

**PIMA COUNTY SCHOOL RESERVE FUND  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**PIMA COUNTY SCHOOL RESERVE FUND**

**TUCSON, ARIZONA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Issued by:  
Pima County School Superintendent's Office

(This page intentionally left blank)

# PIMA COUNTY SCHOOL RESERVE FUND

## TABLE OF CONTENTS

<b><u>INTRODUCTORY SECTION</u></b>	<b><u>Page</u></b>
Letter of Transmittal	i
ASBO Certificate of Excellence	vi
Organizational Chart	vii
List of Principal Officials	viii
 <b><u>FINANCIAL SECTION</u></b>	
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) (Required Supplementary Information)	5
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements:	
Statement of Net Position	18
Statement of Activities	19
Fund Financial Statements:	
Balance Sheet – Governmental Funds	22
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	25
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	29
Notes to Financial Statements	30

# PIMA COUNTY SCHOOL RESERVE FUND

## TABLE OF CONTENTS (Cont'd)

<u>FINANCIAL SECTION (Cont'd)</u>	<u>Page</u>
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (Required Supplementary Information)	
General Fund	46
Limited English & Immigrant Students Fund	47
Special Education Grants Fund	48
Other Federal Projects Fund	49
Small Schools Fund	50
Fee for Service Program Fund	51
Notes to Required Supplementary Information	52
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Governmental Funds:	
Combining Balance Sheet – All Non-Major Governmental Funds – By Fund Type	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All Non-Major Governmental Funds – By Fund Type	57
Special Revenue Funds:	
Combining Balance Sheet	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	64
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	68

# PIMA COUNTY SCHOOL RESERVE FUND

## TABLE OF CONTENTS (Cont'd)

<b><u>FINANCIAL SECTION (Concl'd)</u></b>	<b><u>Page</u></b>
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES (Concl'd)	
Capital Projects Funds:	
Combining Balance Sheet	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	82
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	84
<b><u>STATISTICAL SECTION</u></b>	
Financial Trends:	
Net Position by Component	91
Expenses, Program Revenues, and Net (Expense)/Revenue	92
General Revenues and Total Changes in Net Position	94
Fund Balances – Governmental Funds	96
Governmental Funds Revenues	98
Governmental Funds Expenditures and Debt Service Ratio	100
Other Financing Sources and Uses and Net Changes in Fund Balances – Governmental Funds	102
Revenue Capacity:	
Primary Assessed Value and Estimated Actual Value of Taxable Property by Class	103
Secondary Assessed Value of Taxable Property by Class	104
Property Tax Assessment Ratios	105

**PIMA COUNTY SCHOOL RESERVE FUND**

**TABLE OF CONTENTS (Concl'd)**

<b><u>STATISTICAL SECTION (Concl'd)</u></b>	<b><u>Page</u></b>
Demographic and Economic Information:	
County-Wide Demographic and Economic Statistics	106
Principal Employers	107
Operating Information:	
Full-Time Equivalent Reserve Employees by Type	108
Operating Statistics	109
Capital Assets Information	110
<b><u>REPORT ON INTERNAL CONTROL AND ON COMPLIANCE</u></b>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	113

## **INTRODUCTORY SECTION**

(This page intentionally left blank)



Linda Arzoumanian, Ed.D.  
Pima County School Superintendent

Debbie D'Amore  
Chief Deputy

200 North Stone Avenue • Tucson, Arizona 85701  
[www.schools.pima.gov](http://www.schools.pima.gov) • Email: [schools@schools.pima.gov](mailto:schools@schools.pima.gov)

Phone: 520.724.8451  
Fax: 520.724.9308

---

November 17, 2014

Board of Supervisors  
Pima County, Arizona

The Pima County School Reserve Fund, a department of Pima County, Arizona, has published a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Pima County School Reserve Fund (Reserve) for the fiscal year ended June 30, 2014.

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

The Reserve's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Reserve for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Reserve's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

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

## **PROFILE OF THE RESERVE**

The Pima County School Reserve Fund is under the direction of the Pima County School Superintendent's Office. The Pima County School Superintendent is an elected official authorized by statute to perform a variety of duties for school districts. The County School Superintendent's Office is a unit of Pima County, Arizona.

The Reserve is comprised of Pima Special Programs and the Pima Accommodation School District No. 00. Pima Special Programs functions primarily as the Pima County Educational Service Agency ("ESA"). Arizona county school superintendents are designated as educational services agencies. ESAs are authorized under A.R.S. §15-301(C) to provide programs and services to school districts and charter schools within each county. Additionally, the ESA may receive and spend local, state, and federal monies to provide such programs. These programs generally extend beyond the boundaries of individual school districts. A.R.S. §15-365 authorizes some of these projects to be operated as a consortium of school districts formed to ensure that students, parents, teachers, and other community members are provided appropriate educational programs. These programs may also be developed in response to federal, state, or local mandates upon school districts and charter schools so that they are accomplished more efficiently and economically as multidistrict operations. The Pima Accommodation School District No. 00 ("District") provides an education program for delinquent school-aged youth, as required by A.R.S. §15-912. A.R.S. §15-913.01 also requires the District to provide special education services to individuals between the ages of 18-21 that are identified as having a special learning need through an Individualized Education Plan (IEP).

The activity of the Pima County School Reserve Fund has traditionally centered on the economy of Pima County and the County's population growth. As the mandates for our surrounding local education agencies (LEAs) has developed due to the implementation of the *Arizona College and Career Ready Standards* ("Common Core"), the Reserve has developed support programs for LEAs in the implementation of these new standards. Pima County, as a whole, continues to develop in its population centers, which makes the educational service programs provided to our students stronger than ever. Pima County continues to be the second most populated county in Arizona with a population of 996,554 as of July 1, 2013, which accounts for 15% of Arizona's estimated population of 6,626,624. The City of Tucson encompassed nearly 228 square miles of the County's 9,186 square miles with a July 1, 2013 estimate population of 526,116, accounting for 53% of the total population in the County.

Pima County is also home to the State's second largest school district – Tucson Unified School District – with a student population exceeding 45,000. With nearly 165,000 students in public, private, and home school settings across the county, the ESA functions of the Reserve requires a wide array of services and proper allocations to continue supporting our various LEAs. The ESA has developed partnerships on a statewide and regional level to promote these educational support programs for teachers, students, and parents. Our goal is to leverage resources with our education and community partners. The availability of financial resources has become increasingly competitive and requires an approach to maximize these resources through partnerships and refocus efforts to address mandates that LEAs cannot prepare for independently.

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

The expenditure budget is prepared by fund for all Governmental Funds, and includes function and object code detail for the General Fund and some Special Revenue and Capital Projects Funds. The legal level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established at the individual fund level for the funds included in the Pima Accommodation District. The Reserve is not required to prepare an annual budget of revenue, therefore a deficit budgeted fund balance may be presented. However, this does not affect the Reserve's ability to expend monies. Funds that are not required to legally adopt a budget may have overexpenditures of budgeted funds. The budget for these funds is simply an estimate and does not prevent the Reserve from exceeding the budget as long as the necessary revenue is earned.

