,842	915,140	701,506	213,634
Support Services - General Administration	415,830	306,102	256,173	49,929
Support Services - School Administration	963,315	953,719	932,732	20,987
Support Services - Business and Other	768,945	864,559	535,235	329,324
Operations and Maintenance of Plant	2,813,151	2,866,289	2,212,433	653,856
Operation of Noninstructional Services	67,271	66,611	64,101	2,510
Total Regular Education	<u>13,783,089</u>	<u>12,983,499</u>	<u>11,353,541</u>	<u>1,629,958</u>
Special Education				
Instruction	2,077,984	2,097,455	1,945,800	151,655
Support Services - Students	664,387	652,738	644,365	8,373
Support Services - Instructional Staff	80,765	145,007	128,188	16,819
Support Services - Business and Other	4,396	4,396	1,447	2,949
Operations and Maintenance of Plant	1,140	650	-	650
Total Special Education	<u>2,828,672</u>	<u>2,900,246</u>	<u>2,719,800</u>	<u>180,446</u>
Pupil Transportation				
Student Transportation Services	1,414,858	1,426,303	904,397	521,906
K-3 Reading Program				
Instruction	144,807	143,663	138,340	5,323
Total Expenditures	<u>18,171,426</u>	<u>17,453,711</u>	<u>15,116,078</u>	<u>2,337,633</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(18,171,426)	(17,453,711)	868,823	18,322,534
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>-</u>	<u>-</u>	<u>(130,454)</u>	<u>(130,454)</u>
NET CHANGE IN FUND BALANCE	(18,171,426)	(17,453,711)	738,369	18,192,080
Fund Balance - Beginning of Year	-	-	2,008,998	2,008,998
Change in Inventories	<u>-</u>	<u>-</u>	<u>(50,645)</u>	<u>(50,645)</u>
FUND BALANCE - END OF YEAR	<u>\$ (18,171,426)</u>	<u>\$ (17,453,711)</u>	<u>\$ 2,696,722</u>	<u>\$ 20,150,433</u>

See accompanying Notes to Basic Financial Statements.

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SPECIAL PROJECTS FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUE				
Intergovernmental	\$ -	\$ -	\$ 3,766,781	\$ 3,766,781
Investment Earnings (Loss)	-	-	133	133
Total Revenue	-	-	3,766,914	3,766,914
EXPENDITURES				
Instruction	486,281	1,141,034	1,004,048	136,986
Support Services				
Students	399,991	938,558	825,880	112,678
Instructional Staff	231,532	543,278	478,055	65,223
General Administration	25,797	60,531	53,264	7,267
School Administration	12,983	30,463	26,806	3,657
Business and Other Support Services	210,523	493,981	434,676	59,305
Operations and Maintenance of Plant	258,413	606,353	533,558	72,795
Student Transportation	149,898	351,729	309,502	42,227
Operation of Noninstructional Services	3,053	7,164	6,304	860
Facilities Acquisition	17,090	40,101	35,287	4,814
Total Expenditures	1,795,563	4,213,192	3,707,380	505,813
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(1,795,563)	(4,213,192)	59,534	4,272,726
Other Financing Sources (Uses)				
Transfers Out	-	-	(52,980)	(52,980)
NET CHANGE IN FUND BALANCE	(1,795,563)	(4,213,192)	6,554	4,219,746
Fund Balance - Beginning of Year	-	-	(5,825)	(5,825)
FUND BALANCE - END OF YEAR	<u>\$ (1,795,563)</u>	<u>\$ (4,213,192)</u>	<u>\$ 729</u>	<u>\$ 4,213,921</u>

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

THIS PAGE BLANK

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Payson Unified School District No. 10 (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 significant accounting policies follows.

For the year ended June 30, 2021, the District implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes. As a result, the District's fiduciary fund financial statements have been modified to reflect the implementation of this new guidance, including reclassifying activities previously reported in agency funds to governmental funds.

A. Reporting Entity

The District is a special purpose government that is governed by a separately elected governing body. 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.

B. 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*.

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Separate financial statements are provided for governmental. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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.

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The District reports the following major governmental funds:

Major Governmental Funds

General Fund

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.

Special Projects Fund

The Special Projects Fund accounts for the revenues and expenditures of state and federal funded education grants.

Debt Service Fund

The Debt Service Fund accounts for resources accumulated and used for the payment of long-term debt principal, interest and related costs.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Deposits and Investments

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

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 withholdings 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 Bond Building and Debt Service Funds monies in interest bearing savings accounts and certificates of deposit at 101% of all deposits not covered by federal depository insurance.

The State Board of Deposit 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.

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

2. Receivables

Gila County levies real 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. However, a lien against real and personal property assessed attaches on the first day of January preceding assessment and levy thereof.

3. Short-Term Interfund Receivables/Payables

During the course of operations, individual funds within the District's pooled cash accounts may borrow money from the 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.

4. Inventories

Inventories consist of expendable supplies held for consumption. Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenses when consumed rather than when purchased in the government-wide statements and are recorded as an expenditure at the time of purchase in the fund financial statements.

5. Capital Assets

Capital assets, which include land, construction in progress, land improvements, buildings and improvements, furniture, equipment and vehicles 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.

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at acquisition value as of the date received. 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.

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

5. Capital Assets (Continued)

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

Land Improvements	50 Years
Buildings and Improvements	20 to 50 Years
Furniture, Equipment and Vehicles	5 to 15 Years

6. Deferred Outflows of Resources

The deferred outflows of resources reported in the government-wide financial statements, represent the reacquisition costs related to the refunding of bonded debt. The reacquisition costs are amortized and expensed over the lesser of the maturity of the refunded bonds or the refunding bonds. Reported amounts are also related to the requirements of accounting and financial reporting for pensions and OPEB.

7. Compensated Absences

The liability for compensated absences reported in the government-wide 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. For governmental funds, a liability would only be reported if amounts mature and have not been paid out at year-end, for example, as a result of employee resignations and retirements.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column.

Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

9. Pensions 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.

10. 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, 2021 or within 60 days of fiscal year-end. The 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 and OPEB.

11. Net Position

In the government-wide financial statements, net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net 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.

12. Fund Equity

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.

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

12. Fund Equity (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.

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.

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 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 priority described in GASB 54 to use committed amounts first, followed by assigned amounts, and lastly unassigned amounts.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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 Note 4.B. 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. An annual budget of revenue from all sources is not prepared.

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

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 overexpended 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.

No supplementary budgetary appropriations were necessary during the year.

B. Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations in the following funds:

	<u>Amount of Overexpenditure</u>
Nonmajor Governmental Funds:	
Debt Service Fund	\$ 300
Instructional Improvement Fund	821
Building Renewal Grant Fund	12,636

Cash or receivables were available to meet the overexpenditures listed above.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Deposits and investments at June 30, 2021 consist of the following:

Deposits	
Cash in Bank	\$ 721,299
Investments	
Cash on Deposit with County Treasurer	<u>3,854,489</u>
Total Deposits and Investments	<u><u>4,575,788</u></u>

Deposits - The bank balances of the deposits at June 30, 2021 totaled \$899,965 of which \$250,000 was covered by federal depository insurance and the remaining \$649,965 was uninsured and collateralized by securities held by the pledging financial institution in the District's name.

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

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 does not have a formal policy regarding custodial credit risk.

Investments - At June 30, 2021, the District's investments were reported at fair value. 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 specific investment and is not subject to custodial credit risk.

Interest Rate Risk - The District does not have an investment policy with regard to interest rate risk. The District manages its exposure to declines in fair values by limiting its investments to monies deposited with the County Treasurer.

Investment Type	Maturity Less than 1 Year
Cash on Deposit with County Treasurer	\$ 3,854,489

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy with respect to custodial credit risk as all investments are deposited with the County Treasurer.

Credit Risk - The District does not have an investment policy with respect to credit risk, however, the District's investments are limited by state statute. In accordance with state statutes, the District only invests in the State or County Treasurer, U.S. government securities or state or local bonds. The District's cash on deposit with the County Treasurer did not receive a quality credit rating from a national credit rating agency.

Concentration of Credit Risk - The District does not have an investment policy with respect to concentration credit risk. The District's investments consist only of cash and investments on deposit with the County.

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Receivables

The Gila County Treasurer is responsible for collecting property taxes for all governmental entities within the County. The County levies the property taxes due to the District in August. Two equal installments, payable in October and March, become delinquent after the first business days in November and May. During the year, the County also levies various personal property taxes that are due the second Monday of the month following receipt of the tax notice and become delinquent 30 days later. A lien assessed against real and personal property attaches on the first day of January preceding the assessment levy.

