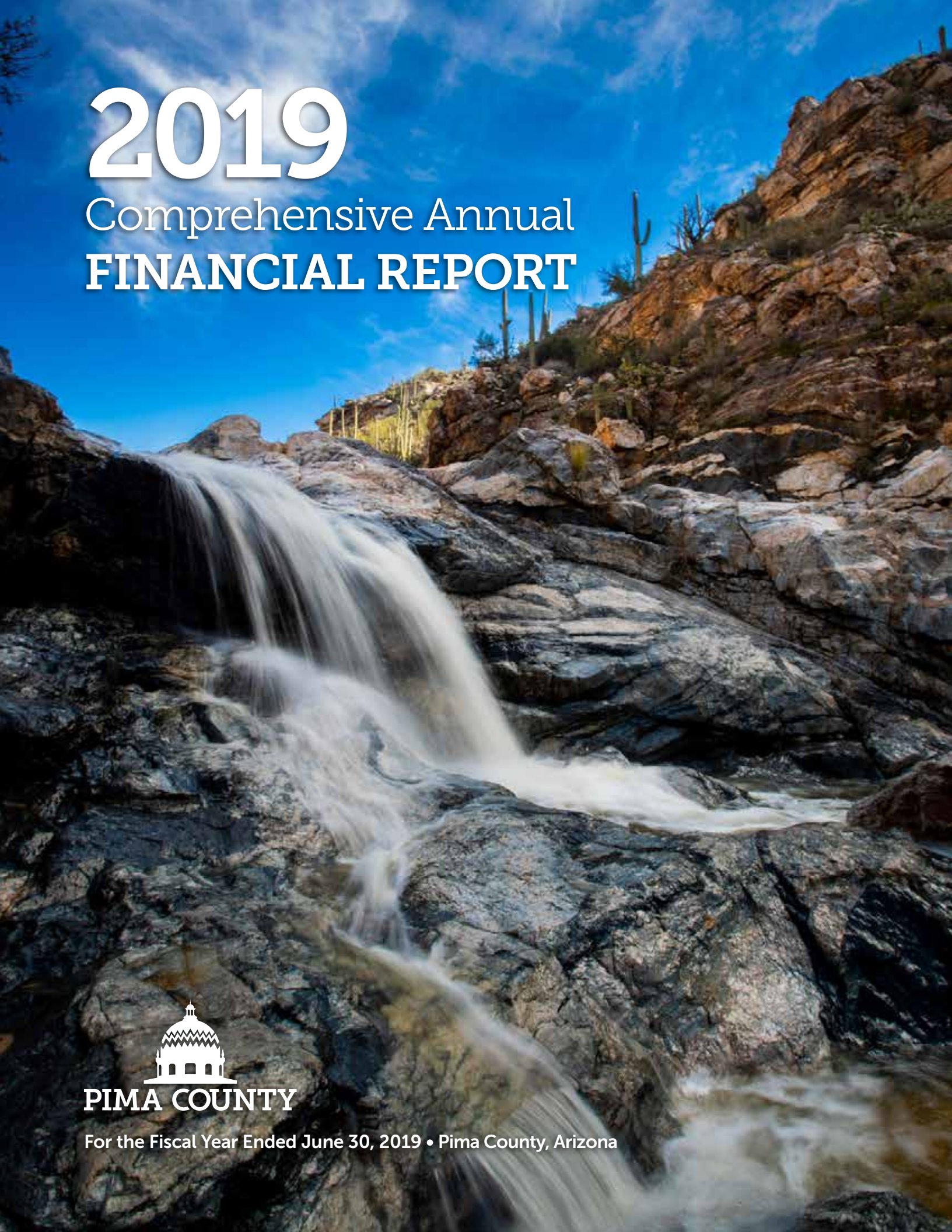

2019
Comprehensive Annual
FINANCIAL REPORT

PIMA COUNTY

For the Fiscal Year Ended June 30, 2019 • Pima County, Arizona

PIMA COUNTY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

BOARD OF SUPERVISORS

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Chair
District #5

Ramón Valadez
Vice Chair
District #2

Ally Miller
District #1

Sharon Bronson
District #3

Steve Christy
District #4

COUNTY ADMINISTRATOR

C. H. Huckelberry

Chief Deputy County Administrator

Jan Lesher

Prepared by the Department of Finance and Risk Management

Michelle Campagne, CPA
Director

Sam Correa
Deputy Director

Robert W. Johnson
Deputy Director

Meridith Litton, CPA
Deputy Director

Andy Welch
Deputy Director

Supervisors

Emilia Eveningred

Pete Rodriguez

Blanca Rossetti

Accountants

Len Baldazo
Valentin R. Dominguez, CPA
Brenda Escarcega
Jessica Espinoza
Linda House
Yvette M. Hurley, CPA

Chih-Yu Lee, CPA
Alex C. Ramires
Jennifer Serrano
Jennifer Sia, MBA
David A. Tribble

PIMA COUNTY, ARIZONA
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PIMA COUNTY

INTRODUCTORY SECTION

The purpose of the Introductory Section in a comprehensive annual financial report (CAFR) is to familiarize readers with the organizational structure of the government, the nature and scope of the services it provides, and the specifics of its legal operating environment.

COUNTY ADMINISTRATOR'S OFFICE
PIMA COUNTY GOVERNMENTAL CENTER
130 W. CONGRESS, FLOOR 10, TUCSON, AZ 85701-1317
(520) 724-8661 FAX (520) 724-8171

C.H. HUCKELBERRY
County Administrator

December 17, 2019

To the Honorable Board of Supervisors and Citizens of Pima County, Arizona:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of Pima County for the fiscal year ended June 30, 2019. This report presents comprehensive financial and operating information about the County's activities for the fiscal year.

We believe that the financial information, as presented, is accurate in all material aspects; that it is presented in a manner designed to openly disclose the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The State of Arizona Office of the Auditor General is required to audit financial transactions and accounts kept by counties. The Auditor General has issued an unmodified ("clean") opinion on the Pima County financial statements for the year ended June 30, 2019. The Auditor General's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Pima County Profile

Covering an area of approximately 9,200 square miles, Pima County is one of the oldest continuously inhabited areas of the United States. It is situated in the southern part of Arizona with a portion of its southern boundary bordering Mexico. Created in 1864, Pima County includes a large portion of southern Arizona acquired from Mexico by the Gadsden Purchase of 1854. Pima County has purchased thousands of acres of open space and ranches to preserve and protect the stunning landscapes and historic and cultural sites. The County's population has grown from 395 in 1820 to an estimated population of 1,042,475 in 2019, according to the Arizona Office of Economic Opportunity. The County has a vibrant multicultural diversity. A major commercial and academic hub, Pima County is home to Tucson, the second largest city in Arizona. Although the County has five incorporated cities and towns, more than a third of the population lives outside of any incorporated cities or towns.

A five-member Board of Supervisors is responsible for implementing the County's governmental and administrative affairs. Each member is elected from a designated district to serve a four-year term. The chairman is selected by the Board from among its members. The Board is responsible for establishing the policies of the County, which provide guidance to the various County constitutional officers and departments. The Board has the legal authority and responsibility to establish spending limits and approve the budgets of all County departments, and also sets the amount of taxes to be levied. The Board appoints a County Administrator who is responsible for the general administrative and overall operations of the various departments of the County. The County has several other elected officials including the Assessor, County Attorney, Recorder, Sheriff, Clerk of the Superior Court, the Constables, Superintendent of Schools, Treasurer, and Judges for the Superior Courts, Juvenile Courts, and Justice Courts.

Pima County includes in its financial statements all funds, agencies, boards, commissions, and authorities for which the Pima County Board of Supervisors is financially accountable. As the primary government, Pima County is financially accountable if it appoints a voting majority of an organization's governing body and either it is able to impose its will on that organization or a potential exists for that organization to provide specific benefits to, or impose specific financial burdens on, Pima County. Additionally, the County may be financially accountable if an organization is fiscally dependent on the County.

Pima County offers a wide variety of governmental services that are organized into the following functional areas:

- *General Government Services* primarily provides internal administrative and support services to County departments directly serving the public. The departments comprising this function include the Analytics & Data Governance; Assessor; Board of Supervisors; Clerk of the Board; County Administrator; Elections; Facilities Management; Finance and Risk Management; Fleet Services; General Government Services Administration; Human Resources; Information Technology; Non Departmental; Office of Emergency Management & Homeland Security; Procurement; Recorder; Treasurer; and Wireless Integrated Network.

- *Community Resources* provides educational, cultural, social, economic development and recreational programs to the public. The departments in this functional area are Attractions and Tourism; Communications Office; Community and Economic Development Administration; Community Development and Neighborhood Conservation; Community Services, Employment and Training; County Free Library; Grants Management and Innovation; Kino Sports Complex; Rocking K South Community Facilities District; School Superintendent; and the Stadium District.

- *Justice and Law Enforcement* provides public safety, felony and misdemeanor investigation and prosecution, and services for victims, witnesses, and those needing fiduciary assistance. Services are also provided in the areas of indigent defense, civil representation, correctional housing, and juvenile detention. The departments within this area are the Clerk of the Superior Court; Constables; County Attorney; Justice Courts; Juvenile Court; Public Defense Services; Sheriff; and Superior Court.

- *Health Services* provides various public health, sanitation, and animal control services, as well as medical assistance to indigents. The component departments are Behavioral Health; Health; Medical Examiner; and Pima Animal Care.

- *Public Works* provides construction, operations, and maintenance services related to the County's infrastructure and related planning and environmental issues. The departments within this area are Capital Projects; Development Services; Environmental Quality; Natural Resources, Parks and Recreation; Office of Sustainability and Conservation; Public Works Administration; Regional Flood Control District; Regional Wastewater Reclamation; and Transportation.

Pima County is responsible for reporting the financial activities of its component units. These units are either discretely presented or blended. Although they are separate legal entities, blended component units are substantially a part of the County's financial activities and are combined with data for the County.

The County's component units include the following:

- The *Pima County Stadium District*, the *Regional Flood Control District*, the *Library District*, the *Rocking K South Community Facilities District*, and the *Improvement and Other Districts* are reported as blended component units in special revenue funds in the accompanying financial statements.

- The *Southwestern Fair Commission* is reported as a separate component unit (discrete presentation) in the accompanying financial statements.

Additional information on the legally separate entities and the blended component units can be found in the notes to the financial statements (see Note 1).

The County also has various independently governed school districts, irrigation districts, fire districts, a health district (Ajo-Lukeville), and other entities for which the County is not financially accountable. These entities include the Industrial Development Authority, Pima Association of Governments, Pima Council on Aging, the Workforce Investment Board, Regional Transportation Authority, and Sun Corridor, Inc. The financial statements of such districts and entities are not included in the accompanying financial statements except to reflect amounts held in a fiduciary capacity by the County Treasurer.

Following receipt of the County Administrator's Recommended Budget and public discussion of the Recommended Budget, the Board of Supervisors historically adopts a budget in June. A budget must be adopted on or before the first Monday in August. The Adopted Budget sets a ceiling on expenditures that may be incurred for the County as a whole. This annual budget serves as the foundation for Pima County's financial planning and control. Pima County has implemented a program-oriented presentation of its budget. All departments are budgeted on a cost unit/object line item basis. Departments may modify line item amounts within their own budgets provided the total program budgeted amount remains unchanged. Changes to the adopted budget that require a transfer between funds are evaluated by the County Administrator prior to recommendation of approval to the Board of Supervisors. Should the County Administrator recommend the change to the Board of Supervisors, the recommendation will be considered at a regularly scheduled, open meeting of the Board.

On an annual basis, the County Administrator's office prepares a five-year Capital Improvement Plan and a one-year Capital Improvement Budget.

Economic Outlook

Pima County's major employers are the University of Arizona, Raytheon Missile Systems, State of Arizona, and Davis-Monthan Air Force Base. Major manufacturers include Ventana Medical Systems, IBM, Caterpillar, and several aerospace and aircraft companies including Raytheon Missile Systems, Bombardier Aerospace, Sargent Aerospace and Defense, and Honeywell Aerospace. Employment by industry is led by government; educational and health services; trade, transportation and utilities; professional and business services; and leisure and hospitality. The Pima County unemployment rate remained steady at 4.5% in 2018, after reaching a peak of 9.3% in 2010. The decline in Pima County's unemployment rate has been slightly less than the decrease in the national unemployment rate, which was 9.6% in 2010 and has fallen to 3.9% in 2018. Nearly half of Pima County's population is in the prime working age range of 18 to 54.

A sunny, mild, dry climate with an average temperature of 71°F and a unique desert location help promote travel and tourism as a major industry in Pima County. Spending by visitors generates sales in lodging, food services, recreation, transportation, and retail businesses. These sales support jobs for Pima County residents and contribute tax revenues to local and state governments. According to recent research data released by the Arizona Office of Tourism, Pima County direct travel spending generated approximately $3.02 billion (12.4% of Arizona direct travel spending) in 2018. This direct travel spending generated 24,670 direct jobs, $752 million in direct earnings and $209 million in local and state tax revenues. Unlike other industries, taxes generated by travel industry spending are paid by visitors rather than residents. These visitors bring new money into Pima County's economy and generate revenue in the County. Some of the best world-class attractions in Arizona are found in Pima County, such as the Arizona-Sonora

Desert Museum and the Pima Air and Space Museum. There are several signature events that draw many tourists to the area and have a significant economic impact on the County, including the following:

- The area's largest annual event is the two-week Tucson Gem, Mineral and Fossil Showcase, the largest event of its kind in the world, which attracts an estimated 50,000 people to Tucson and has an estimated economic impact of $120 million in direct spending and nearly $11 million in sales, bed, and rental car tax revenues.

- The annual El Tour de Tucson is Southern Arizona's largest bicycling event, attracting more than 9,000 cyclists and 30,000 spectators. El Tour's annual economic impact is estimated to be $17 to $25 million on ride weekend alone and $65 to $175 million year-round.

Please refer to the MD&A beginning on page 15 for additional information regarding the County's economic outlook.

Long-term Financial Planning

Pima Prospers is Pima County's ten-year comprehensive plan establishing a vision and overarching principles for the County in areas such as land use, physical infrastructure, human infrastructure, and economic development. The County's annual budget, capital improvement plan, and debt management strategies are aligned with this comprehensive plan. Pima Prospers, including the planning for its financial impacts, can be found at www.pimaprospers.com.

Pima County's Economic Development Plan is a shorter term plan focusing on the County's future actions to help create new jobs, protect our existing jobs, improve transportation, promote tourism, and enhance relationships with our economic partners. Regional infrastructure investment is a significant component of the County's Economic Development Plan. Some of these economic development projects and financing can be seen in the Capital Improvement Plan and Debt Management sections below.

Capital Improvement Plan

The Adopted Budget for fiscal year 2019-2020 includes $202.1 million for its Capital Improvement Plan (CIP). Under this plan, five departments comprise 89% of the total CIP budget as follows:

- Transportation, with a budget of $53.1 million
- Regional Wastewater Reclamation, with a budget of $48.0 million
- Facilities Management, with a budget of $41.2 million
- Information Technology, with a budget of $19.8 million
- Regional Flood Control District, with a budget of $19.0 million

Transportation - The Department of Transportation projects are funded by highway user revenues, vehicle license tax revenues and from funding received from the Pima County Regional Transportation Authority, a taxing entity distinct from Pima County. Transportation has four major projects included in the fiscal year 2019-2020 budget:

- Valencia Road/Wade Road to Ajo Highway is budgeted for $10.2 million
- Broadway Blvd., Euclid to Country Club is budgeted for $9.7 million
- Valencia Road/Houghton to Old Spanish Trail is budgeted for $9.0 million
- Arterial/Collector – Pavement Repair & Rehabilitation is budgeted for $6.0 million

Regional Wastewater Reclamation – The Regional Wastewater Reclamation Department (RWRD) projects are predominantly funded by Sewer Revenue Obligations. RWRD has a total fiscal year 2019-2020 budget of $48.0 million. Major projects include:

- Minor Rehabilitation Projects are budgeted for $10.0 million
- Twin Peaks – Blue Bonnet Road Gravity Sewer project is budgeted for $6.0 million
- Anamox Treatment Process project is budgeted for $4.3 million
- Tres Rios WRF Biogas Cleaning and Utilization project is budgeted for $4.2 million

Facilities Management –Facilities Management has active projects with a total fiscal year 2019-2020 budget of $41.2 million. Major projects include:

- Historic Courthouse – Tenant Improvement project is budgeted for $14.6 million
- Sahuarita Branch Library project is budgeted for $5.7 million
- Defense Services Building – Juvenile Courts project is budgeted for $5.1 million

Information Technology – Information Technology has active projects with a total budget of $19.8 million. Major projects include:

- Hyper Converge Server Storage project is budgeted for $12.0 million
- Data Center Switch Replacement project is budgeted for $4.5 million

Regional Flood Control District – The Regional Flood Control District has active projects with a total budget of $19.0 million. Major projects include:

- CDO Wash North Bank project is budgeted for $3.1 million
- Catalina Ridge Drainage Channel Improvement project is budgeted for $1.8 million
- El Corazon de los Tres Rios del Norte is budgeted for $1.7 million
- Santa Cruz River Maintenance is budgeted for $1.5 million

Debt Management

Bond ratings for Pima County, given by Fitch and Standard & Poor's, range from AA- to AAA. Pima County maintains a sound financial profile, with healthy operating reserves while its debt burden is manageable and debt repayment is rapid.

Pima County continues to utilize debt authorized by Pima County voters in elections from 1997, 2004 and 2014. At June 30, 2019, $37.4 million from the November 4, 1997 election for Street and Highway Revenue is the only authorization that remains unissued. The County issues Certificates of Participation for building construction and Sewer Revenue Obligations to fund the construction and improvement of the County's wastewater conveyance systems and treatment facilities.

Bond sales and debt issuances anticipated for fiscal year 2019-2020 include $45 million of Sewer Obligations, and $61 million of Certificates of Participation.

The County's conservative debt management principles play a critical role in the decision regarding when to issue new debt. The County has set an aggressive debt repayment schedule, with 100 percent retired at or before 15 years.

The state constitution sets a cap on general obligation debt at 15 percent of the County's net secondary assessed valuation. In fiscal year 2018-2019, the constitutional debt limit was $1.3 billion. The actual bonded indebtedness was $227 million, far below the constitutional debt limit.

Please refer to the MD&A beginning on page 15 and Note 7 beginning on page 66 for specific details on debt issuances, defeasances, and refundings.

Expenditure Limitation

Pima County, like all counties and cities in Arizona, is subject to numerous budgetary and related legal requirements. Article 9, Section 20, of the Arizona Constitution sets limits on the County's legal budget capacity. In general, the Board of Supervisors, as the governing body of the County, cannot authorize expenditures from local revenues in excess of the expenditure limitation determined annually for Pima County by the Arizona Economic Estimates Commission. The expenditure limitation is determined each year by adjusting the amount of actual payments of local revenues received by the County during fiscal year 1979-1980 to reflect inflation and subsequent population growth for the County. Not subject to this limitation are items such as bond proceeds, related debt service, interest earnings, special voter approved districts, certain highway user revenue funds, federal grant and aid funds, monies received pursuant to intergovernmental agreements, and state grants which are to be used for specific purposes. As in previous years, the County's expenditures for fiscal year 2018-2019 are expected to be under the limit of $576.6 million.

Single Audit

As a recipient of federal and state financial assistance, the County is required to ensure adequate internal controls are in place to comply with applicable laws and regulations related to administration of these programs. This internal control structure is subject to periodic evaluation by management of Pima County. An important part of management's periodic evaluation is having the County's federal financial assistance programs audited annually under the federal Single Audit Act.

As a part of the County's Single Audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs and whether the County has complied with applicable laws and regulations.

A complete Single Audit report for the fiscal year ended June 30, 2018 can be found at:

http://www.pima.gov/finance/reports.shtml

The Single Audit for Pima County for the fiscal year ended June 30, 2019 was not complete at the time of publication of this CAFR.

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Pima County, Arizona, for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. Pima County has received this prestigious award for thirty-three years from fiscal years ended June 30, 1984 through 2018, except for fiscal years ended June 30, 1990 and June 30, 1999, due to missing the filing deadline. In order to be awarded a Certificate of Achievement, the County had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Pima County also received the GFOA's Distinguished Budget Presentation Award for its fiscal year 2018-2019 budget document. This was the twentieth consecutive year that Pima County has achieved this award. To qualify for the Distinguished Budget Presentation Award, Pima County's budget had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

Acknowledgments

The preparation of this report could not have been possible without the skill, effort, and dedication of the entire staff of the County's Finance and Risk Management Department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit is also due to the Board of Supervisors for its unfailing support for maintaining the highest standards of professionalism in the management of Pima County's finances.

Respectfully submitted,

C. H. Huckelberry
County Administrator

Jan Lesher
Chief Deputy County Administrator

Michelle Campagne
Director, Finance and Risk Management

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Pima County

Arizona

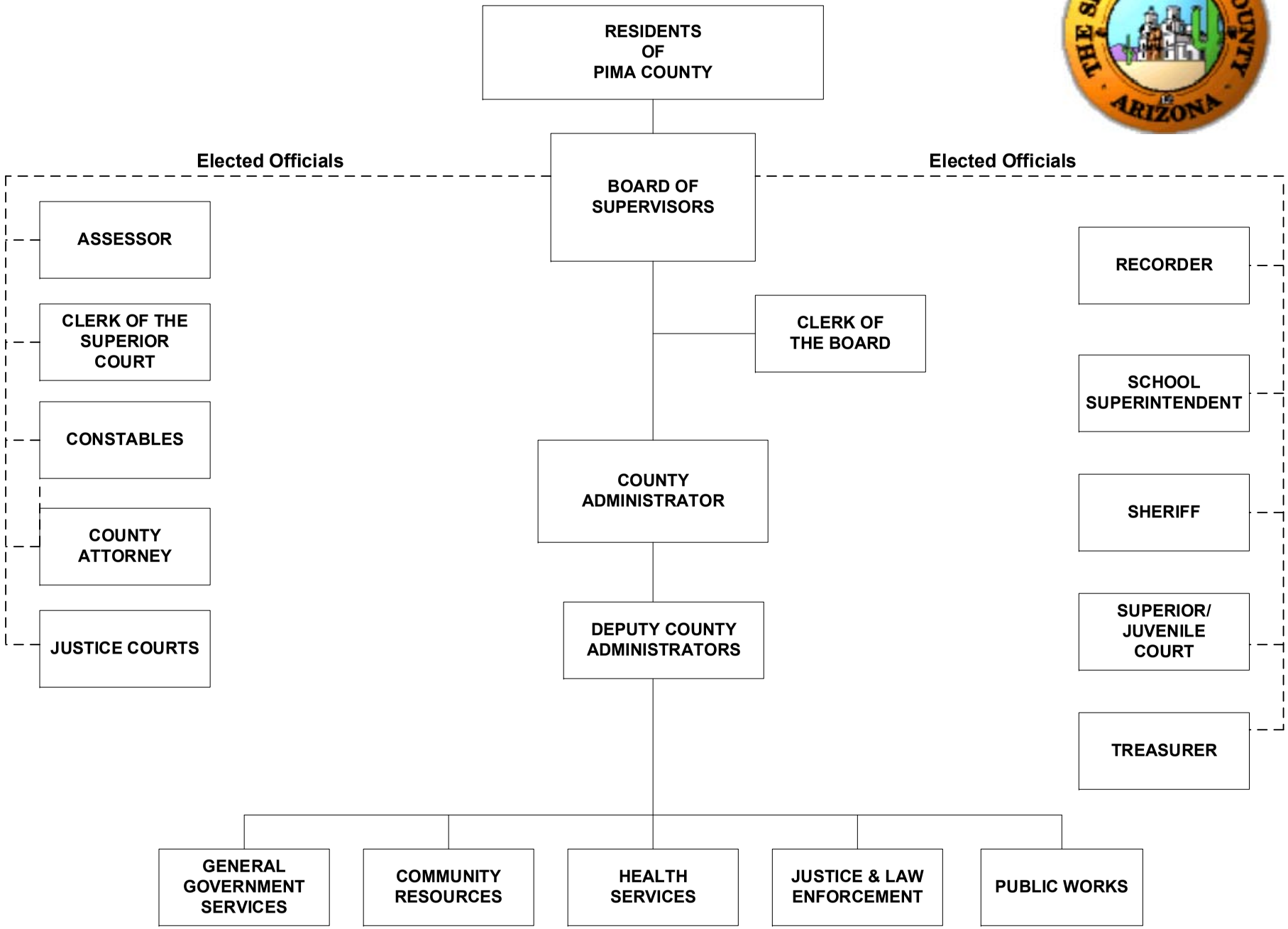
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

PIMA COUNTY ORGANIZATIONAL CHART



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2019
Comprehensive Annual
FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2019 • Pima County, Arizona

FINANCIAL

INTRODUCTORY SECTION

FINANCIAL SECTION

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information Other than Management's Discussion and Analysis
- Combining Statements and Other Schedules

STATISTICAL SECTION

PIMA COUNTY

FINANCIAL SECTION

The Financial Section contains government-wide, combined, combining, and individual fund financial statements and schedules, which present a financial "overview" of Pima County.

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

ARIZONA AUDITOR GENERAL
LINDSEY A. PERRY

JOSEPH D. MOORE
DEPUTY AUDITOR GENERAL

Independent auditors' report

Members of the Arizona State Legislature

The Board of Supervisors of
Pima County, Arizona

Report on the financial statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County'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 U.S. generally accepted accounting principles; 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 did not audit the financial statements of certain departments, one major fund, and the discretely presented component unit, which account for the following percentages of the assets and deferred outflows, liabilities and deferred inflows, revenues, and expenses or expenditures of the opinion units affected.

Opinion unit/department	Assets and deferred outflows	Liabilities and deferred inflows	Revenues	Expenses/ expenditures
Government-wide statements				
Governmental activities:				
Stadium District	1.56%	0.21%	1.49%	0.73%
School Reserve Fund	0.03%	0.15%	0.24%	0.25%
Wireless Integrated Network	0.19%	0.24%	0.36%	0.46%
Self-Insurance Trust	3.17%	2.58%	2.02%	1.79%
Health Benefit Trust	1.41%	0.45%	6.82%	8.12%
Business-type activities:				
Regional Wastewater Reclamation Department	98.06%	98.92%	94.37%	94.24%
Development Services	0.50%	0.96%	4.35%	3.90%
Discretely presented component unit:				
Southwestern Fair Commission	100.00%	100.00%	100.00%	100.00%
Fund statements				
Major enterprise fund:				
Regional Wastewater Reclamation Department	100.00%	100.00%	100.00%	100.00%

Opinion unit/department	Assets and deferred outflows	Liabilities and deferred inflows	Revenues	Expenses/ expenditures
Aggregate remaining fund information:				
Stadium District	0.42%	0.29%	0.47%	0.25%
School Reserve Fund	0.08%	0.42%	0.08%	0.10%
Wireless Integrated Network	0.78%	1.91%	0.13%	0.16%
Development Services	1.12%	3.24%	0.37%	0.31%
Self-Insurance Trust	13.16%	20.63%	0.76%	0.61%
Health Benefit Trust	5.83%	3.62%	2.55%	2.76%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the other auditors' reports. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 auditors consider internal control relevant to the County'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 County'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, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information of the County as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of matter

As discussed in Note 2 to the financial statements, for the year ended June 30, 2019, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 83, *Certain Asset Retirement Obligations*. Our opinions are not modified with respect to this matter.

Other matters

Required supplementary information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 13 through 30, budgetary comparison schedules on pages 95 through 96, schedule of the County's proportionate share of the net pension liability—cost-sharing plans on page 97, schedule of changes in the County's net pension liability and related ratios—agent plans on pages 98 and 99, and schedule of County pension contributions on page 100 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 U.S. generally accepted auditing standards, which

consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules and the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining and individual fund statements and schedules are management's responsibility 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 U.S. generally accepted auditing standards by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual fund 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.

Compliance over the use of Highway User Revenue Fund and other dedicated State transportation revenue monies

In connection with our audit, nothing came to our attention that caused us to believe that the County failed to comply with the authorized transportation purposes, insofar as they relate to accounting matters, for Highway User Revenue Fund monies it received pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated State transportation revenues it received. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the authorized transportation purposes referred to above, insofar as they relate to accounting matters.

The communication related to compliance over the use of Highway User Revenue Fund and other dedicated State transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, the Board of Supervisors, management, and other responsible parties within the County and is not intended to be and should not be used by anyone other than these specified parties.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will issue our report on our consideration of the County'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 at a future date. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 the County's internal control over financial reporting and compliance.

Lindsey Perry
Auditor General

December 17, 2019

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PIMA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the County's financial performance provides an overview of the County's financial activities for the year ended June 30, 2019. Please read it in conjunction with the transmittal letter, which begins on page **1** and the County's basic financial statements, which begin on page 31. All dollar amounts are expressed in thousands (000's) unless otherwise noted.

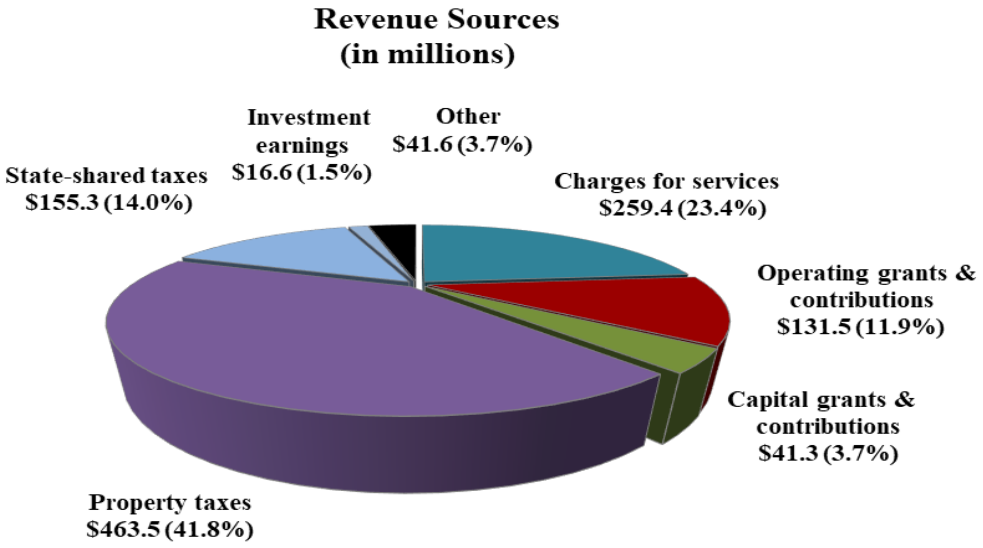
Financial Highlights

- The County restated the prior year's total net position to $1,946,575 due to a change in accounting principle for the implementation of GASB Statement No. 83, *Certain Asset Retirement Obligations*. This resulted in a $1,449 decrease in net position for the Business-type Activities and in turn, total net position for the County. For additional information refer to page 51, Note 2, Change in Accounting Principle. The comparisons to prior year net position within this discussion and analysis will be based on these restated amounts.

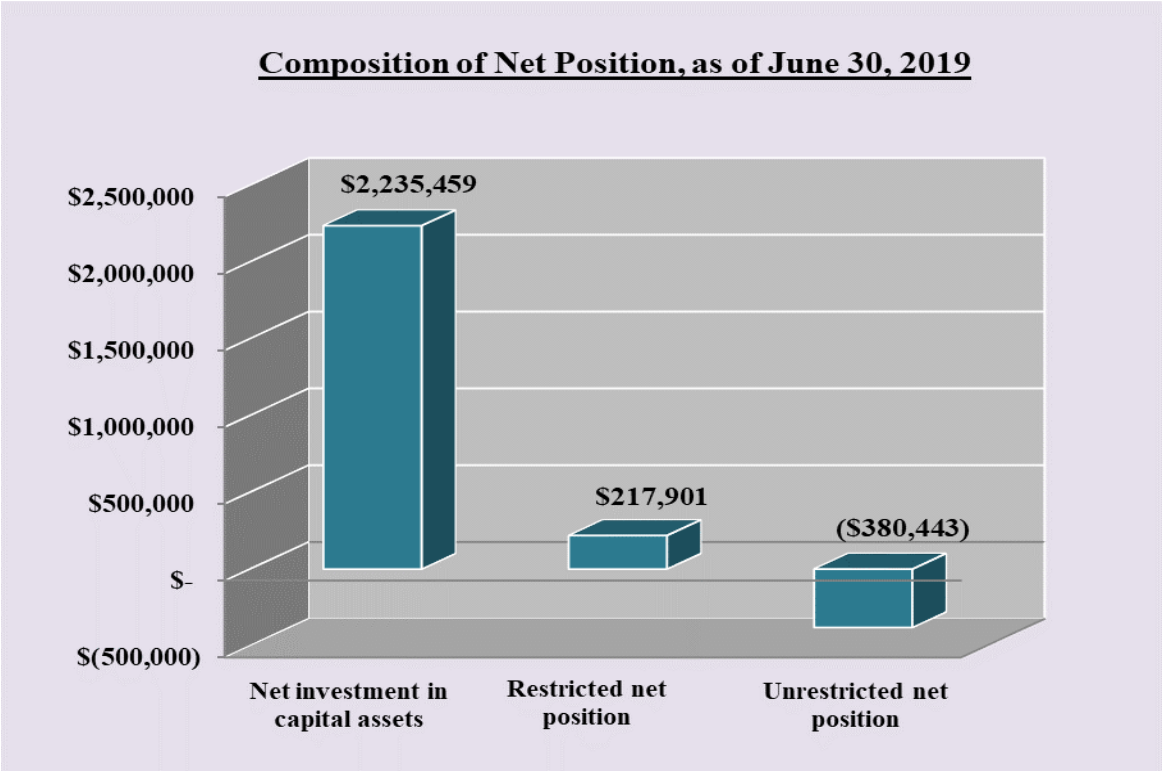
- The County's total net position increased $126,342; an increase of $59,622 when compared to the prior year's restated change in net position of $66,720; primarily due to a decrease in net pension and other postemployment benefits (OPEB) liabilities of $81,775, resulting from increased contributions to the pension plans and favorable changes to the actuarial assumptions used to calculate the future liabilities estimates. For additional information on the pension and OPEB liabilities, please refer to Note 10, Pensions and Other Postemployment Benefits starting on page 73.

- The County issued $25,000 in Transportation Revenue Bonds to fund various street and highways improvements, $21,245 in Sewer Revenue Obligations to finance the construction, expansion, and improvement of sewer treatment facilities and conveyance systems, and $20,940 in Certificates of Participation to fund the expansion and improvement of sports fields and facilities for the County's Stadium District.

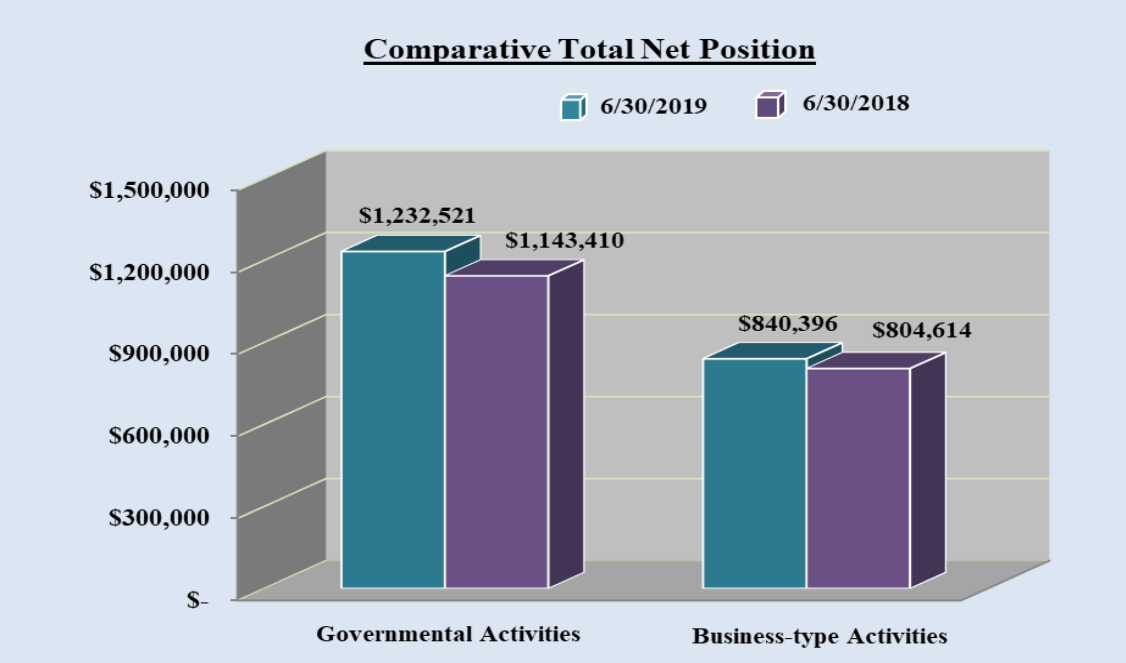
- The County's primary sources of revenue come from property taxes, charges for services, state shared taxes, and grants and contributions as displayed below:



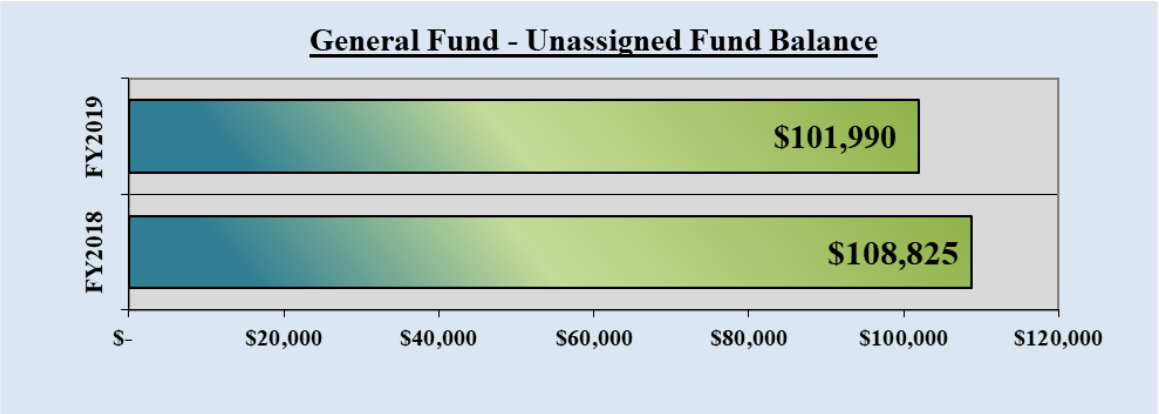
- The composition of the County's total net position at June 30, 2019, $2,072,917, is illustrated in the following chart.



- Governmental Activities total net position at June 30, 2019, is $1,232,521, representing an increase of $89,111 (7.8%) from the prior fiscal year's net position, primarily due to a $76,300 decrease in net pension liabilities. Business-type Activities total net position of $840,396, increased by $35,782 (4.4%) in the current fiscal year, primarily due to a decrease of $35,757 in outstanding liabilities for sewer revenue obligations, bonds, and loans from debt payments made during the year in the Regional Wastewater Reclamation (RWR) enterprise fund.