## **FACTORS AFFECTING FINANCIAL CONDITION**

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

**Local Economy** The Reserve does not receive property taxes and cannot incur bonded debt. All revenues are received from federal and state aid as well as federal and state grants. Some revenues are received through enterprise services provided to LEAs as provided by law. The revenue received by the Reserve is heavily reliant on the overall financial health of the state and federal government as major contributors to the Reserve's functions. Any potential negative shift by these external funding entities can generally extend to the Reserve's own financial outlook and operational planning.

At the end of fiscal year 2013, school districts and charters received an inflationary increase provided in State law for the first time in over 4 years. The Reserve was able to benefit from this increase in funding the operations provided at the Accommodation District. The expansion of federal programs such as Race to the Top and School Improvement Grants at area districts and

charters also allowed the Reserve to participate in the professional development enterprise programs. The Reserve was hired by several LEAs to provide subject matter experts to train teachers to meet the tenets of these federal awards. More importantly, as part of the Regional Centers model across Arizona, the Reserve itself was awarded Race to the Top funds that allowed several components of the ongoing work to continue unabated in partnership with other county school superintendents and LEA's in Pima, Santa Cruz, and Cochise Counties.

At the end of fiscal year 2014, school districts and charters received an on-going inflationary increase to their State-funded budgets. Additionally, the Arizona Supreme Court recently found that the Arizona Legislature violated a voter-approved initiative requiring inflationary increases to State-funded budgets for public schools for the last several years of the Great Recession. The court case of *Cave Creek Unified School Districts v. Ducey* was affirmed by the Arizona Supreme Court on September 26, 2013. Ongoing litigation in Maricopa County Superior Court is currently determining repayment of past inflationary increases with an estimate between \$317.0 million and \$1.2 billion. A decision in the coming months will certainly have a positive financial impact on the operations of our local school districts and charters. The Reserve will also directly benefit through any decision and the current year's inflationary increase for the Accommodation District.

As the focus towards teacher performance pay and the Arizona College and Career Ready Standards (ACCRS) becomes a greater focus in educational policies in Arizona, the Reserve will be able to leverage some of its current financial resources to redesign its programs to meet the needs of local LEA's. However, within these same functions, the Reserve needs to continually preserve its statutory mandates of educating students that it must serve.

**Long-Term Financial Planning** One of the Reserve's primary functions is to ensure the continued provision of educational services at the Pima Accommodation District. Because the District's funding is tied to the student population in two secure care facilities, this requires review of the juvenile detention policies with law enforcement and the juvenile justice system in Pima County. The adjudication of minors in Pima County's juvenile justice system has a direct impact on the ability for the District to properly fund its operations. The District is preparing for an overall reaccreditation process of its programs. Through the finding of that process, the District will be in a position to refine its programmatic implementation and match resources to the proper level of programs while meeting the statutory mandates for educational services to students in a secure care environment.

Over the course of the last four fiscal years, school districts and charters received funds from the expansion of federal programs such as Race to the Top and School Improvement Grants at area districts and charters also allowed the Reserve to participate in the professional development enterprise programs. The Reserve was hired by several LEAs to provide subject matter experts to train teachers to meet the tenets of these federal awards. More importantly, as part of the Regional Centers model across Arizona, the Reserve itself was awarded Race to the Top funds that allowed several components of the ongoing work to continue unabated in partnership with other county school superintendents and LEAs in Pima, Santa Cruz, and Cochise Counties.

As the focus towards teacher performance pay and the Arizona College and Career Ready Standards (ACCRS) becomes a greater focus in educational policies in Arizona, the Reserve will be able to leverage some of its current financial resources to redesign its programs to meet the needs of local LEAs. However, within these same functions, the Reserve needs to continually preserve its statutory mandates of educating students that it must serve.

In May 2014, the Board of Supervisors and the County School Superintendents of each of Arizona's 15 counties entered into a partnership to expand on the implementation of Race to the Top programs as well as student-centered education programs through the *Arizona Education Technology Consortium (AzETC)*. The Consortium will allow county school superintendents to move forward with similar programs original funded through Race to the Top funds. These funds are scheduled to expire in December 2015. Through the early implementation and initial financial investment to the Consortium, the various counties are looking to expand on the implementation of the programs created under Race to the Top through enterprise functions.

These programs are created with the ultimate goal to continue the mission of supporting the educational and professional development needs of Pima County. Seeking additional support by creating partnerships will be key to leveraging the financial resources to address the needs of our schools. The implementation of the *Student Success Funding* model and the adoption of a new statewide assessment will only serve to further the demand for proper preparation of education professionals. Finally, the focus on *Science, Technology, Engineering, and Mathematics (STEM)* related careers will also demand a refocus of some programs and current resources attached to other components that do not retain the same level of educational priority.

## **AWARDS AND ACKNOWLEDGMENTS**

**Awards.** The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to the Reserve for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the twentieth consecutive year that the Reserve has received this prestigious award. In order to be awarded this certificate, the Reserve published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

This certificate is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the program's requirements and we are submitting it to ASBO to determine its eligibility for the fiscal year ended June 30, 2014 certificate.

**Acknowledgments.** The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the County School Superintendent's Office. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