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 unavailable revenues.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also records unavailable revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>
Delinquent Property Taxes Receivable	
General Fund	\$ 224,029
Debt Service Fund	39,942
Total	\$ 263,971

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 494,476	\$ -	\$ -	\$ 494,476
Construction in progress	58,158	702,972	(348,040)	413,090
Total Capital Assets, Not Being Depreciated	552,634	702,972	(348,040)	907,566
Capital Assets, Being Depreciated:				
Land Improvements	5,172,186	-	-	5,172,186
Buildings and Building Improvements	60,364,430	436,417	-	60,800,847
Furniture, Equipment, and Vehicles	6,000,579	184,196	(33,593)	6,151,182
Total Capital Assets, Being Depreciated	71,537,195	620,613	(33,593)	72,124,215
Accumulated Depreciation for:				
Land Improvements	(4,414,919)	(89,740)	-	(4,504,659)
Buildings and Building Improvements	(24,157,208)	(1,571,797)	-	(25,729,005)
Furniture, Equipment, and Vehicles	(4,283,980)	(283,839)	33,593	(4,534,226)
Total Accumulated Depreciation	(32,856,107)	(1,945,376)	33,593	(34,767,890)
Total Capital Assets, Being Depreciated, Net	38,681,088	(1,324,763)	-	37,356,325
Governmental Activities Capital Assets, Net	\$ 39,233,722	\$ (621,791)	\$ (348,040)	\$ 38,263,891

As of June 30, 2021, the District had remaining construction commitments of \$3,008,962.

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
Instruction	\$ 1,368,396
Support Services:	
Instructional Support Staff	25,503
General Administration	83,543
Business and Other Support Services	68,859
Operation and Maintenance of Plant	272,132
Student Transportation	116,957
Operation of Noninstructional Services	9,986
Total	<u>\$ 1,945,376</u>

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Interfund Receivables, Payables, and Transfers

As of June 30, 2021 due to and from other funds were as follows:

Due To	Due From Special Projects Fund
General Fund	\$ 1,098,168

Interfund receivables and payables are recorded to eliminate deficit cash balances for cash received immediately following the fiscal year-end.

Interfund transfers for the year ended June 30, 2021 consisted of the following:

Transfers To	Transfers From		
	Special Projects Fund	Nonmajor Governmental Funds	Total
General Fund	\$ 52,980	\$ 50,000	\$ 102,980

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

C. Bank Line of Credit

The District has an unsecured line of credit for \$2,500,000 with a local financial institution through the Gila County Treasurer's office, to provide for short-term cash flow needs. The annual interest rate charged on the outstanding balance was 61% of prime rate (2.59%). Line of Credit activity for fiscal year is as follows:

Balance at July 1, 2020	\$	-
Increases		3,780,923
Decreases		(3,780,923)
Balance at June 30, 2021	\$	-

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Obligations Under Leases

Capital Leases

The District has acquired 60 acres of land, a mower, energy savings equipment, and several copiers under the provisions of long-term lease agreements classified as capital leases. Accordingly, the principal amount of the assets, totaling \$1,632,346 is capitalized. The leases provide for title to pass at the end of the lease terms. Lease amortization expense is included in depreciation expense.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Land Improvements	\$ 202,514
Building and Building Improvements	1,034,906
Furniture, Equipment, and Vehicles	394,926
Less: Accumulated Depreciation	(441,811)
Total	\$ 1,190,535

The future minimum lease payments under the capital leases to be paid from the General Fund as of June 30, 2021, are as follows:

Year Ending June 30,	Amount
2022	\$ 171,190
2023	139,872
2024	142,652
2025	132,523
2026	96,971
2027-2031	459,823
2032	20,035
Net Minimum Lease Payments	1,163,066
Less: Amount Representing Interest	(140,773)
Present Value of Net Minimum Capital Lease Payments	\$ 1,022,293

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations

The District has long-term bonds payable issued to provide funds for the acquisition and construction of major capital facilities. The principal and interest paid on the bonds are recorded in the Debt Service Fund. Compensated absences, pension liabilities and OPEB liabilities are paid by the applicable fund where each employee is regularly paid, primarily the General Fund.

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates (%)	Maturity Dates	Original Issue Amounts	Amount Outstanding
Refunding Bonds, Series 2014	3.00-5.25%	07/01/20-28	\$ 27,765,000	\$ 20,130,000

Changes in long-term obligations for the year ended June 30, 2021 are as follows:

	July 1, 2020	Additions	Retirements	June 30, 2021	Due within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 22,245,000	\$ -	\$ (2,115,000)	\$ 20,130,000	\$ 2,275,000
Premium on Bonds	2,811,616	-	(351,452)	2,460,164	-
Total Bonds Payable	25,056,616	-	(2,466,452)	22,590,164	2,275,000
Other Liabilities:					
Capital Leases	1,175,635	-	(153,342)	1,022,293	142,123
Compensated Absences	399,617	273,323	(276,877)	396,063	213,762
Net OPEB Liability	65,881	12,529	-	78,410	-
Net Pension Liability	15,072,095	3,164,067	-	18,236,162	-
Total Other Liabilities	16,713,228	273,323	(430,219)	19,732,928	355,885
Governmental Activities					
Long-Term Debt	\$ 41,769,844	\$ 273,323	\$ (2,896,671)	\$ 42,323,092	\$ 2,630,885

The following table summarizes the District's debt service requirements on long-term bonds to maturity at June 30, 2021.

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2022	\$ 2,275,000	\$ 1,006,500
2023	2,475,000	892,750
2024	2,650,000	769,000
2025	2,850,000	636,500
2026	3,075,000	494,000
2027-2028	6,805,000	515,500
Totals	\$ 20,130,000	\$ 4,314,250

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Fund Balance Classification

The fund balance classifications of the governmental funds as of June 30, 2021, were as follows:

	General Fund	Special Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Nonspendable					
Inventory	\$ 26,198	\$ -	\$ -	\$ 7,885	\$ 34,083
Restricted					
Insurance Payments	853,731	-	-	-	853,731
Instructional Improvement Programs	-	-	-	156,857	156,857
Federal Instructional Programs	-	729	-	-	729
State Instructional Programs	-	-	-	184,940	184,940
Food Services	-	-	-	111,612	111,612
Other Programs	-	-	-	70,993	70,993
Vocational Education Programs	-	-	-	243,064	243,064
Noninstructional Programs	-	-	-	623,897	623,897
Debt Service	-	-	157,563	-	157,563
Total Restricted	853,731	729	157,563	1,391,991	2,404,014
Unassigned	5,116,212	-	-	-	5,116,212
Total Fund Balance	<u>\$ 5,996,141</u>	<u>\$ 729</u>	<u>\$ 157,563</u>	<u>\$ 1,399,876</u>	<u>\$ 7,554,309</u>

NOTE 4 OTHER INFORMATION

A. 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's insurance protection is provided by the Arizona School Risk Retention Trust, of which the District is a participating member. The limit for basic coverage is \$10 million per occurrence on a claims made basis. Excess coverage is for an additional \$10 million per occurrence on a follow form, claims made basis.

The Arizona School Risk Retention Trust is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has the authority to assess its members additional premiums should reserves and annual premiums be insufficient to meet the pool's obligations.

The District is insured by the Alliance, of which the District is a participating member, for potential worker related accidents. The Alliance is structured such that member premiums are a percentage of that member's salary expenditures. The percentage is based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool is secondarily insured by a commercial insurance carrier should reserves and annual premiums be insufficient to meet the pool's obligations.

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Budgetary Basis

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 exceptions:

- 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.
- 2) Prepaid insurance is budgeted in the year paid rather than in the year the expenditure is incurred.

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.

	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	\$ 17,832,712	\$ 16,321,613	\$ 102,980	\$ 4,432,707	\$ 5,996,141
Nonmaintenance and Operation Activity Included in General Fund	(1,847,811)	(1,613,161)	(233,434)	(1,977,604)	(2,445,688)
Items Prepaid in a Prior Fiscal Year that were Reported as Expenditures in the Current Year	-	407,626	-	(446,105)	(853,731)
Budgetary Comparison Schedule - General Fund	<u>\$ 15,984,901</u>	<u>\$ 15,116,078</u>	<u>\$ (130,454)</u>	<u>\$ 2,008,998</u>	<u>\$ 2,696,722</u>

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Retirement Plans

Cost-Sharing Pension Plans

At June 30, 2021, the District reported the following related to pensions to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities
Net Pension Liability	\$ 18,236,162
Deferred Outflows of Resources	3,644,821
Pension Expense	1,834,973

The OPEB plan is not described due to its relative insignificance to the District's financial statements.

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, multiemployer defined benefit health insurance premium benefit (OPEB); and a cost sharing, multiemployer 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 Percentage per Year of Service	2.1% to 2.3%	2.1% to 2.3%

* With actuarially reduced benefits

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

Benefits Provided (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 earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2021, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.22% (12.04% for retirement and 0.18% for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 12.22% (11.65% for retirement, 0.39% for the health insurance premium benefit, and 0.18% for long-term disability) of the active members' annual covered payroll.

In addition, the District was required by statute to contribute at the actuarially determined rate of 10.21% (10.14% for retirement and 0.07% for long-term disability) of annual covered payroll of retired members who worked for the District in positions that would typically be filled by an employee who contributes to the ASRS.

The District's contributions to the pension plan for the year ended June 30, 2021, were \$1,454,882.

During the fiscal year ended June 30, 2021, the District paid for ASRS pension and OPEB contributions as follows: 78% from the General Fund and 22% from other funds.

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

Pension Liability - At June 30, 2021, the District reported a liability of \$18,236,162 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2019, to the measurement date of June 30, 2020.

The District's reported liability at June 30, 2021, increased by \$3,164,067 from the District's prior year liability of \$15,072,095 because of changes in the ASRS' net pension liability and the District's proportionate share of that liability. The ASRS' publicly available financial report provides details on the change in the net pension liability.