- The current fiscal year's General Fund unassigned fund balance of $101,990 is a decrease of $6,835 (6.3%) from $108,825 in the prior fiscal year. The unassigned fund balance comprises 93.2% of the total fund balance of $109,398. Refer to the analysis of the General Fund provided on page 25 for additional details about the fund's financial activities during the year.



Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components: (1) Government-wide Statements, (2) Fund Statements, and (3) Notes to the Financial Statements. Required supplementary information is included in addition to the basic financial statements.

Government-wide financial statements are designed to provide readers with a broad overview of County finances in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how 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 result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation or sick leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) in contrast to other functions that are intended to recover all or a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, highways and streets, sanitation, health, welfare, culture and recreation, and education and economic opportunity. The business-type activities of the County include: Regional Wastewater Reclamation (RWR), Development Services, and the County's downtown parking garages.

The Southwestern Fair Commission is presented as a discretely presented component unit and is included in the basic financial statements. The Commission, which operates the County Fairgrounds and annual Pima County Fair, is a legally separate entity for which the County is financially accountable.

The government-wide financial statements can be found on pages 31-33.

Fund financial statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance with applicable state statutes and Federal Office of Management and Budget budgeting guidelines. All of the funds can be divided into three categories: (1) *governmental funds*, (2) *proprietary funds*, and (3) *fiduciary 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 expendable resources*, as well as on *balances of expendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County'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 County maintains sixteen individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Capital Projects, and Debt Service funds, which are reported as major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements.

The governmental fund financial statements can be found on pages 34-37. The combining statements for non-major governmental funds can be found on pages 102-105.

Proprietary funds are maintained in two ways. *Enterprise funds* are used to report the same functions presented as *business-type* activities in the government-wide financial statements. The County uses enterprise funds to account for sewer systems maintenance and operation, real estate-related development services, and parking garage operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for employee health and health related benefits, risk management, automotive fleet maintenance and operations, telecommunications, wireless, and information technology network infrastructure. Because these services predominantly benefit governmental rather than business-type functions, all of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of these services have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The RWR Enterprise Fund is considered to be a major fund of the County. Data from the other enterprise funds are combined into a single, aggregated presentation. Similarly, the County's internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the other enterprise and internal service funds are provided in the form of combining statements.

The proprietary fund financial statements can be found on pages 38-41. The combining statements for other enterprise and internal service funds can be found on pages 121-128.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs.

The fiduciary fund financial statements can be found on pages 42-43.

Notes to the 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 can be found on pages **44-94**.

Required Supplementary Information (RSI) is presented concerning the County's General Fund budgetary schedule and the schedule of the County's Proportionate Share of the Net Pension Liability for Cost Sharing Plans, the Schedule of Changes in the County's Net Pension Liability and Related Ratios for Agent Pension Plans, and the Schedule of County Pension Contributions. Required supplementary information can be found on pages **95-101.**

Combining Statements and Other Schedules referred to earlier provide information for non-major governmental, enterprise, internal service, and fiduciary funds and are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages **102-132.**

Government-Wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. An analysis of the results of operations is also useful. The schedule below identifies variances in the results of operations.

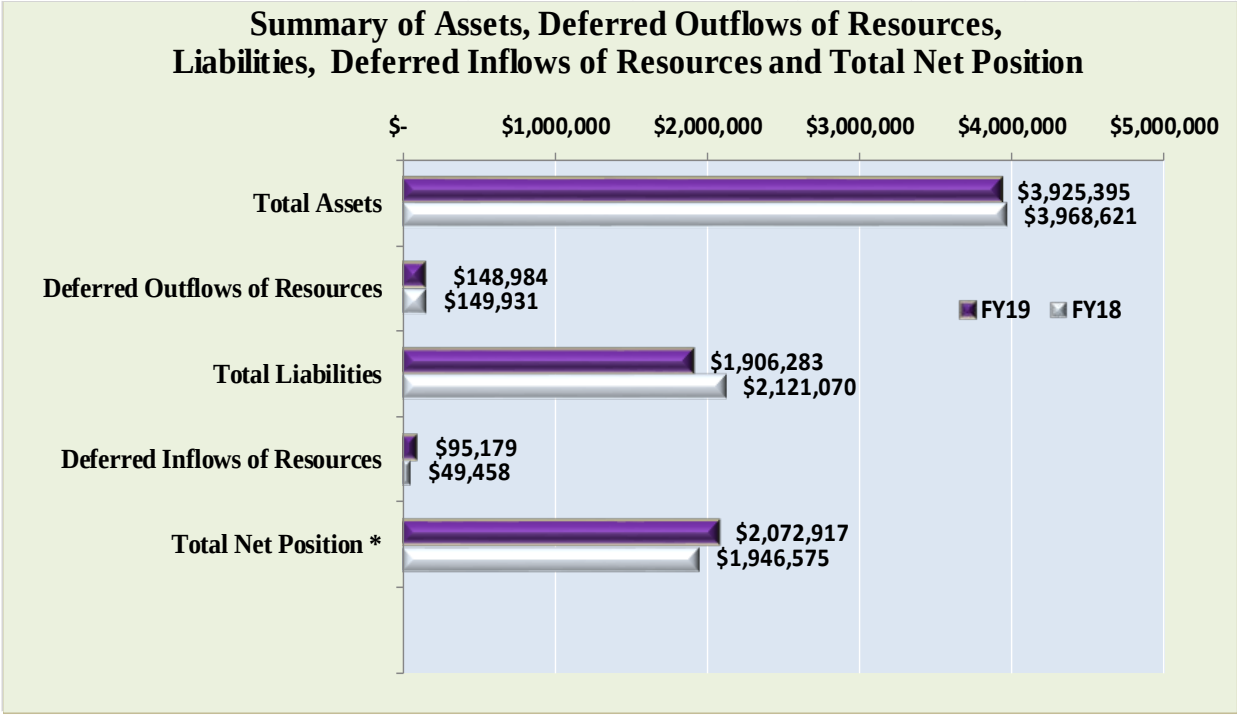
Schedule of Results of Operations and Net Position For the Years Ended June 30, 2019 and 2018

	2019	2018	Variance
Charges for services	$ 259,361	$ 254,803	$ 4,558
Operating grants and contributions	131,487	131,222	265
Capital grants and contributions	41,329	34,196	7,133
Total program revenues	432,177	420,221	11,956
Total general revenues and transfers	676,975	668,992	7,983
Total program and general revenues	1,109,152	1,089,213	19,939
Total expenses	982,810	1,021,044	(38,234)
Change in net position	$ 126,342	$ 68,169	$ 58,173

Total program revenues increased by $11,956, mainly due to a $7,133 increase in capital grants and contributions and a $4,558 increase in charges for services revenues. The increase in capital grants and contributions resulted from increases in contributions from developers to the County for road assets in the governmental activities, and sewage conveyance assets in the business-type activities. Total expenses decreased by $38,234, primarily due to decreases of $25,437 and $15,058 in general government and public safety expenses, respectively, within governmental activities. These variances in combination with the $7,983 increase in total general revenues and transfers resulted in a $58,173 increase in the change in net position, to $126,342.

An explanation of each of these changes is discussed further in the following governmental and business-type activities sections.

The graph presented below illustrates at a summary level the changes in the elements of the Statement of Net Position for the County at June 30, 2019, and June 30, 2018.



Net position for fiscal year 2018 was restated due to the provisions of GASB Statement No. 83

A general discussion of significant variances between fiscal years follows. For a more detailed discussion, please see the governmental activities and business-type activities sections immediately following this section.

The total of County assets at June 30, 2019, was $3,925,395, a decrease of $43,226 (1.1%) from the prior year, while total liabilities decreased significantly by $214,787 (10.1%) from the prior year, ending at a balance of $1,906,283. Deferred outflows of resources decreased slightly by $947 (0.6%), while deferred inflows of resources nearly doubled with an increase of $45,721 (92.4%) from the prior year, ending at a balance of $95,179.

The result of these changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources was an increase in net position of $126,342 (6.5%), to $2,072,917 in the current fiscal year, from the restated net position of $1,946,575 in the prior fiscal year.

The largest portion of the County's net position is reflected in its net investment in capital assets (i.e., land, buildings, infrastructure, and equipment) less any related outstanding debt used to acquire those assets. At June 30, 2019, net investment in capital assets totaled $2,235,459, an increase of $96,930 (4.5%) from the prior year, due to the increase of $65,354 (4.5%) for governmental activities and the increase of $31,576 (4.6%) in net investment in capital assets for business-type activities. The County uses a portion of these capital assets to provide services to its citizens, with the other portion available to its citizens for use; consequently, these assets are not available for future spending. Although the County's investment in 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.

Resources subject to external restrictions on how they may be used comprise the restricted net position of $217,901, which is a decrease of $65,640 (23.2%) from the prior year and represents approximately 10.5% of total net position.

The following schedule presents, on a comparative basis, both governmental activities and business-type activities within the Statement of Net Position.

Schedule of Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position
At June 30, 2019 and 2018

	Governmental Activities			Business-type Activities			Total		
	FY2019	FY2018	Variance	FY2019	FY2018	Variance	FY2019	FY2018	Variance
Current and other assets	$ 586,483	$ 621,056	$ (34,573)	$ 184,479	$ 195,914	$ (11,435)	$ 770,962	$ 816,970	$ (46,008)
Capital assets (net):									
Land, buildings, equipment, infrastructure & other assets	1,925,694	1,918,766	6,928	1,228,739	1,232,885	(4,146)	3,154,433	3,151,651	2,782
Total assets	2,512,177	2,539,822	(27,645)	1,413,218	1,428,799	(15,581)	3,925,395	3,968,621	(43,226)
Deferred outflows of resources									
Pension and OPEB	121,465	121,311	154	5,237	5,086	151	126,702	126,397	305
Deferred charges on refunding	5,703	8,003	(2,300)	12,071	15,531	(3,460)	17,774	23,534	(5,760)
Asset retirement obligations				4,508		4,508	4,508		4,508
Total deferred outflows of resources	127,168	129,314	(2,146)	21,816	20,617	1,199	148,984	149,931	(947)
Current and other liabilities	67,404	69,707	(2,303)	14,313	23,534	(9,221)	81,717	93,241	(11,524)
Long-term liabilities	1,249,593	1,410,156	(160,563)	574,973	617,673	(42,700)	1,824,566	2,027,829	(203,263)
Total liabilities	1,316,997	1,479,863	(162,866)	589,286	641,207	(51,921)	1,906,283	2,121,070	(214,787)
Deferred inflows of resources									
Pension and OPEB	89,827	45,863	43,964	5,352	3,595	1,757	95,179	49,458	45,721
Total deferred inflows of resources	89,827	45,863	43,964	5,352	3,595	1,757	95,179	49,458	45,721
Net position:									
Net investment in capital assets	1,517,465	1,452,111	65,354	717,994	686,418	31,576	2,235,459	2,138,529	96,930
Restricted	150,534	221,652	(71,118)	67,367	61,889	5,478	217,901	283,541	(65,640)
Unrestricted (deficit)	(435,478)	(530,353)	94,875	55,035	56,307	(1,272)	(380,443)	(474,046)	93,603
Total net position	$ 1,232,521	$ 1,143,410	$ 89,111	$ 840,396	$ 804,614	$ 35,782	$2,072,917	$1,948,024	$ 124,893

Analysis of Net Position for Governmental Activities

The current and other assets total of $586,483 in the current fiscal year is a decrease of $34,573 (5.6%) under the prior year total of $621,056. This decrease is primarily due to an overall decrease of $23,248 in the cash and cash equivalents mainly from the $25,047 decrease in the Capital Projects Fund from increased spending of bond and COPs proceeds and a $13,256 decrease in Other Governmental Funds primarily from the spending down of the prior year's property tax revenues in the Transportation Fund. These decreases are partially offset by increases in cash and cash equivalents of $8,571 in the Other Internal Service Fund within the Internal Service Funds, and $4,508 in the Other Special Revenue Fund within the Other Governmental Funds. The increases in these funds are the result of additional transfers in from other County funds compared to the prior fiscal year for future information technology hardware and software purchases in the Other Internal Service Fund and future repairs and maintenance on County buildings in the Other Special Revenue Fund.

Total liabilities decreased $162,866 (11.0%) to $1,316,997 due to a $160,563 decrease in long-term liabilities resulting from a $76,084 decrease in pension and OPEB liabilities and a net decrease of $82,410 in outstanding bonds and COPs. The Arizona State Retirement System and the Elected Official Retirement Plan had the most significant decreases in pension liabilities with decreases of $40,199 and $25,983, respectively. As previously discussed, the decreases in these liabilities are the result of increased contribution rates paid by the County to these retirement plans

or its employees and favorable changes in the assumptions used by actuaries to calculate the estimated future liabilities. The decreases in outstanding debt associated with general obligation bonds, transportation revenue bonds, and COPs are the result of current year payments on these debts combined with new debts being issued for lesser dollar amounts compared to the prior year.

The increase of $43,964 (95.9%) in deferred inflows of resources is due to the deferred inflows in pensions and OPEB. This variance in deferred inflows is due to the increased contributions made to the retirement plans and changes in assumptions in actuarial estimates related to the net pension liabilities mentioned above.

These changes resulted in an overall increase of $89,111 (7.8%) in the current year's governmental activities total net position to $1,232,521.

Analysis of Net Position for Business-type Activities

Total assets of $1,413,218 in the current fiscal year decreased by $15,581 (1.1%) from the prior year total of $1,428,799, resulting from a $11,435 (5.8%) decrease in current and other assets and a $4,146 (0.3%) decrease in capital assets. The decrease in current and other assets is primarily from an $11,469 decrease in the current portion of cash and cash equivalents in RWR due to the cash in-substance defeasance of $11,860 of outstanding bonds and obligations in the current year. The decrease in capital assets is the result of increased accumulated depreciation due to the amount of depreciation expense recognized for existing assets in the current year, partially offset by an increase in sewage and conveyance assets in the RWR fund which moved out of the construction in progress classification as projects were completed in the current year.

Total liabilities decreased $51,921 (8.1%) in the current year to $641,207, primarily due to a net decrease of $35,200 in outstanding bonds, obligations, and loan in the RWR fund and a $5,691 decrease resulting from changes in actuarial estimates related to the net pension liability for the Arizona State Retirement System plan to which the County contributes for its employees within the business-type activities.

Total deferred outflows of resources in the current year totaled $21,816, increased slightly by $1,199 (5.8%) due to the implementation of GASB Statement No. 83, *Certain Asset Retirement Obligations*, which resulted in a deferred outflow in the current year of $4,508. This was partially offset by a decrease of $3,460 in the deferred outflows for deferred charges on refunding that are the result of debt refundings completed in prior years.

The changes in total assets, liabilities, deferred outflows and deferred inflows of resources resulted in a total net position of $840,396, an increase of $35,782 (4.4%).

Governmental Activities

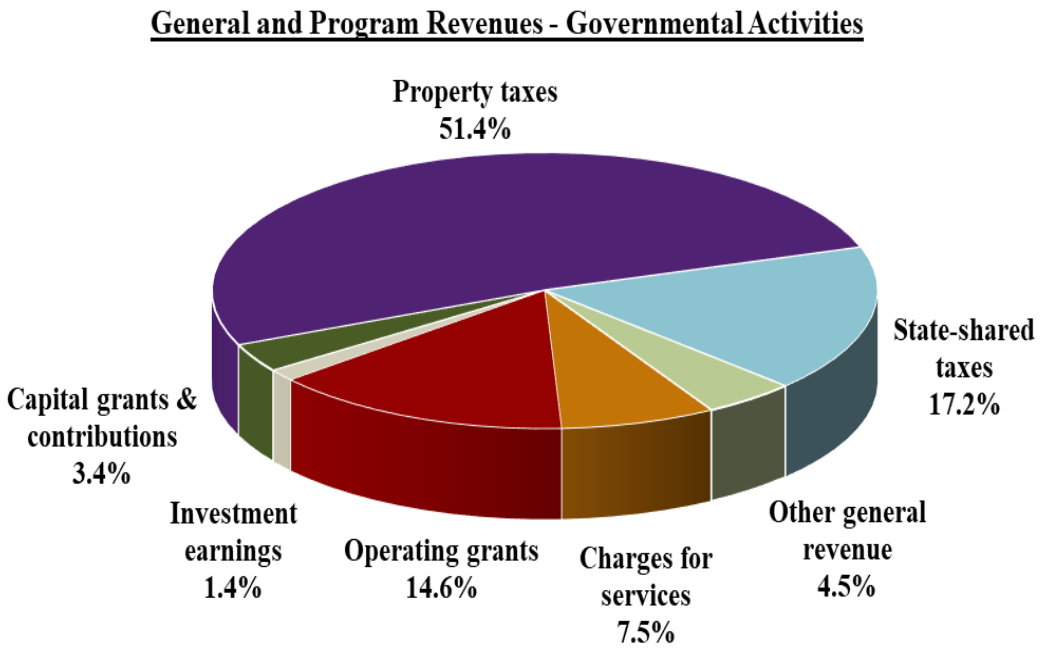
The following table shows details of the changes in net position for governmental activities:

Governmental Activities Schedule of Revenues, Expenses, and Changes in Net Position For the Years Ended June 30, 2019 and 2018				
			Variance	
	FY2019	FY2018	Amount	Percent
Program revenues:				
Charges for services	$ 67,779	$ 67,380	$ 399	0.6%
Operating grants and contributions	131,487	131,222	265	0.2%
Capital grants and contributions	30,361	26,842	3,519	13.1%
Total program revenues	229,627	225,444	4,183	1.9%
General revenues:				
Property taxes	463,547	476,365	(12,818)	-2.7%
State-shared taxes	155,281	147,635	7,646	5.2%
Investment earnings	12,328	5,549	6,779	122.2%
Other general revenues	40,557	36,452	4,105	11.3%
Total general revenues	671,713	666,001	5,712	0.9%
Total revenues	901,340	891,445	9,895	1.1%
Expenses:				
General government	254,241	279,678	(25,437)	-9.1%
Public safety	199,402	214,460	(15,058)	-7.0%
Highways and streets	111,826	110,159	1,667	1.5%
Sanitation	2,798	2,683	115	4.3%
Health	39,658	38,186	1,472	3.9%
Welfare	95,737	94,567	1,170	1.2%
Culture and recreation	62,513	65,827	(3,314)	-5.0%
Education and economic opportunity	42,810	43,492	(682)	-1.6%
Amortization	(6,551)	(7,806)	1,255	-16.1%
Interest on long-term debt	21,650	23,049	(1,399)	-6.1%
Total expenses	824,084	864,295	(40,211)	-4.7%
Excess before transfers	77,256	27,150	50,106	184.6%
Transfers in	11,855	25,393	(13,538)	-53.3%
Change in net position	89,111	52,543	36,568	69.6%
Beginning net position	1,143,410	1,090,867	52,543	4.8%
Ending net position	$ 1,232,521	$ 1,143,410	$ 89,111	7.8%

Revenues

Total revenues of $901,340 increased $9,895 (1.1%) from the prior year, primarily due to an increase of $5,712 in total general revenues from increased State-shared tax revenues and increased investment earnings from better market returns on investments compared to the prior year. These increases are complemented by a $3,519 increase in program revenues primarily from additional capital grants and contributions received from developers as previously discussed.

The chart below presents general and program revenues, as a percentage to total revenues. The amount provided from each revenue source for governmental activities, as a percentage to total revenue for governmental activities, has not changed significantly from the prior fiscal year. Property taxes, state-shared taxes, and operating grants account for approximately 83.2% of the County's revenues.



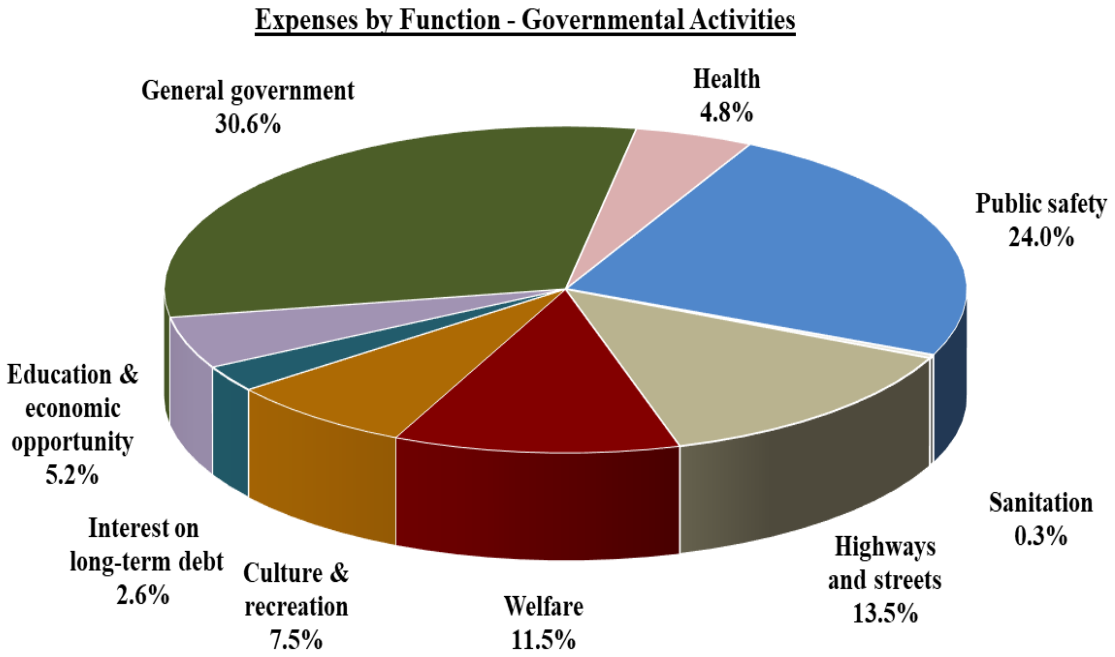
Expenses

Total expenses decreased $40,211 (4.7%) from the prior year, primarily due to decreases of $25,437 (9.1%) in general government expenses and $15,058 (7.0%) in public safety expenses. These decreases are due to the significant reduction in the net pension long-term liabilities discussed previously. The reduction in these liabilities due to increased contributions to the retirement plans and favorable changes in actuarial assumptions used to estimate future liabilities resulted in a $59,650 decrease in pension expenses within general government and a $23,281 decrease in pension expenses within public safety.

The decreases within general government are partially offset by a decrease in the capitalization of general government assets compared to the prior year, resulting in an increase of expenses totaling $27,118 and an increase of $9,140 from the Elections and Recorder departments to fund the cost of the FY19 Primary and General elections.

The decreases within public safety are partially offset by a decrease in the capitalization of public safety assets compared to the prior year, resulting in an increase of expenses totaling $4,198 and increases in salaries and purchases of law enforcement supplies in the Sheriff's department totaling $2,739.

The following chart presents expenses by function as a percentage to total expenses, excluding amortizations. The amount of each expense by function as a percentage to total expenses, excluding amortizations, has not changed significantly from the prior fiscal year. General government and public safety account for over half of the County's total expenses with a total of 54.6%.



Business-type Activities

Business-type activities, which are composed exclusively of enterprise funds, are intended to recover all or a significant portion of their costs through user fees and charges. The following schedule shows changes in the net position for business-type activities.

Business-type Activities
Schedule of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2019 and 2018

			Variance	
	FY2019	FY2018	Amount	Percent
Program revenues:				
Charges for services	$ 191,582	$ 187,423	$ 4,159	2.2%
Capital grants and contributions	10,968	7,354	3,614	49.1%
Total program revenues	202,550	194,777	7,773	4.0%
General revenues:				
Investment earnings	4,224	2,228	1,996	89.6%
Other general revenues	1,038	763	275	36.0%
Total general revenues	5,262	2,991	2,271	75.9%
Total revenues	207,812	197,768	10,044	5.1%
Expenses:				
Regional Wastewater Reclamation	149,576	148,405	1,171	0.8%
Development Services	6,187	5,523	664	12.0%
Parking Garages	2,963	2,821	142	5.0%
Total expenses	158,726	156,749	1,977	1.3%
Excess before transfers	49,086	41,019	8,067	19.7%
Transfers out	(11,855)	(25,393)	13,538	-53.3%
Change in net position	37,231	15,626	21,605	138.3%
Beginning net position, as restated*	803,165	788,988	14,177	1.8%
Ending net position	$ 840,396	$ 804,614	$ 35,782	4.4%

**Beginning net position as restated July 1, 2018, due to the provisions of GASB Statement No. 83*

Revenues

Total revenues for business-type activities increased $10,044 (5.1%), due to the increase of $2,997 (1.8%) in charges for services in the RWR Fund, resulting from an increase in sewer users as a result of new housing developments and an increase of $3,614 (49.1%) in capital grants and contributions of sewer conveyance assets constructed by developers and accepted by the County in the RWR Fund for continuous maintenance and operations.

Expenses

Total expenses for the business-type activities remained relatively flat with an increase of $1,977 (1.3%), primarily due to an increase of $1,171 (0.8%) in the RWR Fund. The net amount of transfers decreased by $13,538 (53.3%), primarily due to an increase of $19,433 of transfers into the RWR Fund from the Capital Projects Fund.

Financial Analysis of the County's Funds

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and generally accepted accounting principles (GAAP).

Governmental Funds

The County's general government functions are accounted for in the General, Capital Projects, Debt Service, and Special Revenue funds. Included in these funds are special districts governed by the Board of Supervisors (i.e. Flood Control, Library, Stadium, Improvement, and Rocking K South Community Facilities Districts) acting as the Board of Directors for each district. The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Major Governmental Funds

General Fund

The General Fund is the chief operating fund of the County.

Property tax revenues for the General Fund increased $1,805 (0.5%), reflecting the net impact of higher property valuations and a lower property tax rate. Intergovernmental revenues increased $15,996 (10.1%), primarily due to increases in the State-shared sales tax and State-shared vehicle license tax associated with a continued gradual recovery in the local economy. Charges for services decreased $2,215 (5.4%), mostly from a decrease in administration overhead charges recovered from other County funds because of lower central administrative support costs. Overall, revenues for the General Fund increased by $15,502 (2.8%) and totaled $570,312 for the current year.

General fund expenditures totaled $517,017, an increase of $15,343 (3.1%) from the prior year, primarily due to:

- An increase of $9,140 in general government expenditures from the Elections and Recorder departments to fund the cost of the FY19 Primary and General elections, the Juvenile Court and Superior Court adult probation funding, and a 2.5% general salary increase for all employees and an additional 1% salary increase for employees earning $50,000 or less in FY19.

- An increase of $2,739 in public safety expenditures primarily due to purchases of new law enforcement equipment, supplies, and salary increases as a result of Sheriff department salary decompression adjustments.

- An increase of $1,313 in welfare expenditures from the Behavioral Health department for adult and juvenile correctional health care.

Transfers out totaled $59,580, an increase of $13,496 (29.3%) over the prior year, primarily from the $7,220 transfer out to the Other Internal Service Fund related to the IT – Computer Hardware, Software, and Storage Internal Service Fund and the $4,623 transfer out to the Capital Projects Fund related to the Northwest County Service Center, Defense Services Building – Juvenile Courts and Gap Housing and Service Building.

The $15,502 increase in revenues, the $15,343 increase in expenditures, and a total net increase of $15,709 in other financing uses yielded a decrease of $15,550 in net change in fund balance, which ended the year at $109,398.

Budget and Actual Comparison for the General Fund

Overall, actual revenues were higher than budgeted revenues by $15,801, primarily due to the higher than budgeted State-shared tax revenue collections mentioned above and actual expenditures were less than budgeted expenditures by $68,318. Actual expenditures for the General Fund were less than budgeted, primarily because the County did not need to spend $46,745 of the amount budgeted for contingencies within General government – County Administration.

No variances between the budget and actual amounts at the departmental level were significant enough to affect the County's ability to provide future services.

Capital Projects Fund

The County's Capital Projects Fund is used to account for financial resources that are restricted or assigned for capital outlays to acquire or construct capital assets.

Total revenues of $24,482 for the Capital Projects Fund represent an increase of $4,715 (23.9%) from the prior year, primarily due to an increase in Intergovernmental revenues from the Regional Transit Authority for the Valencia Road project and the Pima Association of Governments for the Cortaro Farms Road project.

Total capital outlay expenditures of $118,275 in the current year is an increase of $39,905 (50.9%) over the prior year, primarily due to a $32,584 increase in highways and streets expenditures for the Transportation department. This is the result of the spending down of the one-time Transportation property tax revenues collected in the prior year for road improvements.

The Capital Projects Fund's other financing sources of $45,940 represents the current year's issuance of $25,000 of Transportation Revenue Bonds Series 2019 to finance a variety of transportation projects and the issuance of $20,940 of Certificates of Participation (COPs) Series 2019 primarily to finance the costs to expand and improve the sports fields and facilities at the County's Kino Sports Complex.

Transfers out totaled $29,934, an increase of $29,363 from the prior year, mainly due to the increase of $19,498 in COPs funding transferred to the RWR fund in the current year for improvements to the sewer conveyance system.

Transfers in totaled $46,954, an increase of $11,891 (33.9%) over the prior year's total of $35,063. The increase is primarily due to a $7,465 increase of transfers in from the Transportation Fund for pavement preservation projects and a $4,623 increase of transfers in from the General Fund for various County facility projects.

The above detailed financial activities yielded a decrease of $27,040 in the Capital Projects Fund's net change in fund balance, which ended the year at $119,341.

Debt Service Fund

This major fund accounts for the accumulation of resources for the payment of principal and interest of long-term debt.

Revenues for the Debt Service Fund increased $1,704 (3.0%), primarily as a result of higher property valuations, despite the secondary property tax rate decrease of $0.01 compared to the prior year.

Expenditures for the Debt Service Fund increased by $30,777 (26.3%) primarily due to an increase in principal and interest payments on two COPs issuances in the prior year that did not have any payments due in that year. As a result, current year principal payments toward outstanding liabilities for COPs increased by $29,270 compared to the prior year.

Premiums on bonds and COPs increased to $6,709, consisting of $2,832 and $3,877 from the issuance of Transportation revenue bonds (HURF) Series 2019 and COPS Series 2019, respectively. Only $3,149 of this total pertained to the Debt Service Fund, while the remaining $3,560 pertained to the Capital Projects Fund.

The $1,704 increase in revenues, $30,777 increase in expenditures, and $29,037 increase in other financing sources yielded an increase in fund balance of $1,841, which ended the year at $6,845.

Major Proprietary Fund

The County's Regional Wastewater Reclamation Enterprise (RWR) Fund is a major enterprise fund.

Significant changes in the Fund's net position during the fiscal year include an increase in the sewer utility service and sewer connection revenues of $3,992, an increase in non-operating interest income of $1,907, an increase in transfers in of $19,498, and a beginning net position restatement of $1,449 for the implementation of GASB Statement No. 83, *Certain Asset Retirement Obligations*.

The increase in the sewer utility service and sewer connection revenues is largely attributable to a growing population and a strong housing market including the construction of many new housing developments. The continued strong financial markets contribute to the higher investment earnings received during the year.

The increase in transfers in is due to the usage of the remaining proceeds of the Certificates of Participation Series 2018B in the Capital Projects Fund, which are transferred into the RWR fund to pay for the ongoing sewage conveyance projects currently under construction.

The beginning net position decreased by $1,449 as a result of the restatement and net position increased by $36,584 in the current fiscal year, resulting in a total net position of $818,964 at fiscal year-end.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets consists of land, buildings and improvements, sewage conveyance systems, infrastructure, equipment, and construction in progress.

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

Governmental and Business-type Activities
Capital Assets
As of June 30, 2019 and 2018

	Governmental Activities			Business-type Activities			Total		
	FY2019	FY2018	Variance	FY2019	FY2018	Variance	FY2019	FY2018	Variance
Land	$ 549,193	$ 537,388	$ 11,805	$ 15,978	$ 15,472	$ 506	$ 565,171	$ 552,860	$ 12,311
Construction in progress	65,289	42,895	22,394	47,540	74,158	(26,618)	112,829	117,053	(4,224)
Buildings and improvements	591,126	597,429	(6,303)	526,424	551,802	(25,378)	1,117,550	1,149,231	(31,681)
Infrastructure	618,993	635,594	(16,601)				618,993	635,594	(16,601)
Sewage conveyance systems				552,458	505,220	47,238	552,458	505,220	47,238
Equipment	101,093	105,460	(4,367)	86,339	86,233	106	187,432	191,693	(4,261)
Total	**$ 1,925,694**	**$ 1,918,766**	**$ 6,928**	**$ 1,228,739**	**$ 1,232,885**	**$ (4,146)**	**$ 3,154,433**	**$ 3,151,651**	**$ 2,782**

The County's capital assets total is $3,154,433 in the current year, a decrease of approximately 0.1% or $2,782 from the prior year's total of $3,151,651. Significant changes in capital assets of Governmental Activities and Business-type Activities are discussed in further detail in the following sections.

Governmental Activities

The current year's total assets of $1,925,694 is a net increase of $6,928 from the prior year. The $22,394 increase in construction in progress is primarily due to an increase of $17,942 for the large Kino Sports Complex expansion project. The $16,601 decrease in infrastructure is primarily due to normal depreciation expense in the current year and contributions of road assets to other governments.

Some of the more significant projects capitalized in the fiscal year include:

- The restoration and renovations project for the Historic Courthouse project totaling $9,831,071.
- The Aerospace Parkway expansion from Nogales Highway to Raytheon Parkway project totaling $9,123.
- The collector and arterial roadways improvements project totaling $8,315.
- The Flowing Wells Library expansion project totaling $3,213.

Business-type Activities

Capital assets of business-type activities decreased by $4,146 (0.3%), due to decreases of $26,618 (35.9%) in construction in progress and $25,378 (4.6%) in buildings and improvements, partially offset by an increase of $47,238 (9.3%) in sewage conveyance systems, resulting from the factors detailed below.

Capital assets for the RWR fund decreased by $3,343 (0.3%) compared to the prior year, mainly due to decreases of $26,618 (35.9%) in construction in progress and $24,802 (4.6%) in buildings and improvements, partially offset by a $47,238 increase in sewage conveyance systems. The decrease in construction in progress is the result of more sewage conveyance system projects being completed in the current year compared to the prior year, which also lead to the increase previously mentioned in sewage and conveyance systems. The decrease in buildings and improvements is due to normal depreciation expense in the current year.

Additional information regarding capital assets activity can be found in Note 5 of the financial statements, Capital Assets, on pages **58-59**.

Long-term Debt

Significant, comparative long-term debt entered into during the last two fiscal years is presented below:

Long-Term Debt Issued Within Fiscal Year
For the Years Ended June 30, 2019 and 2018

	2019	2018
Transportation Revenue Bonds	$ 25,000	$ 11,000
Sewer System Revenue Obligations	21,245	38,205
Certificates of Participation (COPs)	20,940	62,660
Installment note payable	170	
Total	**$ 67,355**	**$ 111,865**

During the year, the County issued Transportation Revenue Bonds Series 2019 for $25,000 to finance various street and highway improvements.

The County also issued Sewer Revenue Obligations Series 2019 for $21,245 to expand and improve the County's sewer treatment facilities and conveyance systems.

In addition, the County issued Certificates of Participation (COPs) Series 2019 for $20,940 to finance the expansion and improvements of sports fields and facilities at the County's Kino Sports Complex.

Further, the County's Clerk of the Superior Court acquired computer equipment during the fiscal year under an installment contract for a total purchase price of $170.

The most recent ratings for Pima County's bonds, COPs, and obligations are:

Credit Ratings				
	Standard & Poor's		Fitch Ratings	
	Rating	Date	Rating	Date
General Obligation Bonds	AA	March-2019	AAA	March-2019
Certificates of Participation (COPs)	AA-	March-2019	AA	March-2019
Transportation Revenue Bonds	AA	March-2019	AA	March-2019
Sewer System Revenue Obligations	AA	March-2019	AA-	March-2019

Pima County's efforts in maintaining a strong budget reserve over the past several years has contributed, in part, to the County earning a General Obligation Bond Rating of AAA from Fitch Ratings, a national bond ratings company that rates Pima County debt issuances. The AA ratings for the Certificates of Participation (COPs), Transportation Revenue bonds, and Sewer Revenue obligations also reflect the County's ability to maintain a sound financial profile.

The State of Arizona Constitution limits the amount of general obligation debt a governmental entity may issue to 6.0% of its net assessed valuation without voter approval. However, Pima County has voter approval for general obligation debt up to 15.0%. The County's outstanding general obligation bonds amount of $227,335 at the end of the current fiscal year is significantly below the current debt limitation of $1,354,525.

Additional information regarding the County's debt can be found in Note 7 of the financial statements, Long-term Liabilities, on pages **62-70**.

Economic Factors and Next Year's Budget

The current fiscal year 2019-20 budget is based largely on the County's response to a set of unique challenges from a variety of outside sources. Primary among these is the decision by the Arizona Legislature to balance the State Budget by continuing to transfer $88 million of fiscal year 2019-20 state costs to Pima County. These additional costs imposed by the state continue to cause significant uncertainties in the development of the County budget and impact all of Pima County's existing service priorities and programs, including law enforcement, healthcare and economic development. Recognizing this, the budget that was adopted by the Board of Supervisors for fiscal year 2019-20 is primarily a "maintenance of effort" budget, which will sustain the County's existing service priorities. The following discussion identifies other significant activities that are expected to impact the County in fiscal year 2019-20.

State Budget Cost Shifts

In attempts to balance the State Budget, the Governor and Legislature continue to transfer significant amounts of state costs to the 15 counties throughout the state. The total of these cost transfers to Pima County is $88 million for fiscal year 2019-20, or nearly 25% of Pima County's primary property tax levy.

Property Taxes

The fiscal year 2019-20 Adopted Budget includes a $0.0700 decrease in the County's regular primary property tax rate for General Government Revenues, a $0.0200 increase in the County Library District's secondary property tax rate, and no change in either the Regional Flood Control District secondary property tax rate or the County Debt Service secondary property tax rate from the fiscal year 2018-19 rates. The total property tax rate for Pima County (excluding the State mandated Fire District Assistance Tax) decreased from $5.6084 to $5.5584 per $100 of net taxable value, a net decrease of $0.0500.

State Shared Revenues

State shared sales tax revenue is projected to increase by $4.975 million in fiscal year 2019-20. This increase reflects a gradual recovery in the local economy and continued statewide economic growth.

Employee Benefits Costs

Over the years, Pima County has continued to change and upgrade its benefits package for employees. Over time, the cost to provide these benefits has steadily increased. As a comparison, the actual cost to the County for employee benefits in fiscal year 2003-04 totaled $65 million whereas the budgeted benefit costs in fiscal year 2019-20 totals over $161 million; resulting in an increase that is more than double the fiscal year 2003-04 amount. A significant portion of this increase is due to higher cost of Arizona State, Public Safety and other retirement system contributions, plus other benefit costs. Fiscal Year 2019-20 aggregate benefits will increase by $12.8 million over fiscal year 2018-19. The County will have to absorb these increases in the face of other budgetary challenges.