Respectfully submitted,



Linda Arzoumanian, Ed.D.  
County School Superintendent



Ricardo D. Hernández, M.Adm.  
Chief Financial Officer

# Association of School Business Officials International



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

## **Pima County School Reserve Fund**

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2013*

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards

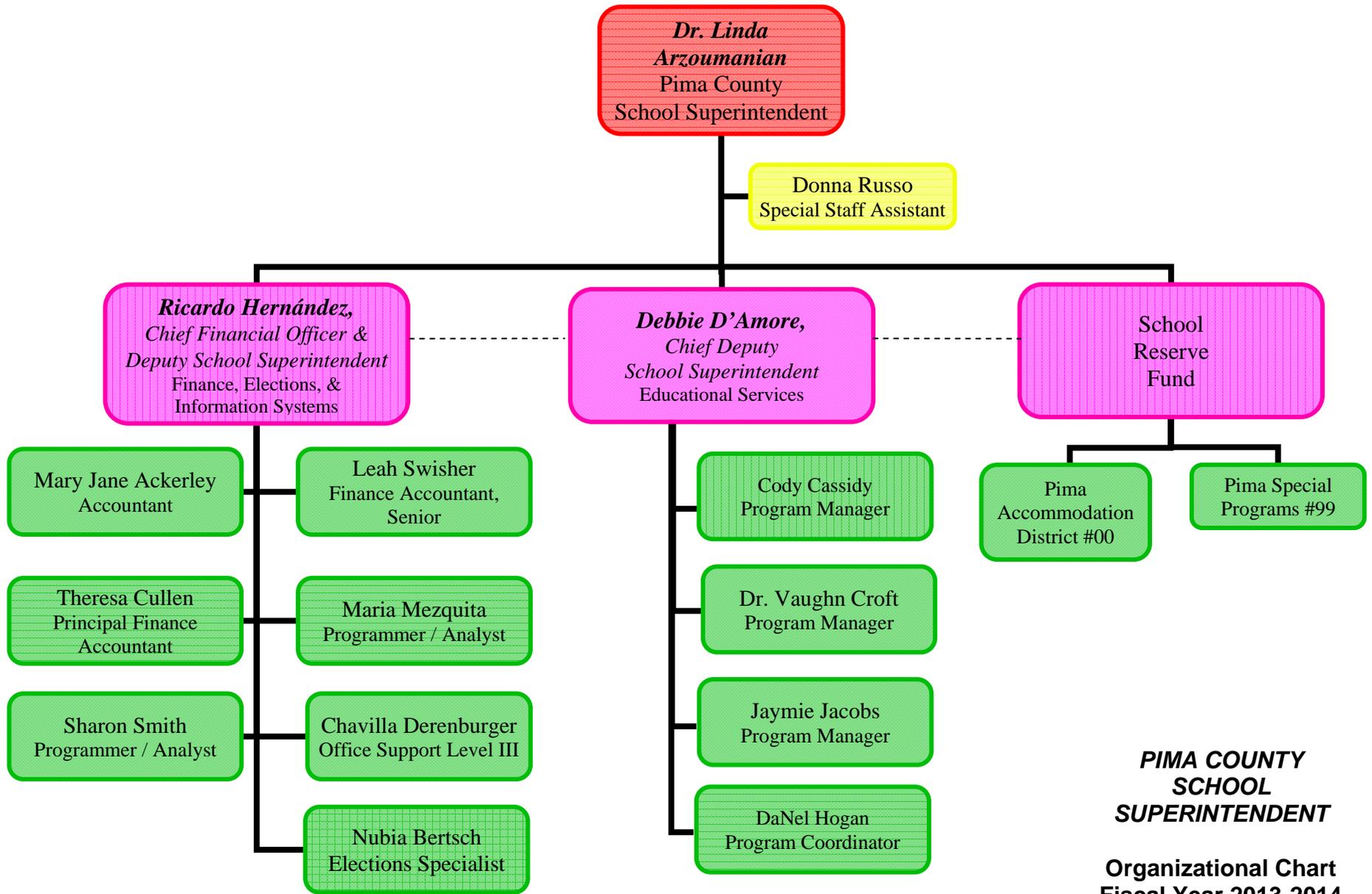


A handwritten signature in black ink, reading 'Terrie S. Simmons', written over a horizontal line.

Terrie S. Simmons, RSBA, CSBO  
President

A handwritten signature in black ink, reading 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA  
Executive Director



**PIMA COUNTY  
SCHOOL  
SUPERINTENDENT**

**Organizational Chart  
Fiscal Year 2013-2014**

**PIMA COUNTY SCHOOL RESERVE FUND**

**LIST OF PRINCIPAL OFFICIALS**

**COUNTY BOARD OF SUPERVISORS**

Ally Miller, District #1

Ramon Valadez, District #2

Sharon Bronson, District #3

Ray Carroll, District #4

Richard Elias, District #5

**ADMINISTRATIVE STAFF**

Linda Arzoumanian, Ed.D., Pima County School Superintendent

Debbie D'Amore, Chief Deputy

Ricardo D. Hernández, Chief Financial Officer

## **FINANCIAL SECTION**

(This page intentionally left blank)

## INDEPENDENT AUDITOR'S REPORT

The Board of Supervisors of Pima County, Arizona  
Pima County School Reserve Fund

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pima County School Reserve Fund (Reserve), a department of Pima County, Arizona, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Reserve's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Pima County School Reserve Fund, a department of Pima County, Arizona, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Departmental Financial Statements***

As discussed in Note 1, the financial statements of the Pima County School Reserve Fund are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of Pima County, Arizona that is attributable to the transactions of the Reserve. They do not purport to, and do not, present fairly the financial position of Pima County, Arizona as of June 30, 2014, or the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13 and budgetary comparison information on pages 46 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Reserve's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2014, on our consideration of Pima County School Reserve Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Pima County School Reserve Fund's internal control over financial reporting and compliance.

*Heinfeld, Meech & Co., P.C.*

HEINFELD, MEECH & CO., P.C.  
CPAs and Business Consultants

November 17, 2014

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**(Required Supplementary Information)**

(This page intentionally left blank)

**PIMA COUNTY SCHOOL RESERVE FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

As management of the Pima County School Reserve Fund (Reserve), we offer readers of the Reserve's financial statements this narrative overview and analysis of the financial activities of the Reserve for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**FINANCIAL HIGHLIGHTS**

- The Reserve's total net position of governmental activities decreased \$208,621 which represents a 10 percent decrease from the prior fiscal year.
- General revenues accounted for \$835,843 in revenue, or 44 percent of all current fiscal year revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1.1 million or 56 percent of total current fiscal year revenues.
- The Reserve had approximately \$2.1 million in expenses related to governmental activities, a decrease of 30 percent from the prior fiscal year primarily due to significant reduction in federal grants.
- Among major funds, the General Fund had \$841,031 in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$989,285 in expenditures. The General Fund's fund balance decreased from \$680,663 at the prior fiscal year end, to \$559,827 at the end of the current fiscal year.
- The Small Schools Fund had \$85,888 in current fiscal year expenditures. The Small Schools Fund's fund balance increased \$8,398.
- The Fee for Service Fund had \$259,849 in current fiscal year expenditures. The Fee for Service Fund's fund balance decreased \$77,489 due to a reduction in fees charged for services provided by the District.

**PIMA COUNTY SCHOOL RESERVE FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**OVERVIEW OF FINANCIAL STATEMENTS**

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

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Reserve's finances, in a manner similar to a private-sector business. Although not required by reporting standards, the Reserve has elected to present government-wide financial statements in order to offer readers a financial statement format consistent with the school districts for which it provides services.

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

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

The government-wide financial statements outline functions of the Reserve that are principally supported by intergovernmental revenues. The governmental activities of the Reserve include instruction, support services, operation and maintenance of plant services, student transportation services, and operation of non-instructional services. The accrual basis of accounting is used for the government-wide financial statements.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Reserve represents a department of Pima County, Arizona; however, the Reserve itself uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Reserve can be divided into two categories: governmental funds and fiduciary funds.

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

**PIMA COUNTY SCHOOL RESERVE FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)**

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 Reserve'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.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Limited English & Immigrant Students, Special Education Grants, Other Federal Projects, Small Schools, Fee for Service, and School Plant Funds, all of which are considered to be 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 and schedules.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the Reserve. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Reserve's own programs. Due to their custodial nature, the fiduciary funds do not have a measurement focus.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Reserve's budget process. The Reserve adopts an annual expenditure budget for all governmental funds included in the Pima Accommodation District. A schedule of revenues, expenditures and changes in fund balances – budget and actual has been provided for the General Fund and major Special Revenue Funds as required supplementary information.