The District's proportion of the net pension liability was based on the District's fiscal year 2020 contributions. The District's proportion measured as of June 30, 2020, was 0.10525%, which was an increase of 0.00167 from its proportion measured as of June 30, 2019.

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2021 the District recognized pension expense for ASRS of \$1,834,973. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 164,978	\$ -
Changes of Assumptions or Other Inputs	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,758,899	-
Changes in Proportion and Differences Between District's Contributions and Proportionate Share of Contributions	266,062	-
Contributions Subsequent to the Measurement Date	<u>1,454,882</u>	-
Total	<u><u>\$ 3,644,821</u></u>	<u><u>\$ -</u></u>

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

The \$1,454,882 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 392,927
2023	616,781
2024	636,213
2025	544,018

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

Actuarial Valuation Date	June 30, 2019
Actuarial Roll Forward Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5%
Projected Salary Increases	2.7 - 7.2%
Inflation	2.3%
Permanent Benefit Increase	Included
Mortality Rates	2017 SRA Scale U-MP

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial study for the five-year period ended June 30, 2016.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.5% using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Equity	50 %	6.39 %
Fixed Income - Credit	20	5.44
Fixed Income - Interest Rate Sensitive	10	0.22
Real Estate	20	5.85
Total	<u>100 %</u>	

Discount Rate - The discount rate used to measure the ASRS total pension liability was 7.5%. 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 7.5%, 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 one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 24,937,705	\$ 18,236,162	\$ 12,634,017

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

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Change in Accounting Principle

During the year ended June 30, 2021, the District adopted the provision of GASB Statement No. 84, *Fiduciary Activities*. Adoption of the provisions of this statement requires the restatement of June 30, 2020 fund balance of the nonmajor governmental funds and net position in the Governmental Activities. The net effect of the restatement of fund balance and net position are as follows:

	General Fund	Special Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Governmental Activities
Net Position/Fund Balance, July 1, 2020 (As Previously Stated)	\$ 4,432,707	\$ (5,825)	\$ 73,278	\$ 921,782	\$ 7,240,985
Change in Accounting Principle	-	-	-	191,925	191,925
Net Position/Fund Balance, July 1, 2020, (As Restated)	<u>\$ 4,432,707</u>	<u>\$ (5,825)</u>	<u>\$ 73,278</u>	<u>\$ 1,113,707</u>	<u>\$ 7,432,910</u>

THIS PAGE BLANK

REQUIRED SUPPLEMENTARY INFORMATION

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
NET PENSION LIABILITY AND PENSION CONTRIBUTIONS
COST SHARING PLAN
JUNE 30, 2021 AND SEVEN YEARS PRIOR**

Schedule of the District's Proportionate Share of Net Pension Liability

	June 30, Reporting Year (Measurement Date)						
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
District's Proportion of the Net Pension Liability	0.105250%	0.103580%	0.101340%	0.103010%	0.102510%	0.107030%	0.109871%
District's Proportionate Share of the Net Pension Liability	\$ 18,236,162	\$ 15,072,095	\$ 14,133,364	\$ 16,046,950	\$ 16,546,144	\$ 16,670,906	\$ 16,257,159
District's Covered Payroll	\$ 11,643,336	\$ 11,291,317	\$ 10,380,106	\$ 10,229,699	\$ 9,782,945	\$ 10,057,860	\$ 10,239,461
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	156.62%	133.48%	136.16%	156.87%	169.13%	165.75%	158.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

Schedule of the District's Contributions

	June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 1,454,882	\$ 1,333,162	\$ 1,200,987	\$ 1,079,510	\$ 1,076,533	\$ 1,097,479	\$ 1,133,534	\$ 1,138,719
Contributions in Relation to the Contractually Required Contribution	1,454,882	1,333,162	1,200,987	1,079,510	1,076,533	1,097,479	1,133,534	1,138,719
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 12,488,258	\$ 11,643,336	\$ 11,291,317	\$ 10,380,106	\$ 10,229,699	\$ 9,782,945	\$ 10,057,860	\$ 10,239,461
Contributions as a Percentage of Covered Employee Payroll	11.65%	11.45%	10.64%	10.40%	10.52%	11.22%	11.27%	11.12%

Note: Information prior to the measurement date (June 30, 2013) was not available. GASB Statement No. 68 *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, requires the District to present ten years of pension information as required supplementary information. However, until a full ten years of trend data is compiled, the District will present information for only those years for which information is available.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

THIS PAGE BLANK

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Classroom Site Fund - accounts for the revenues and expenditures for State apportioned education sales tax monies.

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

The *Other Special Revenue Fund* accounts for the revenues and expenditures of the following activities or objectives: civic center, community school, extracurricular activities fee tax credit, insurance proceeds, insurance refunds, litigation recovery, textbooks, and joint technological education.

The *Student Activities Fund* accounts for all monies raised with the approval of the governing board by the effort of students in pursuance of or in connection with all activities of student organizations, clubs, school plays, or other student entertainment other than Auxiliary Operations Fund monies.

CAPITAL PROJECTS FUNDS

Building Renewal Grant Fund - accounts for monies received from the Arizona School Facilities Board for building renewal purposes.

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

ASSETS	Special Revenue					Capital Projects		Total Nonmajor Governmental Funds
	Instructional Improvement	Classroom Site	Food Services	Other Special Revenue	Student Activities	Total Special Revenue Funds	Building Renewal Grant	
Cash and Investments	\$ 156,857	\$ 184,940	\$ 186,714	\$ 672,110	\$ 214,697	\$ 1,415,318	\$ 6,409	\$ 1,421,727
Receivables:								
Miscellaneous Receivables	-	-	-	29,270	-	29,270	-	29,270
Intergovernmental	-	-	25,611	51,145	-	76,756	162,056	238,812
Inventory	-	-	7,885	-	-	7,885	-	7,885
Total Assets	\$ 156,857	\$ 184,940	\$ 220,210	\$ 752,525	\$ 214,697	\$ 1,529,229	\$ 168,465	\$ 1,697,694
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Accounts Payable	\$ -	\$ -	\$ 98,901	\$ 19,722	\$ 6,195	\$ 124,818	\$ 167,837	\$ 292,655
Accrued Wages and Benefits	-	-	1,812	3,351	-	5,163	-	5,163
Total Liabilities	-	-	100,713	23,073	6,195	129,981	167,837	297,818
FUND BALANCE								
Nonspendable	-	-	7,885	-	-	7,885	-	7,885
Restricted	156,857	184,940	111,612	729,452	208,502	1,391,363	628	1,391,991
Total Fund Balance	156,857	184,940	119,497	729,452	208,502	1,399,248	628	1,399,876
Total Liabilities and Fund Balance	\$ 156,857	\$ 184,940	\$ 220,210	\$ 752,525	\$ 214,697	\$ 1,529,229	\$ 168,465	\$ 1,697,694

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	Special Revenue					Total Special Revenue Funds	Capital Projects	Total Nonmajor Governmental Funds
	Instructional Improvement	Classroom Site	Food Services	Other Special Revenue	Student Activities		Building Renewal Grant	
REVENUE								
Intergovernmental	\$ 102,967	\$ 1,226,403	\$ 686,471	\$ 255,775	\$ -	\$ 2,271,616	\$ 662,590	\$ 2,934,206
Food Service Sales	-	-	12,933	-	-	12,933	-	12,933
Contributions and Donations	-	-	-	200,877	-	200,877	-	200,877
Investment Earnings	393	3,519	1,398	7,662	2,388	15,360	139	15,499
Other	-	-	-	42,542	149,822	192,364	-	192,364
Total Revenue	<u>103,360</u>	<u>1,229,922</u>	<u>700,802</u>	<u>506,856</u>	<u>152,210</u>	<u>2,693,150</u>	<u>662,729</u>	<u>3,355,879</u>
EXPENDITURES								
Current								
Instruction	4,821	1,164,955	-	274,876	121,142	1,565,794	-	1,565,794
Support Services:								
Students	-	-	-	25,799	13,201	39,000	-	39,000
Instructional Staff	-	-	-	61,451	-	61,451	-	61,451
School Administration	-	-	-	782	-	782	-	782
Business and Other Support Services	-	-	-	752	-	752	-	752
Operations and Maintenance of Plant	-	-	-	14,196	-	14,196	-	14,196
Student Transportation	-	-	-	52,212	1,290	53,502	-	53,502
Operation of Noninstructional Services	-	-	595,892	-	-	595,892	-	595,892
Facilities Acquisition	-	-	-	25,243	-	25,243	661,241	686,484
Total Expenditures	<u>4,821</u>	<u>1,164,955</u>	<u>595,892</u>	<u>455,311</u>	<u>135,633</u>	<u>2,356,612</u>	<u>661,241</u>	<u>3,017,853</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	98,539	64,967	104,910	51,545	16,577	336,538	1,488	338,026
OTHER FINANCING SOURCES (USES)								
Transfers Out	-	-	(50,000)	-	-	(50,000)	-	(50,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>
NET CHANGES IN FUND BALANCE	98,539	64,967	54,910	51,545	16,577	286,538	1,488	288,026
Fund Balance - Beginning of Year	58,318	119,973	66,444	677,907	191,925	1,114,567	(860)	1,113,707
Change in Inventories	-	-	(1,857)	-	-	(1,857)	-	(1,857)
FUND BALANCE - END OF YEAR	<u>\$ 156,857</u>	<u>\$ 184,940</u>	<u>\$ 119,497</u>	<u>\$ 729,452</u>	<u>\$ 208,502</u>	<u>\$ 1,399,248</u>	<u>\$ 628</u>	<u>\$ 1,399,876</u>