Employee Medical Insurance Benefits Costs

Prior to fiscal year 2013-14, Pima County purchased medical insurance for its employees from an independent provider. Over the five years prior to fiscal year 2013-14, the County's employee medical insurance premiums increased by an average of 15 to 20 percent yearly. In order to control the rate of increase of employee medical insurance costs, the County moved to a self-insured medical plan run by a third-party administrator starting in fiscal year 2013-14. Under this new model, year-to-year medical insurance costs have increased in the range of 5 to 7 percent annually. For fiscal year 2019-20 both employer and employee medical premium costs will not increase from fiscal year 2018-19 rates. It is anticipated that the rate of medical cost increases will continue the trend of being better controlled in future fiscal years.

Rainy Day Funds

Maintaining a budget reserve has given the County a favorable bond rating, which in turn has yielded substantial savings from lower interest payments on County debt. The reserve has also enabled the County to minimize the negative fiscal impacts of a variety of unforeseen events over which the County has had little or no control. The General Fund Reserve for fiscal year 2019-20 totals $41.9 million. This reserve represents 7.2% of projected revenues for fiscal year 2019-20. The reserve is in the middle of the range of reserves recommended by the Government Finance Officers Association. If this reserve is not spent, it will represent the base ending fund balance for fiscal year 2019-20.

Requests for Information

This financial report is designed to provide a general overview of the County's finances. Any questions concerning the information provided in this report or requests for additional financial information should be addressed to the Finance and Risk Management Department, 130 W. Congress, 6th Floor, Tucson, AZ, 85701.

PIMA COUNTY

BASIC FINANCIAL STATEMENTS

Exhibit A-1

PIMA COUNTY, ARIZONA
Statement of Net Position
June 30, 2019
(in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit SW Fair Commission
Assets				
Cash and cash equivalents	$ 501,347	$ 74,818	$ 576,165	$ 1,144
Property taxes receivable (net)	10,907		10,907	
Interest receivable	681	221	902	
Internal balances	(17)	17		
Due from other governments	40,565	11	40,576	
Accounts receivable (net)	7,107	18,663	25,770	8
Inventories	2,280	3,018	5,298	35
Prepaids	15,527	504	16,031	75
Restricted assets:				
Cash and cash equivalents	1,119	87,133	88,252	1,002
Loans receivable	3,665		3,665	
Net other postemployment benefits asset	3,302	94	3,396	
Capital assets not being depreciated:				
Land	549,193	15,978	565,171	
Construction in progress	65,289	47,540	112,829	
Capital assets being depreciated (net):				
Buildings and improvements	591,126	526,424	1,117,550	5,725
Sewage conveyance system		552,458	552,458	
Equipment	101,093	86,339	187,432	452
Infrastructure	618,993		618,993	
Total assets	2,512,177	1,413,218	3,925,395	8,441
Deferred outflows of resources				
Pension and other postemployment benefits	121,465	5,237	126,702	
Deferred charge on debt refunding	5,703	12,071	17,774	
Asset retirement obligations		4,508	4,508	
Total deferred outflows of resources	127,168	21,816	148,984	
Liabilities				
Accounts payable	49,323	12,916	62,239	153
Interest payable	10		10	
Contract retentions	2,061		2,061	
Employee compensation	9,040	650	9,690	
Due to other governments	235	98	333	
Deposits and rebates	1,305		1,305	83
Unearned revenue	5,430	649	6,079	54
Noncurrent liabilities:				
Due within one year	129,139	60,368	189,507	
Due in more than one year	1,120,454	514,605	1,635,059	175
Total liabilities	1,316,997	589,286	1,906,283	465
Deferred inflows of resources				
Pension and other postemployment benefits	89,827	5,352	95,179	
Total deferred inflows of resources	89,827	5,352	95,179	
Net Position				
Net investment in capital assets	1,517,465	717,994	2,235,459	6,177
Restricted for:				
Facilities, justice, library, community development, and tax stabilization	63,103		63,103	
Highways and streets	13,337		13,337	
Debt service		41,762	41,762	
Capital projects	34,549	6,447	40,996	
Regional wastewater		19,158	19,158	
Healthcare	39,545		39,545	
Unrestricted (deficit)	(435,478)	55,035	(380,443)	1,799
Total net position	$ 1,232,521	$ 840,396	$ 2,072,917	$ 7,976

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2019
(in thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 254,241	$ 26,789	$ 23,328	$ 5
Public safety	199,402	13,975	5,650	1,071
Highways and streets	111,826	7,908	66,461	28,153
Sanitation	2,798		1,281	
Health	39,658	14,576	10,764	110
Welfare	95,737	252		
Culture and recreation	62,513	3,702	740	941
Education and economic opportunity	42,810	577	23,263	81
Amortization - unallocated	(6,551)			
Interest on long-term debt	21,650			
Total governmental activities	824,084	67,779	131,487	30,361
Business-type activities:				
Regional Wastewater Reclamation	149,576	180,118		10,968
Development Services	6,187	8,859		
Parking Garages	2,963	2,605		
Total business-type activities	158,726	191,582		10,968
Total primary government	$ 982,810	$ 259,361	$ 131,487	$ 41,329
Component unit:				
Southwestern Fair Commission	7,380	7,091	119	
Total component unit	$ 7,380	$ 7,091	$ 119	

General revenues:
Property taxes, levied for general purposes
Property taxes, levied for regional flood control district
Property taxes, levied for library district
Property taxes, levied for debt service
Property taxes, levied for improvement and other districts
Hotel/motel taxes, levied for sports facility and tourism
Other taxes, levied for stadium district
Unrestricted share of state sales tax
Unrestricted share of state vehicle license tax
Grants and contributions not restricted to specific programs
Interest and penalties on delinquent taxes
Investment earnings
Miscellaneous
Transfers
Total general revenues and transfers
Change in net position
Net position at beginning of year, as restated
Net position at end of year

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental Activities	Business-type Activities	Total	Component Unit SW Fair Commission	Functions/Programs
				Primary government:
				Governmental activities:
$ (204,119)		$ (204,119)		General government
(178,706)		(178,706)		Public safety
(9,304)		(9,304)		Highways and streets
(1,517)		(1,517)		Sanitation
(14,208)		(14,208)		Health
(95,485)		(95,485)		Welfare
(57,130)		(57,130)		Culture and recreation
(18,889)		(18,889)		Education and economic opportunity
6,551		6,551		Amortization - unallocated
(21,650)		(21,650)		Interest on long-term debt
(594,457)		(594,457)		**Total governmental activities**
				Business-type activities:
	$ 41,510	41,510		Regional Wastewater Reclamation
	2,672	2,672		Development Services
	(358)	(358)		Parking Garages
	43,824	43,824		**Total business-type activities**
(594,457)	43,824	(550,633)		**Total primary government**
				Component unit:
			$ (170)	Southwestern Fair Commission
			$ (170)	**Total component unit**
				General revenues:
338,049		338,049		Property taxes, levied for general purposes
25,165		25,165		Property taxes, levied for regional flood control district
42,788		42,788		Property taxes, levied for library district
57,295		57,295		Property taxes, levied for debt service
250		250		Property taxes, levied for improvement & other districts
7,192		7,192		Hotel/motel taxes, levied for sports facility and tourism
1,544		1,544		Other taxes, levied for stadium district
124,999		124,999		Unrestricted share of state sales tax
30,282		30,282		Unrestricted share of state vehicle license tax
4,877		4,877		Grants and contributions not restricted to specific programs
5,624		5,624		Interest and penalties on delinquent taxes
12,328	4,224	16,552	21	Investment earnings
21,320	1,038	22,358	189	Miscellaneous
11,855	(11,855)			Transfers
683,568	(6,593)	676,975	210	Total general revenues and transfers
89,111	37,231	126,342	40	Change in net position
1,143,410	803,165	1,946,575	7,936	Net position at beginning of year, as restated
$ 1,232,521	$ 840,396	$ 2,072,917	$ 7,976	Net position at end of year

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Balance Sheet - Governmental Funds
June 30, 2019
(in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 106,940	$ 133,548	$ 6,394	$ 96,488	$ 343,370
Property taxes receivable (net)	7,955		1,345	1,607	10,907
Interest receivable	200	96	136	167	599
Due from other funds	4,041			778	4,819
Due from other governments	22,272	1,537		16,750	40,559
Accounts receivable	1,931	108		4,121	6,160
Interfund receivable	3,100				3,100
Inventory				1,405	1,405
Prepaid expenditures	4,787			1,090	5,877
Loan receivable	1,221	813		1,631	3,665
Restricted cash and cash equivalents		1,074		45	1,119
Total assets	$ 152,447	$ 137,176	$ 7,875	$ 124,082	$ 421,580
Liabilities, deferred inflows of resources and fund balances					
Liabilities					
Accounts payable	$ 17,457	$ 13,441		$ 12,010	$ 42,908
Interest payable				10	10
Contract retentions		2,004			2,004
Employee compensation	6,626			2,061	8,687
Due to other funds	617	20		4,199	4,836
Due to other governments	17			185	202
Deposits and rebates	225	1,074		6	1,305
Interfund payable				3,100	3,100
Unearned revenue	437	28		4,964	5,429
Total liabilities	25,379	16,567		26,535	68,481
Deferred inflows of resources					
Unavailable revenue - intergovernmental	9,930	392		6,299	16,621
Unavailable revenue - property taxes	6,097		$ 1,030	1,252	8,379
Unavailable revenue - other	1,643	876		875	3,394
Total deferred inflows of resources	17,670	1,268	1,030	8,426	28,394
Total liabilities and deferred inflows of resources	43,049	17,835	1,030	34,961	96,875
Fund balances					
Nonspendable	7,287			2,540	9,827
Restricted		78,107		77,122	155,229
Committed				3,993	3,993
Assigned	121	41,234	6,845	10,578	58,778
Unassigned	101,990			(5,112)	96,878
Total fund balances	109,398	119,341	6,845	89,121	324,705
Total liabilities, deferred inflows of resources and fund balances	$ 152,447	$ 137,176	$ 7,875	$ 124,082	$ 421,580

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2019
(in thousands)

Fund balances - total governmental funds		$ 324,705
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	$ 3,122,243	
Less accumulated depreciation	(1,251,262)	1,870,981
Some liabilities, such as pension and other postemployment benefits (OPEB) liabilities and bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable	(333,488)	
Certificates of participation payable	(124,567)	
Notes and leases payable	(724)	
Pollution remediation	(55)	
Landfill closure liability	(10,111)	
Net pension/OPEB liability	(696,694)	
Compensated absences liability	(32,906)	(1,198,545)
Net OPEB assets held in trust for future benefits are not available resources for county operations and, therefore, are not reported in the funds.		
Net OPEB asset		3,272
Deferred outflows and inflows of resources related to pensions/OPEB and deferred charges on debt refunding are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred outflows of resources related to pensions/OPEB	119,443	
Deferred inflows of resources related to pensions/OPEB	(88,100)	
Deferred outflows for bond refunding	5,703	37,046
Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		28,394
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position.		166,668
Net position of governmental activities		$ 1,232,521

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019
(in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 343,841		$ 57,304	$ 68,460	$ 469,605
Licenses and permits	3,263			6,998	10,261
Intergovernmental	173,772	$ 14,736	16	138,154	326,678
Charges for services	39,099	6,358		15,714	61,171
Fines and forfeits	3,281			3,723	7,004
Investment earnings	1,788	3,079	873	1,824	7,564
Miscellaneous	5,268	309	5	15,398	20,980
Total revenues	570,312	24,482	58,198	250,271	903,263
Expenditures:					
Current:					
General government	232,484			36,907	269,391
Public safety	149,571			23,624	173,195
Highways and streets				39,953	39,953
Sanitation	1,289			1,116	2,405
Health	4,492			38,417	42,909
Welfare	95,907				95,907
Culture and recreation	18,610			45,393	64,003
Education and economic opportunity	13,666			28,679	42,345
Capital outlay		118,275			118,275
Debt Service - principal	944		128,350	618	129,912
- interest	54		18,674	2	18,730
- miscellaneous			620		620
Total expenditures	517,017	118,275	147,644	214,709	997,645
Excess (deficiency) of revenues over (under) expenditures	53,295	(93,793)	(89,446)	35,562	(94,382)
Other financing sources (uses):					
Installment note				170	170
Premium on bonds		3,560	3,149		6,709
Face amount of long-term debt issued		45,940			45,940
Proceeds from sale of capital assets	8	233		1,435	1,676
Transfers in	2,183	46,954	88,138	32,269	169,544
Transfers (out)	(59,580)	(29,934)		(72,944)	(162,458)
Total other financing sources (uses)	(57,389)	66,753	91,287	(39,070)	61,581
Net change in fund balances	(4,094)	(27,040)	1,841	(3,508)	(32,801)
Fund balances at beginning of year	113,492	146,381	5,004	92,629	357,506
Fund balances at end of year	$ 109,398	$ 119,341	$ 6,845	$ 89,121	$ 324,705

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 6

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019
(in thousands)

Net change in fund balances - total governmental funds		$	(32,801)
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.			
Expenditures for capital assets	$ 75,184		
Less current year depreciation	(77,642)		(2,458)
Debt proceeds provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of the principal of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Face amount of long-term debt issued	(45,940)		
Premium on bonds	(6,709)		
Installment note	(170)		
Debt service - principal payments	129,912		
Amortization of premiums/discounts	6,551		
Amortization of deferred charge on refunding	(2,300)		81,344
Some revenues reported in the Statement of Activities do not represent the collection of current financial resources and therefore are not reported as revenues in the governmental funds. Also, the collection of some revenues in the governmental funds exceeded revenues reported in the Statement of Activities.			
Donations of capital assets	13,937		
Intergovernmental	(4,630)		
Property tax revenues	(434)		
Other	150		9,023
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.			
Change in compensated absences	(131)		
Change in landfill liability	(133)		
Change in pollution remediation liability	181		
Net book value of capital asset disposals	(6,505)		(6,588)
County pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension/OPEB liability is measured a year before the County's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB is reported in the Statement of Activities.			
Pension/OPEB contributions	58,603		
Pension/OPEB expense	(25,000)		33,603
Internal service funds are used by management to charge the costs of certain activities to individual funds. The incorporation of the external activities of these funds, and the elimination of profit/loss generated by primary government customers results in net revenue (expense) for governmental activities.			6,988
Change in net position of governmental activities		$	89,111

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Net Position - Proprietary Funds
June 30, 2019
(in thousands)

	Business-type Activities Enterprise Funds			
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Assets				
Current assets:				
Cash and cash equivalents	$ 66,723	$ 8,095	$ 74,818	$ 157,977
Restricted cash and cash equivalents	31,226		31,226	
Interest receivable	208	13	221	82
Due from other funds		32	32	
Due from other governments	7	4	11	6
Accounts receivable	18,509	154	18,663	947
Inventory	3,018		3,018	875
Prepaid expense	492	12	504	9,650
Total current assets	120,183	8,310	128,493	169,537
Noncurrent assets:				
Restricted cash and cash equivalents	55,907		55,907	
Net other postemployment benefits asset	81	13	94	30
Capital assets:				
Land	14,210	1,768	15,978	449
Buildings and improvements	744,826	27,608	772,434	23,235
Sewage conveyance system	902,237		902,237	
Equipment	163,917	2,152	166,069	68,733
Less accumulated depreciation	(662,843)	(12,676)	(675,519)	(37,712)
Construction in progress	47,540		47,540	8
Total capital assets (net)	1,209,887	18,852	1,228,739	54,713
Total noncurrent assets	1,265,875	18,865	1,284,740	54,743
Total assets	1,386,058	27,175	1,413,233	224,280
Deferred outflows of resources				
Pension/OPEB	4,542	695	5,237	2,022
Deferred charge on refunding	12,071		12,071	
Asset retirement obligations	4,508		4,508	
Total deferred outflows of resources	21,121	695	21,816	2,022
Liabilities				
Current liabilities:				
Accounts payable	12,558	358	12,916	6,415
Contracts retention				57
Employee compensation	564	86	650	353
Due to other funds	15		15	
Due to other governments	12	86	98	33
Unearned revenue	648	1	649	1
Current compensated absences	1,873	287	2,160	608
Current sewer revenue bonds and obligations payable	57,637		57,637	
Current portion of wastewater loans payable	571		571	
Current portion reported but unpaid losses				3,945
Current portion incurred but not reported losses				6,769
Total current liabilities	73,878	818	74,696	18,181
Noncurrent liabilities:				
Compensated absences payable	657	143	800	225
Contracts and notes payable	887		887	
Sewer revenue bonds and obligations payable	468,394		468,394	
Wastewater loans payable	2,427		2,427	
Reported but unpaid losses				14,288
Incurred but not reported losses				13,607
Net pension/OPEB liability	31,170	4,768	35,938	11,606
Asset retirement obligations	6,159		6,159	
Total noncurrent liabilities	509,694	4,911	514,605	39,726
Total liabilities	583,572	5,729	589,301	57,907
Deferred inflows of resources				
Pension/OPEB	4,643	709	5,352	1,727
Total deferred inflows of resources	4,643	709	5,352	1,727
Net position				
Net investment in capital assets	699,142	18,852	717,994	54,713
Restricted for:				
Debt service	41,762		41,762	
Capital projects	6,447		6,447	
Healthcare				30,785
Regional wastewater reclamation	19,158		19,158	
Unrestricted	52,455	2,580	55,035	81,170
Total net position	$ 818,964	$ 21,432	$ 840,396	$ 166,668

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2019
(in thousands)

	Business-type Activities Enterprise Funds			
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Operating revenues:				
Charges for services	$ 165,417	$ 11,464	$ 176,881	$ 121,210
Other	1,010	28	1,038	4,530
Total operating revenues	166,427	11,492	177,919	125,740
Operating expenses:				
Employee compensation	26,154	4,208	30,362	13,801
Operating supplies and services	7,387	122	7,509	13,632
Utilities	6,505		6,505	
Sludge and refuse disposal	1,731		1,731	
Repair and maintenance	7,653	242	7,895	3,228
Incurred losses				62,748
Insurance premiums				10,154
General and administrative	14,490	3,431	17,921	11,182
Consultants and professional services	12,169	343	12,512	6,693
Depreciation	55,576	799	56,375	6,775
Total operating expenses	131,665	9,145	140,810	128,213
Operating income (loss)	34,762	2,347	37,109	(2,473)
Nonoperating revenues (expenses):				
Investment earnings	4,014	210	4,224	4,726
Sewer connection fees	14,701		14,701	
Interest expense	(16,599)		(16,599)	
Debt issuance cost	(325)		(325)	
Loss on disposal of capital assets	(722)	(5)	(727)	(39)
Loss on debt defeasance	(265)		(265)	
Total nonoperating revenues	804	205	1,009	4,687
Income before contributions and transfers	35,566	2,552	38,118	2,214
Capital contributions	10,968		10,968	5
Transfers in	19,512		19,512	7,863
Transfers (out)	(29,462)	(1,905)	(31,367)	(3,094)
Change in net position	36,584	647	37,231	6,988
Net position at beginning of year, as restated	782,380	20,785	803,165	159,680
Net position at end of year	$ 818,964	$ 21,432	$ 840,396	$ 166,668

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2019
(in thousands)

	Business-Type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	
Cash flows from operating activities:				
Cash received from other funds for goods and services provided				$ 121,210
Cash received from customers for goods and services provided	$ 164,166	$ 11,470	$ 175,636	
Cash received from miscellaneous operations	1,010		1,010	3,968
Cash payments to suppliers for goods and services	(38,819)	(1,931)	(40,750)	(39,027)
Cash payments to other funds for goods and services	(14,494)	(2,216)	(16,710)	(5,884)
Cash payments for incurred losses				(63,696)
Cash payments to employees for services	(29,914)	(4,693)	(34,607)	(12,321)
Net cash provided by operating activities	81,949	2,630	84,579	4,250
Cash flows from noncapital financing activities:				
Cash transfers in from other funds	19,433		19,433	7,788
Cash transfers out to other funds	(29,387)	(1,905)	(31,292)	(3,118)
Loans with other funds	(95)	(9)	(104)	(4)
Net cash provided by (used for) noncapital financing activities	(10,049)	(1,914)	(11,963)	4,666
Cash flows from capital and related financing activities:				
Principal paid on bonds and loans	(57,002)		(57,002)	
Interest paid on bonds and loans	(24,533)		(24,533)	
Proceeds from issuance of sewer revenue obligations, including premium	24,974		24,974	
Sewer connection fees	14,698		14,698	
Proceeds from sale of capital assets	25		25	371
Purchase and construction of capital assets	(47,898)	(1)	(47,899)	(9,081)
Loss on debt defeasance	(265)		(265)	
Net cash used for capital and related financing activities	(90,001)	(1)	(90,002)	(8,710)
Cash flows from investing activities:				
Interest received on cash and investments	4,015	209	4,224	4,722
Net cash provided by investing activities	4,015	209	4,224	4,722
Net increase (decrease) in cash and cash equivalents	(14,086)	924	(13,162)	4,928
Cash and cash equivalents at beginning of year	167,942	7,171	175,113	153,049
Cash and cash equivalents at end of year	$ 153,856	$ 8,095	$ 161,951	$ 157,977

(continued)

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2019
(in thousands)

(continued)

Reconciliation of operating income (loss) to net cash provided by operating activities	Business-Type Activities Enterprise Funds: Regional Wastewater Reclamation	Business-Type Activities Enterprise Funds: Other Enterprise Funds	Business-Type Activities Enterprise Funds: Total Enterprise Funds	Governmental Activities- Internal Service Funds
Operating income (loss)	$ 34,762	$ 2,347	$ 37,109	$ (2,473)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	55,576	799	56,375	6,775
Changes in assets and deferred outflows of resources:				
Decrease (increase) in assets:				
Accounts receivable	(1,247)	(13)	(1,260)	(563)
Due from other governments	(4)	(4)	(8)	
Inventory and other assets	(327)		(327)	61
Prepaid expense	(77)	(3)	(80)	1,043
Net OPEB asset	46	6	52	14
Increase (decrease) in deferred outflows of resources:				
Pension/OPEB plans	(129)	(22)	(151)	1,475
Asset retirement obligations	67		67	
Changes in liabilities and deferred inflows of resources:				
Increase (decrease) in liabilities:				
Accounts payable	502	(40)	462	(1,157)
Due to other governments	(3,678)	34	(3,644)	33
Reported but unpaid losses				(3,544)
Incurred but not reported losses				2,596
Net Pension/OPEB liability	(4,956)	(735)	(5,691)	(823)
Asset retirement obligations	135		135	
Other liabilities	(244)	27	(217)	159
Increase in deferred inflows of resources:				
Pension/OPEB plans	1,523	234	1,757	654
Net cash provided by operating activities	$ 81,949	$ 2,630	$ 84,579	$ 4,250

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2019:

Regional Wastewater Reclamation Enterprise Fund received developer-built conveyance systems with an estimated fair value of $10,879. The Fund also received donated land property with an estimated value of $88. These contributions were recorded as an increase in capital assets and capital contributions.

Regional Wastewater Reclamation Enterprise Fund disposed of capital assets with a net book value of $747.

Regional Wastewater Reclamation Enterprise Fund received a transfer of capital asset with a net book value of $79 from Internal Service Funds, and transferred out a capital asset with a net book value of $75 to Internal Service Funds.

Regional Wastewater Reclamation Enterprise Fund retired expired Connection Flow-Through Sewer Credit Agreements totaling $1. This transaction was recorded as a decrease to unearned revenue and an increase in capital contributions.

Other Enterprise Funds donated a fully depreciated capital asset with an original cost of $18.

Other Enterprise Funds disposed of capital assets with a net book value of $4.

Internal Service Funds sold capital assets with a net book value of $303.

Internal Service Funds disposed of capital assets with a net book value of $101 and transferred out to General Government capital assets with a net book value of $6.

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2019
(in thousands)

	Investment Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	$ 183,619	$ 73,560
Interest receivable	164	
Due from other governments		1,124
Total assets	183,783	74,684
Liabilities		
Employee compensation		1,969
Due to other governments		55,362
Deposits and rebates		17,353
Total liabilities		$ 74,684
Net position		
Held in trust for pool participants	$ 183,783	

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2019
(in thousands)

	Investment Trust Funds
Additions	
Contributions from participants	$ 2,001,232
Total contributions	2,001,232
Investment earnings	5,445
Total investment earnings	5,445
Total additions	2,006,677
Deductions	
Distributions to participants	1,995,325
Total deductions	1,995,325
Change in net position	11,352
Net position held in trust July 1, 2018	172,431
Net position held in trust June 30, 2019	$ 183,783

See accompanying notes to financial statements

Note 1: Summary of Significant Accounting Policies

Pima County's accounting policies conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

For the year ended June 30, 2019, the County implemented the provisions of GASB Statement No. 83, *Certain Asset Retirement Obligations*, that addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The County also implemented the provisions of GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which requires that additional essential information related to debt be disclosed in notes to the financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. In addition, the County early implemented the provisions of GASB Statement No. 89, *Accounting for Interest Incurred Before the End of a Construction Period*, that establishes accounting requirements for interest incurred before the end of the construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of the construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

A. Reporting Entity

The County is a general purpose local government that is governed by a separately elected board of supervisors. The accompanying financial statements present the activities of the County (the primary government) and its component units.

Component units are legally separate entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are so intertwined with the County that they are in substance part of the County's operations. Therefore, data from these units is combined with data of the County. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County. Each blended and discretely presented component unit discussed below has a June 30 year-end.

The following describes the County's component units:

The Pima County Stadium District, a legally separate entity, was created in 1991 when the Board of Supervisors adopted a resolution to create the Stadium District to manage Kino Sports Complex. The District is a tax-levying, public improvement district and political taxing subdivision of the state of Arizona. The Stadium District, in conjunction with Pima County government, maintains the fiscal resources of the entire complex including facilities, grounds, personnel and the various services provided at the venue. Kino Sports Complex, which covers 155 acres, is the largest professional sports and entertainment venue of its kind in Pima County. The facility hosts youth athletics, amateur and professional sports, concerts and community events on its fields. The County Board of Supervisors serves as the Board of Directors and has operational responsibility for the District. Acting in the capacity of the Board of Directors, the Pima County Board of Supervisors is able to impose its will on the District. The Board of Directors levies the car rental surcharge rates and the recreation vehicle (RV) park tax for the District. The District is reported as a special revenue fund (blended component unit) in these financial statements. Complete financial statements for the District can be obtained from the Pima County Department of Finance and Risk Management located at 130 West Congress Street, Tucson, Arizona 85701.

Note 1: Summary of Significant Accounting Policies (continued)

The Pima County Library District was established in 1986 when legislation allowed full taxing authority and the ability to enter into agreements with other jurisdictions for the provision of library services. The Library District provides and maintains library services for the County's residents. The Pima County Board of Supervisors is the Board of Directors and has operational responsibility for the District. The Library District is reported as a special revenue fund (blended component unit) in these financial statements. Separate financial statements for the District are not available.

The Pima County Regional Flood Control District was established in 1978. The District is responsible for floodplain management activities for the unincorporated areas of Pima County (except national forests, parks, monuments and Native American Nations), the City of South Tucson, and the Town of Sahuarita. The Pima County Board of Supervisors is the Board of Directors and has operational responsibility for the Flood Control District. The Regional Flood Control District is reported as a special revenue fund (blended component unit) in these financial statements. Separate financial statements for the District are not available.

The Pima County Improvement & Other Districts (formerly the Pima County Street Lighting Districts) operate and maintain street lighting for specific regions in areas outside local city jurisdictions and maintenance for the Hayhook Ranch road improvements. The Pima County Board of Supervisors serves as the Board of Directors and has operational responsibility for the Districts. The Pima County Improvement & Other Districts are reported as a special revenue fund in these financial statements and meet substantively the same criteria as blended component units. Separate financial statements for the Pima County Improvement & Other Districts are not available.

The Rocking K South Community Facilities District is a legally separate entity that is utilized to finance the design and construction of arterial and collector roadways, public sewer transmission mains, public regional parks and any other public infrastructure required for the planned Rocking K South community. The Pima County Board of Supervisors serves as its Board of Directors and has operational responsibility for the District. The Rocking K South Community Facilities District is reported as a special revenue fund (blended component unit) in these financial statements. Separate financial statements for the District are not available.

The Southwestern Fair Commission, Inc. (SFC) is a nonprofit corporation which manages and maintains the fairgrounds owned by the County and conducts annual fair and other events at the fairgrounds. The Commission's members are appointed and can be removed at any time by the Pima County Board of Supervisors. Based on these factors, and because SFC does not provide services entirely, or almost entirely to the County, but rather to the general citizenry, SFC is reported as a separate component unit (discrete presentation) in these financial statements. Complete financial statements for SFC can be obtained from the Pima County Department of Finance and Risk Management located at 130 West Congress Street, Tucson, Arizona 85701.

Related Organization

The Industrial Authority of Pima County (Authority) is a legally separate entity that was created to promote economic development and the development of affordable housing. The Authority fulfills its function through the issuance of tax-exempt bonds. The County Board of Supervisors appoints the Authority's Board of Directors. The Authority's operations are completely separate from the County and the County is not financially accountable for the Authority. Therefore, the financial activities of the Authority have not been included in the accompanying financial statements.

Note 1: Summary of Significant Accounting Policies (continued)

B. Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the County as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information's usefulness.

Government-wide statements - Provide information about the primary government (the County) and its component units. The statements include a statement of net position and a statement of activities. These statements report the overall government's financial activities except for fiduciary activities. The statements also distinguish between the governmental and business-type activities of the County and between the County and its discretely presented component units. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County does not allocate indirect expenses to programs or functions. Program revenues include:

- charges to customers or applicants for goods, services, or privileges provided;
- operating grants and contributions; and
- capital grants and contributions, including special assessments.

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes the County levies or imposes, are reported as general revenues.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double-counting of internal activities. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

Fund financial statements - Provide information about the County's funds, including fiduciary funds and blended component units. Separate statements are presented for the governmental, proprietary, and fiduciary fund categories. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Fiduciary funds are aggregated and reported by fund type.

Proprietary fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from transactions associated with the fund's principal activity. Accordingly, revenues, such as user charges, in which each party receives and gives up essentially equal values, are operating revenues. Other revenues result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues such as connection fees, intergovernmental revenues, along with investment earnings and revenues ancillary activities generate. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund revenues are primarily from property taxes and intergovernmental revenues.

Note 1: Summary of Significant Accounting Policies (continued)

The *Capital Projects Fund* accounts for financial resources to be used for the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. Capital Projects Fund revenues and other financing sources are primarily from intergovernmental, face amount of long-term debt and transfers in.

The *Debt Service Fund* accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Revenues and other financing sources are primarily from property taxes, proceeds from refunding debt, and transfers in.

The County reports the following major enterprise fund:

Regional Wastewater Reclamation (RWR) Fund accounts for the management and operation of wastewater treatment and water pollution control programs. Revenues are primarily from charges for services and connection fees.

The County also reports the following fund types:

Internal Service Funds account for fleet maintenance and operation, insurance, and telecommunications services provided to the County's departments or to other governments on a cost-reimbursement basis.

Investment Trust Funds account for pooled assets and individual investment accounts the County Treasurer holds and invests on behalf of other governmental entities.

Agency Funds account for assets the County holds as an agent for the State, cities, towns, and other parties.

C. Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The agency funds are custodial in nature and do not have a measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Under the terms of grant agreements, the County funds certain programs by a combination of grants and general revenues. Therefore, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. The County applies grant resources to such programs before using general revenues.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. The County recognizes property taxes to be available if collected within 30 days. In addition, other taxes that are reported as intergovernmental revenues, i.e. state shared sales tax, highway user revenues and vehicle license tax, recreational vehicle taxes, car rental surcharges, and hotel excise taxes are also recognized if collected within 30 days. Grant funded intergovernmental revenues are considered available if collected within 60 days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, pension/OPEB, landfill closure and post-closure care costs, pollution remediation obligations, and asset retirement obligations, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

Note 1: Summary of Significant Accounting Policies (continued)

D. Cash and Investments

For the statement of cash flows, the County's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the County Treasurer, investments in the State Treasurer's Local Government Investment Pool, and only those highly liquid investments with a maturity of 3 months or less when purchased. All investments are stated at fair value.

E. Inventories and Prepaids

Inventories in the government-wide and proprietary funds' financial statements are recorded as assets when purchased and expensed when consumed.

The County accounts for its inventories in the Wireless Integrated Network Fund using the purchase method. Inventories of the Wireless Integrated Network Fund consist of spare parts for the fixed network equipment held for consumption and are recorded as expenditures at the time of purchase. These inventories are stated at cost using the average cost method.

Inventories of the Transportation Fund are recorded as assets when purchased and expensed when used. They are valued at lower of cost or market, cost being determined using the moving average method.

Inventories of RWR, an enterprise fund, are valued at lower of cost or market, cost being determined using the moving average method.

Inventories of Internal Service Funds are valued at lower of cost or market, cost being determined using the moving average method.

Prepaid expenses/expenditures are accounted for using the consumption method, except for the School Reserve Fund reported as an Other Governmental Fund, which uses the purchase method.

F. Property Tax Calendar

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

G. Capital Assets

Capital assets are reported at actual cost or estimated historical cost if historical records are not available. Donated assets are reported at acquisition value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets are as follows:

Note 1: Summary of Significant Accounting Policies (continued)

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	All	N/A	N/A
Land improvements			
(Reported in buildings and improvements)	All	Straight Line	20 - 30 Years
Buildings and improvements	$100	Straight Line	10 - 50 Years
Equipment	$5	Straight Line	4 - 25 Years
Infrastructure/Sewer conveyance systems	$100	Straight Line	10 - 50 Years
Intangible (Reported in land and infrastructure)	$100	Straight Line	Varies
Software (Reported in equipment)	$5,000	Straight Line	Varies

Discretely presented component unit:

The Southwestern Fair Commission, Inc. capital assets are reported at actual cost. Depreciation is calculated using the straight-line method over the assets' estimated useful life, which range from 3 to 40 years.

H. Deferred Outflows and Inflows of Resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods.

I. Postemployment benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

J. Fund Balance Classifications

The governmental funds' fund balances are reported separately within classifications based on a hierarchy of the constraints placed on those resources' use. 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, and unrestricted, which includes 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. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations that the County's Board of Supervisors, the highest level of decision-making authority within the County, approved by formal action (ordinance).

Note 1: Summary of Significant Accounting Policies (continued)

Only the Board can remove or change the constraints placed on committed fund balances. This approval must be given at a regular supervisory meeting by taking the same type of action it employed to previously commit those amounts.

Assigned fund balances are resources constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Supervisors has authorized the County Administrator to make assignments of resources for a specific purpose. Modifications or rescissions of the constraints can also be removed by the same action that limited the funds.

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.

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the County's policy to use restricted fund balance first. For the disbursement of unrestricted fund balances, the County will use committed amounts first, followed by assigned amounts, and lastly unassigned amounts.

K. Investment Earnings

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

L. Compensated Absences

Compensated absences payable consist of annual leave and a calculated amount of sick leave earned by employees based on services already rendered.

Employees may accumulate up to 240 hours of annual leave depending upon years of service. If an employee has accumulated annual leave in excess of 240 hours by their anniversary date, the excess hours are converted to sick leave. Upon termination of employment, all unused annual leave benefits are paid to employees. Accordingly, annual leave benefits are accrued as a liability in the government-wide and proprietary funds' financial statements. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal year-end.

Employees may accumulate up to 1,920 hours of sick leave. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but most employees forfeit them upon terminating employment. However, employees who have accumulated greater than 240 hours of sick leave and are eligible to retire will receive some benefits. Employees who are eligible to retire from County service into the Arizona State Retirement System, Public Safety Personnel Retirement System, or Corrections Officer Retirement Plan may request sick leave to be converted to annual leave on a predetermined conversion basis. An estimate of those retirement payouts is accrued as a liability in the government-wide and proprietary funds' financial statements. A liability for these amounts is reported in the governmental funds' financial statements under Employee Compensation only if they have matured, for example, as a result of employee resignations and retirements by fiscal year-end.

Note 2: Change in Accounting Principle

Net position as of July 1, 2018, has been restated as follows due to the implementation of GASB Statement No. 83, *Certain Asset Retirement Obligations.* See Note 1 and Note 7 for further information.

	Major Enterprise Fund	Business-type Activities
Net position as previously reported at June 30, 2018	$ 783,829	$ 804,614
Prior period adjustment		
Asset retirement obligations	(6,024)	(6,024)
Deferred outflows - Asset retirement obligations	4,575	4,575
Total prior period adjustment	(1,449)	(1,449)
Net position as restated, July 1, 2018	$ 782,380	$ 803,165

Note 3: Cash and Investments

Primary Government

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds, notes, and other evidences of indebtedness; interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; specified commercial paper issued by corporations organized and doing business in the United States; specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars; and certain open-end and closed-end mutual funds, including exchange traded funds. In addition, the County Treasurer may invest trust funds in certain fixed income securities of corporations doing business in the United States or District of Columbia.

Credit risk—The State statutes have the following requirements for credit risk:

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.

2. Specified bonds, debentures, notes and other evidence of indebtedness that are denominated in United States dollars must be rated "A" or better by at least two nationally recognized rating agencies at the time of purchase.

3. Fixed income securities must carry one of the two highest ratings by Moody's Investors Service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk—Statutes require a pooled collateral program for public deposits and a Statewide Collateral Pool Administrator (Administrator) in the State Treasurer's Office. The purpose of the pooled collateral program is to ensure that governmental entities' public deposits placed in participating depositories are secured with collateral of 102 percent of the public deposits, less any applicable deposit insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository's compliance with the program.

Concentration of credit risk—Statutes do not include any requirements for concentration of credit risk.

Interest rate risk—Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years. Investments in repurchase agreements must have a maximum maturity of 180 days.

Foreign currency risk—Statutes do not allow foreign investments unless the investment is denominated in United States dollars.

Deposits—At June 30, 2019, the carrying amount of the County's deposits was $67,323, and the bank balance was $96,301.

Note 3: Cash and Investments (continued)

Custodial credit risk—Custodial credit risk is the risk that the County will not be able to recover its deposits if a financial institution fails. The County does not have a formal policy with respect to custodial credit risk. As of June 30, 2019, $1,933 of County's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments—At June 30, 2019, the County's investments consisted of $378,773 invested in marketable securities and $475,460 invested in the State Treasurer's Investment Pool. Cash from the County and from externally legally separate governments are pooled to purchase the investments in marketable securities and the State Treasurer's Pool. The State Board of Investment provides oversight for the State Treasurer's pools. The fair value of a participant's position in the pool approximates the value of that participant's pool shares and the participant's shares are not identified with specific investments.

Credit risk—Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The County does not have a formal investment policy with respect to credit risk.

At June 30, 2019, credit risk for the County's investments was as follows:

			Standard & Poor's/Moody's Rating			
Investment Type	**Fair Value**	**Not Rated**	**AAA/Aaa**	**AA/Aa**	**A/A**	**BBB/Baa**
Corporate bonds	$ 141,051			$ 27,307	$ 108,748	$ 4,996
Federal agency securities	201,815		$ 5,021	196,794		
Money market mutual fund	35,907		35,907			
State Treasurer's Pool 5	180,667		180,667			
State Treasurer's Pool 500	178,065	$ 178,065				
State Treasurer's Pool 7	116,728	116,728				
Total	$ 854,233	$ 294,793	$ 221,595	$ 224,101	$ 108,748	$ 4,996

Custodial credit risk—For an investment, custodial risk is the risk that, in the event of the counterparty's failure, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no formal policy with respect to custodial credit risk. Of the County's $854,233 of investments, $342,866, consisting of the corporate bonds, Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association, is uninsured and held by a counterparty in the County's name in book entry form.