**PIMA COUNTY SCHOOL RESERVE FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Reserve, assets exceeded liabilities by \$1.9 million at the current fiscal year end.

The investment in capital assets (e.g. land improvements; buildings and improvements; vehicles, furniture, and equipment) comprises 13 percent of the Reserve's net position. The Reserve does not have any debt related to the acquisition of assets. In addition, a portion of the Reserve's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted and may be used to meet the Reserve's ongoing obligations to its citizens and creditors.

The following table presents a summary of the Reserve's net position for the fiscal years ended June 30, 2014 and June 30, 2013.

	As of <u>June 30, 2014</u>	As of <u>June 30, 2013</u>
Current assets	\$ 1,818,121	\$ 1,953,197
Capital assets, net	248,522	271,201
Total assets	<u>2,066,643</u>	<u>2,224,398</u>
Current liabilities	124,083	84,177
Long-term liabilities	51,595	40,635
Total liabilities	<u>175,678</u>	<u>124,812</u>
Net position:		
Net investment in capital assets	248,522	271,201
Restricted	491,189	448,506
Unrestricted	1,151,254	1,379,879
Total net position	<u>\$ 1,890,965</u>	<u>\$ 2,099,586</u>

At the end of the current fiscal year the Reserve reported positive balances in all three categories of net position. The same situation held true for the prior fiscal year.

The Reserve's financial position is the product of several financial transactions including the net result of activities and the depreciation of capital assets.

**PIMA COUNTY SCHOOL RESERVE FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

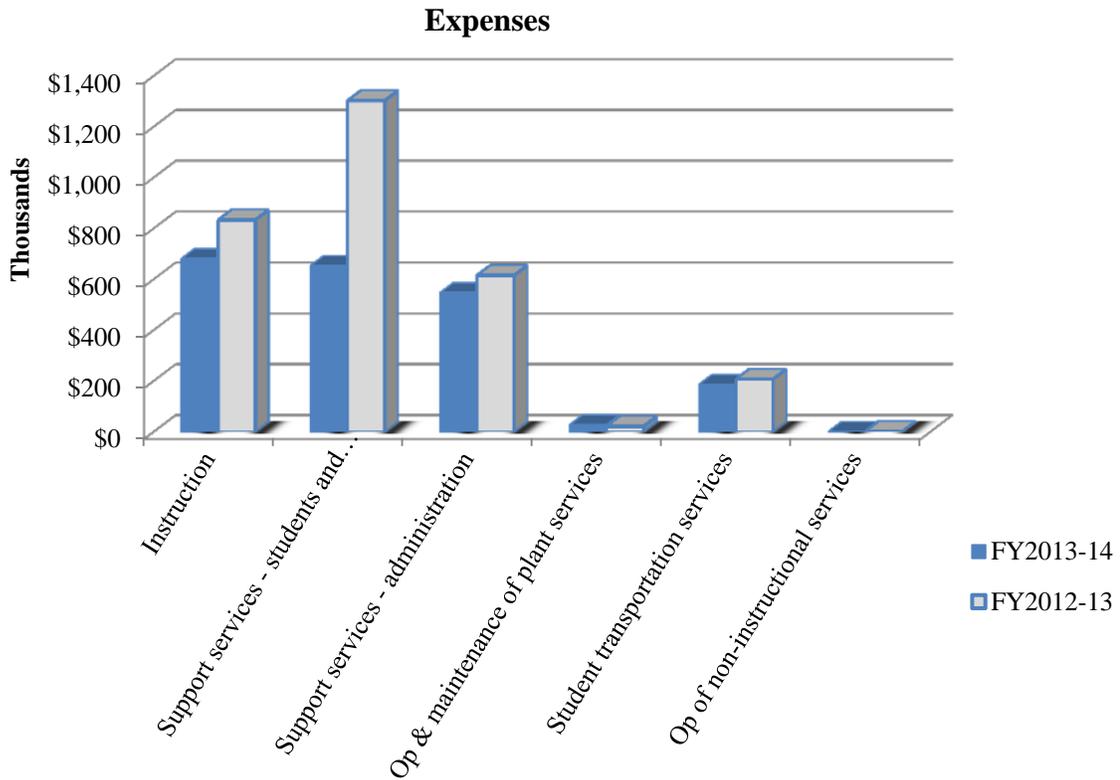
**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)**

**Changes in net position.** The Reserve's total revenues for the current fiscal year were \$1.9 million. The total cost of all programs and services was \$2.1 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2014 and June 30, 2013.

	Fiscal Year Ended <u>June 30, 2014</u>	Fiscal Year Ended <u>June 30, 2013</u>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 430,209	\$ 727,322
Operating grants and contributions	618,747	1,088,295
Capital grants and contributions	1,807	11,390
General revenues:		
Investment income	12,621	48,649
Unrestricted county aid	59,001	60,565
Unrestricted state aid	758,429	828,851
Unrestricted federal aid	5,792	6,451
<b>Total revenues</b>	<u>1,886,606</u>	<u>2,771,523</u>
<b>Expenses:</b>		
Instruction	680,488	833,386
Support services – students and staff	653,958	1,302,698
Support services – administration	546,878	615,509
Operation and maintenance of plant services	27,084	21,262
Student transportation services	185,978	206,745
Operation of non-instructional services	841	1,139
<b>Total expenses</b>	<u>2,095,227</u>	<u>2,980,739</u>
<b>Changes in net position</b>	(208,621)	(209,216)
<b>Net position, beginning</b>	2,099,586	2,308,802
<b>Net position, ending</b>	<u>\$ 1,890,965</u>	<u>\$ 2,099,586</u>

**PIMA COUNTY SCHOOL RESERVE FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)**



The following are current year transactions that have had an impact on the change in net position.

- The decrease of \$297,113 in charges for services was primarily due to the elimination of the Camp Snowball event in 2014 and the termination of the FAIR for Educators event.
- The decrease of \$469,548 in operating grants and contributions was primarily due to the completion of an education technology grant awarded by the Arizona Department of Education in 2013, which was valued at nearly \$500,000, a professional development project was also completed in 2013 and ongoing funding was not renewed and the Auditor General also re-evaluated the formula for calculating the Indirect Cost Rate for county school superintendents.
- The overall decrease in expenditures of \$885,512 in expense was due primarily to the termination or elimination of programs like Camp Snowball and the FAIR For Educators, the non-renewal of awards funded by the Arizona Department of Education, and the decline of Accommodation District's student average daily membership (ADM) by approximately 22% from the prior year.

**PIMA COUNTY SCHOOL RESERVE FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)**

The following table presents the cost of the Reserve's major functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State by each of these functions.