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ -	\$ -	\$ 3,241,828	\$ 3,241,828
Tuition	-	-	66,984	66,984
Investment Earnings	-	-	8,237	8,237
Other	-	-	74	74
Total Revenue	<u>-</u>	<u>-</u>	<u>3,317,123</u>	<u>3,317,123</u>
EXPENDITURES				
Debt Service				
Principal Retirement	2,115,000	2,115,000	2,115,000	-
Interest on Long-term Debt	1,117,538	1,117,538	1,117,838	(300)
Total Expenditures	<u>3,232,538</u>	<u>3,232,538</u>	<u>3,232,838</u>	<u>(300)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(3,232,538)	(3,232,538)	84,285	3,316,823
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>73,278</u>	<u>73,278</u>
FUND BALANCE - END OF YEAR	<u><u>\$ (3,232,538)</u></u>	<u><u>\$ (3,232,538)</u></u>	<u><u>\$ 157,563</u></u>	<u><u>\$ 3,390,101</u></u>

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
INSTRUCTIONAL IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUE				
Intergovernmental	\$ -	\$ -	\$ 102,967	\$ 102,967
Investment Earnings	-	-	393	393
Total Revenue	-	-	103,360	103,360
EXPENDITURES				
Instruction	-	4,000	4,821	(821)
Total Expenditures	-	4,000	4,821	(821)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	-	(4,000)	98,539	102,539
Fund Balance - Beginning of Year	-	-	58,318	58,318
FUND BALANCE - END OF YEAR	\$ -	\$ (4,000)	\$ 156,857	\$ 160,857

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
CLASSROOM SITE FUND
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUE				
Intergovernmental	\$ -	\$ -	\$ 1,226,403	\$ 1,226,403
Investment Earnings	-	-	3,519	3,519
Total Revenue	-	-	1,229,922	1,229,922
EXPENDITURES				
Instruction	1,423,568	1,399,362	1,164,955	234,407
Total Expenditures	1,423,568	1,399,362	1,164,955	234,407
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(1,423,568)	(1,399,362)	64,967	1,464,329
Fund Balance - Beginning of Year	-	-	119,973	119,973
FUND BALANCE - END OF YEAR	<u>\$ (1,423,568)</u>	<u>\$ (1,399,362)</u>	<u>\$ 184,940</u>	<u>\$ 1,584,302</u>

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
FOOD SERVICES FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUE				
Intergovernmental	\$ -	\$ -	\$ 686,471	\$ 686,471
Food Service Sales	-	-	12,933	12,933
Investment Earnings	-	-	1,398	1,398
Total Revenue	<u>-</u>	<u>-</u>	<u>700,802</u>	<u>700,802</u>
EXPENDITURES				
Operation of Noninstructional Services	<u>787,604</u>	<u>787,604</u>	<u>595,892</u>	<u>191,712</u>
Total Expenditures	<u>787,604</u>	<u>787,604</u>	<u>595,892</u>	<u>191,712</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(787,604)	(787,604)	104,910	892,514
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
NET CHANGE IN FUND BALANCE	(787,604)	(787,604)	54,910	842,514
Fund Balance - Beginning of Year	-	-	66,444	66,444
Change in Inventories	<u>-</u>	<u>-</u>	<u>(1,857)</u>	<u>(1,857)</u>
FUND BALANCE - END OF YEAR	<u>\$ (787,604)</u>	<u>\$ (787,604)</u>	<u>\$ 119,497</u>	<u>\$ 907,101</u>

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
OTHER SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUE				
Intergovernmental	\$ -	\$ -	\$ 255,775	\$ 255,775
Contributions and Donations	-	-	200,877	200,877
Investment Earnings	-	-	7,662	7,662
Other	-	-	42,542	42,542
Total Revenue	<u>-</u>	<u>-</u>	<u>506,856</u>	<u>506,856</u>
EXPENDITURES				
Instruction	386,675	342,182	274,876	67,306
Support Services:				
Students	36,292	32,116	25,799	6,317
Instructional Staff	86,445	76,498	61,451	15,047
School Administration	1,100	973	782	191
Business and Other Support Services	1,058	936	752	184
Operations and Maintenance of Plant	19,970	17,672	14,196	3,476
Student Transportation	73,448	64,997	52,212	12,785
Capital Outlay:				
Facilities Acquisition	35,510	31,424	25,243	6,181
Total Expenditures	<u>640,500</u>	<u>566,800</u>	<u>455,311</u>	<u>111,490</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(640,500)	(566,800)	51,545	618,345
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>677,907</u>	<u>677,907</u>
FUND BALANCE - END OF YEAR	<u><u>\$ (640,500)</u></u>	<u><u>\$ (566,800)</u></u>	<u><u>\$ 729,452</u></u>	<u><u>\$ 1,296,252</u></u>

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
STUDENT ACTIVITIES FUND
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUE				
Investment Earnings	\$ -	\$ -	\$ 2,388	\$ 2,388
Other	-	-	149,822	149,822
Total Revenue	-	-	152,210	152,210
EXPENDITURES				
Instruction	178,630	125,041	121,142	3,899
Support Services:				
Students	19,466	13,626	13,201	425
Student Transportation	1,902	1,332	1,290	42
Total Expenditures	200,000	140,000	135,633	4,368
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(200,000)	(140,000)	16,577	156,577
Fund Balance - Beginning of Year	-	-	191,925	191,925
FUND BALANCE - END OF YEAR	<u>\$ (200,000)</u>	<u>\$ (140,000)</u>	<u>\$ 208,502</u>	<u>\$ 348,502</u>

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
BUILDING RENEWAL GRANT FUND
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUE				
Intergovernmental	\$ -	\$ -	\$ 663,985	\$ 663,985
Investment Earnings	-	-	139	139
Total Revenue	<u>-</u>	<u>-</u>	<u>664,124</u>	<u>664,124</u>
EXPENDITURES				
Operations and Maintenance of Plant	-	-	1,395	(1,395)
Capital Outlay:				
Facilities Acquisition	<u>1,000,000</u>	<u>650,000</u>	<u>661,241</u>	<u>(11,241)</u>
Total Expenditures	<u>1,000,000</u>	<u>650,000</u>	<u>662,636</u>	<u>(12,636)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(1,000,000)	(650,000)	1,488	651,488
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>(860)</u>	<u>(860)</u>
FUND BALANCE - END OF YEAR	<u><u>\$ (1,000,000)</u></u>	<u><u>\$ (650,000)</u></u>	<u><u>\$ 628</u></u>	<u><u>\$ 650,628</u></u>

STATISTICAL SECTION (UNAUDITED)

This section of the Payson Unified School District No. 10's comprehensive annual 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.

THIS PAGE BLANK

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net Investment in Capital Assets	\$ 18,130,153	\$ 14,471,358	\$ 14,075,245	\$ 8,919,587	\$ 13,534,649	\$ 13,548,019	\$ 13,838,674	\$ 14,442,737	\$ 15,956,999	\$ 17,185,781
Restricted	733,297	614,696	845,170	1,110,227	926,998	1,015,906	2,266,932	2,025,565	1,531,367	2,524,389
Unrestricted	3,222,034	3,583,907	3,537,653	(8,296,061)	(12,381,222)	(12,020,190)	(12,872,030)	(10,808,741)	(10,247,381)	(9,466,966)
Total Governmental Activities										
Activities Net Position	<u>\$ 22,085,484</u>	<u>\$ 18,669,961</u>	<u>\$ 18,458,068</u>	<u>\$ 1,733,753</u>	<u>\$ 2,080,425</u>	<u>\$ 2,543,735</u>	<u>\$ 3,233,576</u>	<u>\$ 5,659,561</u>	<u>\$ 7,240,985</u>	<u>\$ 10,243,204</u>

Source: District's Business and Finance Department

Note: The decrease in unrestricted net position beginning in fiscal year 2015 was due to the implementation of GASB Statement No. 68.