Note 3: Cash and Investments (continued)

Concentration of credit risk—The County has no formal policy with respect to limiting the amount the Treasurer may invest in any one issuer. The County had investments at June 30, 2019 of 5% or more in Federal Home Loan Bank and Federal Home Loan Mortgage Corporation. These investments were 10% and 8%, respectively, of the County's total investments.

Interest rate risk—Interest rate risk is the risk that changes in interest rates will adversely affect an investment's fair value. The County does not have a formal investment policy with respect to interest rate risk.

As of June 30, 2019, the County had the following investments:

Investment Type	Amount	Weighted Average Maturity (Years)
State Treasurer Investment Pool 5	$ 180,667	0.09
State Treasurer Investment Pool 500	178,065	2.51
State Treasurer Investment Pool 7	116,728	0.08
Corporate bonds	141,051	1.48
Federal Farm Credit Bank	32,303	1.28
Federal Home Loan Bank	84,227	1.65
Federal Home Loan Mortgage Corporation	70,805	3.25
Federal National Mortgage Association	14,480	0.68
Money market mutual fund	35,907	0.08
	$ 854,233	

A reconciliation of cash, deposits, and investments to amounts shown on the Statements of Net Position follows:

	Cash on Hand	Amounts of Deposits	Amounts of Investments	Total
Cash, deposits and investments:	$ 40	$ 67,323	$ 854,233	$ 921,596

	Governmental Activities	Business-Type Activities	Investment Trust Funds	Agency Funds	Totals
Statement of Net Position					
Cash and cash equivalents	$ 501,347	$ 74,818	$ 183,619	$ 73,560	$ 833,344
Restricted cash and cash equivalents	1,119	87,133			88,252
Total	$ 502,466	$ 161,951	$ 183,619	$ 73,560	$ 921,596

Note 3: Cash and Investments (continued)

County Treasurer's Investment Pool—Arizona Revised Statutes require community colleges, school districts, and other local governments to deposit certain public monies with the County Treasurer. The County Treasurer has a fiduciary responsibility to administer those and the County monies under her stewardship. The County Treasurer invests, on a pool basis, all monies not specifically invested for a fund or program. In addition, the County Treasurer determines the fair value of those pooled investments annually at June 30. The County Treasurer's Investment Pool is not registered with the Securities and Exchange Commission as an investment company and there is no regulatory oversight of its operations. The structure of the Pool does not provide for shares and the County has not provided or obtained any legally binding guarantees to support the value of the participants' investments. The County Treasurer allocates interest earnings to each of the Pool's participants. Substantially, all deposits and investments of the County's primary government are included in the County Treasurer's investment pool. Therefore, the deposit and investment risks of the Treasurer's investment pool are substantially the same as the County's deposit and investment risks disclosed above.

The Pool's assets consist of the following:

	Principal	Interest Rates	Maturities	Fair Value
Corporate bonds	$ 143,743	1.38-5.65%	08/19-06/23	$ 141,051
Federal Farm Credit Bank	27,000	1.50-3.00%	12/19-10/21	32,303
Federal Home Loan Bank	73,510	0.88-4.13%	08/19-11/22	84,227
Federal Home Loan Mortgage Corporation	93,510	1.40-3.08%	08/20-06/24	70,805
Federal National Mortgage Association	14,496	1.00-1.95%	10/19-11/20	14,480
State Treasurer Investment Pool 5	121,598	N/A	N/A	121,598
Deposits	43,285	N/A	N/A	42,858
Interest receivable	164	N/A	N/A	164
Total assets				$ 507,486

Statement of Net Position	
Assets held in trust for:	
Internal participants	$ 451,938
External participants	55,548
Total assets	507,486
Total liabilities	
Total net position held in trust	$ 507,486

Statement of Changes in Net Position	
Total additions	$ 5,429,751
Total deductions	(5,462,139)
Net increase	(32,388)
Net position held in trust:	
July 1, 2018	539,874
June 30, 2019	$ 507,486

Note 3: Cash and Investments (continued)

Fair Value Measurement—The County's investments at June 30, 2019, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

		Fair value measurement using	
Investment by fair value level	**Amount**	**Quoted prices in active markets for identical assets (Level 1)**	**Quoted prices in active markets for similar assets (Level 2)**
Corporate bonds	$ 141,051	$ 136,027	$ 5,024
Federal Farm Credit Bank	32,303	12,159	20,144
Federal Home Loan Bank	84,227	12,028	72,199
Federal Home Loan Mortgage Corporation	70,805		70,805
Federal National Mortgage Association	14,480	4,991	9,489
Money market mutual fund	35,907	35,907	
Total investments by fair value level	$ 378,773	$ 201,112	$ 177,661

The investments categorized as Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments.

The investments categorized as Level 2 of the fair value hierarchy are valued using prices quoted for those investments in markets that are not active.

The County also had investments of $475,460 in the State Treasurer's investment pools measured at fair value. Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the County held. The fair value of a participant's position in the pools approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's investment pools.

Note 4: Fund Balance Classification of the Governmental Funds

The table below details the fund balance categories and classifications:

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total
Fund Balance:					
Nonspendable:					
Inventory				$ 1,405	$ 1,405
Prepaid expenditures	$ 4,787			1,090	5,877
Interfund receivable	2,500				2,500
Permanent fund principal				45	45
Total nonspendable	7,287			2,540	9,827
Restricted for:					
Community and economic development		$ 1,467		1,515	2,982
Flood Control District		7,490		10,929	18,419
Health				8,089	8,089
Judicial activities				19,790	19,790
Law enforcement		365		5,143	5,508
Library District		4,898		15,218	20,116
Municipal facilities		411			411
Parks and recreation		367		344	711
Pima animal care		1,263		1,769	3,032
Sanitation		75		1,910	1,985
School reserve				254	254
Streets and highways		60,300		11,478	71,778
Other purposes		1,471		683	2,154
Total restricted		78,107		77,122	155,229
Committed to:					
Parks and recreation				3,700	3,700
School reserve				293	293
Total committed				3,993	3,993
Assigned to:					
Community and economic development		255		1,182	1,437
Debt service reserve			$ 6,845		6,845
Judicial activities				121	121
Health				1,673	1,673
Law enforcement	119				119
Library District		112			112
Municipal facilities		25,181		3,498	28,679
Parks and recreation	2			1,354	1,356
Sports promotion (Stadium)		11,931		2,136	14,067
Streets and highways		2,835			2,835
Other purposes		920		614	1,534
Total assigned	121	41,234	6,845	10,578	58,778
Unassigned:	101,990			(5,112)	96,878
Total Fund Balance	$ 109,398	$ 119,341	$ 6,845	$ 89,121	$ 324,705

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 537,388	$ 15,026	$ (3,221)	$ 549,193
Construction in progress	42,895	81,277	(58,883)	65,289
Total capital assets not being depreciated	580,283	96,303	(62,104)	614,482
Capital assets being depreciated:				
Buildings and improvements	907,241	23,314	(6,524)	924,031
Infrastructure	1,434,752	24,554	(12,917)	1,446,389
Equipment	226,234	12,970	(9,438)	229,766
Total capital assets being depreciated	2,568,227	60,838	(28,879)	2,600,186
Less accumulated depreciation for:				
Buildings and improvements	(309,812)	(27,055)	3,962	(332,905)
Infrastructure	(799,158)	(40,497)	12,259	(827,396)
Equipment	(120,774)	(16,865)	8,966	(128,673)
Total accumulated depreciation	(1,229,744)	(84,417)	25,187	(1,288,974)
Total capital assets being depreciated, net	1,338,483	(23,579)	(3,692)	1,311,212
Governmental activities capital assets, net	$ 1,918,766	$ 72,724	$ (65,796)	$ 1,925,694

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 15,472	$ 506		$ 15,978
Construction in progress	74,158	40,377	$ (66,995)	47,540
Total capital assets not being depreciated	89,630	40,883	(66,995)	63,518
Capital assets being depreciated:				
Buildings and improvements	770,399	2,095	(60)	772,434
Sewage conveyance systems	839,257	64,995	(2,015)	902,237
Equipment	155,361	12,001	(1,293)	166,069
Total capital assets being depreciated	1,765,017	79,091	(3,368)	1,840,740
Less accumulated depreciation for:				
Buildings and improvements	(218,597)	(27,415)	2	(246,010)
Sewage conveyance systems	(334,037)	(17,174)	1,432	(349,779)
Equipment	(69,128)	(11,786)	1,184	(79,730)
Total accumulated depreciation	(621,762)	(56,375)	2,618	(675,519)
Total capital assets being depreciated, net	1,143,255	22,716	(750)	1,165,221
Business-type activities capital assets, net	$ 1,232,885	$ 63,599	$ (67,745)	$ 1,228,739

Note 5: Capital Assets (continued)

Depreciation expense was charged to functions as follows**:**

Governmental activities:		
General government	$	17,957
Public safety		12,571
Highway and streets		37,369
Sanitation		417
Health		1,356
Welfare		6
Culture and recreation		7,148
Education and economic opportunity		818
Internal service funds		6,775
Total governmental activities depreciation expense	$	84,417
Business-type activities:		
Parking Garages	$	799
Regional Wastewater Reclamation Department		55,576
Total business-type activities depreciation expense	$	56,375

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Discretely presented component unit:				
Southwestern Fair Commission (SFC):				
Capital assets being depreciated:				
Buildings and improvements	$ 10,057	$ 1,130	$ (139)	$ 11,048
Equipment	2,633	197	(66)	2,764
Total capital assets being depreciated	12,690	1,327	(205)	13,812
Less accumulated depreciation for:				
Buildings and improvements	(4,907)	(555)	139	(5,323)
Equipment	(2,275)	(103)	66	(2,312)
Total accumulated depreciation	(7,182)	(658)	205	(7,635)
Total capital assets being depreciated, net	5,508	669		6,177
SFC capital assets, net	$ 5,508	$ 669	$	$ 6,177

Note 6: Claims, Judgments and Risk Management

Self-Insurance Trust Fund (SIT Fund)

The SIT Fund, an internal service fund, accounts for the financing of the insured risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; medical malpractice; environmental claims; and natural disasters. The Fund is liable for any single general or automobile liability claim up to $2,500 per occurrence, any workers' compensation claim up to $1,000 per occurrence, and any single medical malpractice claim up to $1,000 per occurrence. The County purchases commercial insurance for claims in excess of the self-insurance retention provided by the Fund. Settled claims have not exceeded insurance policy limits in any of the last three fiscal years. Any current unemployment claims and environmental claims are self-funded.

All of the County's departments participate in the Fund. Charges are based on actuarial estimates, loss history, and other factors as appropriate to determine amounts needed to pay prior and current year claims.

At June 30, 2019, claims liabilities for each insurable category are as follows:

Auto liability	$ 167
General liability	14,508
Workers' compensation	17,592
Medical malpractice	42
Environmental liability	1,500
	$ 33,809

The above amounts, excluding the environmental liability, are reported at their present value using an expected future investment yield assumption of 2 percent.

Changes in the unpaid claims liability reported in the SIT Fund are as follows:

Year	Balance July 1	Current-Year Claims and Changes in Estimates	Claims Payments	Balance June 30
2017-18	$ 35,471	$ 7,139	$ (7,553)	$ 35,057
2018-19	35,057	5,262	(6,510)	33,809

Health Benefits Trust Fund (HBT Fund)

The HBT Fund, an internal service fund, accounts for the financing of the County's self-insured medical/pharmacy plan for employees and their dependents. The Fund is responsible for collecting employer and employee premiums through payroll deductions. The medical benefits are administered by Aetna, and the pharmacy benefits are administered by CVS Caremark in conjunction with the medical plan.

The plan consists of two options, a High Deductible Health Plan (HDHP) with a Health Savings Account (HSA), or an HDHP without an HSA. The County purchases commercial stop-loss insurance coverage for claims in excess of coverage provided by the HBT Fund. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

Note 6: Claims, Judgments and Risk Management (continued)

Claim liabilities are computed using a combination of two actuarial methods: the completion factor approach and the exposure approach. Accrued actuarial liabilities for the HBT Fund at June 30, 2019, for the HDHP plans are as follows:

High-Deductible Health Plan:	
Medical	$ 3,456
Pharmacy	1,344
	$ 4,800

Changes in the unpaid claims liabilities reported in the HBT Fund are as follows:

Year	Balance July 1	Current-Year Claims and Changes in Estimates	Claims Payments	Balance June 30
2017-18	$ 4,200	$ 52,892	$ (52,592)	$ 4,500
2018-19	4,500	57,486	(57,186)	4,800

Litigation

Pima County is a defendant in a number of court actions. In the opinion of County management, the final disposition of these actions, if unfavorable, will not have a material effect upon the County's financial statements.

Pollution Remediation

The County has estimated and reported an environmental liability of $55 in the government-wide financial statements for governmental activities (in noncurrent liabilities). Remediation efforts are currently underway at one County site: El Camino del Cerro.

Remediation efforts continue at the El Camino del Cerro site which is approximately bordered by the Santa Cruz River on the west, Interstate 10 on the east and El Camino del Cerro Road on the south. The groundwater contamination is suggested to resonate from the municipal and solid waste landfill operated on the site from 1973 to 1977.

The estimated liability was calculated based upon the expected future outlays associated with the estimate of one pump-and-treat system for one year. There is potential for changes due to increased costs associated with sewage disposal costs, construction costs for extraction and injection wells, and/or changes in the estimated extent of contamination.

Note 7: Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activities for the year ended June 30, 2019.

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due within 1 year
Governmental activities:					
General obligation bonds	$ 256,595		$ 40,570	$ 216,025	$ 43,075
Bonds from direct placements *	19,395		8,085	11,310	9,350
Unamortized premium/discount	12,192		2,955	9,237	2,719
Total general obligation bonds	288,182		51,610	236,572	55,144
Transportation revenue bonds	80,330	$ 25,000	14,820	90,510	14,405
Unamortized premium/discount	5,178	2,832	1,604	6,406	1,612
Total transportation revenue bonds	85,508	27,832	16,424	96,916	16,017
Certificates of participation	161,260	20,940	64,875	117,325	22,535
Unamortized premium/discount	5,357	3,877	1,992	7,242	1,764
Total certificates of participation	166,617	24,817	66,867	124,567	24,299
Capital lease payable	38		38		
Installment notes from direct borrowing *	2,078	170	1,524	724	622
Net pension/OPEB liabilities (Note 10)	784,384		76,084	708,300	
Reported but unpaid losses (Note 6)	21,777	180	3,724	18,233	3,945
Incurred but not reported losses (Note 6)	17,780	3,429	833	20,376	6,769
Landfill closure and post-closure care costs (Note 8)	9,978	133		10,111	
Pollution remediation (Note 6)	236		181	55	
Compensated absences payable	33,578	21,274	21,113	33,739	22,343
Total long-term liabilities	$ 1,410,156	$ 77,835	$ 238,398	$ 1,249,593	$ 129,139

* There was a debt disclosure reclassification as a result of the implementation of GASB Statement No.88. (See Note 1)

Note 7: Long-Term Liabilities (continued)

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due within 1 year
Business-type activities:					
Sewer revenue bonds	$ 2,860		$ 2,860		
Unamortized premium/discount	3		3		
Total revenue bonds payable	2,863		2,863		
Sewer revenue obligations	466,745	$ 21,245	50,835	$ 437,155	$ 44,060
Obligations from direct placement*	42,325		2,750	39,575	2,825
Unamortized premium/discount	56,638	4,053	11,390	49,301	10,752
Total revenue obligations payable	565,708	25,298	64,975	526,031	57,637
Regional Wastewater Reclamation Loan from direct borrowing*	3,555		557	2,998	571
Total loan payable	3,555		557	2,998	571
Net pension/OPEB liabilities (Note 10)	41,629		5,691	35,938	
Contracts and notes	763	1,474	1,350	887	
Compensated absences payable	3,155	1,866	2,061	2,960	2,160
Asset retirement obligations **	6,024	135		6,159	
Total long-term liabilities	$ 623,697	$ 28,773	$ 77,497	$ 574,973	$ 60,368

* There was a debt disclosure reclassification as a result of the implementation of GASB Statement No.88. (See Note 1)

** There was a restatement of net position as a result of the implementation of GASB Statement No.83. (See Note 2).

The County's debt consists of various issues of general obligation bonds including bonds from direct placements, transportation revenue bonds, certificates of participation, sewer revenue bonds and obligations including obligations from direct placements, and a loan from direct borrowing that are generally callable with interest payable semiannually. Bond proceeds primarily pay for acquiring or constructing capital facilities. Bonds have also been issued to advance-refund previously issued bonds. The County repays general obligation bonds from voter-approved property taxes. Transportation revenue bonds are repaid from net highway user revenues in the Transportation fund. Certificates of participation are repaid from General fund and other various funds' revenues. Sewer revenue bonds, obligations, including obligations from direct placement, and the loan from direct borrowing are repaid from the charges for services in the Regional Wastewater Reclamation fund.

Note 7: Long-Term Liabilities (continued)

GENERAL OBLIGATION BONDS

Governmental Activities

(Payments made from property tax revenues of the Debt Service Fund)

General obligation bonds payable at June 30, 2019, consisted of the outstanding general obligation bonds presented below.

The following table presents amounts outstanding by issue.

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2019
Series of 2009	$ 75,000	4.00%	2020	July 1, 2019	$ 4,000
Series of 2009A	90,000	3.50%	2020-21	July 1, 2019	13,045
Series of 2011	75,000	5.00%	2020-22	July 1, 2021	10,980
Series of 2012A	60,000	3.00 - 4.00%	2020-27	July 1, 2022	29,700
Series of 2013A	50,000	2.00 - 4.00%	2020-28	July 1, 2023	32,080
Series of 2013B Refunding	38,575	3.00%	2020		5,155
Series of 2014	10,000	3.00 - 5.00%	2020-28	July 1, 2023	6,770
Series of 2015	15,000	2.25 - 4.00%	2020-29	July 1, 2025	8,590
Series of 2016 Refunding	122,070	2.00 - 4.00%	2020-26		105,705
Subtotal					216,025
Series of 2017 - Direct placement	25,680	1.83%	2020-21		11,310
G.O. bonds outstanding					227,335
Plus unamortized premium/discount:					9,237
		Total G.O. bonds outstanding			$ 236,572

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2019.

	GO Bonds		Bonds from Direct Placements	
Year Ending June 30,	Principal	Interest	Principal	Interest
2020	$ 43,075	$ 7,886	$ 9,350	$ 207
2021	38,985	6,611	1,960	36
2022	40,350	5,173		
2023	28,810	3,561		
2024	20,215	2,448		
2025-2029	44,590	3,752		
Total	$ 216,025	$ 29,431	$ 11,310	$ 243

During fiscal year 2016-17, the County issued General Obligation Refunding Bonds, Series 2016 to defease certain General Obligation Bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for future debt service payments of the defeased debts. Accordingly, the trust account assets and liability for the defeased bonds are not included in the County's financial statements. At June 30, 2019, $17,380 of Series 2011 was considered defeased.

Note 7: Long-Term Liabilities (continued)

TRANSPORTATION BONDS

Governmental Activities

(Payments made from street and highway revenues)

Pima County transportation revenue bonds were issued to provide monies to construct improvements to the County's streets and highways. Of the total amount originally authorized, $37,375 from the November 4, 1997 bond election remains unissued.

On April 25, 2019, the County issued Transportation Bonds, Series 2019 for $25,000 to finance various street and highway improvements within the County.

The following table presents amounts outstanding by issue.

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2019
Series of 2009	$ 15,000	4.00%	2020	July 1, 2019	$ 1,755
Series of 2009 Refunding	8,420	4.00%	2020	July 1, 2019	820
Series of 2012	18,425	3.00 - 4.00%	2020-27	July 1, 2022	11,085
Series of 2014	16,000	3.00 - 5.00%	2020-28	July 1, 2023	11,475
Series of 2015 Refunding	13,685	5.00%	2020		5,280
Series of 2016 Refunding	28,315	1.75 - 5.00%	2020-24		24,915
Series of 2018	11,000	5.00%	2020-33	July 1, 2028	10,180
Series of 2019	25,000	2.00 - 4.00%	2020-33	July 1, 2028	25,000
Transportation bonds outstanding					90,510
Plus unamortized premium/discount:					6,406
Total transportation bonds outstanding					$ 96,916

The following schedule details transportation bond debt service requirements to maturity at June 30, 2019.

Year Ending June 30,	Principal	Interest
2020	$ 14,405	$ 3,686
2021	12,755	3,016
2022	12,195	2,450
2023	7,730	1,885
2024	7,955	1,657
2025-2029	23,010	5,115
2030-2033	12,460	1,360
Total	$ 90,510	$ 19,169

Pima County has pledged future street and highway revenues, to repay $90,510 in transportation revenue bonds issued between 2009 and 2019. Proceeds from the bonds provide financing for construction of various highways and streets within Pima County. The bonds are payable from transportation revenues and are payable through 2033. Total principal and interest remaining to be paid on the bonds is $109,679. It is expected that approximately 12 percent of total future revenues will be used to pay annual principal and interest on the bonds. Prior year street and highway revenues are required to be greater than two times the maximum annual debt service payment. Principal and interest paid for bonds in the current year, and total current year street and highway revenues were $18,346 and $65,565, respectively.

Note 7: Long-Term Liabilities (continued)

CERTIFICATES OF PARTICIPATION

Governmental Activities

(Payments made from General Fund revenues)

Certificates of Participation represent proportionate interests in semiannual lease payments. The County's obligation to make lease payments is subject to annual appropriations being made by the County for that purpose.

On May 7, 2019, the County issued Certificates of Participation Series 2019 for $20,940 to finance the expansion and improvements of sports fields and facilities at the County's Kino Sports Complex and for other capital improvement projects of the County.

The following schedule details outstanding Certificates of Participation payable at June 30, 2019.

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2019
Series of 2013A	$ 80,175	5.00%	2020-23		$ 10,460
Series of 2014	52,160	5.00%	2020-29	December 1, 2023	39,355
Series of 2016A Refunding	9,640	5.00%	2020-22		8,765
Series of 2016B	15,185	1.93 - 4.04%	2020-31	June 1, 2026	12,840
Series of 2018A	23,265	4.00 - 5.00%	2020-21		15,265
Taxable Series 2018B	39,395	2.50 - 2.70%	2020-21		9,700
Series of 2019	20,940	5.00%	2020-34	December 1, 2028	20,940
Certificates of participation outstanding					117,325
Plus unamortized premium/discount:					7,242
Total certificates of participation outstanding					$ 124,567

The following schedule details debt service requirements to maturity for the County's Certificates of Participation payable at June 30, 2019.

Year Ending June 30,	Principal	Interest
2020	$ 22,535	$ 4,947
2021	23,120	3,917
2022	11,085	3,142
2023	8,515	2,675
2024	6,010	2,333
2025-2029	34,645	7,016
2030-2034	11,415	1,258
Total	$ 117,325	$ 25,288

Note 7: Long-Term Liabilities (continued)

The County's COPS issuances are secured by collateral of certain County buildings. The following table provides the COPS issuance and County buildings subject to collateralization in the event the County defaults on any COPS issuance.

COPS Issuance							Building Collateral
2013A	2014	2016A	2016B	2018A	2018B	2019	Adult Detention Facility
2013A	2014	2016A	2016B	2018A	2018B	2019	Public Works Building and Parking Garage
2013A	2014	2016A	2016B	2018A	2018B	2019	Legal Services Building
	2014	2016A	2016B	2018A	2018B	2019	Public Service Center Office Tower and Parking Garage
						2019	Justice Building

INSTALLMENT NOTES
Governmental Activities

Installment Notes from Direct Borrowing

During the year ended June 30, 2019, the County acquired computer equipment under a contract agreement for a purchase price of $170. The following schedule details debt service requirements to maturity for the County's installment notes from direct borrowing at June 30, 2019.

	Installment Notes	
Year Ending June 30,	Principal	Interest
2020	$ 622	$ 6
2021	57	3
2022	45	1
Total	$ 724	$ 10

The installment notes from direct borrowing are collateralized by the acquired assets, which consists of land and computer equipment.

SEWER REVENUE BONDS, OBLIGATIONS AND LOAN
Business-type Activities
(Payments made from user charges received in the RWR)

Pima County sewer revenue bonds, obligations and loan were issued to provide monies to construct improvements to the County's Regional Wastewater Reclamation system.

During the year ended June 30, 2019, the County defeased $2,860 of Sewer Revenue Bonds Series 2009 with existing resources to reduce the debt service costs and help eliminate the need for future sewer rate increases. Accordingly, the related liabilities are not included in the County's financial statements. The County placed $2,925 of existing cash in an irrevocable trust to provide resources for the future debt service payments of $2,914 on the defeased debt.

In April 2019, the County issued $21,245 in Sewer Revenue Obligations Series 2019. The net proceeds of the issuance were used primarily to provide funds for the acquisition, construction and improvement of sewer treatment facilities and conveyance systems.

Note 7: Long-Term Liabilities (continued)

During the year ended June 30, 2019, the County defeased $9,000 of Sewer Revenue Obligations Series 2010 with existing resources to reduce the debt service costs and help eliminate the need for future sewer rate increases.

Accordingly, the related liabilities are not included in the County's financial statements. The County placed $9,363 of existing cash in an irrevocable trust to provide resources for the future debt service payments of $9,675 on the defeased debt.

The following table presents amounts outstanding for sewer revenue obligations by issue.

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2019
Series of 2010	$ 165,000	4.00 - 5.00%	2020-21	July 1, 2020	$ 18,935
Series of 2011B	189,160	5.00%	2020-22	July 1, 2021	36,360
Series of 2012A	128,795	2.00 - 5.00%	2020-27	July 1, 2022	80,390
Series of 2014	48,500	5.00%	2020-28	July 1, 2023	34,740
Series 2016 Refunding	211,595	5.00%	2020-26		207,280
Series 2018	38,205	5.00%	2026-33	July 1, 2028	38,205
Series 2019	21,245	5.00%	2020-32	July 1, 2029	21,245
Subtotal					437,155
Series 2017 - Direct placement	45,000	2.77%	2020-31		39,575
Sewer Revenue Obligations outstanding					476,730
Plus unamortized premium/discount:					49,301
Total sewer revenue obligations outstanding					$ 526,031

The following schedule details sewer revenue obligation debt service requirements to maturity at June 30, 2019.

	Sewer Obligation Debt Service		Obligations from Direct Placement	
Year Ending June 30,	Principal	Interest	Principal	Interest
2020	$ 44,060	$ 21,632	$ 2,825	$ 1,096
2021	56,045	19,495	2,905	1,018
2022	58,255	16,773	2,985	937
2023	61,215	13,939	3,065	855
2024	54,650	10,879	3,150	770
2025 - 2029	136,770	20,629	17,120	2,491
2030 - 2033	26,160	3,148	7,525	314
Total	$ 437,155	$ 106,495	$ 39,575	$ 7,481

In prior years, the County defeased certain Sewer Revenue Obligations by placing the proceeds of Sewer Revenue Refunding Obligations Series 2016 in an irrevocable trust to provide for all future debt service payments on the defeased debts. Accordingly, the trust account assets and the liability for these defeased obligations are not included in the County's financial statements. At June 30, 2019, $85,495 of Sewer Revenue Obligations Series 2010, and $71,000 of Sewer Revenue Obligations Series 2011B were considered defeased.

Note 7: Long-Term Liabilities (continued)

Loan from Direct Borrowing

The following table presents the loan from direct borrowing outstanding amount.

Issue	Issue Amount	Interest Rate	Maturities	Outstanding June 30, 2019
2009 Loan payable	$ 8,002	0.96%	2020-24	$ 2,998
	Total loan from direct borrowing			$ 2,998

The following schedule details loan from direct borrowing debt service requirements to maturity at June 30, 2019.

Loan from Direct Borrowing	
Principal	Interest
$ 571	$ 74
585	60
599	45
614	31
629	15
$ 2,998	$ 225

All sewer revenue obligations, including direct placements, were issued and the loan from the direct borrowing was executed with a first lien on the pledge of the RWR net revenues and have restrictive covenants, primarily related to minimum utility rates and limitations on future bond issues. The bond covenants also require the RWR to either maintain a surety bond guaranteeing the payment of annual debt service or to maintain in the Bond Reserve Account monies in amounts set by each debt issue. At June 30, 2019, the RWR met the requirements of the debt covenants. The County is also authorized to issue for the RWR additional parity bonds or revenue obligations if certain conditions are met, primarily that net revenues for parity bonds and pledged revenues for revenue obligations for the fiscal year immediately preceding issuance of the new debt exceed 120 percent of the maximum annual debt service requirements immediately after such issuance.

Pima County has pledged future user charges, net of specified operating expenses, to repay $437,155 in sewer obligations and $39,575 in sewer obligations from direct placement issued between 2010 and 2019, and $2,998 in the loan from direct borrowing issued in 2009. Proceeds from the obligations, direct placement and direct borrowing provided financing for construction of various treatment facilities and sewer infrastructure within Pima County. The obligations, direct placement and direct borrowing are payable from total customer net revenues and are payable through fiscal year 2033. It is expected that approximately 23 percent of total future customer net revenues will be used to pay annual principal and interest payments on the obligations, direct placement and direct borrowing. Total principal and interest remaining to be paid on the obligations, direct placement and direct borrowing are $543,650, $47,056 and $3,223, respectively. Principal and interest paid in the current year on revenue bonds, obligations and direct placement totaled $68,892, and principal and interest paid on the direct borrowing totaled $645. Total customer net revenues in the current year were $106,185.

Note 7: Long-Term Liabilities (continued)

ASSET RETIREMENT OBLIGATION
Business-type Activities

Pima County's asset retirement obligation is a legally enforceable liability associated with the retirement and clean closure of a wastewater treatment facility as required by State laws and regulations. The estimates used in calculating this liability are based on actual historical clean-up costs associated with the retirement and clean closure of a recently closed wastewater treatment facility. The clean closure costs estimate is adjusted annually using an inflation factor. The estimated remaining useful lives of the associated wastewater treatment facilities range between 2 to 25 years.

CONTRACTS AND NOTES
Business-type Activities
(Payments made from restricted assets in the RWR)

Contracts and notes consist of contract retentions for several construction projects. Generally, interest is not accrued and the timing of payments is based on completion of the related construction projects.

COMPENSATED ABSENCES

Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During the fiscal year 2019, the County paid for compensated absences from governmental funds with 72 percent from the General Fund, 25 percent from Other Special Revenue funds and 3 percent from internal service funds. The County also paid compensated absences from business-type activity funds with 86 percent from the Regional Wastewater Reclamation fund and 14 percent from other enterprise funds.

LEGAL DEBT MARGIN
County General Obligation Bonds

General obligation debt may not exceed 6 percent of the value of the County's taxable property as of the latest assessment. However, with voter approval, debt may be incurred up to 15 percent of the value of taxable property. Pima County has received voter approval for all general obligation debt. The legal debt margin at June 30, 2019, is as follows:

Net assessed valuation		$ 9,030,169
Debt limit (15% of net assessed valuation):		$ 1,354,525
Less amount of debt applicable to debt limit:		
General obligation bonds outstanding	$ 227,335	
Less fund balance in debt service fund available for payment of general obligation bond principal	(2,639)	224,696
Legal debt margin available		$ 1,129,829

Note 8: Landfill Liabilities

Solid Waste Landfill Closure and Post-Closure Care Costs

State and Federal laws and regulations require the County to place a final cover on its solid waste landfill sites when these sites stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after their closure. Although closure and post-closure care costs will not be paid until near or after the date the landfills stop accepting waste, the County records a portion of these closure and post-closure care costs as a long-term liability in each period, based on landfill capacity used as of each balance sheet date. The $10,111 reported as landfill closure and post-closure care long-term liability within the governmental activities represents the cumulative amount reported to date, based on the percentage used of each landfill's total estimated capacity. The County will recognize the remaining estimated cost of closure and post-closure care of $4,184 as the remaining estimated capacities are used. These amounts are based on what it would cost to perform all closure and post-closure care in the fiscal year ended June 30, 2019; actual costs may change due to inflation, changes in technology, or changes in regulations.

Landfill Site	Capacity Used June 30, 2019	Estimated Remaining Service Life
Ajo	77%	35 Years
Sahuarita*	59%	25 Years
Tangerine	100%	Closed

*The Sahuarita Landfill stopped accepting waste from the public in February 2016, but remains open for internal County waste disposal needs.

The County plans to fund the estimated closure and post-closure care costs with General Fund monies.

According to State and Federal laws and regulations, the County must comply with the local government financial test requirements that ensure the County can meet the costs of landfill closure, post-closure, and corrective action when needed. The County is in compliance with these requirements. The Ina Road Landfill facility is closed to municipal solid waste and only receives green waste and construction debris. It is not subject to the closure and post-closure cost requirements referred to above. Pima County estimates that it will cost approximately $11,870 when closure occurs and plans to fund the costs with General Fund monies. At this time, there is no closure date available.

On June 1, 2013, Tucson Recycling and Waste Services was contracted to operate the Landfill and Transfer Station operations on behalf of Pima County in an agency capacity. The closure and post closure costs remain the liability of Pima County.

Note 9: Operating Leases

The County leases land, buildings, vehicles, parking spaces, machinery, and office equipment under the provisions of various long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases were $8,107 for the year ended June 30, 2019. These operating leases have remaining lease terms from one to thirty-six years. Also, they provide renewal options and are contingent on budgetary appropriations each fiscal year. The future estimated maximum rental payments under these operating leases as of June 30, 2019, are as follows:

	Governmental Activities	Business-type Activities
Year ending June 30		
2020	$ 3,734	$ 542
2021	3,317	542
2022	2,074	542
2023	1,203	320
2024	469	244
2025-29	64	1,000
2030-34	30	1,000
2035-39		1,000
2040-44		1,000
2045-49		1,000
2050-54		1,000
2055		150
Total maximum lease payments	$ 10,891	$ 8,340

Note 10: Pensions and Other Postemployment Benefits

The County contributes to the Arizona State Retirement System (ASRS), the Corrections Officer Retirement Plan (CORP), the Corrections Officer Retirement Plan – Administrative Office of the Courts (CORP AOC), the Public Safety Personnel Retirement System (PSPRS), consisting of Pima County Sheriffs and Pima County - County Attorney Investigators, the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP), the Elected Officials Retirement Plan (EORP), and the Elected Officials Defined Contribution Retirement System (EODCRS), all component units of the State of Arizona.

At June 30, 2019, the County reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

Statement of net position and Statement of activities	Governmental activities	Business-type activities	Total
Net pension and OPEB assets	$ 3,302	$ 94	$ 3,396
Net pension and OPEB liabilities	708,300	35,938	744,238
Deferred outflows of resources related to pensions and OPEB	121,465	5,237	126,702
Deferred inflows of resources related to pensions and OPEB	89,827	5,352	95,179
Pension and OPEB expense	24,180	(942)	23,238

The County's accrued payroll and employee benefits includes $1,223 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2019. Also, the County reported $58,603 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

The ASRS, CORP, CORP AOC, PSPRS - Pima County Sheriffs, and EORP pension plans are described below. The PSPRS, Pima County - County Attorney Investigators, PSPDCRP, EODCRS pension plans, and all OPEB plans are not described due to their relative insignificance to the County's financial statements.

A. Arizona State Retirement System

Plan description - County employees not covered by the other pension plans described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension 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.

Note 10: Pensions and Other Postemployment Benefits (continued)

Benefits provided - The ASRS provides retirement 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:

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

*With actuarially reduced benefits.

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

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, 2019, statute required active ASRS members to contribute at the actuarially determined rate of 11.64 percent of the members' annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 11.18 percent of the active members' annual covered payroll.

In addition, the County was required by statute to contribute at the actuarially determined rate of 10.41 percent of the annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the ASRS would typically fill.

The County's total contributions to the pension plan for the year ended June 30, 2019, was $26,908.

During fiscal year 2019, the County paid for ASRS pension contributions as follows: 60 percent from the General Fund, 9 percent from major funds, and 31 percent from other funds.

Note 10: Pensions and Other Postemployment Benefits (continued)

Liability - At June 30, 2019, the County reported the following liability for its proportionate share of the ASRS' net pension liability.

ASRS	Net pension liability
Pension	$ 328,958

The net pension liability was measured as of June 30, 2018. The total liability used to calculate the net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2017, to the measurement date of June 30, 2018. The total pension liability as of June 30, 2018, reflects changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the discount rate from 8 percent to 7.5 percent, changing the projected salary increases from 3-6.75 percent to 2.7-7.2 percent, decreasing the inflation rate from 3 percent to 2.3 percent, and changing the mortality rates.

The County's proportion of the net liability was based on the County's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The County's proportions measured as of June 30, 2018, and the change from its proportions measured as of June 30, 2017, were:

ASRS	Proportion June 30, 2018	Decrease from June 30, 2017
Pension	2.36%	(0.05)

Expense - For the year ended June 30, 2019, the County recognized the following pension expense.

ASRS	Pension expense
Pension	($ 3,740)

Note 10: Pensions and Other Postemployment Benefits (continued)

Deferred outflows/inflows of resources - At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 9,063	$ 1,813
Changes of assumptions or other inputs	8,705	29,167
Net difference between projected and actual earnings on pension plan investments		7,911
Changes in proportion and differences between county contributions and proportionate share of contributions	16	7,750
County contributions subsequent to the measurement date	26,908	
Total	$ 44,692	$ 46,641

The $26,908 reported as deferred outflows of resources related to ASRS pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as expense as follows:

Year ending June 30	
2020	$ (2,226)
2021	(11,084)
2022	(12,000)
2023	(3,547)

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

ASRS	
Actuarial valuation date	June 30, 2017
Actuarial roll forward date	June 30, 2018
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, 2017, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

Note 10: Pensions and Other Postemployment Benefits (continued)

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.5 percent 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:

ASRS Asset class	Target allocation	Long-term expected geometric real rate of return
Equity	50%	5.50%
Fixed income	30%	3.83%
Real estate	20%	5.85%
Total	100%	

Discount rate - At June 30, 2018, the discount rate used to measure the ASRS total pension liability was 7.5 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2017. 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 statute. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the ASRS net pension liability to changes in the discount rate - The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

ASRS	1% Decrease (6.5%)	Current discount rate (7.5%)	1% Increase (8.5%)
County's proportionate share of the net pension liability	$ 468,938	$ 328,958	$ 212,008

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

B. Public Safety Personnel Retirement System and Corrections Officer Retirement Plan

Plan descriptions - County sheriff employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans. A 9-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. County sheriff employees who are PSPRS members participate in the agent plans.

Note 10: Pensions and Other Postemployment Benefits (continued)

County attorney investigators who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because of their relative insignificance to the County's financial statements.