	<u>Year Ended June 30, 2014</u>		<u>Year Ended June 30, 2013</u>	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Instruction	\$ 680,488	\$ (329,065)	\$ 833,386	\$ (503,143)
Support services – students and staff	653,958	(227,597)	1,302,698	(229,892)
Support services – administration	546,878	(280,544)	615,509	(191,551)
Operation and maintenance of plant services	27,084	(20,439)	21,262	(21,262)
Student transportation services	185,978	(185,978)	206,745	(206,745)
Operation of non-instructional services	841	(841)	1,139	(1,139)
<b>Total</b>	<u>\$2,095,227</u>	<u>\$(1,044,464)</u>	<u>\$ 2,980,739</u>	<u>\$ (1,153,732)</u>

- The cost of all governmental activities this year was \$2.1 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$1.1 million.
- Net cost of governmental activities of \$1.0 million was financed by general revenues, which are made up primarily of state aid of \$758,429.

**FINANCIAL ANALYSIS OF THE RESERVE'S FUNDS**

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

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

The financial performance of the Reserve as a whole is reflected in its governmental funds. As the Reserve completed the year, its governmental funds reported a combined fund balance of \$1.7 million, a decrease of \$174,982.

**PIMA COUNTY SCHOOL RESERVE FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**FINANCIAL ANALYSIS OF THE RESERVE'S FUNDS (Concl'd)**

The fund balance decreased \$120,836 in the General Fund to \$559,827 as of fiscal year end. General Fund revenues decreased \$120,614 due primarily to decreased revenues related to administrative charges for District programs and expenditures decreased slightly from the prior fiscal year.

The Special Education Grants Fund revenues increased \$152,173 and expenditures increased \$151,433 due to increased federal grant funding.

The Other Federal Projects Fund revenues decreased \$131,033. The Fee for Service Fund revenues decreased \$262,759 due primarily to a reduction in charged fees related to events hosted by the Reserve in the prior year.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the Reserve revised the General Fund annual expenditure budget due to changes in student attendance and staffing reductions. The difference between the original budget and the final amended budget was a \$148,149 decrease, or 16 percent.

Significant variances for the final amended budget and actual revenues resulted from the Reserve not being required by the State of Arizona to prepare a revenue budget. A schedule showing the original and final budget amounts compared to the Reserve's actual financial activity for the General Fund is provided in this report as required supplementary information. The significant variances are summarized as follows:

- The favorable variance of \$41,931 in instruction was a result of increased funding provided by the Arizona Department of Education for Special Education Grants. The funds allowed the District to refocus some available funds towards ensuring that identified special education students received proper services and instruction. Additionally, the elimination of a General Education teaching position to realign resources.
- The favorable variance of \$23,218 in support services – administration was a result of providing funding to support functions of the Administrative Manager II for special education services to staff and students. The District was able to provide funding through the increased Special Education Grants to help support the increased need for administrative support to ensure compliance for the District.
- The favorable variance of \$32,254 in student transportation services was a result of eliminating positions related to the functions of Camp Snowball and the Summer Institute.

**PIMA COUNTY SCHOOL RESERVE FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of year end, the Reserve had invested \$943,271 in capital assets, including land improvements, buildings, buses and other vehicles, computers, and other equipment. Total depreciation expense for the current fiscal year was \$59,096. The net capital asset balance was \$248,522 at June 30, 2014, and \$271,201 at June 30, 2013. The Reserve has no non-depreciable capital assets. Additional information on the Reserve's capital assets can be found in Note 6.

**Debt Administration.** At year end, the Reserve had no outstanding general obligation debt. Additional information on the Reserve's long-term liabilities can be found in Note 7.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Many factors were considered by the Reserve's administration during the process of developing the fiscal year 2014-15 budget. Among them:

- Available fiscal year 2013-14 budget balance carry forward.
- Student population in the Jail and Detention Center.
- Employee salaries and benefits costs.

Also considered in the development of the budget is the local economy and inflation of the surrounding area.

These indicators were considered when adopting the budget for fiscal year 2014-15. Budgeted expenditures in the General Fund increased \$24,116 to \$818,941 in fiscal year 2014-15. No new programs were added to the 2014-15 budget.

**CONTACTING THE RESERVE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Reserve's finances and to demonstrate the Reserve's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Pima County School Superintendent's Office, Pima County School Reserve Fund, 200 North Stone Avenue, Tucson, Arizona 85701.

(This page intentionally left blank)

## **BASIC FINANCIAL STATEMENTS**

(This page intentionally left blank)

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**PIMA COUNTY SCHOOL RESERVE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2014**

	Governmental Activities
<b><u>ASSETS</u></b>	
Current assets:	
Cash and investments	\$ 1,597,125
Accounts receivable	21,663
Due from governmental entities	199,333
Total current assets	1,818,121
Noncurrent assets:	
Land improvements	72,883
Buildings and improvements	151,880
Vehicles, furniture and equipment	718,508
Accumulated depreciation	(694,749)
Total noncurrent assets	248,522
<b>Total assets</b>	<b>2,066,643</b>
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	84,929
Accrued payroll and employee benefits	30,866
Compensated absences payable	35,294
Unearned revenues	8,288
Total current liabilities	159,377
Noncurrent liabilities:	
Non-current portion of long-term obligations	16,301
Total noncurrent liabilities	16,301
<b>Total liabilities</b>	<b>175,678</b>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	248,522
Restricted for:	
Federal and state projects	191,920
Special purposes	188,403
Capital outlay	110,866
Unrestricted	1,151,254
<b>Total net position</b>	<b>\$ 1,890,965</b>

The notes to the basic financial statements are an integral part of this statement.

**PIMA COUNTY SCHOOL RESERVE FUND  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2014**

<b>Functions/Programs</b>	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>					
Instruction	\$ 680,488	\$ 81,981	\$ 267,635	\$ 1,807	\$ (329,065)
Support services - students and staff	653,958	192,040	234,321		(227,597)
Support services - administration	546,878	156,188	110,146		(280,544)
Operation and maintenance of plant services	27,084		6,645		(20,439)
Student transportation services	185,978				(185,978)
Operation of non-instructional services	841				(841)
<b>Total governmental activities</b>	<u>\$ 2,095,227</u>	<u>\$ 430,209</u>	<u>\$ 618,747</u>	<u>\$ 1,807</u>	<u>(1,044,464)</u>

**General revenues:**

Investment income	12,621
Unrestricted county aid	59,001
Unrestricted state aid	758,429
Unrestricted federal aid	5,792
<b>Total general revenues</b>	<u>835,843</u>

**Changes in net position** (208,621)

**Net position, beginning of year** 2,099,586

**Net position, end of year** \$ 1,890,965

The notes to the basic financial statements are an integral part of this statement.