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
EXPENSES										
Governmental Activities:										
Instruction	\$ 11,846,480	\$ 11,740,112	\$ 11,144,761	\$ 11,345,524	\$ 10,469,723	\$ 10,678,186	\$ 10,507,982	\$ 10,848,551	\$ 12,458,708	\$ 12,689,069
Support Services:										
Students	1,476,800	1,486,641	1,407,629	1,364,918	1,598,227	1,698,435	1,666,861	1,748,212	2,095,163	2,418,755
Instructional Staff	671,107	798,887	1,181,180	1,110,774	858,989	1,125,963	1,056,248	1,070,639	1,276,868	1,448,763
General Administration	356,302	362,505	328,202	374,889	314,816	382,801	328,887	370,076	471,376	412,841
School Administration	761,822	841,371	692,247	791,875	664,137	798,317	751,116	862,893	1,084,526	1,106,237
Business and Other Support Services	627,303	444,247	1,144,344	675,257	1,212,068	927,601	847,719	852,593	923,490	1,165,617
Operation and Maintenance of Plant	2,437,707	2,482,016	2,472,127	2,472,997	2,562,609	2,644,707	2,586,252	2,641,692	2,800,704	2,904,350
Student Transportation	1,139,249	1,283,414	1,190,968	1,258,859	1,272,905	1,429,550	1,462,405	1,483,554	1,512,111	1,374,963
Operation of Noninstructional Services	958,959	988,232	1,006,968	924,234	876,431	825,855	982,144	931,879	751,535	709,273
Interest on Long-Term Debt	1,908,023	1,884,624	1,857,389	1,440,676	1,572,598	1,536,194	1,471,202	1,386,524	1,291,989	1,195,719
Total Governmental Activities	<u>22,183,752</u>	<u>22,312,049</u>	<u>22,425,815</u>	<u>21,760,003</u>	<u>21,402,503</u>	<u>22,047,609</u>	<u>21,660,816</u>	<u>22,196,613</u>	<u>24,666,470</u>	<u>25,425,587</u>
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
Instruction	425,445	457,107	321,764	274,891	272,250	297,132	228,205	308,150	349,051	443,638
Students	33,936	43,092	28,822	22,012	27,702	28,504	27,001	38,521	53,362	66,956
Instructional Staff	12,775	22,448	27,624	21,820	14,898	20,879	13,081	21,130	30,169	39,150
General Administration	9,333	12,333	9,338	8,697	7,622	8,805	5,572	9,334	22,353	11,798
School Administration	24,488	33,713	23,006	20,387	19,076	21,186	14,984	25,528	35,628	46,187
Business and Other Support Services	20,299	17,207	35,844	23,318	30,520	23,410	15,548	21,212	27,178	29,848
Operation and Maintenance of Plant	69,723	89,329	69,939	57,153	60,742	64,425	44,597	66,425	82,872	94,069
Student Transportation	29,181	40,167	36,332	30,325	30,982	35,014	25,699	39,658	52,008	40,656
Operation of Noninstructional Services	207,535	250,307	345,844	368,033	364,982	264,501	287,572	261,680	258,602	86,653
Operating Grants and Contributions	4,920,518	4,286,600	4,129,452	4,336,457	4,576,435	4,299,867	4,682,487	4,829,361	5,240,620	7,033,568
Capital Grants and Contributions	832,392	533,982	165,888	62,505	27,712	4,480	93,929	295,179	772,849	662,590
Total Governmental Activities	<u>6,585,625</u>	<u>5,786,285</u>	<u>5,193,853</u>	<u>5,225,598</u>	<u>5,432,921</u>	<u>5,068,203</u>	<u>5,438,675</u>	<u>5,916,178</u>	<u>6,924,692</u>	<u>8,555,113</u>

(Continued)

(Concluded)	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
NET (EXPENSE)/REVENUE										
Governmental Activities	\$ (15,598,127)	\$ (16,525,764)	\$ (17,231,962)	\$ (16,534,405)	\$ (15,969,582)	\$ (16,979,406)	\$ (16,222,141)	\$ (16,280,435)	\$ (17,741,778)	\$ (16,870,474)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Property Taxes	9,065,519	12,116,270	10,941,801	12,339,208	10,994,497	12,294,217	11,678,696	12,757,669	12,466,544	13,286,610
State Equalization and Additional State Aid	4,989,139	5,287,327	3,865,253	4,333,679	4,521,507	4,669,286	4,505,634	5,233,754	6,075,904	5,572,589
County Equalization	308,652	303,174	377,108	290,344	349,386	336,046	308,151	337,471	394,991	320,550
Federal Aid Not Restricted	584,741	399,822	377,034	350,079	329,553	63,224	336,820	257,649	263,719	222,925
Investment Earnings	19,657	8,760	(8,226)	31,329	19,382	30,593	43,209	68,904	90,550	52,911
Other	83,255	157,703	39,795	116,208	101,929	49,350	39,472	50,973	31,494	225,183
Special Item - Loss on Disposal of Asset	-	-	(2,007,542)	-	-	-	-	-	-	-
Total Governmental Activities:	<u>15,050,963</u>	<u>18,273,056</u>	<u>13,585,223</u>	<u>17,460,847</u>	<u>16,316,254</u>	<u>17,442,716</u>	<u>16,911,982</u>	<u>18,706,420</u>	<u>19,323,202</u>	<u>19,680,768</u>
CHANGE IN NET POSITION										
Governmental Activities	<u>\$ (547,164)</u>	<u>\$ 1,747,292</u>	<u>\$ (3,646,739)</u>	<u>\$ 926,442</u>	<u>\$ 346,672</u>	<u>\$ 463,310</u>	<u>\$ 689,841</u>	<u>\$ 2,425,985</u>	<u>\$ 1,581,424</u>	<u>\$ 2,810,294</u>

Source: District's Business and Finance Department

THIS PAGE BLANK

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$ 84,167	\$ 80,595	\$ 76,786	\$ 93,305	\$ 86,425	\$ 95,887	\$ 66,956	\$ 81,803	\$ 76,843	\$ 26,198
Restricted	-	-					1,208,878	940,925	446,105	853,731
Unassigned	3,054,167	3,863,096	3,714,716	4,244,614	4,635,440	4,164,424	2,619,330	3,038,459	3,909,759	5,116,212
Total General Fund	<u>\$ 3,138,334</u>	<u>\$ 3,943,691</u>	<u>\$ 3,791,502</u>	<u>\$ 4,337,919</u>	<u>\$ 4,721,865</u>	<u>\$ 4,260,311</u>	<u>\$ 3,895,164</u>	<u>\$ 4,061,187</u>	<u>\$ 4,432,707</u>	<u>\$ 5,996,141</u>
All Other Governmental Funds										
Nonspendable	\$ 65,757	\$ 47,682	\$ 44,102	\$ 27,924	\$ 24,697	\$ 12,204	\$ 21,694	\$ 5,172	\$ 9,742	\$ 7,885
Restricted	593,714	498,010	686,302	1,049,657	902,301	946,105	947,786	977,363	986,178	1,550,283
Unassigned	(135,914)	(54,968)	(7,681)	-	(96,526)	-	-	-	(6,685)	-
Total all Other Governmental Funds	<u>\$ 523,557</u>	<u>\$ 490,724</u>	<u>\$ 722,723</u>	<u>\$ 1,077,581</u>	<u>\$ 830,472</u>	<u>\$ 958,309</u>	<u>\$ 969,480</u>	<u>\$ 982,535</u>	<u>\$ 989,235</u>	<u>\$ 1,558,168</u>

Source: District's Business and Finance Department.

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Property Taxes	\$ 12,242,848	\$ 11,031,581	\$ 12,285,263	\$ 12,413,523	\$ 10,909,225	\$ 12,230,556	\$ 11,951,207	\$ 12,512,521	\$ 12,631,102	\$ 13,323,357
Intergovernmental										
Federal Aid and Grants	3,657,625	2,911,648	2,723,793	3,819,424	2,947,512	2,654,121	2,721,702	2,360,288	2,841,114	4,376,644
State Aid and Grants	6,973,693	5,429,151	5,158,261	4,333,679	5,664,996	5,693,889	5,985,444	6,992,328	8,458,537	7,864,082
County Aid and Grants	303,174	377,108	297,248	290,344	349,386	336,046	308,151	337,471	394,991	320,550
Other Districts	239,567	212,980	212,471	350,079	278,061	275,482	252,166	331,422	356,955	255,775
Tuition	490,198	584,012	507,415	424,802	417,834	438,635	317,042	499,794	632,095	775,021
Food Services Sales	172,341	179,693	193,403	146,902	152,691	113,914	127,704	110,036	112,468	12,933
Auxiliary Operations	32,312	66,952	149,622	218,380	210,146	148,426	158,313	149,493	143,979	70,630
Contributions and Donations	570,634	545,040	484,284	556,458	587,718	413,365	659,558	911,885	695,091	995,171
Charges for Services	137,864	135,046	48,073	36,552	48,103	62,881	59,200	52,335	22,681	371
Investment Earnings	8,760	(8,226)	10,090	31,331	19,378	30,593	43,209	68,904	90,551	52,911
Other	157,703	39,795	53,120	116,208	101,929	49,350	39,472	50,973	31,494	225,183
Total Revenues	24,986,719	21,504,780	22,123,043	22,737,682	21,686,979	22,447,258	22,623,168	24,377,450	26,411,058	28,272,628
Expenditures										
Current										
Instruction	10,296,220	10,447,942	9,463,515	9,915,761	9,455,505	9,673,533	9,564,534	10,238,932	11,013,294	11,070,459
Support Services:										
Students	1,476,915	1,489,443	1,421,066	1,380,856	1,629,774	1,762,141	1,767,311	1,879,704	2,056,591	2,377,492
Instructional Staff	671,088	810,426	1,160,704	1,099,890	854,468	1,226,541	1,097,776	1,124,860	1,246,936	1,423,937
General Administration	296,364	316,506	318,802	335,207	275,703	345,409	298,177	345,522	669,876	319,784
School Administration	757,439	867,944	721,143	807,799	691,535	831,111	811,695	945,012	1,073,409	1,070,994
Business and Other	642,623	462,844	1,128,620	904,757	1,262,211	987,735	952,986	821,892	849,076	1,109,719
Operation/Maintenance of Plant	2,310,578	2,384,464	2,273,707	2,295,277	2,339,730	2,619,690	2,474,956	2,542,251	2,557,964	2,672,873
Student Transportation	946,270	1,093,869	1,180,786	1,248,538	1,198,530	1,485,016	1,505,106	1,554,811	1,722,404	1,281,472
Operation of Noninstructional Services	968,564	963,335	1,001,836	930,637	867,809	808,507	989,454	914,269	798,854	671,998
Capital Outlay:										
Facilities Acquisition/Construction	860,384	536,151	510,818	118,811	99,429	1,223,886	358,021	624,259	990,380	851,469
Debt Service:										
Principal	663,946	872,552	1,072,549	1,914,341	1,327,317	1,529,810	1,701,059	1,853,236	2,033,981	2,268,342
Interest and Fiscal Charges	1,806,541	1,801,406	1,782,298	1,004,581	1,538,024	1,501,620	1,436,628	1,351,949	1,257,415	1,161,145
Bond Issuance Costs	-	-	-	381,262	-	-	-	-	-	-
Total Expenditures	21,696,932	22,046,882	22,035,844	22,337,717	21,540,035	23,994,999	22,957,703	24,196,697	26,270,180	26,279,684