County detention officers, Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP) or the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The CORP administers an agent multiple-employer defined benefit pension plan for county detention officers (agent plan), which was closed to new members as of July 1, 2018, and a cost-sharing multiple-employer defined benefit pension plan for AOC officers (cost sharing plan). Employees who were CORP members before July 1, 2018, participate in CORP, and AOC probation and surveillance officers who became members on or after July 1, 2018, participate in CORP or PSPDCRP. Detention officers and juvenile detention officers who became members on or after July 1, 2018, participate in PSPDCRP. The PSPRS Board of Trustees and the participating local boards govern CORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for PSPRS and CORP plans. The report is available on the PSPRS website at www.psprs.com.

Benefits provided - The PSPRS and CORP provide retirement and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

PSPRS	**Initial membership date:**		
	Before January 1, 2012	**On or after January 1, 2012 and before July 1, 2017**	**On or after July 1, 2017**
Retirement and Disability			
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5	15 years of credited service, age 52.5* 15 or more years of service, age 55
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years	Highest 60 consecutive months of last 15 years

* With actuarially reduced benefits

Note 10: Pensions and Other Postemployment Benefits (continued)

PSPRS	**Initial membership date:**		
	Before January 1, 2012	**On or after January 1, 2012 and before July 1, 2017**	**On or after July 1, 2017**
Benefit percent			
Normal retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%	
Accidental disability retirement	50% or normal retirement, whichever is greater		
Catastrophic disability retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater		
Ordinary disability retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20		
Survivor Benefit			
Retired members	80% to 100% of retired member's pension benefit		
Active members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job		

Note 10: Pensions and Other Postemployment Benefits (continued)

CORP

	Initial membership date:	
	Before January 1, 2012	**On or after January 1, 2012 and before July 1, 2018**
Retirement and Disability		
Years of service and age required to receive benefit	Sum of years and age equals 80 20 years, any age 10 years, age 62	25 years, age 52.5 10 years, age 62
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
Benefit percent		
Normal retirement	2.0% to 2.5% per year of credited service, not to exceed 80%	
Accidental disability retirement	50% or normal retirement if more than 20 years of credited service	50% or normal retirement if more than 25 years of credited service
Total and permanent disability retirement	50% or normal retirement if more than 25 years of credited service	
Ordinary disability retirement	2.5% per year of credited service	
Survivor benefit		
Retired members	80% of retired member's pension benefit	
Active members	40% of average monthly compensation or 100% of average monthly compensation if death was the result of injuries received on the job. If there is no surviving spouse or eligible children, the beneficiary is entitled to 2 times the member's contributions.	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Employees covered by benefit terms - At June 30, 2019, the following employees were covered by the agent plans' benefit terms:

	PSPRS Sheriff	**CORP Detention**
Inactive employees or beneficiaries currently receiving benefits	403	204
Inactive employees entitled to but not yet receiving benefits	129	135
Active employees	455	507
Total	987	846

Note 10: Pensions and Other Postemployment Benefits (continued)

Contributions - State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP pension benefits. 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. Contributions rates for the year ended June 30, 2019, are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active member - pension	County - pension
PSPRS Sheriff	7.65% - 11.65%	63.12%
CORP Detention	8.41%	32.09%
CORP AOC	8.41%	32.43%

In addition, statute required the County to contribute at the actuarially determined rate indicated below of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the PSPRS or CORP would typically fill and employees participating in the PSPRS Tier 3 Risk Pool and PSPDCRP members in addition to the County's required contributions to the PSPRS Tier 3 Risk Pool and PSPDCRP.

	Pension
PSPRS Sheriff	49.26%
CORP Detention	24.83%
CORP AOC	24.49%

The County's contributions to the plans for the ended June 30, 2019, were:

	Pension
PSPRS Sheriff	$18,766
CORP Detention	6,515
CORP AOC	4,258

During fiscal year 2019, the County paid for PSPRS and CORP pension contributions as follows: 92 percent from the General Fund and 8 percent from other non-major funds.

Liability - At June 30, 2019, the County reported the following liabilities:

	Net pension liability
PSPRS Sheriff	$ 236,440
CORP Detention	68,772
CORP AOC (County's proportionate share)	41,436

The net pension liabilities were measured as of June 30, 2018, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date. The total CORP pension liabilities as of June 30, 2018, reflect statutory changes in benefit terms for automatic cost-of-living adjustments. The basis for cost-of-living adjustments was changed from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent.

Note 10: Pensions and Other Postemployment Benefits (continued)

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

PSPRS and CORP - Pension	
Actuarial valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.4%
Wage inflation	3.5%
Price Inflation	2.5%
Cost-of-living adjustment	Included
Mortality rates	RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on PSPRS and CORP plan investments was determined to be 7.4 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

PSPRS and CORP		
Asset class	**Target allocation**	**Long-term expected geometric real rate of return**
Short term investments	2%	0.25%
Risk parity	4%	5.00%
Fixed income	5%	1.25%
Real assets	9%	4.52%
GTS	12%	3.96%
Private credit	16%	6.75%
Real estate	10%	3.75%
Private equity	12%	5.83%
Non-U.S. equity	14%	8.70%
U.S. equity	16%	7.60%
Total	100%	

Discount rate - At June 30, 2018, the discount rate used to measure the PSPRS and CORP total pension liabilities was 7.4 percent, which the same as the discount rate used as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 10: Pensions and Other Postemployment Benefits (continued)

Changes in the net pension liability

PSPRS – Sheriff

	Increase (decrease)		
	Total pension liability (a)	**Plan fiduciary net position (b)**	**Net pension liability / (asset) (a) – (b)**
Balances at June 30, 2018	$ 384,706	$ 152,923	$ 231,783
Changes for the year:			
Service cost	6,125		6,125
Interest on the total pension liability	27,905		27,905
Differences between expected and actual experience in the measurement of the pension liability	(2,730)		(2,730)
Contributions—employer		18,847	(18,847)
Contributions—employee		2,787	(2,787)
Net investment income		10,343	(10,343)
Benefit payments, including refunds of employee contributions	(21,357)	(21,357)	
Hall/Parker settlement		(4,953)	4,953
Administrative expense		(158)	158
Other changes		(223)	223
Net changes	9,943	5,286	4,657
Balances at June 30, 2019	$ 394,649	$ 158,209	$ 236,440

CORP – Detention

	Increase (decrease)		
	Total pension liability (a)	**Plan fiduciary net position (b)**	**Net pension liability / (asset) (a) – (b)**
Balances at June 30, 2018	$ 132,538	$ 55,833	$ 76,705
Changes for the year:			
Service cost	3,359		3,359
Interest on the total pension liability	9,683		9,683
Changes of benefit terms	(7,525)		(7,525)
Differences between expected and actual experience in the measurement of the pension liability	(2,679)		(2,679)
Contributions—employer		5,167	(5,167)
Contributions—employee		1,771	(1,771)
Net investment income		3,970	(3,970)
Benefit payments, including refunds of employee contributions	(6,741)	(6,741)	
Administrative expense		(61)	61
Other changes		(76)	76
Net changes	(3,903)	4,030	(7,933)
Balances at June 30, 2019	$ 128,635	$ 59,863	$ 68,772

Note 10: Pensions and Other Postemployment Benefits (continued)

The County's proportion of the CORP AOC net pension liability was based on the County's actual contributions to the plan relative to the total of all participating counties' actual contributions for the year ended June 30, 2018. The County's proportion measured as of June 30, 2018, and the change from its proportions measured as of June 30, 2017, were:

CORP AOC	Proportion June 30, 2018	Decrease from June 30, 2017
Pension	11.51%	(0.44)

Sensitivity of the County's net pension liability to changes in the discount rate - The following table presents the County's net pension liabilities calculated using the discount rate of 7.4 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.4 percent) or 1 percentage point higher (8.4 percent) than the current rate:

	1% Decrease (6.4%)	Current discount Rate (7.4%)	1% Increase (8.4%)
PSPRS Sheriff			
Net pension liability	$ 286,748	$ 236,440	$ 195,076
CORP Detention			
Net pension liability	$ 87,267	$ 68,772	$ 53,830
CORP AOC			
County's proportionate share of the net pension liability	$ 54,208	$ 41,436	$ 31,072

Plan fiduciary net position - Detailed information about the pension plans' fiduciary net position is available in the separately issued PSPRS and CORP financial reports.

Pension expense - For the year ended June 30, 2019, the County recognized the following pension expense:

	Pension Expense
PSPRS Sheriff	$ 33,549
CORP Detention	1,652
CORP AOC (County's proportionate share)	57

Pension deferred outflows/inflows of resources - At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS – Sheriff	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience		$ 7,909
Changes of assumptions or other inputs	$ 18,636	
Net difference between projected and actual earnings on pension plan investments	2,243	
County contributions subsequent to the measurement date	18,766	
Total	$ 39,645	$ 7,909

Note 10: Pensions and Other Postemployment Benefits (continued)

CORP – Detention	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience		$ 4,420
Changes of assumptions or other inputs	$ 5,024	
Net difference between projected and actual earnings on pension plan investments	629	
County contributions subsequent to the measurement date	6,515	
Total	$ 12,168	$ 4,420

CORP – AOC	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 155	$ 2,131
Changes of assumptions or other inputs	2,748	
Net difference between projected and actual earnings on pension plan investments	750	
Changes in proportion and differences between county contributions and proportionate share of contributions	12	1,959
County contributions subsequent to the measurement date	4,258	
Total	$ 7,923	$ 4,090

The amounts reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PSPRS Sheriff	CORP Detention	CORP AOC
Year ending June 30			
2020	$ 8,788	$ 1,539	$ 855
2021	2,908	451	(70)
2022	1,122	(252)	(762)
2023	152	(414)	(448)
2024		(91)	
	$ 12,970	$ 1,233	$ (425)

Note 10: Pensions and Other Postemployment Benefits (continued)

C. Elected Officials Retirement Plan

Plan description - Elected officials and judges participate in the Elected Officials Retirement Plan (EORP). EORP administers a cost-sharing multiple-employer defined benefit pension plan for elected officials and judges who were members of the plan on December 31, 2013. This EORP pension plan was closed to new members as of January 1, 2014. The PSPRS Board of Trustees governs the EORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the EORP plans. The report is available on PSPRS's website at www.psprs.com.

Benefits provided - The EORP provides retirement and survivor benefits. State statute establishes benefit terms. Retirement, disability and survivor benefits are calculated on the basis of age, average yearly compensation, and service credit as follows:

EORP	**Initial membership date:**	
	Before January 1, 2012	**On or after January 1, 2012**
Retirement and Disability		
Years of service and age required to receive benefit	20 years, any age 10 years, age 62 5 years, age 65 5 years, any age* any years and age if disabled	10 years, age 62 5 years, age 65 any years and age if disabled
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
Benefit percent		
Normal Retirement	4% per year of service, not to exceed 80%	3% per year of service, not to exceed 75%
Disability Retirement	80% with 10 or more years of service 40% with 5 to 10 years of service 20% with less than 5 years of service	75% with 10 or more years of service 37.5% with 5 to 10 years of service 18.75% with less than 5 years of service
Survivor Benefit		
Retired Members	75% of retired member's benefit	50% of retired member's benefit
Active Members and Other Inactive Members	75% of disability retirement benefit	50% of disability retirement benefit

* With reduced benefits of 0.25% for each month early retirement precedes the member's normal retirement age, with a maximum reduction of 30%.

Note 10: Pensions and Other Postemployment Benefits (continued)

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan.

Contributions - State statutes establish active member and employer contribution requirements. Statute also appropriates $5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2019, statute required active EORP members to contribute 7 or 13 percent of the members' annual covered payroll and the County to contribute at the actuarially determined rate of 61.5 percent of all active EORP members' annual covered payroll. Also, statute required the County to contribute 49.86 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members, and 55.5 percent to EORP of the annual covered payroll of elected officials and judges who were EODCRS members, in addition to the County's required contributions to ASRS and EODCRS for these elected officials and judges. In addition, statute required the County to contribute 30.16 percent of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the EORP would typically fill.

The County's contributions to the pension plan for the year ended June 30, 2019, were $4,168.

During fiscal year 2019, the County paid for EORP pension contributions entirely from the General Fund.

Liability - At June 30, 2019, the County reported a liability for its proportionate share of the EORP's net pension liability that reflected a reduction for the County's proportionate share of the State's appropriation for EORP. The amount the County recognized as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the County were as follows:

County's proportionate share of the EORP net pension liability	$	64,495
State's proportionate share of the EORP net pension liability associated with the County		11,051
Total	$	75,546

The net pension liability was measured as of June 30, 2018, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date. The total liability as of June 30, 2018, reflects statutory changes in benefit terms for automatic cost-of-living adjustments. The basis for cost-of-living adjustments was changed from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent.

The County's proportion of the net pension liability was based on the County's required contributions to the pension plan relative to the total of all participating employers' required contributions for the year ended June 30, 2018. The County's proportion measured as of June 30, 2018, and the change from its proportions measured as of June 30, 2017, were:

EORP	**Proportion June 30, 2018**	**Increase from June 30, 2017**
Pension	10.24%	2.81

Expense - For the year ended June 30, 2019, the County recognized pension expense for EORP of ($9,767), and revenue of ($3,142) for the County's proportionate share of the State's appropriation to EORP and the designated court fees.

Note 10: Pensions and Other Postemployment Benefits (continued)

Deferred outflows/inflows of resources - At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

EORP	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		$ 1,006
Changes of assumptions or other inputs	$ 402	26,850
Net difference between projected and actual earnings on pension plan investments	560	
Changes in proportion and differences between county contributions and proportionate share of contributions	12,938	
County contributions subsequent to the measurement date	4,168	
Total	$ 18,068	$ 27,856

The amounts reported as deferred outflows of resources related to EORP pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized as expenses as follows:

Year ending June 30	
2020	$ (12,862)
2021	(865)
2022	(237)
2023	8
Total	$ (13,956)

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

EORP	
Actuarial valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.4%
Wage inflation	3.5%
Price inflation	2.5%
Cost of living adjustment	Included
Mortality rates	RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

Note 10: Pensions and Other Postemployment Benefits (continued)

The long-term expected rate of return on EORP plan investments was determined to be 7.4 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

EORP Asset class	Target allocation	Long-term expected geometric real rate of return
Short-term investments	2%	0.25%
Risk parity	4%	5.00%
Fixed income	5%	1.25%
Real assets	9%	4.52%
GTS	12%	3.96%
Private credit	16%	6.75%
Real estate	10%	3.75%
Private equity	12%	5.83%
Non-U.S. equity	14%	8.70%
U.S. equity	16%	7.60%
Total	100%	

Discount rate - At June 30, 2018, the discount rate used to measure the EORP total pension liability was 7.4 percent, which was an increase of 3.49 from the discount rate used as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the actuarially determined set rates, and state contributions will be made as currently required by statute. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the EORP net pension liability to changes in the discount rate - The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.4 percent) or 1 percentage point higher (8.4 percent) than the current rate:

EORP	1% Decrease 6.4%	Current Discount Rate 7.4%	1% Increase 8.4%
County's proportionate share of the net pension liability	$ 74,055	$ 64,495	$ 56,369

Plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued EORP financial report.

Note 11: Due from Other Governments

Governmental activities:

	General Fund	Capital Projects Fund	Other Governmental Funds	Internal Service Funds	Total Governmental Activities
Federal government:					
Grants and contributions	$ 11		$ 2,398		$ 2,409
State of Arizona:					
Taxes and shared revenues	20,729	$ 1,299	6,198		28,226
Grants and contributions			6,241		6,241
Cities:					
Reimbursement for services	1,472	163	1,896	$ 3	3,534
Other governments:					
Reimbursement for services	60	75	17	3	155
Total due from other governments fund based statements	$ 22,272	$ 1,537	$ 16,750	$ 6	$ 40,565

Note 12: Interfund Transactions

A. Interfund Assets/Liabilities

Interfund Receivables/Payables - interfund balances at June 30, 2019 were as follows:

Receivable fund	Payable fund	Amount
General	Other Governmental – Wireless Integrated Network	$ 3,100
Total General Fund interfund receivable		$ 3,100

The interfund receivable of $3,100 within the General Fund was established to fund the replacement of the aging microwave backhaul system of the County's Wireless Integrated Network. The interfund loan is payable over a 5-year period with no interest, of which $2,500 is due in more than one year.

Due from/Due to other funds for the year ended June 30, 2019 were as follows:

Amounts recorded as due from:	Amounts recorded as due to: General	Capital Projects	Other Governmental	Regional Wastewater Reclamation	Total
General		$ 19	$ 4,022		$ 4,041
Other Governmental	$ 617	1	160		778
Other Enterprise			17	$ 15	32
Total	$ 617	$ 20	$ 4,199	$ 15	$ 4,851

Due from/Due to other funds are used to record short-term loans or unpaid operating transfers between funds. Outstanding due to/due from amounts between General and Other Governmental funds represent cash deficits that were the result of timing differences from grant revenues received in the subsequent year and cash transfers that had not occurred at the end of the year. All due to/due from amounts are expected to be paid in one year.

Note 12: Interfund Transactions (continued)

B. Interfund Transfers

Transfers are used to move monies between individual funds primarily to properly account for capital projects activity, debt service activity, and to subsidize departmental operations.
Interfund transfers for the year ended June 30, 2019 were as follows:

Amounts recorded as transfers in:	Amounts recorded as transfers out: General	Capital Projects	Other Governmental	Regional Wastewater Reclamation	Other Enterprise	Internal Service	Total
General			$ 1,138	$ 237	$ 750	$ 58	$ 2,183
Capital Projects	$ 15,520		30,781		500	153	46,954
Debt Service	8,368	$ 8,917	38,855	29,036	655	2,307	88,138
Other Governmental	27,904	1,584	2,170	114		497	32,269
Regional Wastewater Reclamation		19,433				79	19,512
Internal Service	7,788			75			7,863
Total	$ 59,580	$ 29,934	$ 72,944	$ 29,462	$ 1,905	$ 3,094	$ 196,919

The table above does not include transfers of capital assets from the proprietary funds to the governmental activities because these are not reported in the governmental funds.

The following is a summary of the significant transfer activity for the fiscal year ended June 30, 2019:

The transfers out of the General Fund were made to the Capital Projects Fund for facilities renovations and to the Other Governmental Funds to subsidize the operations of the Health department and the Stadium District. The General Fund also transferred monies to the Internal Service Funds for acquisitions of computer hardware, servers, and data storage by the Information Technology department.

The transfers out of the Other Governmental Funds and the Regional Wastewater Reclamation enterprise fund to the Debt Service Fund were to provide monies for debt-service requirements as payments become due. The transfers out of the Other Governmental Funds to the Capital Projects Fund were primarily to fund projects for the Transportation department and Flood Control District.

Note 13: Construction and Other Significant Commitments

At June 30, 2019, Pima County had the following major contractual commitments:

Community Services

The Community Services Department had contractual commitments related to service contracts of $14,438. Funding for these expenditures will be provided from reimbursements on intergovernmental grant awards, including federal and state entities.

Facilities Management

The Facilities Management Department had construction contractual commitments of $13,801 and other contractual commitments related to service contracts of $4,816. Funding for these expenditures will be provided from general fund and building rental revenues.

General Government

The Office of Medical Services had contractual commitments related to service contracts of $5,271. The Behavioral Health department had contractual commitments related to service contracts of $91,112. Funding for these expenditures will be provided from general fund revenues.

Natural Resources, Parks and Recreation

The Natural Resources, Parks and Recreation Department had commitments related to service contracts of $5,772. Funding for these expenditures will be provided from general fund revenues.

Regional Flood Control

The Regional Flood Control fund had construction contractual commitments of $3,485 and other contractual commitments related to service contracts of $1,664. Funding for these expenditures will be primarily from Regional Flood Control District tax levy revenues.

Regional Wastewater Reclamation

The Regional Wastewater Reclamation enterprise fund had construction contractual commitments of $32,637 and other contractual commitments related to services of $20,198. Funding for these expenses will be primarily from the Sewer Revenue Obligations and sewer user fees.

Stadium District

The Stadium District fund had construction contractual commitments of $14,720. Funding for these expenditures will be primarily from general fund revenues and various taxes, such as Hotel/Motel tax revenues.

Transportation

The Transportation Department had construction commitments of $61,611 and other contractual commitments related to services of $305. Funding for these expenditures will be primarily provided from Transportation Revenue bonds, federal grants funding and state Highway User Tax Revenue, which is the primary source of revenue for the Transportation Department.

Note 14: Deficit Fund Balance

At June 30, 2019, the following nonmajor funds reported a deficit in fund balance:

Fund		Deficit
Governmental Funds:		
Other Grants	$	4,153
School Reserve		195

Note 15: Subsequent Events

Certificates of Participation – On October 30, 2019, the County issued Certificates of Participation, Series 2019A in the amount of $12,975 to fund a portion of the construction of an approximately 2.6 mile extension of Valencia Road, a major arterial County road, and related bridge and bank protection improvements.

Sewer System Revenue Obligations – On November 7, 2019, the County defeased $18,935 of Sewer System Revenue Obligations, Series 2010 with existing resources to reduce the debt service costs and help eliminate the need for future sewer rate increases. The County purchased State and Local Government Securities in the amount of $19,694 and placed them in an account with the Trustee, Bank of New York Mellon, for future debt service payments of $19,868 on the defeased debt.

PIMA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

Other Than Management's Discussion & Analysis

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund
For the Year Ended June 30, 2019
(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Property taxes	$ 341,184	$ 341,184	$ 343,841	$ 2,657
Licenses and permits	3,524	3,524	3,263	(261)
Intergovernmental	163,052	163,052	173,772	10,720
Charges for services	37,675	37,675	39,099	1,424
Fines and forfeits	3,611	3,611	3,281	(330)
Investment earnings	923	923	1,788	865
Miscellaneous	4,542	4,542	5,268	726
Total revenues	554,511	554,511	570,312	15,801
Expenditures:				
General government				
Assessor	8,727	8,727	7,062	1,665
Board of Supervisors	2,600	2,600	2,237	363
Clerk of Superior Court	10,975	10,975	10,553	422
Constables	1,599	1,599	1,571	28
County Administration	101,989	101,989	55,244	46,745
County Attorney	23,686	23,686	23,755	(69)
Grants Management and Innovation	3,849	3,849	2,975	874
Justice Courts	8,814	8,814	8,701	113
Juvenile Courts	24,466	24,466	24,464	2
Justice & Law Enforcement	32,846	32,846	32,211	635
Public Works (Facilities Management)	26,005	26,005	22,721	3,284
Recorder	5,577	5,577	4,728	849
Superior Court	32,225	32,225	32,301	(76)
Superior Court Mandated Services	1,759	1,759	1,718	41
Treasurer	2,601	2,601	2,243	358
Public safety				
Sheriff	153,783	153,783	149,018	4,765
Office of Emergency Management & Homeland Security	649	649	553	96
Sanitation				
Environmental Quality	1,421	1,421	1,289	132
Health				
Forensic Science Center	3,949	3,949	4,492	(543)
Welfare				
County Admin - Welfare	58,105	58,105	58,285	(180)
Office of Medical Services	45,169	45,169	37,622	7,547
Culture and recreation				
Public Works (Parks and Recreation)	18,534	18,534	18,610	(76)
Education and economic opportunity				
Community & Economic Development	13,257	13,257	11,801	1,456
School Superintendent	1,752	1,752	1,865	(113)
Debt Service - principal	944	944	944	
- interest	54	54	54	
Total expenditures	585,335	585,335	517,017	68,318
Excess (deficiency) of revenues over (under) expenditures	(30,824)	(30,824)	53,295	84,119
Other financing sources (uses):				
Proceeds from sale of capital assets			8	8
Transfers in	2,127	2,127	2,183	56
Transfers (out)	(61,978)	(61,978)	(59,580)	2,398
Total other financing uses	(59,851)	(59,851)	(57,389)	2,462
Net change in fund balances	(90,675)	(90,675)	(4,094)	86,581
Fund balances at beginning of year	90,675	90,675	113,492	22,817
Fund balances at end of year	$	$	$ 109,398	$ 109,398

PIMA COUNTY, ARIZONA
Notes to Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund
June 30, 2019
(in thousands)

Note 1- Budgeting and Budgetary Control

Arizona Revised Statutes (A.R.S.) requires the County to prepare and adopt a balanced budget annually for each governmental fund. The Board of Supervisors must approve such operating budgets on or before the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August. A.R.S. prohibits expenditures or liabilities in excess of the amounts budgeted.

Expenditures may not legally exceed appropriations at the department level. In certain instances, transfers of appropriations between departments or from the contingency account to a department may be made upon the Board of Supervisors' approval. With the exception of the General Fund, Other Special Revenue, and Other Special Revenue – Grants, each fund includes only one department.

PIMA COUNTY, ARIZONA
Schedule of the County's Proportionate Share of the Net Pension Liability
Cost-Sharing Pension Plans
June 30, 2019
(in thousands)

Arizona State Retirement System

	Reporting Fiscal Year (Measurement Date)					
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 thru 2010
County's proportion of the net pension liability	2.36%	2.41%	2.44%	2.51%	2.56%	Information not available
County's proportionate share of the net pension liability	$ 328,958	$ 375,197	$ 393,174	$ 391,629	$ 379,139	
County's covered payroll	$ 233,929	$ 235,375	$ 228,129	$ 231,570	$ 229,907	
County's proportionate share of the net pension liability as a percentage of its covered payroll	140.62%	159.40%	172.35%	169.12%	164.91%	
Plan fiduciary net position as a percentage of the total pension liability	73.40%	69.92%	67.06%	68.35%	69.49%	

Corrections Officer Retirement Plan—Administrative Office of the Courts

	Reporting Fiscal Year (Measurement Date)					
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 thru 2010
County's proportion of the net pension liability	11.51%	11.95%	12.42%	12.45%	12.43%	Information not available
County's proportionate share of the net pension liability	$ 41,436	$ 47,929	$ 35,046	$ 30,274	$ 27,888	
County's covered payroll	$ 13,346	$ 13,400	$ 13,681	$ 13,857	$ 13,114	
County's proportionate share of the net pension liability as a percentage of its covered payroll	310.48%	357.68%	256.17%	218.47%	212.66%	
Plan fiduciary net position as a percentage of the total pension liability	53.72%	49.21%	54.81%	57.89%	58.59%	

Elected Officials Retirement Plan

	Reporting Fiscal Year (Measurement Date)					
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 thru 2010
County's proportion of the net pension liability	10.24%	7.42%	7.90%	7.55%	7.64%	Information not available
County's proportionate share of the net pension liability	$ 64,495	$ 90,478	$ 74,615	$ 59,037	$ 51,259	
State's proportionate share of the net pension liability associated with the County	11,051	29,292	15,406	18,405	15,717	
Total	$ 75,546	$ 119,770	$ 90,021	$ 77,442	$ 66,976	
County's covered payroll	$ 6,984	$ 7,050 #	$ 6,617	$ 6,391	$ 6,932	
County's proportionate share of the net pension liability as a percentage of its covered payroll	923.47%	1283.38%	1127.63%	923.75%	739.45%	
Plan fiduciary net position as a percentage of the total pension liability	30.36%	19.66%	23.42%	28.32%	31.91%	

See accompanying notes to pension schedules

PIMA COUNTY, ARIZONA
Schedule of Changes in the County's Net Pension Liability and Related Ratios
Agent Pension Plans
June 30, 2019
(in thousands)

Public Safety Personnel Retirement System - Sheriff

	Reporting Fiscal Year (Measurement Date)					
	2019	2018	2017	2016	2015	2014 thru
Total pension liability	(2018)	(2017)	(2016)	(2015)	(2014)	2010
Service cost	$ 6,125	$ 8,078	$ 6,068	$ 6,421	$ 6,346	
Interest on the total pension liability	27,905	26,186	25,444	24,997	21,060	
Changes of benefit terms		4,033	9,540		7,336	
Differences between expected and actual experience in the measurement of the pension liability	(2,730)	(1,177)	(7,713)	(4,579)	(462)	
Changes of assumptions or other inputs		12,797	12,356		34,338	
Benefit payments, including refunds of employee contributions	(21,357)	(20,634)	(22,727)	(19,209)	(17,811)	
Net change in total pension liability	9,943	29,283	22,968	7,630	50,807	
Total pension liability - beginning	384,706	355,423	332,455	324,825	274,018	
Total pension liability - ending (a)	$ 394,649	$ 384,706	$ 355,423	$ 332,455	$ 324,825	
Plan fiduciary net position						
Contributions - employer	$ 18,847	$ 16,871	$ 15,122	$ 11,490	$ 10,627	Information not available
Contributions - employee	2,787	3,900	3,877	3,505	3,415	
Net investment income	10,343	16,189	808	5,053	17,221	
Benefit payments, including refunds of employee contributions	(21,357)	(20,634)	(22,727)	(19,209)	(17,811)	
Hall/Parker settlement	(4,953)					
Administrative expense	(158)	(144)	(117)	(124)	(139)	
Other changes	(223)	(238)	(397)	(148)	(92)	
Net change in plan fiduciary net position	5,286	15,944	(3,434)	567	13,221	
Plan fiduciary net position - beginning	152,923	136,979	140,413	139,846	126,625	
Plan fiduciary net position - ending (b)	$ 158,209	$ 152,923	$ 136,979	$ 140,413	$ 139,846	
County's net pension liability - ending (a) - (b)	$ 236,440	$ 231,783	$ 218,444	$ 192,042	$ 184,979	
Plan fiduciary net position as a percentage of the total pension liability	40.09%	39.75%	38.54%	42.24%	43.05%	
Covered payroll	$ 29,261	$ 32,156	$ 30,384	$ 31,515	$ 31,543	
County's net pension liability as a percentage of covered payroll	808.04%	720.81%	718.94%	609.37%	586.43%	

See accompanying notes to pension schedules

PIMA COUNTY, ARIZONA
Schedule of Changes in the County's Net Pension Liability and Related Ratios
Agent Pension Plans
June 30, 2019
(in thousands)

Corrections Officer Retirement Plan - Detention

	Reporting Fiscal Year (Measurement Date)					
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 thru 2010
Total pension liability						
Service cost	$ 3,359	$ 3,235	$ 2,893	$ 2,798	$ 2,852	
Interest on the total pension liability	9,683	8,091	7,911	7,751	6,623	
Changes of benefit terms	(7,525)	15,675	181		1,459	
Differences between expected and actual experience in the measurement of the pension liability	(2,679)	(1,044)	(1,930)	(2,557)	(609)	
Changes of assumptions or other inputs		3,566	4,125		10,555	
Benefit payments, including refunds of employee contributions	(6,741)	(6,489)	(6,013)	(5,988)	(6,975)	
Net change in total pension liability	(3,903)	23,034	7,167	2,004	13,905	
Total pension liability - beginning	132,538	109,504	102,337	100,333	86,428	
Total pension liability - ending (a)	$ 128,635	$ 132,538	$ 109,504	$ 102,337	$ 100,333	
Plan fiduciary net position						
Contributions - employer	$ 5,167	$ 4,871	$ 4,634	$ 3,441	$ 2,970	Information not available
Contributions - employee	1,771	1,814	1,730	1,737	1,686	
Net investment income	3,970	5,953	302	1,765	6,030	
Benefit payments, including refunds of employee contributions	(6,741)	(6,489)	(6,013)	(5,988)	(6,975)	
Administrative expense	(61)	(52)	(43)	(44)	(48)	
Other changes	(76)	(38)	(38)	(69)	11	
Net change in plan fiduciary net position	4,030	6,059	572	842	3,674	
Plan fiduciary net position - beginning	55,833	49,774	49,202	48,360	44,686	
Plan fiduciary net position - ending (b)	$ 59,863	$ 55,833	$ 49,774	$ 49,202	$ 48,360	
County's net pension liability - ending (a) - (b)	$ 68,772	$ 76,705	$ 59,730	$ 53,135	$ 51,973	
Plan fiduciary net position as a percentage of the total pension liability	46.54%	42.13%	45.45%	48.08%	48.20%	
Covered payroll	$ 20,738	$ 21,574	$ 20,263	$ 20,816	$ 20,051	
County's net pension liability as a percentage of covered payroll	331.62%	355.54%	294.77%	255.26%	259.20%	

See accompanying notes to pension schedules

PIMA COUNTY, ARIZONA
Schedule of County Pension Contributions
June 30, 2019
(in thousands)

Arizona State Retirement System

	Reporting Fiscal Year						
	2019	2018	2017	2016	2015	2014	2013 thru 2010
Statutorily required contribution	$ 26,908	$ 25,552	$ 25,320	$ 24,752	$ 25,218	$ 24,600	Information not available
County's contributions in relation to the statutorily required contribution	26,908	25,552	25,320	24,752	25,218	24,600	
County's contribution deficiency (excess)							
County's covered payroll	$ 241,159	$ 233,929	$ 235,375	$ 228,129	$ 231,570	$ 229,907	
County's contributions as a percentage of covered payroll	11.16%	10.92%	10.76%	10.85%	10.89%	10.70%	

Corrections Officer Retirement Plan - Administrative Office of the Courts

	Reporting Fiscal Year						
	2019	2018	2017	2016	2015	2014	2013 thru 2010
Statutorily required contribution	$ 4,258	$ 3,003	$ 2,691	$ 2,613	$ 2,062	$ 1,933	Information not available
County's contributions in relation to the statutorily required contribution	4,258	3,003	2,691	2,613	2,062	1,933	
County's contribution deficiency (excess)							
County's covered payroll	$ 13,470	$ 13,346	$ 13,400	$ 13,681	$ 13,857	$ 13,114	
County's contributions as a percentage of covered payroll	31.61%	22.50%	20.08%	19.10%	14.88%	14.74%	

Elected Officials Retirement Plan

	Reporting Fiscal Year						
	2019	2018	2017	2016	2015	2014	2013 thru 2010
Statutorily required contribution	$ 4,168	$ 1,508	$ 1,566	$ 1,555	$ 1,502	$ 2,014	Information not available
County's contributions in relation to the statutorily required contribution	3,204	460	1,566	1,555	1,502	1,629	
County's contribution deficiency (excess)	$ 964	$ 1,048					
County's covered payroll	$ 7,246	$ 6,984	$ 7,050	$ 6,617	$ 6,391	$ 6,932	
County's contributions as a percentage of covered payroll	44.22%	6.59%	22.21%	23.50%	23.50%	23.50%	

Public Safety Personnel Retirement System - Sheriff

	Reporting Fiscal Year						
	2019	2018	2017	2016	2015	2014	2013 thru 2010
Actuarially determined contribution	$ 18,766	$ 18,771	$ 16,861	$ 15,119	$ 11,490	$ 10,627	Information not available
County's contributions in relation to the actuarially determined contribution	18,766	14,407	16,861	15,119	11,490	10,627	
County's contribution deficiency (excess)		$ 4,364					
County's covered payroll	$ 29,862	$ 29,261	$ 32,156	$ 30,384	$ 31,515	$ 31,543	
County's contributions as a percentage of covered payroll	62.84%	49.24%	52.44%	49.76%	36.46%	33.69%	

Corrections Officer Retirement Plan - Detention

	Reporting Fiscal Year						
	2019	2018	2017	2016	2015	2014	2013 thru 2010
Actuarially determined contribution	$ 6,515	$ 5,155	$ 4,872	$ 4,618	$ 3,441	$ 2,970	Information not available
County's contributions in relation to the actuarially determined contribution	6,515	5,155	4,872	4,618	3,441	2,970	
County's contribution deficiency (excess)							
County's covered payroll	$ 21,342	$ 20,738	$ 21,574	$ 20,263	$ 20,816	$ 20,051	
County's contributions as a percentage of covered payroll	30.53%	24.86%	22.58%	22.79%	16.53%	14.81%	

See accompanying notes to pension schedules

PIMA COUNTY, ARIZONA
Notes to Pension Plan Schedules
June 30, 2019
(in thousands)

Note 1 – Actuarially Determined Contribution Rates

Actuarial determined contribution rates for PSPRS and CORP are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent-of-pay, closed
Remaining amortization period as of the 2017 actuarial valuation	21 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 80% / 120% market corridor
Actuarial assumptions:	
Investment rate of return	PSPRS members with initial membership date before July 1, 2017, and CORP members with initial membership date before July 1, 2018: in the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%. PSPRS members with initial membership on or after July 1, 2017: 7%
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%–8.0% to 3.5%–7.5% for PSPRS and from 4.0%–7.25% to 3.5%–6.5% for CORP. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%–8.5% to 4.0%–8.0% for PSPRS and from 4.5%–7.75% to 4.0%–7.25% for CORP. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5% for PSPRS and from 5.0%–8.25% to 4.5%–7.75% for CORP.
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4.0% to 3.5% for PSPRS and CORP. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS and CORP. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS and CORP.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

Note 2 – Factors that affect trends

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS, CORP, CORP–AOC, and EORP changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS and EORP also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS-, CORP-, and CORP–AOC- required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS-, CORP-, and CORP–AOC-required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. EORP-required contributions are not based on actuarial valuations, and therefore, these changes did not affect them. Also, the County refunded excess employee contributions to PSPRS and EORP members. PSPRS and EORP allowed the County to reduce its actual employer contributions for the refund amounts. As a result, the County's pension contributions were less than the actuarially or statutorily determined contributions for 2018 and 2019.

The fiscal year 2019 (measurement date 2018) pension liabilities for EORP and CORP reflect the replacement of the permanent benefit increase (PBI) for retirees based on investment returns with a cost of living adjustment based on inflation. Also, the EORP liability and required pension contributions for fiscal year 2019 reflect a statutory change that requires the employer contribution rate to be actuarially determined. This change increased the discount rate used to calculate the liability thereby reducing the total pension liability.

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PIMA COUNTY

COMBINING STATEMENTS AND OTHER SCHEDULES

Other (Nonmajor) Governmental Funds

OTHER GOVERNMENTAL FUNDS (NONMAJOR)

Transportation Fund — to account for administrative and operating costs, as well as resources transferred to the Capital Projects Fund for construction of highways and streets. Financing is provided primarily from the County share of gasoline and vehicle license taxes collected by the State.

Health Fund — to account for resources used to finance activities involved in the conservation and improvement of public health and animal care. Major sources of funding include Federal and State grants, charges for services provided, and operating transfers from the General Fund.

Regional Flood Control District Fund — to account for amounts expended to protect persons and property from floodwaters. Revenues are provided by secondary taxes on real property and government grants. The Regional Flood Control District is a blended component unit of Pima County.

Other Special Revenue Fund — to account for resources specifically identified to be expended for the various other programs of the County. These include various probation programs, consumer protection programs, family support, antiracketeering programs, law library, etc. Revenues are provided by fines, intergovernmental revenues, fees and forfeitures, and charges for services.

Other Special Revenue Grants Fund — to account for Federal and State grants received by the County not required to be accounted for in a separate fund. Each grant has a specific project objective and the grant funds must be used for a stated purpose.

Wireless Integrated Network Fund — to account for the design, procurement and deployment of a regional public safety voice communications network to serve public and non-profit entities responsible for providing public safety and emergency management services to the Pima County populace.

School Reserve Fund — to account for Federal and State grants received by the Superintendent of Schools. Each grant has a specific project objective and the grant funds must be used for a stated purpose.