(This page intentionally left blank)

**FUND FINANCIAL STATEMENTS**

**PIMA COUNTY SCHOOL RESERVE FUND  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	General	Limited English & Immigrant Students	Special Education Grants
<b><u>ASSETS</u></b>			
Cash and investments	\$ 502,581	\$	\$ 7,237
Accounts receivable			
Due from governmental entities	82,720	31,472	8,909
Due from other funds			
<b>Total assets</b>	<b>\$ 585,301</b>	<b>\$ 31,472</b>	<b>\$ 16,146</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 11,182	\$ 10,171	\$ 14,105
Due to other funds		21,301	
Accrued payroll and employee benefits	14,292		2,041
Unearned revenues			
<b>Total liabilities</b>	<b>25,474</b>	<b>31,472</b>	<b>16,146</b>
Fund balances (deficits):			
Restricted			
Committed			
Assigned			
Unassigned	559,827		
<b>Total fund balances</b>	<b>559,827</b>		
 <b>Total liabilities and fund balances</b>	 <b>\$ 585,301</b>	 <b>\$ 31,472</b>	 <b>\$ 16,146</b>

The notes to the basic financial statements are an integral part of this statement.

<u>Other Federal Projects</u>	<u>Small Schools</u>	<u>Fee for Service</u>	<u>School Plant</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$ 190,650	\$ 154,342	\$ 356,802	\$ 385,513	\$ 1,597,125
65,789	3,502	21,663		6,941	21,663
		75,051			199,333
<u>\$ 65,789</u>	<u>\$ 194,152</u>	<u>\$ 251,056</u>	<u>\$ 356,802</u>	<u>\$ 392,454</u>	<u>\$ 1,893,172</u>
\$ 9,739	\$	\$ 10,489	\$	\$ 29,243	\$ 84,929
52,175				1,575	75,051
3,875	2,232	2,961		5,465	30,866
<u>65,789</u>	<u>2,232</u>	<u>13,450</u>		<u>8,288</u>	<u>8,288</u>
				<u>44,571</u>	<u>199,134</u>
	191,920			344,420	536,340
		237,606			237,606
			356,802	4,195	360,997
	<u>191,920</u>	<u>237,606</u>	<u>356,802</u>	<u>(732)</u>	<u>559,095</u>
				<u>347,883</u>	<u>1,694,038</u>
<u>\$ 65,789</u>	<u>\$ 194,152</u>	<u>\$ 251,056</u>	<u>\$ 356,802</u>	<u>\$ 392,454</u>	<u>\$ 1,893,172</u>

(This page intentionally left blank)

**PIMA COUNTY SCHOOL RESERVE FUND  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2014**

**Total governmental fund balances** **\$ 1,694,038**

Amounts reported for *governmental activities* in the Statement of  
Net Position are different because:

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

Governmental capital assets	\$ 943,271	
Less accumulated depreciation	<u>(694,749)</u>	248,522

Compensated absences payable are not due and payable in the current period and therefore are not reported in the governmental funds.		<u>(51,595)</u>
---	--	-----------------

**Net position of governmental activities** **\$ 1,890,965**

**The notes to the basic financial statements are an integral part of this statement.**

**PIMA COUNTY SCHOOL RESERVE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2014**

	<u>General</u>	<u>Limited English &amp; Immigrant Students</u>	<u>Special Education Grants</u>
<b>Revenues:</b>			
Other local	\$ 221,602	\$	\$
State aid and grants	619,429		
Federal aid, grants and reimbursements		35,548	201,599
<b>Total revenues</b>	<u>841,031</u>	<u>35,548</u>	<u>201,599</u>
<b>Expenditures:</b>			
Current -			
Instruction	355,611	27,426	132,182
Support services - students and staff	54,657	7,316	19,248
Support services - administration	383,346	682	49,233
Operation and maintenance of plant services	16,312		
Student transportation services	143,276		
Capital outlay	36,083		
<b>Total expenditures</b>	<u>989,285</u>	<u>35,424</u>	<u>200,663</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(148,254)</u>	<u>124</u>	<u>936</u>
<b>Other financing sources (uses):</b>			
Transfer in	27,511		
Transfer out	(93)	(124)	(936)
<b>Total other financing sources (uses):</b>	<u>27,418</u>	<u>(124)</u>	<u>(936)</u>
<b>Changes in fund balances</b>	<u>(120,836)</u>		
<b>Fund balances, beginning of year</b>	680,663		
<b>Fund balances, end of year</b>	<u>\$ 559,827</u>	<u>\$</u>	<u>\$</u>

The notes to the basic financial statements are an integral part of this statement.

<u>Other Federal Projects</u>	<u>Small Schools</u>	<u>Fee for Service</u>	<u>School Plant</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$ 986	\$ 193,290	\$ 1,788	\$ 84,165	\$ 501,831
	93,300			54,944	767,673
165,882				214,073	617,102
<u>165,882</u>	<u>94,286</u>	<u>193,290</u>	<u>1,788</u>	<u>353,182</u>	<u>1,886,606</u>
				134,116	649,335
157,634	26,759	239,046		136,332	640,992
7,546	53,698	19,471		10,547	524,523
	5,431	1,332		1,906	24,981
				42,398	143,276
<u>165,180</u>	<u>85,888</u>	<u>259,849</u>		<u>325,299</u>	<u>2,061,588</u>
702	8,398	(66,559)	1,788	27,883	(174,982)
		93		11,032	38,636
<u>(702)</u>		<u>(11,032)</u>		<u>(25,749)</u>	<u>(38,636)</u>
<u>(702)</u>		<u>(10,939)</u>		<u>(14,717)</u>	
	8,398	(77,498)	1,788	13,166	(174,982)
	183,522	315,104	355,014	334,717	1,869,020
<u>\$</u>	<u>\$ 191,920</u>	<u>\$ 237,606</u>	<u>\$ 356,802</u>	<u>\$ 347,883</u>	<u>\$ 1,694,038</u>

(This page intentionally left blank)

**PIMA COUNTY SCHOOL RESERVE FUND  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2014**

**Net changes in fund balances - total governmental funds** **\$ (174,982)**

Amounts reported for *governmental activities* in the Statement of Activities are different because:

Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	\$ 36,417	
Less current year depreciation	<u>(59,096)</u>	(22,679)

Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		<u>(10,960)</u>
---	--	-----------------

**Change in net position of governmental activities** **\$ (208,621)**

**The notes to the basic financial statements are an integral part of this statement.**

**PIMA COUNTY SCHOOL RESERVE FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Pima County School Reserve Fund (Reserve) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Reserve's accounting policies are described below.

**A. Reporting Entity**

The Pima County School Superintendent's Office is a department of Pima County, Arizona. The Pima County School Superintendent is an elected official authorized by statute to perform a variety of duties for school districts. Pima County School Reserve Fund is under the direction of the Pima County School Superintendent's Office, which provides educational assistance to the schools and residents of Pima County. The Office also functions as fiscal agent/project director for numerous educational programs that extend beyond the boundaries of individual school districts. Some of these projects are strong consortium efforts of school districts in order to ensure that under-served youth are provided an appropriate educational program. Other projects are developed in response to Federal, State and local agency concerns regarding unserved school-age youth in Pima County. In addition, the Reserve includes an accommodation school program for incarcerated school-age youth.