(Continued)

(Concluded)	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Excess of Revenues Over (Under) Expenditures	\$ 3,289,787	\$ (542,102)	\$ 87,199	\$ 399,965	\$ 146,944	\$ (1,547,741)	\$ (334,535)	\$ 180,753	\$ 140,878	\$ 1,992,944
Other Financing Sources (Uses)										
Proceeds of Issuance of Long-Term Debt	-	-	-	32,509,602	-	-	-	-	-	-
Proceeds from Capital Leases	33,131	132,483	-	-	-	1,217,055	-	-	236,337	-
Payment to Refunded Bond Escrow	-	-	-	(32,008,633)	-	-	-	-	-	-
Sale of Capital Assets	-	1,203,790	-	-	-	-	-	-	-	-
Transfers in	54,963	93,049	80,045	116,598	155,279	132,877	96,781	81,257	108,143	102,980
Transfers Out	(54,963)	(93,049)	(80,045)	(116,598)	(155,279)	(132,877)	(96,781)	(81,257)	(108,143)	(102,980)
Total Other Financing Sources (Uses)	33,131	1,336,273	-	500,969	-	1,217,055	-	-	236,337	-
Net Change in Fund Balance	\$ 3,322,918	\$ 794,171	\$ 87,199	\$ 900,934	\$ 146,944	\$ (330,686)	\$ (334,535)	\$ 180,753	\$ 377,215	\$ 1,992,944
Debt Service as a Percentage of Noncapital Expenditures	17.86%	11.19%	11.95%	13.49%	13.41%	13.56%	13.99%	13.71%	13.40%	13.55%

Source: District's Business and Finance Department.

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(UNAUDITED)

Fiscal Year	Residential Property Value	Agricultural and Commercial Property Value	Total Secondary Assessed Value	Less: Exemptions	Total Taxable Secondary Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value	Primary Assessed Value
2012	\$ 202,915,557	\$ 88,897,604	\$ 291,813,161	\$ 14,391,691	\$ 277,421,470	5.186	\$ 2,610,692,835	10.63 %	\$ 287,468,967
2013	173,650,747	79,045,097	252,695,844	14,423,603	238,272,241	4.811	2,257,722,883	10.55	251,805,527
2014	163,714,777	73,333,058	237,047,835	14,346,568	222,701,267	5.867	2,131,666,651	10.45	236,443,460
2015	158,071,244	71,397,545	229,468,789	14,218,967	215,249,822	5.947	1,973,596,121	10.91	227,311,759
2016	174,356,264	91,072,691	265,428,955	14,599,818	250,829,137	5.276	2,268,421,693	11.06	236,502,891
2017	204,534,167	88,041,850	292,576,017	15,911,400	276,664,617	5.967	2,571,973,804	10.76	239,207,392
2018	208,090,340	87,403,643	295,493,983	14,855,172	280,638,811	4.855	2,607,851,096	10.76	248,660,384
2019	228,708,839	88,917,143	317,625,982	16,761,803	300,864,179	5.588	2,826,831,353	10.64	257,917,030
2020	247,755,868	102,721,019	350,476,887	20,532,070	329,944,817	5.499	3,105,257,869	10.63	270,447,588
2021	266,033,725	109,340,772	375,374,497	22,681,168	352,693,329	5.407	3,324,056,419	10.61	284,756,241

Source: Arizona Department of Revenue

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
SECONDARY ASSESSED VALUE BY CLASSIFICATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Commercial, Industrial, Utilities & Mines	\$ 53,751,661	\$ 52,609,575	\$ 50,353,698	\$ 49,935,569	\$ 55,447,104	\$ 56,716,428	\$ 52,588,245	\$ 49,949,891	\$ 53,682,240	\$ 60,681,616
Agricultural and Vacant	34,910,604	26,397,840	22,976,290	21,459,048	35,621,677	31,321,459	34,809,910	38,965,465	49,033,580	48,653,843
Residential (Owner Occupied)	189,712,211	93,925,254	85,946,281	83,886,425	93,469,305	110,268,134	116,215,184	131,248,927	143,957,972	155,830,532
Residential (Rental)	13,203,346	79,725,493	77,768,496	74,184,819	80,886,959	94,266,033	91,875,156	97,459,912	103,797,896	110,203,193
Historical Property	232,436	34,795	-	-	-	-	-	-	-	-
Commercial Historical Property	-	-	-	-	-	-	-	-	-	-
Property Improvements	2,903	2,887	3,070	2,928	3,910	3,963	5,488	1,787	5,199	5,313
Total	<u>\$ 291,813,161</u>	<u>\$ 252,695,844</u>	<u>\$ 237,047,835</u>	<u>\$ 229,468,789</u>	<u>\$ 265,428,955</u>	<u>\$ 292,576,017</u>	<u>\$ 295,493,983</u>	<u>\$ 317,625,982</u>	<u>\$ 350,476,887</u>	<u>\$ 375,374,497</u>

Source: Arizona Department of Revenue

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	District Direct Rates				Overlapping Rates	
	General Purposes	Capital Purposes	Debt Purposes	Total	County	City
2012	4.2774	0.0895	0.8189	5.1858	4.1900	0.3394
2013	3.7905	-	1.0209	4.8114	4.1900	0.3502
2014	4.5388	0.1515	1.1765	5.8668	4.1900	0.3828
2015	4.4789	0.2208	1.2470	5.9467	4.1900	0.3963
2016	3.5952	0.1295	1.5516	5.2763	4.1900	0.3877
2017	4.3108	0.3848	1.2714	5.9670	4.1900	0.3807
2018	4.2914	0.0535	0.5096	4.8545	4.1900	0.3807
2019	4.2823	0.1118	1.1934	5.5875	4.1900	0.3731
2020	4.1825	0.1690	1.1474	5.4989	4.1900	0.3442
2021	4.1304	0.1409	1.1352	5.4065	4.1900	0.3594

Source: Gila County Assessor's Office

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2021 AND NINE YEARS PRIOR
(UNAUDITED)**

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Arizona Public Service	\$ 5,944,153	1	2.82 %	\$ 10,257,631	1	3.91 %
Payson Village Center LLC	1,640,469	2	0.78	1,721,769	4	0.66
Retail Trust III - Wal-Mart	1,415,576	3	0.67	1,978,818	3	0.75
Home Depot USA Inc.	1,136,228	4	0.54	1,065,323	8	0.41
Rim Club ARCIS LLC	1,005,777	5	0.48	-		-
Rim Country Mall LLC	837,678	6	0.40	1,044,043	9	0.40
Sawmill Crossing LLC	828,977	7	0.39	-		-
ACI Real Estate	599,681	8	0.28	-		-
Chaparral Pines Investors LLC	505,968	9	0.24	1,672,558	5	0.64
Payson Investment LLC	500,680	10	0.24	-		-
Qwest Corporation	-		-	1,517,602	7	0.58
Terra-Payson 65	-		-	731,013	10	0.28
Rim Golf Investors LLC	-		-	3,969,677	2	1.51
Payson Hospital Inc.	-		-	1,649,016	6	0.63
Total	\$ 14,415,187		6.84 %	\$ 25,607,450		9.77 %

Source: Town of Payson.

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Taxes Levied for the Fiscal Year	Current Collections			Collections to Date	
		Current Tax Collections	Percent of Current Taxes Collected	Collections in Subsequent Years	Total to Date	Percentage of Levy
2012	\$ 11,860,107	\$ 11,440,873	96.47 %	\$ 419,234	\$ 11,860,107	100.00 %
2013	10,689,747	10,387,535	97.17	302,073	10,689,608	100.00
2014	12,403,945	11,897,507	95.92	506,438	12,403,945	100.00
2015	13,555,659	13,167,739	97.14	387,930	13,555,669	100.00
2016	12,366,341	11,896,133	96.20	470,208	12,366,341	100.00
2017	14,094,816	13,568,726	96.27	526,090	14,094,816	100.00
2018	13,669,875	13,452,474	98.41	217,401	13,669,875	100.00
2019	14,723,052	14,260,607	96.86	462,445	14,723,052	100.00
2020	14,802,039	14,495,210	97.93	219,260	14,714,470	99.41
2021	15,328,840	15,106,826	98.55	-	15,106,826	98.55

Source: The Gila County Treasurer.