Environmental Quality Fund — to account for resources specifically identified to be expended for protection of water, air, and land from pollutants. Revenues are provided by fines, fees and forfeitures, licenses, permits, and Federal and State grants.

Waste Tire Fund — to account for the state shared revenue tax for the tire recycling program.

Library District Fund — to account for the resources used for management and operation of the Library District. Revenues are provided primarily by secondary taxes on real property. The Library District is a blended component unit of Pima County.

Stadium District Fund — to account for resources specifically identified to be expended for the Stadium District. Revenues are provided by the car rental, hotel/motel bed and recreation vehicle park taxes, and charges for services provided. The Stadium District is a blended component unit of Pima County.

Improvement & Other Districts Fund — to account for financial activity related to street lighting and other improvements in unincorporated Pima County. The Improvement & Other Districts are a blended component unit of Pima County.

Rocking K South CFD Fund — to account for the purchase of eligible infrastructure of the Rocking K South master plan development through the issuance of bonds, and to fund the operation, maintenance and administration of the District through the levy of ad valorem tax on property in the District.

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PIMA COUNTY, ARIZONA
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2019
(in thousands)

	Special Revenue Funds					
	Transportation	Health	Regional Flood Control District	Other	Other Grants	Wireless Integrated Network
Assets						
Cash and cash equivalents	$ 9,492	$ 8,663	$ 11,295	$ 38,331		$ 4,857
Property taxes receivable (net)	94		503			
Interest receivable	15	15	16	67		5
Due from other funds		32		193	$ 408	
Due from other governments	5,430	1,153	5	857	8,229	
Accounts receivable	267	214	60	1,127	1,708	
Inventory	1,289					116
Prepaid expenditures	34	55	29	248	217	10
Loan receivable	1,631					
Restricted cash equivalents						
Total assets	$ 18,252	$ 10,132	$ 11,908	$ 40,823	$ 10,562	$ 4,988
Liabilities, deferred inflows of resources and fund balances						
Liabilities						
Accounts payable	$ 2,966	$ 1,008	$ 447	$ 2,041	$ 3,828	$ 45
Interest payable					10	
Employee compensation	283	331	91	423	308	17
Due to other funds	16	126		1	3,882	
Due to other governments	15	1		4	3	92
Deposits and rebates	2		3	1		
Interfund payable						3,100
Unearned revenue	1,633		4	1,344	1,855	102
Total liabilities	4,915	1,466	545	3,814	9,886	3,356
Deferred inflows of resources						
Unavailable revenue - intergovernmental	251	764	5	61	4,666	
Unavailable revenue - property taxes	92		389			
Unavailable revenue - other	193	10	11	372	163	
Total deferred inflows of resources	536	774	405	433	4,829	
Total liabilities and deferred inflows of resources	5,451	2,240	950	4,247	14,715	3,356
Fund balances						
Nonspendable	1,323	55	29	248	217	126
Restricted	11,478	7,837	10,929	25,859		1,506
Committed				3,700		
Assigned				6,769		
Unassigned					(4,370)	
Total fund balances (deficit)	12,801	7,892	10,958	36,576	(4,153)	1,632
Total liabilities, deferred inflows of resources and fund balances	$ 18,252	$ 10,132	$ 11,908	$ 40,823	$ 10,562	$ 4,988

Special Revenue Funds							Total Other Governmental Funds
School Reserve	Environmental Quality	Waste Tire	Library District	Stadium District	Rocking K South CFD	Improvement & Other Districts	
	$ 3,700	$ 1,870	$ 16,036	$ 2,138	$ 21	$ 85	$ 96,488
			1,002			8	1,607
	7	3	36	3			167
				145			778
$ 473		313	6	284			16,750
66	79		523	77			4,121
							1,405
	5		492				1,090
							1,631
			45				45
$ 539	$ 3,791	$ 2,186	$ 18,140	$ 2,647	$ 21	$ 93	$ 124,082
$ 59	$ 15	$ 276	$ 1,059	$ 266			$ 12,010
							10
105	46		410	47			2,061
173	1						4,199
			70				185
							6
							3,100
			4	22			4,964
337	62	276	1,543	335			26,535
397			3	152			6,299
			767			4	1,252
	30		72	24			875
397	30		842	176		4	8,426
734	92	276	2,385	511		4	34,961
	5		537				2,540
254	2,021	1,910	15,218		21	89	77,122
293							3,993
	1,673			2,136			10,578
(742)							(5,112)
(195)	3,699	1,910	15,755	2,136	21	89	89,121
$ 539	$ 3,791	$ 2,186	$ 18,140	$ 2,647	$ 21	$ 93	$ 124,082

PIMA COUNTY, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2019
(in thousands)

	Special Revenue Funds					
	Transportation	Health	Regional Flood Control District	Other	Other Grants	Wireless Integrated Network
Revenues:						
Property taxes	$ 308		$ 25,133			
Licenses and permits	1,339	$ 3,193	1	$ 1		
Intergovernmental	66,002	4,774	58	21,102	$ 41,151	
Charges for services	106	2,629	322	7,596		$ 3,089
Fines and forfeits	18	54	2	3,132		
Investment earnings	216	152	245	712	36	48
Miscellaneous	685	586	138	9,659	3,756	68
Total revenues	68,674	11,388	25,899	42,202	44,943	3,205
Expenditures:						
General government				30,425	6,287	
Public safety			15,070	1,803	3,965	2,786
Highways and streets	39,925				28	
Sanitation						
Health		23,155		20	12,302	
Culture and recreation				1,274	212	
Education and economic opportunity				3,140	23,151	
Debt service - principal				618		
- interest				2		
Total expenditures	39,925	23,155	15,070	37,282	45,945	2,786
Excess (deficiency) of revenues over (under) expenditures	28,749	(11,767)	10,829	4,920	(1,002)	419
Other financing sources (uses):						
Installment note				170		
Proceeds from sale of capital assets				1,435		
Transfers in	1,761	13,583	6	4,191	3,443	44
Transfers (out)	(45,471)	(1,907)	(9,018)	(6,274)	(3,147)	(1,000)
Total other financing sources (uses)	(43,710)	11,676	(9,012)	(478)	296	(956)
Net change in fund balances	(14,961)	(91)	1,817	4,442	(706)	(537)
Fund balances at beginning of year	27,762	7,983	9,141	32,134	(3,447)	2,169
Fund balances at end of year	$ 12,801	$ 7,892	$ 10,958	$ 36,576	$ (4,153)	$ 1,632

Special Revenue Funds							Total Other Governmental Funds
School Reserve	Environmental Quality	Waste Tire	Library District	Stadium District	Rocking K South CFD	Improvement & Other Districts	
			$ 42,773			$ 246	$ 68,460
	$ 2,464						6,998
$ 1,990		$ 1,281	290	$ 1,506			138,154
	1		440	1,531			15,714
	8		509				3,723
	71	35	300	7		2	1,824
	18		463	25			15,398
1,990	2,562	1,316	44,775	3,069		248	250,271
						195	36,907
							23,624
							39,953
		1,116					1,116
	2,940						38,417
			39,008	4,899			45,393
2,388							28,679
							618
							2
2,388	2,940	1,116	39,008	4,899		195	214,709
(398)	(378)	200	5,767	(1,830)		53	35,562
							170
							1,435
	735			8,506			32,269
			(5,039)	(1,053)		(35)	(72,944)
	735		(5,039)	7,453		(35)	(39,070)
(398)	357	200	728	5,623		18	(3,508)
203	3,342	1,710	15,027	(3,487)	$ 21	71	92,629
$ (195)	$ 3,699	$ 1,910	$ 15,755	$ 2,136	$ 21	$ 89	$ 89,121

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PIMA COUNTY

COMBINING STATEMENTS AND OTHER SCHEDULES

Schedule of Revenues, Expenditures
and Changes in Fund Balance

Budget and Actual – Other Governmental Funds

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Capital Projects Fund
For the Year Ended June 30, 2019
(in thousands)

	Budget	Actual	Variance
Revenues:			
Intergovernmental	$ 20,904	$ 14,736	$ (6,168)
Charges for services	5,448	6,358	910
Investment earnings	370	3,079	2,709
Miscellaneous	1,270	309	(961)
Total revenues	27,992	24,482	(3,510)
Expenditures:			
Capital outlay	164,329	118,275	46,054
Total expenditures	164,329	118,275	46,054
Deficiency of revenues under expenditures	(136,337)	(93,793)	42,544
Other financing sources (uses):			
Premium on bonds		3,560	3,560
Face amount of long-term debt issued	60,000	45,940	(14,060)
Proceeds from sale of capital assets		233	233
Transfers in	60,035	46,954	(13,081)
Transfers (out)	(11,762)	(29,934)	(18,172)
Total other financing sources	108,273	66,753	(41,520)
Net change in fund balance	(28,064)	(27,040)	1,024
Fund balance at beginning of year	43,197	146,381	103,184
Fund balance at end of year	$ 15,133	$ 119,341	$ 104,208

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Debt Service Fund
For the Year Ended June 30, 2019
(in thousands)

	Budget	Actual	Variance
Revenues:			
Property taxes	$ 56,958	$ 57,304	$ 346
Intergovernmental		16	16
Investment earnings	245	873	628
Miscellaneous		5	5
Total revenues	57,203	58,198	995
Expenditures:			
Debt service - principal	137,955	128,350	9,605
- interest	22,974	18,674	4,300
- miscellaneous	21	620	(599)
Total expenditures	160,950	147,644	13,306
Deficiency of revenues under expenditures	(103,747)	(89,446)	14,301
Other financing sources:			
Premium on bonds		3,149	3,149
Transfers in	102,960	88,138	(14,822)
Total other financing sources	102,960	91,287	(11,673)
Net change in fund balance	(787)	1,841	2,628
Fund balance at beginning of year	5,363	5,004	(359)
Fund balance at end of year	$ 4,576	$ 6,845	$ 2,269

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Transportation - Special Revenue Fund
For the Year Ended June 30, 2019
(in thousands)

	Budget	Actual	Variance
Revenues:			
Property taxes	$ 357	$ 308	$ (49)
Licenses and permits	1,307	1,339	32
Intergovernmental	62,171	66,002	3,831
Charges for services	197	106	(91)
Fines and forfeits		18	18
Investment earnings	45	216	171
Miscellaneous	203	685	482
Total revenues	64,280	68,674	4,394
Expenditures:			
Highways and streets	43,449	39,925	3,524
Total expenditures	43,449	39,925	3,524
Excess of revenues over expenditures	20,831	28,749	7,918
Other financing sources (uses):			
Proceeds from sale of capital assets			
Transfers in	1,696	1,761	65
Transfers (out)	(46,378)	(45,471)	907
Total other financing uses	(44,682)	(43,710)	972
Net change in fund balance	(23,851)	(14,961)	8,890
Fund balance at beginning of year	26,036	27,762	1,726
Fund balance at end of year	$ 2,185	$ 12,801	$ 10,616

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Health - Special Revenue Fund
For the Year Ended June 30, 2019
(in thousands)

	Budget	Actual	Variance
Revenues:			
Licenses and permits	$ 2,684	$ 3,193	$ 509
Intergovernmental	4,693	4,774	81
Charges for services	2,883	2,629	(254)
Fines and forfeits	49	54	5
Investment earnings	5	152	147
Miscellaneous	1,033	586	(447)
Total revenues	11,347	11,388	41
Expenditures:			
Health	25,517	23,155	2,362
Total expenditures	25,517	23,155	2,362
Deficiency of revenues under expenditures	(14,170)	(11,767)	2,403
Other financing sources (uses):			
Transfers in	13,089	13,583	494
Transfers (out)	(2,875)	(1,907)	968
Total other financing sources	10,214	11,676	1,462
Net change in fund balance	(3,956)	(91)	3,865
Fund balance at beginning of year	4,464	7,983	3,519
Fund balance at end of year	$ 508	$ 7,892	$ 7,384

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Regional Flood Control District - Special Revenue Fund
For the Year Ended June 30, 2019
(in thousands)

	Budget	Actual	Variance
Revenues:			
Property taxes	$ 25,017	$ 25,133	$ 116
Licenses and permits	1	1	
Intergovernmental	50	58	8
Charges for services	1,072	322	(750)
Fines and forfeits	2	2	
Investment earnings	45	245	200
Miscellaneous	89	138	49
Total revenues	26,276	25,899	(377)
Expenditures:			
Flood control	16,914	15,070	1,844
Total expenditures	16,914	15,070	1,844
Excess of revenues over expenditures	9,362	10,829	1,467
Other financing sources (uses):			
Transfers in	18	6	(12)
Transfers (out)	(9,389)	(9,018)	371
Total other financing uses	(9,371)	(9,012)	359
Net change in fund balance	(9)	1,817	1,826
Fund balance at beginning of year	7,574	9,141	1,567
Fund balance at end of year	$ 7,565	$ 10,958	$ 3,393

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Other - Special Revenue Fund
For the Year Ended June 30, 2019
(in thousands)

	Budget	Actual	Variance
Revenues:			
Licenses and permits		$ 1	$ 1
Intergovernmental	$ 26,557	21,102	(5,455)
Charges for services	6,795	7,596	801
Fines and forfeits	3,274	3,132	(142)
Investment earnings	213	712	499
Miscellaneous	8,489	9,659	1,170
Total revenues	45,328	42,202	(3,126)
Expenditures:			
General government	44,415	30,425	13,990
Public safety	5,697	1,803	3,894
Health	65	20	45
Culture and recreation	2,013	1,274	739
Education and economic opportunity	3,842	3,140	702
Debt service - principal	605	618	(13)
- interest		2	(2)
Total expenditures	56,637	37,282	19,355
Excess (deficiency) of revenues over (under) expenditures	(11,309)	4,920	16,229
Other financing sources (uses):			
Installment note		170	170
Proceeds from sale of capital assets		1,435	1,435
Transfers in	2,609	4,191	1,582
Transfers (out)	(7,557)	(6,274)	1,283
Total other financing uses	(4,948)	(478)	4,470
Net change in fund balance	(16,257)	4,442	20,699
Fund balance at beginning of year	19,025	32,134	13,109
Fund balance at end of year	$ 2,768	$ 36,576	$ 33,808

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Other Grants - Special Revenue Fund
For the Year Ended June 30, 2019
(in thousands)

	Budget	Actual	Variance
Revenues:			
Intergovernmental	$ 61,290	$ 41,151	$ (20,139)
Investment earnings	9	36	27
Miscellaneous	4,454	3,756	(698)
Total revenues	65,753	44,943	(20,810)
Expenditures:			
County Administration	2,548	1,468	1,080
Clerk of the Court	26	22	4
Community Development	6,914	3,870	3,044
Community Services	16,935	18,851	(1,916)
County Attorney	4,514	2,714	1,800
Elections	54	32	22
Environmental Quality	1,038	928	110
Finance	6,060	169	5,891
Flood Control		31	(31)
Forensic Sciences Center		50	(50)
Grants Management & Innovation	1,250	429	821
Health	10,925	10,417	508
Justice Court	9	1	8
Juvenile Court	1,311	805	506
Natural Resources, Parks and Recreation	186	212	(26)
Office of Emergency Management	1,170	1,115	55
Office of Sustainability and Conservation		42	(42)
Pima Animal Care	1,831	907	924
Public Works Administration		14	(14)
Sheriff	5,041	2,820	2,221
Superior Court	988	1,020	(32)
Transportation	240	28	212
Total expenditures	61,040	45,945	15,095
Excess (deficiency) of revenues over (under) expenditures	4,713	(1,002)	(5,715)
Other financing sources (uses):			
Transfers in	5,103	3,443	(1,660)
Transfers (out)	(15,345)	(3,147)	12,198
Total other financing sources (uses)	(10,242)	296	10,538
Net change in fund balance	(5,529)	(706)	4,823
Fund balance at beginning of year	(12,622)	(3,447)	9,175
Fund balance at end of year	$ (18,151)	$ (4,153)	$ 13,998

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Wireless Integrated Network - Special Revenue Fund
For the Year Ended June 30, 2019
(in thousands)

	Budget	Actual	Variance
Revenues:			
Charges for services	$ 2,997	$ 3,089	$ 92
Investment earnings	10	48	38
Miscellaneous	69	68	(1)
Total revenues	3,076	3,205	129
Expenditures:			
Public safety	3,024	2,786	238
Total expenditures	3,024	2,786	238
Excess of revenues over expenditures	52	419	367
Other financing sources (uses)			
Transfers in	44	44	
Transfers (out)		(1,000)	(1,000)
Total other financing sources (uses)	44	(956)	(1,000)
Net change in fund balance	96	(537)	(633)
Fund balance at beginning of year	1,830	2,169	339
Fund balance at end of year	$ 1,926	$ 1,632	$ (294)

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
School Reserve - Special Revenue Fund
For the Year Ended June 30, 2019
(in thousands)

	Budget	Actual	Variance
Revenues:			
Intergovernmental	$ 1,669	$ 1,990	$ 321
Total revenues	1,669	1,990	321
Expenditures:			
School Reserve grants	1,669	2,388	(719)
Total expenditures	1,669	2,388	(719)
Deficiency of revenues under expenditures		(398)	(398)
Net change in fund balance		(398)	(398)
Fund balance at beginning of year	821	203	(618)
Fund balance at end of year	$ 821	$ (195)	$ (1,016)

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Environmental Quality - Special Revenue Fund
For the Year Ended June 30, 2019
(in thousands)

	Budget	Actual	Variance
Revenues:			
Licenses and permits	$ 2,246	$ 2,464	$ 218
Charges for services		1	1
Fines and forfeits		8	8
Investment earnings	23	71	48
Miscellaneous	27	18	(9)
Total revenues	2,296	2,562	266
Expenditures:			
Environmental Quality	3,503	2,940	563
Total expenditures	3,503	2,940	563
Deficiency of revenues under expenditures	(1,207)	(378)	829
Other financing sources			
Transfers in	710	735	25
Total other financing sources	710	735	25
Net change in fund balance	(497)	357	854
Fund balance at beginning of year	2,848	3,342	494
Fund balance at end of year	$ 2,351	$ 3,699	$ 1,348

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Waste Tire - Special Revenue Fund
For the Year Ended June 30, 2019
(in thousands)

	Budget	Actual	Variance
Revenues:			
Intergovernmental	$ 1,274	$ 1,281	$ 7
Investment earnings	14	35	21
Total revenues	1,288	1,316	28
Expenditures:			
Sanitation	1,308	1,116	192
Total expenditures	1,308	1,116	192
Excess (deficiency) of revenues over (under) expenditures	(20)	200	220
Net change in fund balance	(20)	200	220
Fund balance at beginning of year	1,636	1,710	74
Fund balance at end of year	$ 1,616	$ 1,910	$ 294

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Library District - Special Revenue Fund
For the Year Ended June 30, 2019
(in thousands)

	Budget	Actual	Variance
Revenues:			
Property taxes	$ 42,511	$ 42,773	$ 262
Intergovernmental	208	290	82
Charges for services	400	440	40
Fines and forfeits	600	509	(91)
Investment earnings	85	300	215
Miscellaneous	558	463	(95)
Total revenues	44,362	44,775	413
Expenditures:			
Culture and recreation	42,781	39,008	3,773
Total expenditures	42,781	39,008	3,773
Excess of revenues over expenditures	1,581	5,767	4,186
Other financing uses:			
Transfers (out)	(4,994)	(5,039)	(45)
Total other financing uses	(4,994)	(5,039)	(45)
Net change in fund balance	(3,413)	728	4,141
Fund balance at beginning of year	12,062	15,027	2,965
Fund balance at end of year	$ 8,649	$ 15,755	$ 7,106

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Stadium District - Special Revenue Fund
For the Year Ended June 30, 2019
(in thousands)

	Budget	Actual	Variance
Revenues:			
Intergovernmental	$ 1,480	$ 1,506	$ 26
Charges for services	910	1,531	621
Investment earnings	5	7	2
Miscellaneous		25	25
Total revenues	2,395	3,069	674
Expenditures:			
Culture and recreation	5,164	4,899	265
Total expenditures	5,164	4,899	265
Deficiency of revenues under expenditures	(2,769)	(1,830)	939
Other financing sources (uses):			
Transfers in	8,493	8,506	13
Transfers (out)	(940)	(1,053)	(113)
Total other financing sources	7,553	7,453	(100)
Net change in fund balance	4,784	5,623	839
Fund balance at beginning of year	(3,911)	(3,487)	424
Fund balance at end of year	$ 873	$ 2,136	$ 1,263

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Rocking K South CFD - Special Revenue Fund
For the Year Ended June 30, 2019
(in thousands)

	Budget	Actual	Variance
Revenues:			
Property taxes			
Investment earnings			
Miscellaneous			
Total revenues			
Expenditures:			
Education and economic opportunity	$ 100		$ 100
Total expenditures	100		100
Deficiency of revenues under expenditures	(100)		100
Other financing sources:			
Proceeds from sale of debt	100		(100)
Total other financing sources	100		(100)
Net change in fund balance			
Fund balance at beginning of year	79	$ 21	(58)
Fund balance at end of year	$ 79	$ 21	$ (58)

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Improvement and Other Districts - Special Revenue Fund
For the Year Ended June 30, 2019
(in thousands)

	Budget	Actual	Variance
Revenues:			
Property taxes	$ 232	$ 246	$ 14
Investment earnings		2	2
Total revenues	232	248	16
Expenditures:			
General government	247	195	52
Total expenditures	247	195	52
Excess (deficiency) of revenues over (under) expenditures	(15)	53	68
Other financing uses:			
Transfers (out)		(35)	(35)
Total other financing uses		(35)	(35)
Net change in fund balance	(15)	18	33
Fund balance at beginning of year		71	71
Fund balance at end of year	$ (15)	$ 89	$ 104

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PIMA COUNTY

COMBINING STATEMENTS AND OTHER SCHEDULES

Other (Nonmajor) Enterprise Funds

OTHER (NONMAJOR) ENTERPRISE FUNDS

Development Services — to account for the operations of providing zoning permits, enforcing ordinances in compliance with state statutes, and administering uniform building codes.

Parking Garages — to account for the management and operation of seven public parking garages located in downtown Tucson.

PIMA COUNTY, ARIZONA
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2019
(in thousands)

	Development Services	Parking Garages	Total Nonmajor Enterprise Funds
Assets			
Current assets:			
Cash and cash equivalents	$ 6,293	$ 1,802	$ 8,095
Interest receivable	10	3	13
Due from other funds	32		32
Due from other governments		4	4
Accounts receivable	110	44	154
Prepaid expense	12		12
Total current assets	6,457	1,853	8,310
Noncurrent assets:			
Net OPEB asset	12	1	13
Capital assets:			
Land		1,768	1,768
Buildings and improvements		27,608	27,608
Equipment		2,152	2,152
Less accumulated depreciation		(12,676)	(12,676)
Total capital assets (net)		18,852	18,852
Total noncurrent assets	12	18,853	18,865
Total assets	6,469	20,706	27,175
Deferred outflows of resources			
Pension/OPEB	652	43	695
Total deferred outflows of resources	652	43	695
Liabilities			
Current liabilities:			
Accounts payable	59	299	358
Employee compensation	82	4	86
Due to other governments		86	86
Unearned revenue		1	1
Compensated absences payable	280	7	287
Total current liabilities	421	397	818
Noncurrent liabilities:			
Compensated absences payable	143		143
Net Pension/OPEB liability	4,472	296	4,768
Total noncurrent liabilities	4,615	296	4,911
Total liabilities	5,036	693	5,729
Deferred inflows of resources			
Pension/OPEB	665	44	709
Total deferred inflows of resources	665	44	709
Net position			
Net investment in capital assets		18,852	18,852
Unrestricted	1,420	1,160	2,580
Total net position	$ 1,420	$ 20,012	$ 21,432

PIMA COUNTY, ARIZONA
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Fund
For the Year Ended June 30, 2019
(in thousands)

	Development Services	Parking Garages	Total Nonmajor Enterprise Funds
Operating revenues:			
Charges for services	$ 8,859	$ 2,605	$ 11,464
Other	12	16	28
Total operating revenues	8,871	2,621	11,492
Operating expenses:			
Employee compensation	3,814	394	4,208
Operating supplies and services	26	96	122
Repair and maintenance	4	238	242
General and administrative	2,136	1,295	3,431
Consultants and professional services	207	136	343
Depreciation		799	799
Total operating expenses	6,187	2,958	9,145
Operating income (loss)	2,684	(337)	2,347
Nonoperating revenues (expenses):			
Investment earnings	176	34	210
Loss on disposal of capital assets		(5)	(5)
Total nonoperating revenues	176	29	205
Income (loss) before transfers	2,860	(308)	2,552
Transfers (out)	(1,265)	(640)	(1,905)
Change in net position	1,595	(948)	647
Net position at beginning of year	(175)	20,960	20,785
Net position at end of year	$ 1,420	$ 20,012	$ 21,432

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2019
(in thousands)

	Development Services	Parking Garages	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Cash received from customers for goods and services provided	$ 8,870	$ 2,600	$ 11,470
Cash payments to suppliers for goods and services	(323)	(1,608)	(1,931)
Cash payments to other funds for goods and services	(2,055)	(161)	(2,216)
Cash payments to employees for services	(4,302)	(391)	(4,693)
Net cash provided by operating activities	2,190	440	2,630
Cash flows from noncapital financing activities:			
Cash transfers out to other funds	(1,265)	(640)	(1,905)
Loans with other funds	(9)		(9)
Net cash used for noncapital financing activities	(1,274)	(640)	(1,914)
Cash flows from capital and related financing activities:			
Purchase of capital assets		(1)	(1)
Net cash used for capital and related financing activities		(1)	(1)
Cash flows from investing activities:			
Interest received on cash and investments	175	34	209
Net cash provided by investing activities	175	34	209
Net increase (decrease) in cash and cash equivalents	1,091	(167)	924
Cash and cash equivalents at beginning of year	5,202	1,969	7,171
Cash and cash equivalents at end of year	$ 6,293	$ 1,802	$ 8,095

(continued)

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2019
(in thousands)

(continued)

Reconciliation of operating income (loss) to net cash provided by operating activities	Development Services	Parking Garages	Total Nonmajor Enterprise Funds
Operating income (loss)	$ 2,684	$ (337)	$ 2,347
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization		799	799
Changes in assets and deferred outflows of resources:			
Decrease (increase) in assets:			
Accounts receivable	(1)	(12)	(13)
Due from other governments		(4)	(4)
Inventory and other assets			
Prepaid expense	(3)		(3)
Net OPEB asset	6		6
Decrease in deferred outflows of resources:			
Pension/OPEB plans	(16)	(6)	(22)
Changes in liabilities and deferred inflows of resources:			
Increase (decrease) in liabilities:			
Accounts payable	(2)	(38)	(40)
Due to other governments		34	34
Net Pension/OPEB liability	(732)	(3)	(735)
Other liabilities	38	(11)	27
Increase in deferred inflows of resources:			
Pension/OPEB plans	216	18	234
Net cash provided by operating activities	$ 2,190	$ 440	$ 2,630

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2019:

Development Services Fund donated a fully depreciated capital asset with an original cost of $18.

Parking Garages Fund disposed of capital assets with a net book value of $4.

PIMA COUNTY

COMBINING STATEMENTS AND OTHER SCHEDULES

Internal Service Funds

INTERNAL SERVICE FUNDS

Self Insurance Trust Fund — to account for the risk management function of the County. The Fund provides self insurance coverage to the County for medical malpractice, workers' compensation, unemployment, general liability, environmental liability, and property damage as well as acquiring coverage for other risks.

Fleet Services — to account for the acquisition, operation, and maintenance of fleet services equipment provided to County departments.

Health Benefit Trust Fund — to account for health care and health-related benefits. The Fund is responsible for collecting employer and employee premiums through payroll deductions, and for the payment of claims. The premiums collected include amounts paid for medical, dental, vision, short-term disability and life insurance coverages.

Other Internal Service — to account for the provision of technology infrastructure, telecommunication services, and procurement of software and hardware resources utilized by County departments.

PIMA COUNTY, ARIZONA
Combining Statements of Net Position
Internal Service Funds
June 30, 2019
(in thousands)

	Self-Insurance Trust	Fleet Services	Health Benefit Trust	Other Internal Service	Total Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	$ 82,152	$ 27,257	$ 36,085	$ 12,483	$ 157,977
Interest receivable	31	8	22	21	82
Due from other governments				6	6
Accounts receivable	25	39	877	6	947
Inventory		622		253	875
Prepaid expense	843	35	44	8,728	9,650
Total current assets	83,051	27,961	37,028	21,497	169,537
Noncurrent assets:					
Net OPEB asset	4	9	2	15	30
Capital assets:					
Land	449				449
Buildings and improvements		23,011		224	23,235
Equipment	218	51,226		17,289	68,733
Less accumulated depreciation	(181)	(28,508)		(9,023)	(37,712)
Construction in progress		8			8
Total capital assets (net)	486	45,737		8,490	54,713
Total noncurrent assets	490	45,746	2	8,505	54,743
Total assets	83,541	73,707	37,030	30,002	224,280
Deferred outflows of resources					
Pension/OPEB	230	484	116	1,192	2,022
Total deferred outflows of resources	230	484	116	1,192	2,022
Liabilities					
Current liabilities:					
Accounts payable	545	1,133	450	4,287	6,415
Contracts retention		57			57
Employee compensation	19	63	161	110	353
Due to other governments	3	29	1		33
Unearned revenue				1	1
Compensated absences	61	178	43	326	608
Reported but unpaid losses	3,232		713		3,945
Incurred but not reported losses	2,730		4,039		6,769
Total current liabilities	6,590	1,460	5,407	4,724	18,181
Noncurrent liabilities:					
Compensated absences payable		42		183	225
Reported but unpaid losses	14,281		7		14,288
Incurred but not reported losses	13,566		41		13,607
Net Pension/OPEB liability	1,578	3,321	789	5,918	11,606
Total noncurrent liabilities	29,425	3,363	837	6,101	39,726
Total liabilities	36,015	4,823	6,244	10,825	57,907
Deferred inflows of resources					
Pension/OPEB	235	494	117	881	1,727
Total deferred inflows of resources	235	494	117	881	1,727
Net position					
Net investment in capital assets	486	45,737		8,490	54,713
Restricted for healthcare			30,785		30,785
Unrestricted	47,035	23,137		10,998	81,170
Total net position	$ 47,521	$ 68,874	$ 30,785	$ 19,488	$ 166,668

PIMA COUNTY, ARIZONA
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2019
(in thousands)

	Self-Insurance Trust	Fleet Services	Health Benefit Trust	Other Internal Service	Total Internal Service Funds
Operating revenues:					
Charges for services	$ 15,732	$ 20,083	$ 57,141	$ 28,254	$ 121,210
Other	257	294	3,895	84	4,530
Total operating revenues	15,989	20,377	61,036	28,338	125,740
Operating expenses:					
Employee compensation	1,693	3,175	903	8,030	13,801
Operating supplies and services	253	5,200	25	8,154	13,632
Incurred losses	5,262		57,486		62,748
Insurance premiums	3,838	1,166	5,123	27	10,154
General and administrative	1,558	1,707	672	7,245	11,182
Repair and maintenance	342	698		2,188	3,228
Consultants and professional services	1,059	83	2,743	2,808	6,693
Depreciation	6	5,113		1,656	6,775
Total operating expenses	14,011	17,142	66,952	30,108	128,213
Operating income (loss)	1,978	3,235	(5,916)	(1,770)	(2,473)
Nonoperating revenues (expenses):					
Investment earnings	2,453	851	1,243	179	4,726
Gain (loss) on disposal of capital assets		68		(107)	(39)
Total nonoperating revenues	2,453	919	1,243	72	4,687
Income (loss) before contributions and transfers	4,431	4,154	(4,673)	(1,698)	2,214
Capital contributions		5			5
Transfers in		75		7,788	7,863
Transfers (out)	(734)	(2,351)		(9)	(3,094)
Change in net position	3,697	1,883	(4,673)	6,081	6,988
Net position at beginning of year	43,824	66,991	35,458	13,407	159,680
Net position at end of year	$ 47,521	$ 68,874	$ 30,785	$ 19,488	$ 166,668

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2019
(in thousands)

	Self-Insurance Trust	Fleet Services	Health Benefit Trust	Other Internal Service	Total Internal Service Funds
Cash flows from operating activities:					
Cash received from other funds for goods and services provided	$ 15,732	$ 20,083	$ 57,141	$ 28,254	$ 121,210
Cash received from miscellaneous operations	241	282	3,073	372	3,968
Cash payments to suppliers for goods and services	(5,465)	(7,221)	(7,656)	(18,685)	(39,027)
Cash payments to other funds for goods and services	(1,482)	(2,384)	(639)	(1,379)	(5,884)
Cash payments for incurred losses	(6,510)		(57,186)		(63,696)
Cash payments to employees for services	(1,871)	(3,339)	(946)	(6,165)	(12,321)
Net cash provided by (used for) operating activities	645	7,421	(6,213)	2,397	4,250
Cash flows from noncapital financing activities:					
Cash transfers in from other funds				7,788	7,788
Cash transfers out to other funds	(837)	(2,272)		(9)	(3,118)
Loans with other funds				(4)	(4)
Net cash provided by (used for) noncapital financing activities	(837)	(2,272)		7,775	4,666
Cash flows from capital and related financing activities:					
Proceeds from sale of capital assets		371			371
Purchase of capital assets	(9)	(7,305)		(1,767)	(9,081)
Net cash used for capital and related financing activities	(9)	(6,934)		(1,767)	(8,710)
Cash flows from investing activities:					
Interest received on cash and investments	2,455	853	1,248	166	4,722
Net cash provided by investing activities	2,455	853	1,248	166	4,722
Net increase (decrease) in cash and cash equivalents	2,254	(932)	(4,965)	8,571	4,928
Cash and cash equivalents at beginning of year	79,898	28,189	41,050	3,912	153,049
Cash and cash equivalents at end of year	$ 82,152	$ 27,257	$ 36,085	$ 12,483	$ 157,977

(continued)

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2019
(in thousands)

(continued)

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	Self-Insurance Trust	Fleet Services	Health Benefit Trust	Other Internal Service	Total Internal Service Funds
Operating income (loss)	$ 1,978	$ 3,235	$ (5,916)	$ (1,770)	$ (2,473)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	6	5,113		1,656	6,775
Changes in assets and deferred outflows of resources:					
Decrease (increase) in assets:					
Accounts receivable	(16)	(12)	(822)	287	(563)
Due from other governments					
Inventory and other assets		(7)		68	61
Prepaid expense	(58)	(21)	(31)	1,153	1,043
Net OPEB assets	2	4	2	6	14
Increase (decrease) in deferred outflows of resources:					
Pension/OPEB plans	(10)	(45)	7	1,523	1,475
Changes in liabilities and deferred inflows of resources:					
Increase (decrease) in liabilities:					
Accounts payable	160	(752)	298	(863)	(1,157)
Due to other governments	3	29	1		33
Reported but unpaid losses	(3,589)		45		(3,544)
Incurred but not reported losses	2,341		255		2,596
Net pension/OPEB liability	(219)	(273)	(222)	(109)	(823)
Other liabilities	(33)	(34)	140	86	159
Increase in deferred inflows of resources:					
Pension/OPEB plans	80	184	30	360	654
Net cash provided by (used for) operating activities	$ 645	$ 7,421	$ (6,213)	$ 2,397	$ 4,250

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2019:

Fleet Services sold capital assets with a net book value of $303.

Other Internal Service disposed of capital assets with a net book value of $101 and transferred out to General Government capital assets with a net book value of $6.

PIMA COUNTY

COMBINING STATEMENTS AND OTHER SCHEDULES

Fiduciary Funds

PIMA COUNTY, ARIZONA
Combining Statement of Fiduciary Net Position
Investment Trust Funds
June 30, 2019
(in thousands)

	Treasurer's Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
Assets			
Cash and cash equivalents	$ 55,384	$ 128,235	$ 183,619
Interest receivable	164		164
Total assets	$ 55,548	$ 128,235	$ 183,783
Liabilities			
Total liabilities			
Net position			
Held in trust for pool participants	$ 55,548	$ 128,235	$ 183,783

PIMA COUNTY, ARIZONA
Combining Statement of Changes in Fiduciary Net Position
Investment Trust Funds
For the Year Ended June 30, 2019
(in thousands)

	Treasurer's Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
Additions			
Contributions from participants	$ 1,842,531	$ 158,701	$ 2,001,232
Total contributions	1,842,531	158,701	2,001,232
Investment earnings	2,579	2,866	5,445
Total investment earnings	2,579	2,866	5,445
Total additions	1,845,110	161,567	2,006,677
Deductions			
Distributions to participants	1,862,491	132,834	1,995,325
Total deductions	1,862,491	132,834	1,995,325
Change in net position	(17,381)	28,733	11,352
Net position held in trust July 1, 2018	72,929	99,502	172,431
Net position held in trust June 30, 2019	$ 55,548	$ 128,235	$ 183,783

PIMA COUNTY, ARIZONA
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2019
(in thousands)

	Payroll Clearing	Treasurer's Clearing	Other	Total
Assets				
Cash and cash equivalents	$ 1,969	$ 4,198	$ 67,393	$ 73,560
Due from other governments		1,124		1,124
Total assets	1,969	5,322	67,393	74,684
Liabilities				
Employee compensation	1,969			1,969
Due to other governments			55,362	55,362
Deposits and rebates		5,322	12,031	17,353
Total liabilities	$ 1,969	$ 5,322	$ 67,393	$ 74,684

PIMA COUNTY, ARIZONA
Combining Statement of Changes in Fiduciary Net Position
Agency Funds
For the Year Ended June 30, 2019
(in thousands)

Payroll Clearing	Balance 6/30/2018	Additions	Deductions	Balance 6/30/2019
Assets				
Cash and cash equivalents	$ 2,869	$ 298,123	$ 299,023	$ 1,969
Total assets	2,869	298,123	299,023	1,969
Liabilities				
Employee compensation	2,869	298,123	299,023	1,969
Total liabilities	2,869	298,123	299,023	1,969
Treasurer's Clearing				
Assets				
Cash and cash equivalents	4,287	1,809,831	1,809,920	4,198
Due from other governments	1,611		487	1,124
Total assets	5,898	1,809,831	1,810,407	5,322
Liabilities				
Due to other governments		1,218,409	1,218,409	
Deposits and rebates	5,898	591,422	591,998	5,322
Total liabilities	5,898	1,809,831	1,810,407	5,322
Other				
Assets				
Cash and cash equivalents	78,153	235,928	246,688	67,393
Total assets	78,153	235,928	246,688	67,393
Liabilities				
Due to other governments	56,613	198,347	199,598	55,362
Deposits and rebates	21,540	37,581	47,090	12,031
Total liabilities	78,153	235,928	246,688	67,393
Totals - All Agency Funds				
Assets				
Cash and cash equivalents	85,309	2,343,882	2,355,631	73,560
Due from other governments	1,611		487	1,124
Total assets	86,920	2,343,882	2,356,118	74,684
Liabilities				
Employee compensation	2,869	298,123	299,023	1,969
Due to other governments	56,613	1,416,756	1,418,007	55,362
Deposits and rebates	27,438	629,003	639,088	17,353
Total liabilities	$ 86,920	$ 2,343,882	$ 2,356,118	$ 74,684

INTRODUCTORY SECTION

FINANCIAL SECTION

STATISTICAL SECTION

- Financial Trends Information
- Revenue Capacity Information
- Debt Capacity Information
- Demographic and Economic Information
- Operating Information

PIMA COUNTY

STATISTICAL SECTION

Financial Trends – The financial trends schedules are intended to provide users with information to assist them in understanding and assessing how a government's financial position has changed over time. Financial trends information is considered to be a primary source of the historical perspective that helps users comprehend the direction in which a government's economic condition is heading. It also serves the purpose of giving users a form of information that is among their most highly valued, comparative information over time.