For financial reporting purposes, the financial statements of the Reserve are included in a special revenue fund of Pima County, Arizona. Ultimate fiscal responsibility of the Reserve remains with Pima County, Arizona.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) present financial information about the Reserve as a whole. Although not required by reporting standards, the Reserve has elected to present government-wide financial statements in order to offer readers a financial statement format consistent with the school districts for which it provides services. The reported information includes all of the activities of the Reserve. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the Reserve. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Reserve does not have any business-type activities.

**PIMA COUNTY SCHOOL RESERVE FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

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

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

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

**Government-Wide Financial Statements** – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effects of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

**Fund Financial Statements** – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Reserve considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**PIMA COUNTY SCHOOL RESERVE FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

State and County aid and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Unearned revenues arise when resources are received by the Reserve before the underlying transaction or event is complete, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Receivables that will not be collected within the available period have also been reported as unavailable revenue on the governmental fund financial statements.

When both restricted and unrestricted resources are available for use, it is the Reserve's policy to use restricted resources first, then unrestricted resources as they are needed.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The Reserve reports the following major governmental funds:

General Fund – The General Fund accounts for all resources used to finance Reserve maintenance and operation except those required to be accounted for in other funds. The General Fund includes the Reserve's Maintenance and Operation Fund as well as certain activities budgeted in separate funds in accordance with A.R.S. These funds are maintained as separate funds for budgetary purposes but do not meet the criteria for separate reporting in the financial statements.

Limited English & Immigrant Students Fund – The Limited English & Immigrant Students Fund accounts for financial assistance received for educational services and costs for limited English and immigrant children.

Special Education Grants Fund – The Special Education Grants Fund accounts for supplemental financial assistance received to provide a free, appropriate public education to disabled children.

Other Federal Projects Fund – The Other Federal Projects Fund accounts for financial assistance received for other supplemental federal projects.

Small Schools Fund – The Small Schools Fund accounts for programs designed to meet the special needs of school districts with a total student count of fewer than six hundred in such areas as administrative assistance and specialized services.

**PIMA COUNTY SCHOOL RESERVE FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Fee for Service Fund – The Fee for Service Program Fund accounts for monies received to operate workshops and other programs.

School Plant Fund – The School Plant Fund accounts for proceeds from the sale or lease of school property.

**D. Cash and Investments**

A.R.S. require the Reserve to deposit all cash with the County Treasurer, except as discussed below. Cash with the County Treasurer is pooled for investment purposes. Interest earned from investments purchased with pooled monies is allocated to each of the Reserve's funds based on their average balances. All investments are stated at fair value.

Statute authorizes the Reserve to separately invest monies of the Bond Building and Debt Service Funds in the State Treasurer's investment pools; obligations issued and guaranteed by the United States or any of its agencies of instrumentalities; specified state and local government bonds and notes; and interest bearing savings accounts or certificates of deposit.

Statute authorizes the Reserve to deposit monies of the Auxiliary Operations and Student Activities Funds in bank accounts. Monies in these funds may also be invested. In addition, statute authorizes the Reserve to maintain various bank accounts such as clearing accounts to temporarily deposit receipts before they are transmitted to the County Treasurer; revolving accounts to pay minor disbursements; and withholdings accounts for taxes and employee insurance programs. Some of these bank accounts may be interest bearing.

Statute does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. Statute requires collateral for deposits of Bond Building and Debt Service Funds monies in interest bearing savings accounts and certificates of deposit at 101 percent of all deposits not covered by federal depository insurance.

**E. Investment Income**

Investment income is included in other local revenue and is composed of interest, dividends, and net changes in the fair value of applicable investments.

**PIMA COUNTY SCHOOL RESERVE FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**F. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as expenses when consumed in the government-wide financial statements and as expenditures when purchased in the fund financial statements.

**G. Capital Assets**

Capital assets, which include land and improvements; buildings and improvements; and vehicles, furniture, and equipment; are reported in the government-wide financial statements.

The Reserve capitalizes all land. All other capital assets are defined by the Reserve as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Capital assets are depreciated using the straight line method over the following estimated useful lives.

Land improvements	15-20 years
Buildings and improvements	10-50 years
Vehicles, furniture and equipment	3-20 years

**H. Compensated Absences**

The Reserve's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. The Reserve's employees earn twelve to twenty-one days of annual leave each year. Employees are paid up to the equivalent of one year's accrual annual leave upon termination. Employees earn six to twelve days of sick leave each year. Accumulated sick leave is forfeited upon termination. A maximum of thirty days of sick leave may be carried forward to a subsequent fiscal year. The current and long-term liabilities, including related benefits, for accumulated vacation is reported on the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to pay for compensated absences.

**PIMA COUNTY SCHOOL RESERVE FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**I. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Reserve did not have any items that qualified for reporting in this category.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Reserve did not have any items that qualified for reporting in this category.

**J. Interfund Activity**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” All receivables are shown net of allowance of uncollectibles.

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses in governmental funds.

**K. Net Position Flow Assumption**

In the government-wide financial statements the Reserve applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

**L. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**PIMA COUNTY SCHOOL RESERVE FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)**

**M. New Accounting Pronouncement**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* will be effective for the Reserve's June 30, 2015 fiscal year end. This Statement replaces the requirements of prior GASB standards for pensions accounting and reporting. This Statement requires governments providing defined benefit pensions to recognize the long-term obligation for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. Each employer participating in a multiple-employer defined benefit pension plan will be required to record a liability representing their "proportionate share" of the plan's total net pension liability. This Statement also enhances accountability and transparency through revised note disclosures and new required supplementary information.

**NOTE 2 – FUND BALANCE CLASSIFICATIONS**

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

***Nonspendable.*** The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

***Restricted.*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

***Committed.*** Committed fund balances are self-imposed limitations set prior to the year end closing. The Board of Supervisors is the highest level of decision making authority. Imposed limitations on the use of funds must be approved by the Board of Supervisors at a regular supervisory meeting. Any modifications and/or rescissions must also be approved by the Board.

***Assigned.*** Amounts in the assigned fund balance classification are intended to be used by the Reserve for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Supervisors or a management official delegated that authority by the formal Board of Supervisors action.

**PIMA COUNTY SCHOOL RESERVE FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 2 – FUND BALANCE CLASSIFICATIONS (Concl'd)**

*Unassigned.* Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had be restricted, committed, or assigned.

The Reserve applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The table below provides detail of the major components of the Reserve’s fund balance classifications at year end.

	General Fund	Small Schools Fund	Fee for Service Fund	School Plant Fund	Non-Major Governmental Funds
Fund Balances:					
Restricted:					
Capital projects	\$	\$	\$	\$	\$ 110,866
Statutory mandates					113,432
Federal and State projects					74,998
Auxiliary operations					14,701
Other purposes		191,920			30,423
Committed			237,606		
Assigned:					
Capital projects				356,802	4,195
Unassigned	<u>559,827</u>				<u>(732)</u>
Total fund balances	<u>\$ 559,827</u>	<u>\$ 191,920</u>	<u>\$ 237,606</u>	<u>\$ 356,802</u>	<u>\$ 347,883</u>

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Individual Deficit Fund Balance** – At year end, the E-Rate Fund, a non-major governmental fund, reported a deficit of \$732 in fund balance.