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income	Per Capita	Population	Personal Income
	General Obligation Bonds	Supplemental Interest Certificates	Capital Leases					
2012	\$ 32,589,553	\$ 325,000	\$ 69,605	\$ 32,984,158	1.88 %	\$ 616.47	53,505	\$ 1,757,365,000
2013	32,164,644	-	154,536	32,319,180	1.83	608.14	53,144	1,764,188,000
2014	31,209,735	-	111,987	31,321,722	1.71	585.08	53,534	1,830,663,000
2015	34,913,876	-	67,649	34,981,525	1.82	659.02	53,081	1,917,248,000
2016	33,262,424	-	40,329	33,302,753	1.53	621.83	53,556	2,173,998,708
2017	31,460,972	-	1,177,574	32,638,546	1.53	608.96	53,597	2,130,534,347
2018	29,484,520	-	1,101,515	30,586,035	1.42	575.15	53,179	2,158,695,147
2019	27,358,068	-	1,023,279	28,381,347	1.31	526.66	53,889	2,169,933,000
2020	25,056,616	-	1,175,635	26,232,251	1.18	485.62	54,018	2,226,470,000
2021	22,590,164	-	1,022,293	23,612,457	1.05	433.64	54,452	2,242,278,908

Sources: The District's Business and Finance Department for long-term debt. Population and personal income prepared in cooperation with the U.S. Department of Labor and Bureau of Labor Statistics.

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	General Obligation Bonded Debt	Less: Amounts Available in Debt Service Fund	Net General Obligation Bonded Debt	Per Capita	Total Taxable Assessed Value	Percentage of Total Taxable Assessed Value
2012	\$ 33,688,583	\$ (56,417)	\$ 33,632,166	\$ 628.58	\$ 291,813,161	11.54 %
2013	32,134,297	(30,347)	32,103,950	604.09	252,695,844	12.72
2014	31,209,735	(37,336)	31,172,399	582.29	237,047,835	12.35
2015	34,913,876	(273,199)	34,640,677	652.60	229,468,789	14.73
2016	33,262,424	(73,278)	33,189,146	619.71	265,428,955	12.53
2017	31,460,972	(4,232)	31,456,740	586.91	292,576,017	10.75
2018	29,484,520	(20,542)	29,463,978	549.73	295,493,983	9.98
2019	27,358,068	(83,145)	27,274,923	506.13	317,625,982	8.61
2020	25,056,616	(73,278)	24,983,338	462.50	350,476,887	7.15
2021	22,590,164	(157,563)	22,432,601	411.97	375,374,497	6.02

Sources: The District's Business and Finance Department and Arizona Department of Revenue.

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2021
(UNAUDITED)

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Town of Payson	\$ 1,280,884	100.00%	<u>\$ 1,280,884</u>
Subtotal, overlapping debt			1,280,884
Payson Unified School District No. 10 direct debt			<u>23,612,457</u>
Total direct and overlapping debt			<u><u>\$ 24,893,341</u></u>

(1) Proportion applicable to the Payson Unified School District No. 10 is computed on the ratio of secondary assessed valuation for 2020-21.

Source: The Gila County Treasurer

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Debt limit	\$ 102,619,143	\$ 87,543,948	\$ 71,114,351	\$ 68,840,637	\$ 75,248,741	\$ 82,999,385	\$ 84,191,643	\$ 90,259,254	\$ 98,983,445	\$ 105,807,999
Total applicable to limit	<u>33,785,276</u>	<u>33,745,000</u>	<u>32,215,000</u>	<u>30,345,000</u>	<u>29,045,000</u>	<u>27,595,000</u>	<u>25,970,000</u>	<u>27,358,068</u>	<u>25,056,616</u>	<u>22,590,164</u>
Legal debt margin	<u>\$ 68,833,867</u>	<u>\$ 53,798,948</u>	<u>\$ 38,899,351</u>	<u>\$ 38,495,637</u>	<u>\$ 46,203,741</u>	<u>\$ 55,404,385</u>	<u>\$ 58,221,643</u>	<u>\$ 62,901,186</u>	<u>\$ 73,926,829</u>	<u>\$ 83,217,835</u>
Total net debt applicable to the limit as a percentage of the debt limit	31.12 %	38.55 %	45.30 %	44.08 %	38.60 %	33.25 %	30.85 %	30.31 %	25.31 %	21.35 %
Total Class B Debt limit	\$ 34,206,381	\$ 29,181,316	\$ 47,409,567	\$ 45,893,758	\$ 50,165,827	\$ 55,332,923	\$ 56,127,762	\$ 60,172,836	\$ 65,988,963	\$ 70,538,666
Total applicable to limit	<u>33,785,276</u>	<u>33,745,000</u>	<u>32,215,000</u>	<u>30,345,000</u>	<u>29,045,000</u>	<u>27,595,000</u>	<u>25,970,000</u>	<u>27,358,088</u>	<u>25,056,616</u>	<u>22,590,164</u>
Class B Legal debt margin	<u>\$ 421,105</u>	<u>\$ (4,563,684)</u>	<u>\$ 15,194,567</u>	<u>\$ 15,548,758</u>	<u>\$ 21,120,827</u>	<u>\$ 27,737,923</u>	<u>\$ 30,157,762</u>	<u>\$ 32,814,748</u>	<u>\$ 40,932,347</u>	<u>\$ 47,948,502</u>
Total net debt applicable to the limit as a percentage of the debt limit	98.77 %	115.64 %	67.95 %	66.12 %	57.90 %	49.87 %	46.27 %	45.47 %	37.97 %	32.03 %

Source: The District's Business and Finance Department

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
CALCULATION OF LEGAL DEBT MARGIN
JUNE 30, 2021
(UNAUDITED)

Net secondary assessed value		<u>\$ 352,693,329</u>
<u>Legal debt margin:</u>		
Debt limitation - 30% of assessed value		105,807,999
Amount of debt applicable to debt limit:		
Class B General Obligation and Refunding Bonds Outstanding	<u>\$ 22,590,164</u>	
Total amount of debt applicable to debt limit		<u>22,590,164</u>
Legal debt margin		<u>\$ 83,217,835</u>
<u>Class B legal debt margin</u>		
Debt limit - the greater of 20% of the net secondary assessed valuation or \$1,500 per student (ADM)		
20% of net secondary assessed valuation		\$ 70,538,666
\$1,500 per student (ADM)		3,067,500
Amount of debt applicable to debt limit:		
Class B General Obligation and Refunding Bonds Outstanding	<u>\$ 22,590,164</u>	
Total amount of debt applicable to debt limit		<u>22,590,164</u>
Class B legal debt margin		<u>\$ 47,948,502</u>

Source: Gila County Assessor's Office

Note 1: State statutes limit the total amount of bonded debt for a unified school district to 30% of the net secondary assessed valuation of the District. In addition, Class B bonded debt is limited to the greater of 20% of the net secondary assessed valuation of the District or \$1,500 per student for a unified school district.

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Gila County Unemployment Rate
2012	53,505	\$ 1,757,365,000	\$ 29,890	9.60 %
2013	53,144	1,764,188,000	32,845	9.17
2014	53,534	1,830,663,000	33,196	8.80
2015	53,081	1,917,248,000	36,115	8.11
2016	53,556	2,173,998,708	40,593	7.43
2017	53,597	2,130,534,347	39,751	5.40
2018	53,179	2,158,695,147	40,593	4.70
2019	53,889	2,169,933,000	40,267	6.00
2020	54,018	2,226,470,000	41,217	9.20
2021	54,452	2,242,278,908	41,179	7.40

Sources: Bureau of Economic Analysis; US Department of Labor
This Data is for the County as data for the District is unavailable.

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
PRINCIPAL EMPLOYERS
JUNE 30, 2021 AND NINE YEARS PRIOR
(UNAUDITED)**

<u>Employer</u>	<u>2021</u>	<u>2012</u>
	<u>Employees</u>	<u>Employees</u>
Payson Unified School District	312	341
Walmart	286	295
Gila County	230	175
Banner Payson/PRMC	225	320
Mazatzal Casion	182	357
Town of Payson	178	167
Gila Community College	125	-
Safeway Supermarket	121	106
Home Depot	113	95
Payson Care Center/Life Care Center	97	127
Rim County Health/Manzanita Manor	81	150
US Forest Service	77	90
Bashas' Supermarket	70	64
Buffalo Golf LLC, Chaparral Pines	69	-
Black Buffalo LLC, The Rim Golf Club	53	-
Culvers	44	-
Chapman Auto	40	36
Chili's Restaurant	33	-
US Post Office	28	-
	<hr/>	<hr/>
Total	<u>2,364</u>	<u>2,323</u>

Source: The Town of Payson

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

Full-Time Equivalent Employees										
Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Supervisory										
Instructional administrators	1	1	1	1	1	1	1	1	1	1
Noninstructional administrators	4	6	6	7	7	7	7	7	7	7
Consultants/supervisors of instruction	-	-	0.5	0.5	0.5	0.5	-	-	-	-
Principals	4	4	4	4	4	4	4	5	5	4
Assistant principals	2	1	1	1	1	1	1	1	1	1
Total Supervisory	11	12	13	13.5	13.5	13.5	13.0	14.0	14.0	13.0
Instruction										
Classroom teachers	136	129	128.5	125.9	124.4	124.1	113.2	113.8	115.8	115.4
Aids	49	55	41.3	43.7	43.3	41.3	39.2	42.9	41.1	36.9
Total instruction	185	184	170	169.6	167.7	165.4	152.4	156.7	156.9	152.3
Student Services										
Guidance counselors	3	3	4.8	3.9	3	3	3	3	3	3
Psychologist	2	1	1	2	2	1.6	2.0	2.0	2.0	2.0
Librarians	4	4	4	4	4	4	4	3.5	3.5	3.5
Other professionals (noninstructional)	10	9	7.5	11.1	11.2	11.5	17.9	18.0	20.7	21.2
Technicians	10	5	2	3	6	6.5	8.5	7.0	7.0	6.0
Total student services	29	22	19	24.0	26	26.6	34.9	33.5	36.2	35.7
Support and Administration										
Supervisors	4	2	2	-	-	-	-	-	-	-
Clerical/secretarial	20	26	25.1	27	27	27.5	25.8	28.3	30.3	29.9
Service workers	50	43	50.1	50.1	50.1	48.7	47.7	47.1	44.5	46.1
Total support and administration	74	71	77	77.1	77.1	76.2	73.5	75.4	74.8	76.0
Total	299	289	279	284.2	284.5	281.7	273.8	279.6	281.9	277.0

Source: Arizona Department of Education SDER Report.