PIMA COUNTY, ARIZONA
Net Position by Component
Last Ten Fiscal Years
(in thousands)
(accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	$ 1,048,821	$ 1,136,033	$ 1,245,227	$ 1,308,057	$ 1,354,456	$ 1,385,996	$ 1,376,761	$ 1,429,607	$ 1,452,111	$ 1,517,465
Restricted for:										
Facilities, justice, library, tax stabilization and community development	64,991	64,446	103,592	100,423	61,936	60,285	58,269	66,828	68,636	63,103
Highways and streets	25,749	32,906	32,322	27,033	10,988	8,039	8,269	5,416	28,365	13,337
Capital projects	57,939	60,381	30,224	9,853	66,885	64,612	62,386	76,278	80,619	34,549
Healthcare	3,405	4,074	1,360	1,163	3,591	28,610	34,342	40,686	44,032	39,545
Unrestricted (deficit)	149,966	164,606	157,315	145,618	84,514	(507,127)	(494,395)	(503,936)	(530,353)	(435,478)
Total governmental activities net position	$ 1,350,871	$ 1,462,446	$ 1,570,040	$ 1,592,147	$ 1,582,370	$ 1,040,415	$ 1,045,632	$ 1,114,879	$ 1,143,410	$ 1,232,521
Business-type activities										
Net investment in capital assets	$ 550,540	$ 575,525	$ 564,561	$ 531,945	$ 586,868	$ 592,351	$ 636,369	$ 654,168	$ 686,418	$ 717,994
Restricted for:										
Debt service	13,454	12,567	22,538	29,100	31,615	36,683	36,666	38,247	40,271	41,762
Capital projects	11,623	24,236	31,680	42,841	22,720	7,980	3,440	1,667	2,267	6,447
Regional Wastewater	16,110	17,161	18,449	17,785	18,820	19,419	19,223	19,668	19,351	19,158
Healthcare	15,943	23,562								
Unrestricted	29,914	33,448	66,470	101,759	117,425	87,010	88,906	75,231	56,307	55,035
Total business-type activities net position	$ 637,584	$ 686,499	$ 703,698	$ 723,430	$ 777,448	$ 743,443	$ 784,604	$ 788,981	$ 804,614	$ 840,396
Primary government										
Net investment in capital assets	$ 1,599,361	$ 1,711,558	$ 1,809,788	$ 1,840,002	$ 1,941,324	$ 1,978,347	$ 2,013,130	$ 2,083,775	$ 2,138,529	$ 2,235,459
Restricted for:										
Facilities, justice, library, tax stabilization and community development	64,991	64,446	103,592	100,423	61,936	60,285	58,269	66,828	68,636	63,103
Highways and streets	25,749	32,906	32,322	27,033	10,988	8,039	8,269	5,416	28,365	13,337
Debt service	13,454	12,567	22,538	29,100	31,615	36,683	36,666	38,247	40,271	41,762
Capital projects	69,562	84,617	61,904	52,694	89,605	72,592	65,826	77,945	82,886	40,996
Regional Wastewater	16,110	17,161	18,449	17,785	18,820	19,419	19,223	19,668	19,351	19,158
Healthcare	19,348	27,636	1,360	1,163	3,591	28,610	34,342	40,686	44,032	39,545
Unrestricted (deficit)	179,880	198,054	223,785	247,377	201,939	(420,117)	(405,489)	(428,705)	(474,046)	(380,443)
Total primary government net position	$ 1,988,455	$ 2,148,945	$ 2,273,738	$ 2,315,577	$ 2,359,818	$ 1,783,858	$ 1,830,236	$ 1,903,860	$ 1,948,024	$ 2,072,917

Note:

Due to the implementation of GASB Statement No. 83, Certain Asset Retirement Obligations, in fiscal year 2019, net position for the year ended June 30, 2018 was restated, however this change is not reflected in this schedule.

Due to the implementation of GASB Statement No. 82, Pension Issues, in fiscal year 2016, net position for the year ended June 30, 2015 was restated, however this change is not reflected in this schedule.

Due to the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, in fiscal year 2015, net position for the year ended June 30, 2014 was restated, however this change is not reflected in this schedule.

Source:

Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA
Changes in Net Position
Last Ten Fiscal Years
(in thousands)
(accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	$ 218,504	$ 218,843	$ 223,005	$ 233,984	$ 230,742	$ 259,734	$ 267,658	$ 260,251	$ 279,678	$ 254,241
Public safety	145,697	146,395	150,349	166,476	188,782	188,189	201,759	214,648	214,460	199,402
Highways and streets	68,691	73,348	69,183	80,087	93,675	85,618	102,461	86,886	110,159	111,826
Sanitation	6,669	6,208	7,224	6,409	4,252	(4,882)	3,089	5,195	2,683	2,798
Health	33,086	36,475	47,248	36,540	36,085	38,219	38,386	39,454	38,186	39,658
Welfare	87,107	90,521	94,409	95,428	93,224	93,524	88,515	90,013	94,567	95,737
Culture and recreation	61,642	67,063	61,900	65,341	63,961	62,981	65,770	68,350	65,827	62,513
Education and economic opportunity	52,023	56,626	55,126	49,924	35,756	35,051	35,833	36,658	43,492	42,810
Amortization-unallocated	428	(2,625)	805	(286)	(5,758)	(6,237)	(6,862)	(9,348)	(7,806)	(6,551)
Interest on long-term debt	26,403	26,078	24,776	23,915	27,994	27,696	27,464	27,066	23,049	21,650
Total governmental activities expenses	700,250	718,932	734,025	757,818	768,713	779,893	824,073	819,173	864,295	824,084
Business-type activities:										
Regional Wastewater Reclamation	110,618	113,495	117,774	144,085	145,117	184,884	155,566	155,257	148,405	149,576
Pima Health System & Services	204,619	200,305	58,773							
Development Services	7,924	6,982	6,912	7,231	6,796	6,888	6,691	6,091	5,523	6,187
Parking Garages	1,906	1,538	1,988	1,825	1,877	1,814	2,350	2,840	2,821	2,963
Total business-type activities expenses	325,067	322,320	185,447	153,141	153,790	193,586	164,607	164,188	156,749	158,726
Total primary government expenses	$ 1,025,317	$ 1,041,252	$ 919,472	$ 910,959	$ 922,503	$ 973,479	$ 988,680	$ 983,361	$ 1,021,044	$ 982,810
Program revenues										
Governmental activities:										
Charges for services										
General government	$ 31,050	$ 27,802	$ 30,444	$ 28,910	$ 27,355	$ 27,974	$ 27,149	$ 28,331	$ 27,713	$ 26,789
Public safety	10,218	9,034	12,047	10,238	14,846	12,883	12,733	13,657	13,737	13,975
Highways and streets	5,317	4,891	5,059	6,511	6,307	6,136	5,263	6,696	8,356	7,908
Sanitation	3,378	3,699	3,487	3,577	31					
Health	11,003	11,436	12,605	12,495	13,259	12,894	13,437	13,831	13,727	14,576
Welfare				320	80	200	50			252
Culture and recreation	2,532	2,191	2,254	2,865	2,548	3,144	2,855	3,876	3,266	3,702
Education and economic opportunity	749	1,024	1,008	1,544	430	577	545	593	581	577
Operating grants and contributions	142,840	136,472	143,388	116,121	113,129	126,862	127,536	130,049	131,222	131,487
Capital grants and contributions	65,820	65,030	47,528	59,298	54,583	42,570	45,579	37,502	26,842	30,361
Subtotal governmental activities program revenues	$ 272,907	$ 261,579	$ 257,820	$ 241,879	$ 232,568	$ 233,240	$ 235,147	$ 234,535	$ 225,444	$ 229,627

(continued)

Source:
Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA
Changes in Net Position
Last Ten Fiscal Years
(in thousands)
(accrual basis of accounting)

(continued)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Program revenues										
Business-type activities:										
Charges for services										
Regional Wastewater Reclamation	$ 127,889	$ 148,010	$ 154,601	$ 156,573	$ 171,650	$ 172,597	$ 167,856	$ 170,255	$ 176,108	$ 180,118
Pima Health System & Services	205,176	207,652	58,722							
Development Services	5,886	5,688	6,073	6,519	7,553	6,324	6,212	8,076	8,791	8,859
Parking Garages	1,985	2,071	2,083	2,073	2,362	2,271	2,209	2,399	2,524	2,605
Operating grants and contributions	4,421	4,691	1,275			35	35			
Capital grants and contributions	9,319	4,192	2,676	3,914	6,807	5,854	7,297	5,119	7,354	10,968
Total business-type activities program revenues	354,676	372,304	225,430	169,079	188,372	187,081	183,609	185,849	194,777	202,550
Total primary government program revenues	$ 627,583	$ 633,883	$ 483,250	$ 410,958	$ 420,940	$ 420,321	$ 418,756	$ 420,384	$ 420,221	$ 432,177
Net (expense) revenue										
Governmental activities	(427,343)	(457,353)	(476,205)	(515,939)	(536,145)	(546,653)	(588,926)	(584,638)	(638,851)	(594,457)
Business-type activities	29,609	49,984	39,983	15,938	34,582	(6,505)	19,002	21,661	38,028	43,824
Total governmental activities net expense	(397,734)	(407,369)	(436,222)	(500,001)	(501,563)	(553,158)	(569,924)	(562,977)	(600,823)	(550,633)
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	$ 416,500	$ 416,985	$ 394,963	$ 383,508	$ 378,032	$ 423,538	$ 444,194	$ 453,004	$ 476,365	$ 463,547
Hotel/motel taxes	5,688	5,591	6,285	6,076	6,262	6,155	6,620	6,885	6,569	7,192
Other taxes levied for stadium district	1,515	1,538	1,608	1,524	1,509	1,536	1,614	1,590	1,612	1,544
Shared sales tax	84,767	88,631	93,123	97,685	101,605	105,522	107,966	111,922	118,702	124,999
Shared vehicle licenses	24,203	23,173	23,537	22,043	23,899	24,976	26,302	27,761	28,933	30,282
Unrestricted grants and contributions	4,081	4,527	4,268	3,207	5,035	4,562	4,199	4,550	4,733	4,877
Interest and penalties on delinquent taxes	7,940	8,125	8,235	7,439	6,976	6,164	5,590	6,504	5,157	5,624
Investment earnings	5,266	2,153	3,416	2,627	2,955	1,931	3,268	3,297	5,549	12,328
Miscellaneous	16,579	13,555	22,676	21,267	16,810	16,889	15,712	17,731	18,381	21,320
Transfers	538	4,650	25,688	(7,330)	(16,715)	(17,133)	(20,190)	20,146	25,393	11,855
Total governmental activities	567,077	568,928	583,799	538,046	526,368	574,140	595,275	653,390	691,394	683,568
Business-type activities:										
Investment earnings	1,236	900	1,001	1,017	1,237	903	1,291	1,512	2,228	4,224
Miscellaneous	2,884	2,681	1,903	580	1,484	549	678	1,350	763	1,038
Transfers	(538)	(4,650)	(25,688)	7,330	16,715	17,133	20,190	(20,146)	(25,393)	(11,855)
Total business-type activities	3,582	(1,069)	(22,784)	8,927	19,436	18,585	22,159	(17,284)	(22,402)	(6,593)
Total primary government	$ 570,659	$ 567,859	$ 561,015	$ 546,973	$ 545,804	$ 592,725	$ 617,434	$ 636,106	$ 668,992	$ 676,975
Change in net position:										
Governmental activities	139,734	111,575	107,594	22,107	(9,777)	27,487	6,349	68,752	52,543	89,111
Business-type activities	33,191	48,915	17,199	24,865	54,018	12,080	41,161	4,377	15,626	37,231
Total primary government	$ 172,925	$ 160,490	$ 124,793	$ 46,972	$ 44,241	$ 39,567	$ 47,510	$ 73,129	$ 68,169	$ 126,342

Source:
Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA
Fund Balance - Governmental Funds
Last Ten Fiscal Years
(in thousands)
(modified accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved										
Unreserved										
Nonspendable	$ 4,089	$ 3,315	$ 2,720	$ 3,848	$ 5,278	$ 4,053	$ 2,931	$ 4,318	$ 4,566	$ 7,287
Restricted	522	336	333							
Assigned	3,093	357	118	158	181	194	201	80	101	121
Unassigned	73,837	73,547	77,596	56,526	42,731	47,878	77,550	97,638	108,825	101,990
Total General Fund	$ 81,541	$ 77,555	$ 80,767	$ 60,532	$ 48,190	$ 52,125	$ 80,682	$ 102,036	$ 113,492	$ 109,398
All other governmental funds										
Reserved										
Unreserved, reported in:										
Special revenue funds										
Nonspendable	$ 2,011	$ 2,011	$ 1,550	$ 1,939	$ 1,894	$ 2,515	$ 2,323	$ 2,496	$ 2,676	$ 2,540
Restricted	82,957	94,567	105,468	76,570	60,984	53,155	57,141	62,263	90,924	77,122
Committed	15,305	37,978	10,264	7,746	6,308	6,320	6,962	2,821	1,972	3,993
Assigned	3,221	4,368	16,682	23,784	4,204	3,769	3,289	9,421	4,747	10,578
Unassigned	(5,793)	(9,180)	(9,013)	(8,385)	(6,536)	(4,770)	(9,097)	(7,006)	(7,690)	(5,112)
Capital projects funds										
Nonspendable	18	12								
Restricted	124,830	112,668	157,688	187,855	145,256	126,827	104,274	96,228	136,889	78,107
Committed	1,487	6,639	7,234	6,958	3,836	3,065	1,508			
Assigned	52						195	209	9,492	41,234
Unassigned	(227)	(791)	(3,553)	(83)	(80)	(57)				
Debt service: Assigned	40,868	35,903	28,298	25,640	7,848	8,424	6,656	3,127	5,004	6,845
Total other governmental funds	$ 264,729	$ 284,175	$ 314,618	$ 322,024	$ 223,714	$ 199,248	$ 173,251	$ 169,559	$ 244,014	$ 215,307

Source:
Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(in thousands)
(modified accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	$ 423,443	$ 421,623	$ 407,711	$ 391,630	$ 385,829	$ 431,371	$ 450,054	$ 460,312	$ 481,222	$ 469,605
Special assessments	536	330	245							
Licenses and permits	7,791	8,494	8,155	8,371	8,275	8,456	8,824	9,305	9,906	10,261
Intergovernmental	296,004	308,219	327,939	301,223	292,082	296,628	314,918	308,555	302,668	326,678
Charges for services	60,376	54,491	56,881	53,521	57,826	60,222	62,258	66,852	63,917	61,171
Fines and forfeits	8,443	6,786	10,249	9,904	8,652	9,509	8,420	8,110	7,526	7,004
Investment earnings	4,612	1,723	2,286	2,282	1,737	1,155	1,812	2,257	4,022	7,564
Miscellaneous	17,442	14,162	24,796	22,182	17,464	15,680	16,835	17,908	19,941	20,980
Total revenues	$ 818,647	$ 815,828	$ 838,262	$ 789,113	$ 771,865	$ 823,021	$ 863,121	$ 873,299	$ 889,202	$ 903,263
Expenditures										
General government	221,144	223,611	236,020	238,582	247,507	256,331	255,639	258,350	257,511	269,391
Public safety	136,744	136,709	145,711	152,373	157,572	161,484	169,292	174,105	172,696	173,195
Highways and streets	34,274	34,614	33,651	35,866	37,772	39,664	45,625	41,523	42,038	39,953
Sanitation	5,637	5,375	6,317	5,328	2,521	2,403	2,237	2,343	2,314	2,405
Health	32,737	36,511	46,672	35,581	35,357	37,787	38,390	39,263	39,182	42,909
Welfare	87,089	90,572	94,360	95,339	93,193	93,418	88,436	89,915	94,594	95,907
Culture and recreation	50,198	49,986	52,103	55,691	56,745	68,987	58,710	64,725	62,070	64,003
Education and economic opportunity	48,402	50,432	47,798	44,299	34,196	34,280	35,121	35,872	40,102	42,345
Capital outlay	162,306	153,203	149,612	174,976	135,746	100,788	70,473	73,922	78,370	118,275
Debt service - principal	87,307	76,361	78,688	68,342	113,337	81,933	86,957	101,579	97,574	129,912
- interest	26,414	26,086	24,762	23,904	26,777	26,439	26,279	23,920	20,244	18,730
- miscellaneous	433	21	1,179	1,654	1,030	863	488	1,376	729	620
Total expenditures	$ 892,685	$ 883,481	$ 916,873	$ 931,935	$ 941,753	$ 904,377	$ 877,647	$ 906,893	$ 907,424	$ 997,645
Deficiency of revenues under expenditures	$ (74,038)	$ (67,653)	$ (78,611)	$ (142,822)	$ (169,888)	$ (81,356)	$ (14,526)	$ (33,594)	$ (18,222)	$ (94,382)
Other financing sources (uses):										
Issuance of refunding debts	31,955		30,745	51,280	8,805	13,685	9,640	150,385		
Premium on bonds	1,909	3,276	7,349	11,959	9,488	5,949	2,552	17,661	2,621	6,709
Payments to escrow agents	(32,361)		(33,013)	(55,423)	(10,131)	(15,250)	(11,010)	(166,816)		
Capital leases/Installment notes			894	764	239	11,500	149	1,700		170
Proceeds from sale of capital assets	1,118	59	1,938	31	360	119	89	246	566	1,676
Face amount of long-term debt	125,000	75,000	78,425	130,175	78,160	72,025	34,295	25,680	73,660	45,940
Transfers in	98,800	109,715	141,924	113,227	162,683	121,497	114,358	110,044	121,810	169,544
Transfers (out)	(98,355)	(105,007)	(115,914)	(122,244)	(190,140)	(148,744)	(132,865)	(87,640)	(94,524)	(162,458)
Total other financing sources (uses)	128,066	83,043	112,348	129,769	59,464	60,781	17,208	51,260	104,133	61,581
Change in reserves - net		70	(27)							
Net change in fund balances	$ 54,028	$ 15,460	$ 33,710	$ (13,053)	$ (110,424)	$ (20,575)	$ 2,682	$ 17,666	$ 85,911	$ (32,801)
Debt service as a percentage of noncapital expenditures	15.24%	13.54%	13.35%	11.67%	16.44%	13.51%	13.41%	14.94%	13.74%	16.11%

Source:
Pima County Finance & Risk Management

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STATISTICAL SECTION

REVENUE CAPACITY:

The revenue capacity information is intended to assist users to understand and assess the factors affecting a government's ability to generate its own-source revenues. The presentation here is not limited to property tax revenues, but certain other revenues are presented to comply with debt disclosure requirements, e.g., hotel taxes, car rental taxes, and street and highway revenues.

PIMA COUNTY, ARIZONA
Taxable Assessed Value and Estimated Actual Value of Property
Last Ten Tax Years
(in thousands)

Tax Year	Commercial Property	Residential Property	Vacant Land	Other	Taxable Assessed Value	Total Direct Tax Rate	Estimated Limited Value	Assessed Value as a Percentage of Limited Value
2010	$ 2,473,320	$ 5,889,572	$ 536,958	$ 39,797	$ 8,939,647	4.6798	$ 82,348,215	10.86%
2011	2,436,692	5,332,608	500,836	39,984	8,310,120	4.8491	78,036,208	10.65%
2012	2,514,310	5,036,810	472,558	50,260	8,073,938	4.8520	76,085,641	10.61%
2013	2,375,969	4,701,881	429,967	51,312	7,559,129	5.1309	73,262,703	10.32%
2014	2,308,924	4,752,612	407,857	49,090	7,518,482	5.7639	74,402,882	10.11%
2015	2,230,175	4,952,757	385,043	52,386	7,620,361	5.9632	76,489,654	9.96%
2016	2,246,501	5,172,564	345,099	52,536	7,816,700	5.8852	78,911,345	9.91%
2017	2,323,580	5,374,744	321,022	55,611	8,074,958	6.0243	80,459,900	10.04%
2018	2,316,227	5,634,554	323,278	59,834	8,333,893	5.6525	82,745,384	10.07%
2019	2,408,207	5,948,604	311,735	61,418	8,729,964	5.6014	86,441,657	10.10%

Notes:

Property in Pima County is assessed annually with values being set by either the County Assessor or the Arizona Department of Revenue. The values are the basis for Primary Taxes and annual changes therein are restricted by the State Constitution. Assessment ratios are set by the legislature for individual property types. The taxable assessed value is arrived at by multiplying an assessment ratio that has varied from ten percent for residential property to twenty-five percent for commercial property. Tax rates are per $100 of assessed value.

Source:

Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA
Direct and Overlapping Property Tax Rates
(per $100 of assessed value)

County Direct Rates

Tax Year	County Primary	County Secondary	Flood Control District[1]	County Library District	Fire District Assistance	Total
2010	3.3133	0.7500	0.2635	0.3100	0.0430	4.6798
2011	3.4178	0.7800	0.2635	0.3460	0.0418	4.8491
2012	3.4178	0.7800	0.2635	0.3460	0.0447	4.8520
2013	3.6665	0.7800	0.2635	0.3753	0.0456	5.1309
2014	4.2779	0.7000	0.3035	0.4353	0.0472	5.7639
2015	4.3877	0.7000	0.3135	0.5153	0.0467	5.9632
2016	4.2896	0.7000	0.3335	0.5153	0.0468	5.8852
2017	4.4596	0.7000	0.3135	0.5053	0.0459	6.0243
2018	4.0696	0.6900	0.3335	0.5153	0.0441	5.6525
2019	3.9996	0.6900	0.3335	0.5353	0.0430	5.6014

Overlapping Rates

Tax Year	State of Arizona	Education Assistance	Community College District	City of Tucson	City of South Tucson	Street Lighting District	Central AZ Water Conservation District	Flowing Wells Irrigation District[2]	Silverbell Irrigation District[2]	Cortaro-Marana Irrigation District[2]	Mobile Home Relocation District[3]	Gladden Farms Community Facilities District	Vanderbilt Farms Community Facilities District	Quail Creek Community Facilities District	Gladden Farms Phase II Community Facilities District	Saguaro Springs Community Facilities District
2010	0.0000	0.3564	1.0848	0.9550	0.1999		0.1000	19.3500	3.0000	66.0000		2.8000	0.3000	3.3000	0.3000	0.3000
2011	0.0000	0.4259	1.1094	1.1621	2.6603		0.1000	19.3500	3.0000	66.0000	0.5000	2.8000	0.3000	3.3000	0.3000	0.3000
2012	0.0000	0.4717	1.1741	1.2639	2.7640	9.6038	0.1000	19.3500	3.0000	66.0000	0.5000	2.8000	0.3000	3.3000	0.3000	0.3000
2013	0.0000	0.5123	1.2933	1.4304	2.9776	10.1900	0.1400	19.3500	3.0000	69.0000	0.5000	2.8000	0.3000	3.3000	0.3000	0.3000
2014	0.0000	0.5089	1.3344	1.4606	0.2528	12.0787	0.1400	19.3500	3.0000	69.0000	0.5000	2.8000	0.3000	3.3000	0.3000	0.3000
2015	0.0000	0.5054	1.3689	1.5960	0.2528	12.3345	0.1400	19.3500	3.0000	72.0000	0.5000	2.8000	0.3000	3.3000	0.3000	0.3000
2016	0.0000	0.5010	1.3733	1.5982	0.2528	12.4384	0.1400	19.3500	3.0000	75.0000	0.0000	2.8000	0.3000	3.3000	0.3000	0.3000
2017	0.0000	0.4875	1.3890	1.4342	0.2487	12.4505	0.1400	19.3500	3.0000	75.0000	0.0000	2.8000	0.3000	3.3000	0.3000	0.3000
2018	0.0000	0.4741	1.3983	1.4819	0.2512	15.3127	0.1400	19.3500	3.0000	78.0000	0.0000	2.4400	0.3000	3.3000	0.3000	2.8000
2019	0.0000	0.4566	1.3758	1.3810	0.2434	17.9248	0.1400	19.3500	3.0000	79.5000	0.0000	2.8000	0.3000	3.3000	2.8000	2.8000

Notes:
Primary and secondary tax rates (per $100 of net assessed value) are set by the County Board of Supervisors or the governing boards of other taxing jurisdictions. The Towns of Marana, Oro Valley and Sahuarita do not currently levy a property tax. The Tucson Business Improvement District levy (on a per-business basis) is not shown.

[1]The Pima County Flood Control District tax levy applies only to real property.
[2]Irrigation Districts' tax rates shown are levied on a per acre basis.
[3]Mobile Home Relocation levy applies only to unsecured mobile homes.

Source:
Pima County Finance & Risk Management

Exhibit D - 6a

PIMA COUNTY, ARIZONA
Direct and Overlapping Property Tax Rates - School Districts
Last Ten Tax Years
(per $100 of assessed value)

School District	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Tucson Unified (#1)	6.2976	6.9480	7.3187	7.4319	7.5094	7.3425	7.1258	6.9218	6.5554	6.3328
Marana Unified (#6)	4.6995	5.2047	5.5863	6.0085	6.2288	6.3370	6.3871	6.2334	6.0840	5.8650
Flowing Wells Unified (#8)	6.0407	5.9689	5.9778	6.7146	6.6135	6.6292	6.8971	6.7539	6.8860	6.8539
Amphitheater Unified (#10)	5.0511	5.4033	5.5539	5.9226	5.8044	5.6725	5.4917	5.6311	5.4919	5.4507
Sunnyside Unified (#12)	6.9680	6.9415	6.3154	5.0003	6.0364	3.9987	5.5498	5.7009	5.6636	5.3009
Tanque Verde Unified (#13)	3.3545	3.8042	4.1538	5.0012	5.0329	5.3069	5.2329	5.7574	5.4150	5.3974
Ajo Unified (#15)	4.9069	5.6740	3.5338	3.8882	4.8452	4.5540	4.7673	4.7107	4.5585	4.3771
Catalina Foothills Unified (#16)	4.2154	4.2095	4.7472	4.8264	4.7066	4.9985	5.9893	5.6661	5.4212	4.9943
Vail Elementary (#20)	4.8839	4.6550	5.9120	7.1703	7.3000	7.0189	7.0523	7.2630	7.1643	7.4759
Sahuarita Unified (#30)	6.5753	5.4067	5.5183	6.6341	7.2885	7.2847	7.3670	9.0399	8.4240	7.8712
San Fernando Elementary (#35)	3.6883	4.8541	4.0331	5.7831	5.8244	5.9538	4.4826	4.5003	4.3145	2.3087
Empire Elementary (#37)	2.9195	2.7531	1.2484	1.1287	2.1687	1.7677	2.4363	5.4021	6.4884	3.7643
Continental Elementary (#39)	1.6945	2.0258	1.5729	1.7027	2.6146	2.6512	2.4626	2.4991	2.5037	2.3785
Redington Elementary (#44)	7.0689	6.7630	5.9198	4.8200	4.7711	4.5901	8.9614	8.6853	8.6853	7.3742
Altar Valley Elementary (#51)	6.2500	6.5675	6.4355	6.2676	6.7381	7.6184	5.9857	5.7738	5.9852	5.5805
Unorganized[1]	1.4797	1.7682	1.9585	2.1265	2.1123	2.0977	2.0793	2.0234	1.9679	1.8954

Notes:
[1]County Education District; Only applies to those geographical areas within Pima County not part of formal school districting.

Source:
Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA
Principal Property Taxpayers
Last Ten Fiscal Years
(in thousands)

Taxpayer	2010 Estimated Assessed Value[1]	2010 Rank	2010 Percent of Total Assessed Value	2011 Estimated Assessed Value[1]	2011 Rank	2011 Percent of Total Assessed Value	2012 Estimated Assessed Value[1]	2012 Rank	2012 Percent of Total Assessed Value	2013 Estimated Assessed Value[1]	2013 Rank	2013 Percent of Total Assessed Value	2014 Estimated Assessed Value[1]	2014 Rank	2014 Percent of Total Assessed Value
Unisource/Tucson Electric Power Co.	$ 164,363	1	1.8%	$ 168,510	1	2.0%	$ 179,262	1	2.2%	$ 200,706	1	2.6%	$ 201,401	1	2.5%
Southwest Gas Corporation	65,879	3	0.7%	64,533	3	0.8%	61,718	4	0.8%	61,669	4	0.8%	66,789	3	0.8%
Phelps Dodge Corporation - Sierrita Mine	89,289	2	1.0%	99,048	2	1.2%	142,419	2	1.7%	136,947	2	1.8%	95,186	2	1.2%
ASARCO LLC - Mission Mine	28,878	5	0.3%	58,585	4	0.7%	83,778	3	1.0%	74,101	3	1.0%	55,322	4	0.7%
QWEST Corporation	55,076	4	0.7%	51,942	5	0.6%	53,225	5	0.7%	40,386	5	0.5%	38,035	5	0.5%
Northwest Hospital LLC	17,097	8	0.2%	17,390	9	0.2%	17,723	8	0.2%	16,980	7	0.2%	16,982	8	0.2%
SMSJ Tucson Holdings, LLC															
DND Neffson Co. (Tucson Mall)	17,715	7	0.2%	17,931	7	0.2%	17,998	7	0.2%	16,030	9	0.2%	16,037	9	0.2%
Wal-Mart Stores, Inc.							15,581	9	0.2%	16,923	8	0.2%	19,366	7	0.2%
Raytheon															
Trico Electric Co-Op Inc.	21,208	6	0.3%				22,133	6	0.3%	21,713	6	0.3%	21,845	6	0.3%
JW Marriott Starr Pass Resort													12,298	10	0.2%
Verizon Wireless							14,291	10	0.2%	12,884	10	0.2%			
Starr Pass Resort Developments LLC	16,582	10	0.2%												
Arizona Portland Cement	16,635	9	0.2%	21,217	6	0.3%									
ASARCO Mining				16,153	10	0.2%									
Westin La Paloma				17,519	8	0.2%									
Total Top Ten	$ 492,722		5.3%	$ 532,828		6.3%	$ 608,128		7.4%	$ 598,339		7.8%	$ 543,261		7.2%

Notes:

[1]Secondary Assessed Valuation for Tax Year — $ 9,342,561 | $ 8,448,282 | $ 8,171,212 | $7,623,691 | $ 7,579,899

Source:
Pima County Assessor's Office
Arizona Department of Revenue

(continued)

PIMA COUNTY, ARIZONA
Principal Property Taxpayers
Last Ten Fiscal Years
(in thousands)

(continued)

Taxpayer	2015 Estimated Assessed Value[1]	2015 Rank	2015 Percent of Total Assessed Value	2016 Estimated Assessed Value[1]	2016 Rank	2016 Percent of Total Assessed Value	2017 Estimated Assessed Value[1]	2017 Rank	2017 Percent of Total Assessed Value	2018 Estimated Assessed Value[1]	2018 Rank	2018 Percent of Total Assessed Value	2019 Estimated Assessed Value[1]	2019 Rank	2019 Percent of Total Assessed Value
Unisource/Tucson Electric Power Co.	$ 200,344	1	2.4%	$ 188,366	1	2.2%	$ 215,359	1	2.5%	$ 217,657	1	2.4%	$ 217,567	1	2.3%
Southwest Gas Corporation	70,297	3	0.9%	36,696	4	0.4%	75,306	3	0.9%	85,118	2	0.9%	92,375	2	1.0%
Phelps Dodge Corporation	93,847	2	1.1%	81,988	2	1.0%	84,212	2	1.0%	70,987	3	0.8%	71,722	3	0.7%
ASARCO, LLC	48,496	4	0.6%	42,290	3	0.5%	43,258	4	0.5%	40,280	4	0.4%	36,335	4	0.4%
Qwest Corporation	37,877	5	0.5%	33,114	5	0.4%	35,990	5	0.4%	34,964	5	0.4%	35,335	5	0.4%
Northwest Hospital, LLC	17,058	7	0.2%	16,858	8	0.2%	31,995	6	0.4%	32,521	6	0.4%	33,047	6	0.3%
Sierrita Gas Pipeline LLC							30,769	7	0.4%	29,920	7	0.3%	28,751	7	0.3%
SMSJ Tucson Holdings, LLC				17,471	7	0.2%	23,629	8	0.3%	29,729	8	0.3%	25,005	8	0.3%
DND Neffson Co. (Tucson Mall)	15,695	8	0.2%	15,668	9	0.2%	22,561	9	0.3%	22,667	9	0.3%	23,150	9	0.2%
Wal-Mart Stores, Inc.	18,494	6	0.2%	18,211	6	0.2%	21,809	10	0.3%	22,472	10	0.2%	23,020	10	0.2%
DDR Tucson Spectrum II, LLC				12,499	10	0.1%									
Raytheon Company	14,703	9	0.2%												
Trico Electric Co-Op, Inc.	14,131	10	0.2%												
JW Marriott Starr Pass Resort															
Verizon Wireless															
Target Corporation															
Total Top Ten	$ 530,942		6.7%	$ 463,161		5.6%	$ 584,888		6.9%	$ 586,315		6.5%	$ 586,307		6.1%

Notes:
[1]Secondary Assessed Valuation for Tax Year $ 7,906,190 $ 8,262,665 $ 8,508,990 $ 9,030,169 $ 9,645,865

Source:
Pima County Assessor's Office
Arizona Department of Revenue

PIMA COUNTY, ARIZONA
Real Property Tax Levies and Collections
Last Ten Fiscal Years
(in thousands)

Fiscal Year	Primary Property Tax Levy and Secondary Property Tax Levy for Debt Service	Secondary Property Tax Levy for Flood Control and Library District[3,4]	Original Real Property Tax Levy	Tax Roll Corrections	Real Property Tax Levy (Adjusted)	Collected to June 30, End of Tax Fiscal Year[1]		Collections in Subsequent Years	Collected to June 30, 2019[1]		Delinquent Taxes Receivable[2]
						Amount	Percent of Original Levy		Amount	Percent of Adjusted Levy	
2009-10	$ 353,594	$ 48,468	$ 402,062	$ (106)	$ 401,956	$ 384,983	95.75%	$ 16,679	$ 401,662	99.93%	$ 294
2010-11	352,276	50,256	402,532	(384)	402,148	383,978	95.39%	16,295	400,273	99.53%	1,875
2011-12	335,467	48,242	383,709		383,709	369,100	96.19%	13,041	382,141	99.59%	1,568
2012-13	324,786	46,136	370,922		370,922	357,556	96.40%	11,845	369,401	99.59%	1,521
2013-14	323,026	45,287	368,313		368,313	355,338	96.48%	11,459	366,797	99.59%	1,516
2014-15	359,298	52,186	411,484		411,484	397,670	96.64%	12,543	410,213	99.69%	1,271
2015-16	374,101	59,448	433,549		433,549	418,716	96.58%	13,645	432,361	99.73%	1,188
2016-17	378,249	62,645	440,894		440,894	430,628	97.67%	8,853	439,481	99.68%	1,413
2017-18	382,611	81,772	464,383		464,383	453,822	97.73%	9,443	463,265	99.76%	1,118
2018-19	383,920	67,031	450,951		450,951	441,154	97.83%		441,154	97.83%	9,797

Note:

[1] Amounts collected are on a cash basis rather than the modified accrual basis used in the financial statements.

[2] Represents the difference between the adjusted levy and collected to June 30, 2019.

[3] Fiscal Year 2017-18 includes Transporation road property.

[4] Fiscal Year 2018-19 includes Improvement & Other Districts.

Source:

Pima County Finance & Risk Management
Pima County Treasurer's Office

PIMA COUNTY, ARIZONA
Assessed, Limited and Full Cash (Secondary) Value of Taxable Property
Last Ten Fiscal Years
(in thousands)

Fiscal Year		Net Assessed Value	Limited and Full Cash Value[1]	Ratio of Net Assessed to Full Cash Value
2009-10	Primary	$ 8,985,712	$ 80,593,121	11.15%
2009-10	Secondary	9,860,981	88,095,754	11.19%
2010-11	Primary	8,939,647	82,348,221	10.86%
2010-11	Secondary	9,342,561	86,228,902	10.83%
2011-12	Primary	8,310,120	78,036,208	10.65%
2011-12	Secondary	8,448,282	80,152,473	10.54%
2012-13	Primary	8,073,938	76,085,641	10.61%
2012-13	Secondary	8,171,212	77,731,086	10.51%
2013-14	Primary	7,559,129	73,262,703	10.32%
2013-14	Secondary	7,623,691	74,590,067	10.22%
2014-15	Primary	7,518,482	74,402,882	10.11%
2014-15	Secondary	7,579,899	75,389,155	10.05%
2015-16	Primary	7,620,361	76,489,654	9.96%
2015-16	Secondary	7,906,190	79,550,159	9.94%
2016-17	Primary	7,816,700	78,911,345	9.91%
2016-17	Secondary	8,262,665	83,520,548	9.89%
2017-18	Primary	8,074,958	80,459,900	10.04%
2017-18	Secondary	8,508,990	84,772,588	10.04%
2018-19	Primary	8,333,893	82,745,384	10.07%
2018-19	Secondary	9,030,169	89,027,208	10.14%

Notes:

[1]Limited value is the basis for primary taxes and annual changes therein are restricted by statute; Full Cash Value or Secondary Value approximates market value.

Source:

Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA
Comparative Net Valuations and Tax Rates
(per $100 assessed value)
(in thousands)

Jurisdiction	FY 2018-19 (Tax Year 2018) Valuation	FY 2018-19 (Tax Year 2018) Rate	FY 2019-20 (Tax Year 2019) Valuation	FY 2019-20 (Tax Year 2019) Rate
State of Arizona	$ 8,333,893	0	$ 8,729,965	0
Pima County				
General Fund - Primary	8,333,893	4.0696	8,729,965	3.9996
Debt Service - Secondary	8,333,893	0.6900	8,729,965	0.6900
Free Library - Secondary	8,333,893	0.5153	8,729,965	0.5353
Total County - Primary	8,333,893	4.0696	8,729,965	3.9996
Total County - Secondary		1.2053		1.2253
Grand Total		5.2749		5.2249
Education Assistance	8,333,893	0.4741	8,729,965	0.4566
Flood Control District - Secondary	7,576,148	0.3335	7,944,719	0.3335
Fire District Assistance - Secondary	8,333,893	0.0441	8,729,965	0.0430
Pima Community College District				
Primary	8,333,893	1.3983	8,729,965	1.3758
Secondary	0	0	0	0
Total		1.3983		1.3758
Central Arizona Water Conservation District				
Secondary	8,333,893	0.1400	8,729,965	0.1400
Cities & Towns				
City of Tucson				
Primary	3,414,161	0.5311	3,577,563	0.4555
Secondary	3,414,161	0.9508	3,577,563	0.9255
Total		1.4819		1.3810
City of South Tucson				
Primary	22,170	0.2512	24,403	0.2434
Secondary	0	0	0	0
Total		0.2512		0.2434
School Districts				
Unorganized - Primary	18,564	1.9679	17,764	1.8954
Tucson Unified (District #1)				
Primary	3,304,884	4.1022	3,428,093	3.9644
Secondary	3,304,884	2.4532	3,428,093	2.3684
Total		6.5554		6.3328

Source:
Pima County Finance & Risk Management

(continued)

PIMA COUNTY, ARIZONA
Comparative Net Valuations and Tax Rates
(per $100 assessed value)
(in thousands)

(continued)

Jurisdiction	FY 2018-19 (Tax Year 2018) Valuation	FY 2018-19 (Tax Year 2018) Rate	FY 2019-20 (Tax Year 2019) Valuation	FY 2019-20 (Tax Year 2019) Rate
Marana Unified (District #6)				
Primary	$ 837,560	4.1688	$ 898,569	3.9693
Secondary	837,560	1.9152	898,569	1.8957
Total		6.0840		5.8650
Flowing Wells Unified (District #8)				
Primary	196,945	4.0835	202,962	3.9712
Secondary	196,945	2.8025	202,962	2.8827
Total		6.8860		6.8539
Amphitheater Unified (District #10)				
Primary	1,530,659	3.8795	1,590,921	3.8753
Secondary	1,530,659	1.6124	1,590,921	1.5754
Total		5.4919		5.4507
Sunnyside Unified (District #12)				
Primary	426,220	4.2050	446,562	3.9482
Secondary	426,220	1.4586	446,562	1.3527
Total		5.6636		5.3009
Tanque Verde Unified (District #13)				
Primary	190,910	3.9159	197,465	3.8652
Secondary	190,910	1.4991	197,465	1.5322
Total		5.4150		5.3974
Ajo Unified (District #15)				
Primary	18,120	4.5585	18,529	4.3771
Secondary	18,120	0	18,529	0
Total		4.5585		4.3771
Catalina Foothills Unified (District #16)				
Primary	613,624	3.9825	632,777	3.6868
Secondary	613,624	1.4387	632,777	1.3075
Total		5.4212		4.9943
Vail Elementary (District #20)				
Primary	492,663	4.1498	531,546	4.0268
Secondary	492,663	3.0145	531,546	3.4491
Total		7.1643		7.4759

Source:
Pima County Finance & Risk Management

(continued)

PIMA COUNTY, ARIZONA

Exhibit D - 10

Comparative Net Valuations and Tax Rates
(per $100 assessed value)
(in thousands)

(continued)

Jurisdiction	FY 2018-19 (Tax Year 2018) Valuation	FY 2018-19 (Tax Year 2018) Rate	FY 2019-20 (Tax Year 2019) Valuation	FY 2019-20 (Tax Year 2019) Rate
Sahuarita Unified (District #30)				
Primary	$ 295,179	4.4952	$ 334,367	4.0207
Secondary	295,179	3.9288	334,367	3.8505
Total		8.4240		7.8712
San Fernando Elementary (District #35)				
Primary	10,725	4.3145	12,097	2.3087
Secondary	10,725	0	12,097	0
Total		4.3145		2.3087
Empire Elementary (District #37)				
Primary	6,862	6.4884	6,779	3.7643
Secondary	6,862	0	6,779	0
Total		6.4884		3.7643
Continental Elementary (District #39)				
Primary	342,029	2.0416	360,521	1.9399
Secondary	342,029	0.4621	360,521	0.4386
Total		2.5037		2.3785
Baboquivari Unified School (District #40)				
Primary	2,139	0	1,993	0
Secondary	2,139	0	1,993	0
Total		0		0
Redington Elementary (District #44)				
Primary	1,398	8.6853	1,412	7.3742
Secondary	1,398	0	1,412	0
Total		8.6853		7.3742
Altar Valley Elementary (District #51)				
Primary	45,414	5.0640	47,606	4.6638
Secondary	45,414	0.9212	47,606	0.9167
Total		5.9852		5.5805

Source:
Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA
Historical Collections - Hotel Excise Tax
Car Rental Surcharge and Recreational Vehicle Tax
Last Ten Fiscal Years
(in thousands)

Fiscal Year	Hotel Excise Tax[1]	Car Rental Surcharges[2]	Recreational Vehicle Tax[3, 4]
2009-10	$ 5,637	$ 1,521	$ 181
2010-11	5,887	1,538	165
2011-12	6,626	1,464	146
2012-13	6,286	1,399	136
2013-14	6,276	1,390	122
2014-15	6,105	1,384	137
2015-16	6,534	1,468	146
2016-17	6,958	1,446	161
2017-18	6,345	1,530	71
2018-19	7,196	1,507	

Notes:

[1] Tax increased from 1% to 2% January 1, 1997; the additional 1% can only be used for County sports facilities. In January of 2006, the tax increased from 2% to 6%, of which only 34% can be used for sports facilities.

[2] Car rental surcharges increased from $2.50 to $3.50 per rental contract July 1, 1996. Usage is restricted to County sports facilities.

[3] Recreational vehicle taxes apply at the rate of $0.50 per vehicle per night and became effective July 1, 1997. Usage of this tax is limited to athletic activities.

[4] Recreational vehicle taxes expired on December 31, 2017

Source:

Pima County Finance and Risk Management Department

PIMA COUNTY, ARIZONA
Streets and Highways Revenues
Last Ten Fiscal Years
(in thousands)

Fiscal Year	Amount	Highway User Revenue	Vehicle License Tax
2009-10	$ 50,535	$ 38,739	$ 11,796
2010-11	50,460	38,974	11,486
2011-12	44,890	33,665	11,225
2012-13	47,449	36,860	10,589
2013-14	49,212	37,500	11,712
2014-15	53,212	40,762	12,450
2015-16	56,006	42,543	13,463
2016-17	59,443	45,356	14,087
2017-18	61,552	46,553	14,999
2018-19	65,564	49,718	15,846

Source:
Pima County Finance and Risk Management Department

STATISTICAL SECTION

DEBT CAPACITY:

The debt capacity information is intended to assist users to understand and assess a government's debt burden and ability to issue debt. Debt capacity information is cited as being very useful for assessing economic condition as frequently as revenue or tax capacity. Five of the schedules presented provide ten-year comparisons.

Certain schedules, for example, leases, lease-purchase installment notes payable, and purchase agreements, are provided to comply with debt disclosure requirements.

PIMA COUNTY, ARIZONA
Ratios of Outstanding Debt by Type to Personal Income and Per Capita
Last Ten Fiscal Years
(in thousands)

	Governmental Activities					Business-Type Activities				
Fiscal Year	General Obligation Bonds	Transportation Revenue Bonds	Certificates of Participation	Capital Leases	Installment Note Payable	Sewer Revenue Bonds	Sewer Revenue Obligations	Regional Wastewater Loans Payable	Contracts and Notes	Total Primary Government
2009-10	$ 420,261	$ 142,226	$ 72,638	$ 19,387		$ 166,935	$ 165,000	$ 66,210	$ 6,305	$ 1,058,962
2010-11	455,856	131,375	48,235	17,775		184,782	176,849	27,390	4,657	1,046,919
2011-12	461,557	141,536	39,772	16,431		171,022	379,418	23,719	15,365	1,248,820
2012-13	467,368	128,604	134,494	298	$ 605	155,514	510,975	21,169	12,645	1,431,672
2013-14	416,006	133,081	149,703		640	138,431	540,288	19,680	7,942	1,405,771
2014-15	391,298	118,770	177,771		11,912	120,361	510,763	18,145	1,098	1,350,118
2015-16	350,135	103,961	179,054	136	8,733	104,153	481,027	16,563	1,577	1,245,339
2016-17	336,954	89,689	141,194	88	3,597	20,535	574,486	4,630	1,564	1,172,737
2017-18	288,182	85,508	166,617	38	2,078	2,863	565,708	3,555	763	1,115,312
2018-19	236,572	96,916	124,567		724		526,031	2,998	887	988,695

Fiscal Year	Total Primary Government	Personal Income[1]	Percentage of Personal Income	Population at July 1[1]	Debt per Capita
2009-10	$ 1,058,962	$ 33,883,172	3.13%	981,168	$ 1,079
2010-11	1,046,919	35,132,468	2.98%	986,081	1,062
2011-12	1,248,820	36,412,855	3.43%	990,380	1,261
2012-13	1,431,672	36,935,363	3.88%	996,046	1,437
2013-14	1,405,771	38,025,100	3.70%	1,007,162	1,396
2014-15	1,350,118	39,106,000	3.45%	1,022,079	1,321
2015-16	1,245,339	40,359,300	3.09%	1,016,743	1,225
2016-17	1,172,737	41,349,550	2.84%	1,025,044	1,144
2017-18	1,115,312	43,223,000	2.58%	1,033,781	1,079
2018-19	988,695	46,497,700	2.13%	1,042,475	948

Notes:

Details regarding outstanding debt can be found in Note 7 to the Financial Statements, pages 62-70.

[1]Personal income and population statistics are based on calendar year.

Source:

Pima County Finance & Risk Management
Office of Economic Opportunity

PIMA COUNTY, ARIZONA
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years
(in thousands)

Fiscal Year	General Obligation Bond Debt	Debt Service Funds Available for Principal	Net General Bond Debt	Secondary Net Assessed Value	Percent Net General Bond Debt to Assessed Value	Population at July 1[1]	Net General Bond Debt per Capita[2]
2009-10	$ 420,261	$ 11,396	$ 408,865	$ 9,860,981	4.15%	981,168	$ 417
2010-11	455,856	27,904	427,952	9,342,561	4.58%	986,081	434
2011-12	461,557	22,602	438,955	8,448,282	5.20%	990,380	443
2012-13	467,368	22,900	444,468	8,171,212	5.44%	996,046	447
2013-14	416,006	5,326	410,680	7,623,691	5.39%	1,007,162	408
2014-15	391,298	6,037	385,261	7,579,899	5.08%	1,022,079	377
2015-16	350,135	5,606	344,529	7,906,190	4.36%	1,016,743	339
2016-17	336,954	2,793	334,161	8,262,665	4.04%	1,025,044	326
2017-18	288,182	2,911	285,271	8,508,990	3.35%	1,033,781	276
2018-19	236,572	2,639	233,933	9,030,169	2.59%	1,042,475	224

Notes:

Details regarding outstanding debt can be found in Note 7 to the Financial Statements, pages 62-70.

[1]Population statistics are based on calendar year.

[2]Debt per Capita is shown in actual dollars and not in thousands.

Source:

Pima County Finance & Risk Management

Office of Economic Opportunity

PIMA COUNTY, ARIZONA
Ratio of Direct and Overlapping Debt to Property Values and Per Capita
Last Ten Fiscal Years
(dollar amounts in thousands)

Fiscal Year	Total Overlapping Debt	Secondary Net Assessed Value	Percentage of Assessed Value	Population at July 1[1]	Debt per Capita[2]
2009-10	$ 1,302,802	$ 9,860,981	13.21%	981,168	$ 1,328
2010-11	1,335,431	9,342,561	14.29%	986,081	1,354
2011-12	1,284,219	8,448,282	15.20%	990,380	1,297
2012-13	1,311,417	8,171,212	16.05%	996,046	1,317
2013-14	1,153,220	7,623,691	15.13%	1,007,162	1,145
2014-15	1,501,691	7,579,899	19.81%	1,022,079	1,469
2015-16	1,445,104	7,906,190	18.28%	1,016,743	1,421
2016-17	1,393,757	8,262,665	16.87%	1,025,044	1,360
2017-18	1,337,556	8,508,990	15.72%	1,033,781	1,294
2018-19	1,325,724	9,030,169	14.68%	1,042,475	1,272

Notes:

Overlapping governments are those that coincide (at least in part), with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Pima County. When considering the County's ability to issue and repay long-term debt, the process should recognize the entire debt burden borne by the residents and businesses therein. However, this does not imply that every taxpayer is a resident and is responsible for the repayment of debt of each overlapping government.

[1]Population statistics are based on calendar year.

[2]Debt per Capita is shown in actual dollars and not in thousands.

Source:

Pima County Finance & Risk Management
Office of Economic Opportunity

PIMA COUNTY, ARIZONA
Computation of Direct and Overlapping Governmental Activities Debt Outstanding
At June 30, 2019
(in thousands)

Governmental Unit	Debt Outstanding	Amount Overlapping
Debt repaid with property tax:		
School Districts	$ 659,085	$ 659,085
Pima Community College	59,715	59,715
City of Tucson	148,145	148,145
Total overlapping		$ 866,945
Debt repaid with property tax		
Direct:		
Pima County*	$ 236,572	$ 236,572
Total direct repaid with property tax		$ 236,572
Other Debt:		
Certificates of participation	$ 124,567	$ 124,567
Installment note payable	724	724
Transportation bonds	96,916	96,916
Total other debt		$ 222,207
Total direct		$ 458,779
Total direct and overlapping debt		$ 1,325,724

Notes:
Overlapping governments are those that coincide with the geographic boundaries of the County. All overlapping governments are 100% within the County's boundaries. This schedule estimates the portion of the outstanding debt borne by the residents and businesses of Pima County. When considering the County's ability to issue and repay long-term debt, the process should recognize the entire debt burden borne by the residents and businesses therein. However, this does not imply that every taxpayer is a resident of each government and is responsible for the repayment of debt of each overlapping government.

*Excludes improvement districts.

Source:
Pima County Finance & Risk Management
City of Tucson Finance Department
Pima Community College District Finance Office

PIMA COUNTY, ARIZONA
Legal Debt Margin
Last Ten Fiscal Years
(dollar amounts in thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Full Cash Net Assessed Value	$ 9,860,981	$ 9,342,561	$ 8,448,282	$ 8,171,212	$ 7,623,691	$ 7,579,899	$ 7,906,190	$ 8,262,665	$ 8,508,990	$ 9,030,169
Legal Debt Margin										
Debt limit (15% of assessed value)	1,479,147	1,401,384	1,267,242	1,225,682	1,143,554	1,136,985	1,185,929	1,239,400	1,276,349	1,354,525
Debt applicable to limit:										
General obligation bonds	417,995	452,750	456,145	456,690	407,275	383,935	344,620	321,285	275,990	227,335
Less: Net assets reserved for repayment of general obligation debt	(11,396)	(27,904)	(22,602)	(22,900)	(5,326)	(6,037)	(5,606)	(2,793)	(2,911)	(2,639)
Total net debt applicable to the limit	406,599	424,846	433,543	433,790	401,949	377,898	339,014	318,492	273,079	224,696
Legal debt margin	$ 1,072,548	$ 976,538	$ 833,699	$ 791,892	$ 741,605	$ 759,087	$ 846,915	$ 920,908	$ 1,003,270	$ 1,129,829
Total net debt applicable to the limit as a percentage of debt limit.	27.49%	30.32%	34.21%	35.39%	35.15%	33.24%	28.59%	25.70%	21.40%	16.59%

Please see Note 7 to the Financial Statements, page 76 for additional details on calculation of the legal debt margin for the current year.

Source:
Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA
Regional Wastewater Reclamation Pledged Sewer Revenue Debt Coverage
Last Ten Fiscal Years
(dollar amounts in thousands)

Fiscal Year	Sewer User Revenues[1]	Less: Operating Expense[2]	Available Net Revenue	Plus: Ending cash Balances of Prior Fiscal Year (unrestricted)	Pledged Revenues[3]	Debt Service[6] Principal	Interest	Total	Coverage Ratio[4,5]
2009-10	$ 128,622	$ 69,904	$ 58,718	$ 20,163	$ 78,881	$ 16,952	$ 9,838	$ 26,790	2.94
2010-11	150,515	74,638	75,877	11,260	87,137	17,110	17,047	34,157	2.55
2011-12	155,614	73,241	82,373	32,806	115,179	20,895	21,658	42,553	2.71
2012-13	157,907	73,577	84,330	99,491	183,821	29,759	28,243	58,002	3.17
2013-14	174,271	77,893	96,378	128,735	225,113	37,025	30,386	67,411	3.34
2014-15	173,977	84,492	89,485	121,426	210,911	41,026	30,306	71,332	2.96
2015-16	169,730	83,423	86,307	110,741	197,048	40,320	28,529	68,849	2.86
2016-17	173,058	80,165	92,893	110,451	203,344	47,951	26,621	74,572	2.73
2017-18	178,933	79,208	99,725	89,316	189,041	44,434	25,371	69,805	2.71
2018-19	185,142	78,957	106,185	78,192	184,377	45,142	24,395	69,537	2.65

Notes:

[1]Includes sewer connection fees, interest income, and other miscellaneous revenues.

[2]Excludes grants, depreciation, interest expense and amortization.

[3]Pledged revenues defined by BOS Resolution 2010-50.

[4]Sewer revenue debt rate covenants require minimum coverage of 120%.

[5]For fiscal year 2009-2010, a new Debt Coverage calculation was implemented.

[6]Debt service requirements include principal and interest payable during the Bond Fiscal Year. Per the bond resolution, Bond Fiscal Year is defined as 7/2/20XX to 7/1/20XX.

Source:

Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA
Transportation Revenue Bonds - Pledged Revenue Bond Coverage
Last Ten Fiscal Years
(dollar amounts in thousands)

Fiscal Year	Transportation Revenue	Less: Operating Expense	Available Net Revenue	Debt Service[1] Principal	Debt Service[1] Interest	Coverage Ratio
2009-10	$ 54,897	$ 34,214	$ 20,683	$ 10,530	$ 5,709	1.27
2010-11	52,711	34,552	18,159	11,015	5,244	1.12
2011-12	46,834	33,335	13,499	12,055	5,537	0.77
2012-13	49,874	35,041	14,833	12,425	4,969	0.85
2013-14	50,997	37,295	13,702	13,685	5,197	0.73
2014-15	55,466	39,022	16,444	13,210	4,711	0.92
2015-16	57,976	39,798	18,178	14,585	4,146	0.97
2016-17	61,217	40,780	20,437	15,105	3,598	1.09
2017-18	63,604	41,801	21,803	14,820	3,354	1.20
2018-19	68,366	39,925	28,441	14,405	3,686	1.57

Notes:

Details regarding outstanding debt can be found in Note 7 to the Financial Statements, page 70. Operating expenditures do not include interest, depreciation or amortization.

[1]Debt Service requirements include principal and interest payable in the 12 months following each fiscal year.

Source:

Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA
Lease, Lease-Purchase, Installment Note Payable and Purchase Agreements
Scheduled Payments
(dollar amounts in thousands)

Function/Department	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Clerk of Superior Court - Equipment	$ 37			$ 63	$ 84	$ 96	$ 73	$ 51	$ 38	$ 55
Jail[1]	3,004	$ 3,004	$ 3,427							
Legal Services Building										
Sheriff - Equipment			160	160	160	160	160			
Solid Waste - Equipment		298	298	298						
County Administration - Culture & Recreation						3,625	2,722	3,289	1,565	567
	$ 3,041	$ 3,302	$ 3,885	$ 521	$ 244	$ 3,881	$ 2,955	$ 3,340	$ 1,603	$ 622

Notes:

[1]Funds derived from a sale/leaseback of the County's Adult Corrections Facility provided funding for construction of Kino Veteran's Memorial Sportspark & Tucson Electric Park Stadium.

Source:

Pima County Finance & Risk Management

Exhibit D - 19

PIMA COUNTY, ARIZONA
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures
Last Ten Fiscal Years
(dollar amounts in thousands)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures*	Ratio of Debt Service To General Expenditures
2009-10	$ 83,565	$ 24,097	$ 107,662	$ 730,379	14.7%
2010-11	72,525	23,945	96,470	730,278	13.2%
2011-12	78,390	24,762	103,152	767,261	13.4%
2012-13	67,885	23,903	91,788	756,959	12.1%
2013-14	112,835	26,758	139,593	806,007	17.3%
2014-15	81,705	26,424	108,129	803,590	13.5%
2015-16	83,765	25,515	109,280	807,174	13.5%
2016-17	94,695	23,354	118,049	832,971	14.2%
2017-18	96,005	20,133	116,138	829,054	14.0%
2018-19	128,350	18,674	147,024	879,370	16.7%

*Includes General, Special Revenue and Debt Service Funds, while excluding Capital Projects Fund.

Source:
Pima County Finance & Risk Management

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STATISTICAL SECTION

DEMOGRAPHIC AND ECONOMIC INFORMATION:

The dual objectives of the demographic and economic information are to assist users in understanding certain aspects of the environment in which a government operates and to provide information that facilitates the comparisons of financial statement data over time and across governments.

Information of this type can help readers assess a government's condition by providing information about community expansion, average age increases or decreases and changes in personal income and unemployment. This type of data is important to readers in assessing economic condition.

Exhibit D - 20

PIMA COUNTY, ARIZONA
Demographic and Economic Statistics
Last Ten Years

Calendar Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2010	981,168	$ 33,883,172	$ 34,534	9.3%
2011	986,081	35,132,468	35,628	8.5%
2012	990,380	36,412,855	36,767	7.4%
2013	996,046	36,935,363	37,082	7.0%
2014	1,007,162	38,025,100	37,755	6.4%
2015	1,022,079	39,106,000	38,261	5.6%
2016	1,016,743	40,359,300	39,695	5.0%
2017	1,025,044	41,349,550	40,339	4.5%
2018	1,033,781	43,223,000	41,811	4.3%
2019	1,042,475	46,497,700	44,603	4.7%

Sources:
Office of Economic Opportunity (for population data only)
UA Economic and Business Research Center, Eller College of Management
Bureau of Labor Statistics

PIMA COUNTY, ARIZONA
Principal Employers
Current Year and Nine Years Ago

	2010			2011			2012			2013			2014		
Employer	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
University of Arizona	10,363	2	2.1%	10,481	2	2.2%	10,681	1	2.3%	10,846	1	2.4%	11,047	1	2.4%
Raytheon	12,140	1	2.5%	10,500	1	2.2%	10,500	2	2.3%	10,300	2	2.3%	8,933	4	2.0%
Davis-Monthan AFB	7,755	4	1.6%	8,462	4	1.7%	8,566	4	1.9%	9,100	3	2.0%	9,933	2	2.2%
State of Arizona	8,708	3	1.8%	8,866	3	1.8%	9,061	3	2.0%	8,807	4	1.9%	9,439	3	2.1%
Tucson Unified School District	7,012	6	1.4%	6,709	6	1.4%	6,674	6	1.5%	6,790	6	1.5%	6,525	6	1.4%
Banner Healthcare - UMC							5,594	10	1.2%	6,099	8	1.3%	6,329	7	1.4%
Pima County Government	6,511	7	1.3%	6,403	7	1.3%	6,170	8	1.4%	6,076	9	1.3%	7,328	5	1.6%
Wal-Mart Stores, Inc.	7,192	5	1.5%	7,308	5	1.5%	7,300	5	1.6%	7,450	5	1.6%	5,200	10	1.1%
City of Tucson	5,399	9	1.1%	4,930	10	1.0%				4,585		1.0%	4,845		
Tucson Medical Center															
U.S. Customs & Border Protection							6,000	9	1.3%	6,500	7	1.4%	4,135		
UA Healthcare Network				5,982	9	1.2%									
Freeport-McMoran Copper										5,463	10	1.2%	5,600	9	1.2%
Fort Huachuca[1]	6,236	8	1.3%	6,225	8	1.3%	6,198	7	1.4%	6,198		1.4%	5,717	8	1.3%
Carondelet Health Network	4,566	10	0.9%												
Total	71,316		14.8%	75,866		15.5%	76,744			77,431		17.1%	76,051	`	16.8%
Total Work Force			488,500			485,800			455,900			453,200			452,429

Notes:
[1]Fort Huachuca is located in Cochise County but is listed here due to its role as a large regional employer.

Sources:
The University of Arizona Interactive Fact Book and University Analytics & Institutional Research (UAIR)
Pima Association of Governments (PAG)
Economic and Business Research Center, Eller College of Management FY2019

(continued)

PIMA COUNTY, ARIZONA
Principal Employers
Current Year and Nine Years Ago

(continued)

Employer	2015 Employees	2015 Rank	2015 Percent of Total County Employment	2016 Employees	2016 Rank	2016 Percent of Total County Employment	2017 Employees	2017 Rank	2017 Percent of Total County Employment	2018 Employees	2018 Rank	2018 Percent of Total County Employment	2019 Employees	2019 Rank	2019 Percent of Total County Employment
University of Arizona	11,235	1	2.4%	11,251	1	2.4%	10,846	1	2.3%	12,531	1	2.6%	16,217	1	3.2%
Raytheon	9,600	2	2.1%	9,600	2	2.1%	10,300	2	2.2%	11,471	3	2.4%	11,295	2	2.3%
Pima County Government	7,023	6	1.5%	7,023	5	1.5%	6,076	9	1.3%	5,921	7	1.2%	7,697	3	1.5%
Davis-Monthan AFB	8,335	4	1.8%	8,406	4	1.8%	9,100	3	1.9%	11,769	2	2.4%	7,211	4	1.5%
Tucson Unified School District	7,134	5	1.5%	6,770	6	1.4%	7,688	5	1.6%	6,879	5	1.4%	6,872	5	1.4%
State of Arizona	8,524	3	1.8%	8,580	3	1.8%	8,807	4	1.8%	8,585	4	1.8%	6,654	6	1.3%
Banner Healthcare - UMC	6,542	7	1.4%	6,272	7	1.3%				6,476	6	1.3%	6,499	7	1.3%
Wal-Mart Stores, Inc.	5,400	10	1.2%	5,500	10	1.2%	7,450	6	1.6%	4,341	8	0.9%	4,414	8	0.9%
City of Tucson	4,882			4,595						4,093	9	0.8%	4,093	9	0.8%
Tucson Medical Center										4,051	10	0.8%	3,987	10	0.8%
U.S. Customs & Border Protection	6,470	8	1.4%	5,739	8	1.2%	6,500	7	1.4%						
UA Healthcare Network							6,099	8	0.013						
Freeport-McMoran Inc.	5,800	9	1.2%	5,530	9	1.2%	5,463	10	1.1%						
Fort Huachuca[1]	5,314			5,477											
Total	76,063		16.3%	74,671		16.0%	78,329		16.4%	76,117		15.8%	74,939		15.0%
Total County Work Force			467,438			467,438			477,017			481,835			500,018

Notes:

[1]Fort Huachuca is located in Cochise County but is listed here due to its role as a large regional employer.

Sources:

The University of Arizona Interactive Fact Book and University Analytics & Institutional Research (UAIR)
Pima Association of Governments (PAG)
Economic and Business Research Center, Eller College of Management FY2019

PIMA COUNTY, ARIZONA
Population and Employment
Last Ten Calendar Years

				EMPLOYMENT				
Year	Population	Civilian Labor Force	Total Unemployment Rate	Mining	Construction	Manufacturing	Transportation & Utilities	Financial Activities
2010	981,168	479,879	9.4%	1,800	15,100	23,800	57,200	17,200
2011	986,081	465,640	8.5%	1,900	14,500	23,300	58,000	16,900
2012	990,380	459,349	7.4%	2,100	14,400	23,200	58,000	16,900
2013	996,046	449,958	7.0%	2,300	15,400	23,000	59,200	17,300
2014	1,007,162	452,429	6.4%	2,300	14,800	22,500	60,600	17,500
2015	1,022,079	467,438	5.6%	2,300	14,600	22,600	60,600	17,600
2016	1,016,743	476,578	5.0%	2,200	14,300	23,500	60,700	19,600
2017	1,025,044	477,017	4.6%	1,600	14,900	23,600	59,300	17,600
2018	1,033,781	481,835	4.3%	1,700	16,700	24,600	61,100	17,700
2019	1,042,475	496,584	4.7%	1,900	17,500	26,300	59,300	18,300

Notes:
All Employment data presented is not seasonally adjusted. Labor Force, Unemployment and Sector Employment for 2019 represent the average through July

Sources:
UA Economic and Business Research Center, Eller College of Management
Office of Economic Opportunity (for population data only)

PIMA COUNTY, ARIZONA
Transportation and Real Estate
Last Ten Fiscal Years

	Transportation				Real Estate		
Fiscal Year	Aircraft Movements	No. of Air Passengers	Bus Ridership	Riders Per Mile	Residential Bldg. Permits	Units Sold	Sales Volume (In thousands)
2010	169,780	3,709,178	20,483,709	2.22	2,340	12,471	$ 2,457,147
2011	164,152	3,676,894	19,746,774	2.18	2,400	11,545	2,033,702
2012	145,967	3,649,783	19,971,230	2.15	2,062	13,436	2,211,369
2013	138,263	3,308,620	20,352,101	2.16	3,713	13,587	2,528,609
2014	139,420	3,239,849	19,713,449	2.06	2,040	13,379	2,648,443
2015	141,422	3,181,901	19,657,931	2.06	3,250	13,692	2,856,957
2016	139,555	3,228,389	15,743,501	1.84	2,428	13,795	3,313,078
2017	132,867	3,413,451	16,388,315	1.71	2,466	15,172	3,488,123
2018	131,169	3,551,159	15,205,419	1.55	4,495	15,416	3,823,877
2019	131,416	3,783,535	14,262,758	1.73	4,404	15,468	4,042,995

Note:
Tucson International Airport follows the Federal fiscal calendar.

Sources:
UA Economic and Business Research Center, Eller College of Management
Tucson Airport Authority
Sun Tran
Tucson Association of Realtors, Multiple Listing Service, Inc.

PIMA COUNTY, ARIZONA
Economic Indicators by Calendar Year
Last Ten Years
(dollar amounts in thousands)

Fiscal Year	Retail Sales[1]	No. of Dwelling Units Awarded[2]	Change in Real Estate Sales Volume	Commercial Bank Deposits
2010	$ 10,439,448	2,129	9%	$ 11,134,000
2011	10,640,207	1,938	-21%	11,265,000
2012	11,440,377	2,242	8%	11,501,822
2013	12,010,672	2,841	13%	12,173,345
2014	12,317,085	3,491	5%	12,980,645
2015	12,555,553	3,250	7%	13,760,260
2016	8,443,626	2,428	14%	14,654,142
2017	8,558,572	2,466	5%	15,226,977
2018	8,851,127	4,495	9%	15,716,917
2019	9,319,711	4,404	5%	15,573,516

Notes:

[1]Prior to FY 2016, Retail Sales statistics were calculated in the aggregate, which included total taxable sales from the following categories: Retail, Restaurant & Bar, Food and Gasoline. As of FY 2016, only retail sales (not including food and fuel) are shown.

[2] Beginning with calendar year 2011, the number of dwelling units awarded includes both single family and multiple family unit structures combined.

Sources:

UA Economic and Business Research Center, Eller College of Management
Tucson Association of Realtors, Multiple Listing Service, Inc.
Federal Deposit Insurance Corporation

PIMA COUNTY, ARIZONA
Population Statistics
June 30, 2019

ESTIMATED POPULATION BY AGE

Age Group	Population
0-4	57,116
5-9	60,765
10-14	64,305
15-19	74,226
20-24	79,553
25-29	71,740
30-34	64,298
35-39	61,447
40-44	58,418
45-49	58,987
50-54	57,141
55-59	66,367
60-64	67,518
65-69	63,417
70-74	52,780
75+	84,396
Total	1,042,474

POPULATION PROJECTIONS

Year	Projected Population
2020	1,050,906
2025	1,091,610
2035	1,164,088
2045	1,222,916

Source:
Office of Economic Opportunity

PIMA COUNTY, ARIZONA

Exhibit D - 26

Average Annual Jail Population
Last Ten Fiscal Years

Fiscal Year	Average Jail Population
2010	1,724
2011	1,640
2012	1,802
2013	2,000
2014	2,061
2015	1,863
2016	1,862
2017	1,863
2018	1,868
2019	1,853

Source:
Pima County Sheriff's Department, Corrections Bureau

STATISTICAL SECTION

OPERATING INFORMATION:

The objective of the operating information is to provide contextual information about a government's operations and resources to assist users in using financial information to understand and assess a government's economic condition. Two types of information are considered important:

1. Basic information about infrastructure assets, utilities, and public works; in essence, the capital resources at the government's disposal. Examples include miles of streets and sewers and wastewater treatment volume.
2. Descriptive service information, which would help to evaluate the size of the government. This would include types of services, the related demand and volume, and the non-financial resources employed to provide the services.

PIMA COUNTY, ARIZONA
Employees by Function
Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
General government	2,870	2,850	2,473	2,321	2,805	2,832	2,753	3,164	3,011	3,213
Public safety	1,488	1,529	1,540	1,468	1,525	1,387	1,418	1,431	1,335	1,443
Highways and streets	264	262	274	265	258	248	253	262	229	214
Sanitation	33	23	24	3	31	33	32	35	35	44
Health	422	412	404	174	319	282	322	237	223	225
Welfare	32	27	377	397	8	7	9	22	15	17
Culture and recreation	467	461	652	331	442	434	453	526	447	493
Education and economic opportunity	174	170	133	144	112	111	116	136	130	139
Total governmental activities	5,750	5,734	5,877	5,103	5,500	5,334	5,356	5,813	5,425	5,788
Business-type activities										
Regional Wastewater Reclamation	488	481	531	413	438	387	406	474	433	455
Pima Health System & Services[1]	422	421								
Development Services	66	66	59	52	60	56	52	67	58	44
Parking Garages	2	2	3	3	3	5	4	4	5	3
Total business-type activities	978	970	593	468	501	448	462	545	496	502
Total	6,728	6,704	6,470	5,571	6,001	5,782	5,818	6,358	5,921	6,290

Notes:

[1] Pima Health Systems & Services was sold and the department closed.

PIMA COUNTY, ARIZONA
Operating Indicators by Program
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Program:										
Sheriff										
Physical arrests	27,946	24,108	24,841	25,451	24,394	21,233	21,627	16,134	15,944	12,821
Traffic violations/citations										
Criminal	6,417	4,304	4,205	4,291	5,691	8,743	9,026	7,508	7,468	4,551
Civil	41,800	32,270	32,445	33,837	34,466	30,656	24,855	23,725	27,346	24,316
Total violations/citations	48,217	36,574	36,650	38,128	40,157	39,399	33,881	31,233	34,814	28,867
Wastewater										
Avg. daily sewage treated (MGD)[1]	65.4	62.7	62.3	60.9	60.2	60.3	59.5	59.0	57.0	57.5
New connections	1,950	1,412	1,355	1,856	1,804	1,427	1,986	2,887	2,411	2,798
Cultural and Recreational[2]										
Spring training attendance	84,520	N/A	20,850	21,944	N/A	N/A	N/A	N/A	N/A	N/A
Soccer attendance	N/A	N/A	36,001	21,942	36,723	41,259	40,804	76,437	93,144	102,204
Parks & Recreation										
Athletic field permits issued[3]	168	161	228	263	326	280	267	276	648	4,885
Community center admissions	351,692	339,550	347,379	306,841	327,257	318,524	303,293	302,821	282,616	275,936
Volunteer hours	14,321	12,168	10,787	8,213	11,366	12,108	10,512	11,094	9,483	8,616
Library										
Volumes in collection[4]	1,427,089	1,414,928	1,326,375	1,257,821	1,193,357	1,139,730	1,237,281	1,167,135	1,230,771	1,947,628
Total volumes borrowed	7,517,692	7,199,809	7,557,865	6,098,216	4,521,039	5,484,961	6,131,049	4,808,467	5,592,306	6,068,832
Number of cardholders	526,170	452,400	434,841	405,419	405,507	379,631	385,945	374,293	383,777	349,999
Capital Projects										
Land	$ 36,953,802	$ 5,655,264	$ 13,075,719	$ 6,947	$ 4,335,540	$ 10,746,469	$ 4,230,852	$ 2,062,882	$ 1,299,047	$ 5,472,097
Buildings	11,994,142	57,876,009	5,008,707	33,313,996	8,595,432	107,899,620	6,367,369	17,107,423	24,749,318	14,780,541
Improvements	1,921,052	6,366,258	4,287,186	12,837,873	20,436,143	3,763,811	25,101,285	9,964,116	10,124,651	7,119,819
Infrastructure	14,160,620	24,259,854	46,463,053	13,291,580	108,053,960	41,041,250	58,338,363	19,323,191	61,677,576	20,196,789
Total Completed	$ 65,029,616	$ 94,157,385	$ 68,834,665	$ 59,450,396	$ 141,421,075	$ 163,451,150	$ 94,037,869	$ 48,457,612	$ 97,850,592	$ 47,569,246

Notes:

[1]MGD: Millions of Gallons per Day

[2]For fiscal year 2010-11 there were no Spring Training games in Tucson

[3]Field permit totals increased due to ActiveNet creating a permit for each field rather than lumping multiple fields together

[4]Volumes include physical and digital copies

PIMA COUNTY, ARIZONA
Capital Assets & Infrastructure by Program
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Program:										
Sheriff										
Stations	7	7	7	7	7	7	7	7	7	7
Zone offices	4	4	4	2	2	2	2	2	2	2
Patrol units	361	355	358	305	354	371	362	344	354	365
Transportation (streets and highways)										
Streets (miles)[1]	1,893	1,892	1,897	1,905	1,854	1,854	1,870	1,866	1,891	1,904
Pothole repair[2]		$ 2,822,770	$ 1,493,531	$ 1,462,810	$ 1,767,246	$ 2,715,481	$ 2,340,060	$ 2,505,042	$ 3,159,973	$ 2,790,674
Flood Control										
Bank protection (miles)[3]	140	141			175	195	200	201	202	204
Flood plain / drainage way (acres)[4]	11,966	12,027	13,210	13,645	16,538	16,806	26,000	26,832	31,738	32,468
Parks & Recreation										
Urban parks (acres)	2,881	2,898	3,012	3,143	3,147	3,489	3,736	5,825	5,831	5,831
Playgrounds	38	39	40	40	41	38	37	38	41	41
Baseball/softball diamonds	85	86	86	87	89	91	94	94	71	71
Soccer/football fields	17	18	18	18	20	21	24	24	34	34
Community centers	8	11	11	11	11	11	11	11	11	11
Swimming pools / Splashpads	9	10	10	10	10	10	10	10	11	11
Wastewater										
Sanitary sewers (miles)	3,472	3,476	3,440	3,448	3,462	3,466	3,470	3,487	3,500	3,500
Treatment capacity (MGD)[5]	94.26	97.76	97.06	97.04	95.04	95.03	95.04	92.00	95.00	95.00
Libraries										
County	26	26	26	26	27	27	27	27	27	27
Open Space Acquisitions										
Properties added	9	4	6	1	3	2	3	1		
Acres	5,390	275	595	1,416	823	389	676	95		
Cumulative acreage	57,516	57,791	58,386	59,802	60,625	61,014	61,690	61,785	61,785	61,785
Total properties	90	94	100	101	104	106	109	110	110	110

Notes:

[1]Annexation by other jurisdictions resulted in a decrease of Transportation (Streets and Highways).

[2]Pothole repair figures were unavailable in FY 2009-10.

[3]No soil cement bank protection projects in 2012 and 2013.

[4]Regional Flood Control District maintained acreage only.

[5]On Jan. 3, 2012 capacity was reduced when the Town of Marana obtained ownership of the Marana Wastewater Treatment Facility.

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