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Total Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced Meals
2012	2,485	\$ 18,366,061	\$ 7,391	(10.14)%	\$ 21,696,932	\$ 8,731	(12.26)%	132.00	16.64	65.31 %
2013	2,370	19,709,325	8,316	12.52	22,046,882	9,302	6.54	126.00	15.98	66.20
2014	2,485	19,742,728	7,945	(4.47)	22,065,844	8,880	(4.55)	129.00	18.81	69.65
2015	2,391	18,918,722	7,912	(0.41)	22,337,717	9,342	5.21	125.90	18.99	64.00
2016	2,304	18,575,265	8,063	1.90	21,540,035	9,350	0.08	124.40	18.52	62.19
2017	2,291	19,739,683	8,617	6.87	23,994,999	10,475	12.03	124.10	18.46	54.32
2018	2,288	19,461,995	8,506	(1.29)	22,957,703	10,034	(4.21)	113.20	20.21	49.49
2019	2,225	20,367,253	9,154	7.61	24,196,697	10,875	8.38	113.80	19.24	56.00
2020	2,312	21,988,404	9,511	3.90	26,270,180	11,363	4.48	115.55	20.01	52.00
2021	2,045	21,998,728	10,757	13.11	26,279,684	12,851	13.10	115.00	17.78	51.86

Source: Data for Operating Expenditures is Total Expenditures less Debt Service and Facilities Acquisition and Construction.

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

		Fiscal Year									
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Elementary Schools											
Name:	Julia Randall Elementary										
Yr. Built	1935										
	Sq. Feet	81,716	81,716	81,716	81,716	81,716	81,716	72,557	72,557	72,557	72,557
	Enrollment	624.00	540.00	561.00	581.00	581.00	565.00	586.00	586.00	507.80	460.44
Name:	Payson Elementary										
Yr. Built	1987										
	Sq. Feet	49,681	49,681	49,681	49,681	49,681	49,681	49,681	49,681	49,681	49,681
	Enrollment	528.00	508.00	541.00	452.00	452.00	407.00	364.00	364.00	437.56	321.28
Name:	Frontier Elementary										
Yr. Built	1995										
	Sq. Feet	37,962	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Enrollment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
			NOTE	NOTE	NOTE	NOTE	NOTE	NOTE	NOTE	NOTE	NOTE
Middle Schools											
Name:	Rim Country Middle School										
Yr. Built	1979										
	Sq. Feet	88,989	88,989	88,989	88,989	88,989	88,989	88,989	88,989	88,989	88,989
	Enrollment	596.00	540.00	547.00	556.00	556.00	535.00	525.00	525.00	563.29	538.03
High School											
Name:	Payson High School										
Yr. Built	1965 - 2003										
	Sq. Feet	177,211	177,211	177,211	177,211	177,211	177,211	177,211	177,211	177,211	177,211
	Enrollment	694.00	729.00	744.00	738.00	738.00	671.00	672.00	672.00	690.94	547.38
Name:	Payson Center for Success/PCA Online										
Yr. Built	1970										
	Sq. Feet	4,258	4,258	4,258	4,258	4,258	4,258	4,258	4,258	4,258	4,258
	Enrollment	43.00	53.00	92.00	64.00	64.00	114.00	120.00	120.00	112.53	178.10

Source: The District's Records

Note: Frontier Elementary School was sold during the FY 2012-13.

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
SINGLE AUDIT ACT REPORTS
YEAR ENDED JUNE 30, 2021

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2021**

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	1
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE	3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	
SUMMARY OF AUDITORS' RESULTS	6
FINANCIAL STATEMENT FINDINGS	7
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS	7
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	8
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	9



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Governing Board
Payson Unified School District No. 10
Payson, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Payson Unified School District No. 10, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Payson Unified School District No. 10's basic financial statements, and have issued our report thereon dated December 27, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Payson Unified School District No. 10's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Payson Unified School District No. 10 internal control. Accordingly, we do not express an opinion on the effectiveness of Payson Unified School District No. 10's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Payson Unified School District No. 10's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Phoenix, Arizona
December 27, 2021



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Governing Board
Payson Unified School District No. 10
Payson, Arizona

Report on Compliance for Each Major Federal Program

We have audited Payson Unified School District No. 10's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Payson Unified School District No. 10's major federal programs for the year ended June 30, 2021. Payson Unified School District No. 10's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Payson Unified School District No. 10's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Payson Unified School District No. 10's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Payson Unified School District No. 10's compliance.

Opinion on Each Major Federal Program

In our opinion, Payson Unified School District No. 10 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Payson Unified School District No. 10 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Payson Unified School District No. 10's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Payson Unified School District No. 10's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Payson Unified School District No. 10 as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Payson Unified School District No. 10's basic financial statements. We issued our report thereon dated December 27, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Phoenix, Arizona
December 27, 2021

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified not considered to be material weakness? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified not considered to be material weakness? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.019	Enrollment Stabilization Grant
84.425D	Elementary & Secondary School Emergency Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes _____ no

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

SECTION II—FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

**PAYSON UNIFIED SCHOOL DISTRICT NO. 10
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture - Food and Nutrition				
Passed through State of Arizona, Department of Education:				
Child Nutrition Cluster:				
Noncash Assistance (Commodities):				
National School Lunch Program	10.555	7AZ300AZ3	\$ 29,103	\$ -
Passed through Department of Defense:				
Non-Cash Assistance (Commodities):				
National School Lunch Program	10.555	None	14,998	-
Cash Assistance:				
National School Lunch Program	10.555	7AZ300AZ3	18,345	-
Total National School Lunch Program - CFDA No. 10.555			<u>62,446</u>	-
Summer Food Service Program for Children	10.559	7AZ300AZ3	614,685	-
Cash Assistance Subtotal			<u>633,030</u>	-
Total Child Nutrition Cluster - CFDA No. 10.553, 10.555 and 10.559			677,131	-
U.S. Department of Agriculture - Forest Fees				
Passed through Gila County				
Forest Service Schools and Roads Cluster:				
National Forest Fees	10.665	None	263,655	-
Total Forest Schools and Roads Cluster - CFDA No. 10.665			<u>263,655</u>	-
Total U.S. Department of Agriculture			940,786	-
U.S. Department of Treasury				
Passed through Arizona Governor's Office				
Covid -19 - Enrollment Stabilization Grant	21.019	ERMT-21-2442	984,076	
U.S. Department of Education				
Title I Grants to Local Education Agencies	84.010	S010A190003	580,613	-
Special Education Cluster:				
Special Education - Grants to States	84.027	H027A190007	541,614	-
Special Education - Preschool Grants	84.173	H173A190003	14,179	-
Total Special Education Cluster - CFDA No. 84.027 and 84.173			<u>555,793</u>	-
Rural Education Achievement Program	84.358	S358B190003	41,947	-
Career and Technical Education - Basic Grants to States	84.048	V048A190003	58,012	-
Elementary & Secondary School Emergency Relief (ESSER) Fund - CARES	84.425D	S425D200038	949,032	-
Title II - Improving Teacher Quality State Grants	84.367	S367A190049	87,906	-
Title IV - Student Support & Academic Enrichment	84.424	S424A190003	37,740	-
Education for Homeless Children and Youth - Mini-Grant	84.196	S196A160003	15,000	-
Total U.S. Department of Education			<u>2,326,043</u>	-
Total Expenditures of Federal Awards			<u>\$ 4,250,905</u>	<u>\$ -</u>

See accompanying Note to Schedule of Expenditures of Federal Awards.

PAYSON UNIFIED SCHOOL DISTRICT NO. 10
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

NOTE 1 BASIS OF ACCOUNTING

The purpose of the schedule of expenditures of federal awards (the Schedule) is to present a summary of those activities of Payson Unified School District No. 10 (the School) that have been financed by the U.S. government (federal awards). Federal awards received directly from federal agencies are included in the Schedule. Additionally, all federal awards passed through from other entities have been included in the Schedule. The School is required to match certain grant agreements, as defined in the grants, and these matching amounts are not included in the Schedule.

The information in the Schedule is presented in accordance with requirements of Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position or changes in fund balance or net position of Payson Unified School District No. 10.

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.