**Excess Expenditures Over Budget** – At year end, the Reserve had expenditures in funds that exceeded the budgets, however, this does not constitute a violation of any legal provisions.

**PIMA COUNTY SCHOOL RESERVE FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 4 – CASH AND INVESTMENTS**

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of bank failure the Reserve’s deposits may not be returned to the Reserve. The Reserve does not have a deposit policy for custodial credit risk. At year end, the Reserve did not have any deposits subject to custodial credit risk.

The County Treasurer’s pool is an external investment pool with no regulatory oversight. The pool is not required to register (and is not registered) with the Securities and Exchange Commission. The fair value of each participant’s position in the County Treasurer investment pool approximates the value of the participant’s shares in the pool and the participants’ shares are not identified with specific investments.

At year end, the Reserve’s investments consisted of the following.

	<u>Average Maturities</u>	<u>Fair Value</u>
County Treasurer’s investment pool	268 days	\$ 1,597,125
Total		<u>\$ 1,597,125</u>

*Interest Rate Risk.* The Reserve does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* The Reserve has no investment policy that would further limit its investment choices. As of year end, the Reserve’s investment in the County Treasurer’s investment pool did not receive a credit quality rating from a national rating agency.

*Custodial Credit Risk - Investments.* The Reserve’s investment in the County Treasurer’s investment pool represents a proportionate interest in the pool’s portfolio; however, the Reserve’s portion is not identified with specific investments and is not subject to custodial credit risk.

**PIMA COUNTY SCHOOL RESERVE FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 5 – RECEIVABLES**

Receivable balances, net of allowance for uncollectibles, have been disaggregated by type and presented separately in the financial statements with the exception of due from governmental entities. Due from governmental entities, net of allowance for uncollectibles, as of year end for the Reserve’s individual major funds and non-major governmental funds in the aggregate were as follows.

	General Fund	Limited English & Immigrant Students Fund	Special Education Grants Fund	Other Federal Projects Fund	Small Schools Fund	Non-Major Governmental Funds
Due from other governmental entities:						
Due from Federal government	\$	\$ 31,472	\$ 8,909	\$ 65,789		\$ 843
Due from State government	38,239					6,098
Due from school districts	44,481				3,502	
Net due from governmental entities	<u>\$ 82,720</u>	<u>\$ 31,472</u>	<u>\$ 8,909</u>	<u>\$ 65,789</u>	<u>\$ 3,502</u>	<u>\$ 6,941</u>

**NOTE 6 – CAPITAL ASSETS**

A summary of capital asset activity for the fiscal year ended June 30, 2014 follows.

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Land improvements	\$ 36,466	\$ 36,417	\$	\$ 72,883
Buildings and improvements	151,880			151,880
Vehicles, furniture and equipment	718,508			718,508
Total capital assets being depreciated	<u>906,854</u>	<u>36,417</u>		<u>943,271</u>
Less accumulated depreciation for:				
Land improvements	(29,076)	(1,818)		(30,894)
Buildings and improvements	(116,425)	(2,547)		(118,972)
Vehicles, furniture and equipment	(490,152)	(54,731)		(544,883)
Total accumulated depreciation	<u>(635,653)</u>	<u>(59,096)</u>		<u>(694,749)</u>
Total capital assets, being depreciated, net	<u>271,201</u>	<u>(22,679)</u>		<u>248,522</u>
Governmental activities capital assets, net	<u>\$ 271,201</u>	<u>\$ (22,679)</u>	<u>\$</u>	<u>\$ 248,522</u>

**PIMA COUNTY SCHOOL RESERVE FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 6 – CAPITAL ASSETS (Concl'd)**

Depreciation expense was charged to governmental functions as follows.

Instruction	\$ 4,653
Support services – students and staff	4,884
Support services - administration	10,643
Student transportation services	<u>38,916</u>
Total depreciation expense – governmental activities	<u>\$59,096</u>

**NOTE 7 – CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the current fiscal year was as follows.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Compensated absences payable	\$ 40,635	\$ 31,936	\$ 20,976	\$ 51,595	\$ 35,294
Governmental activity long-term liabilities	<u>\$ 40,635</u>	<u>\$ 31,936</u>	<u>\$ 20,976</u>	<u>\$ 51,595</u>	<u>\$ 35,294</u>

**NOTE 8 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

At year end interfund balances were as follows.

**Due to/from other funds:**

	Limited English & Immigrant Students Fund	Other Federal Projects Fund	Non-Major Governmental Funds	Total Due from Other Funds
Fee for Service Fund	\$ 21,301	\$ 52,175	\$ 1,575	\$ 75,051
Total Due to Other Funds	<u>\$ 21,301</u>	<u>\$ 52,175</u>	<u>\$ 1,575</u>	<u>\$ 75,051</u>

At year end, negative cash remained in several funds. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with the Fee for Service Fund. Interfund balances are expected to be paid within one year.

**PIMA COUNTY SCHOOL RESERVE FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 8 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Concl'd)**

**Interfund transfers:**

	Transfers in			Total
	General Fund	Fee for Service Fund	Non-Major Governmental Funds	
<u>Transfers out</u>				
General Fund	\$	\$ 93	\$	\$ 93
Limited English & Immigrant Students Fund	124			124
Special Education Grants	936			936
Other Federal Projects Fund	702			702
Fee for Service Fund			11,032	11,032
Non-Major Governmental Funds	25,749			25,749
<b>Total</b>	<u>\$ 27,511</u>	<u>\$ 93</u>	<u>\$ 11,032</u>	<u>\$ 38,636</u>

Transfers between funds were used to (1) to move funds restricted for indirect costs and (2) to move cash balances remaining in discontinued funds to the General Fund.

**NOTE 9 – CONTINGENT LIABILITIES**

**Compliance** – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures/expenses that may be disallowed by the grantor cannot be determined at this time, although the Reserve expects such amounts, if any, to be immaterial.

**NOTE 10 – RISK MANAGEMENT**

The Reserve is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Reserve was unable to obtain general property and liability insurance at a cost it considered to be economically justifiable. Therefore, the Reserve joined the Arizona School Risk Retention Trust, Inc. (ASRRT). ASRRT is a public entity risk pool currently operating as a common risk management and insurance program for school districts and community colleges in the State. The Reserve pays an annual premium to ASRRT for its general insurance coverage. The agreement provides that ASRRT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

**PIMA COUNTY SCHOOL RESERVE FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 10 – RISK MANAGEMENT (Concl'd)**

The Reserve joined the Arizona School Alliance for Workers' Compensation, Inc. (Alliance) together with other school districts in the state for risks of loss related to workers' compensation claims. The Alliance is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The Reserve pays quarterly premiums to the Alliance for its employee workers' compensation coverage. The agreement provides that the Alliance will be self-sustaining through members' premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event.

The Reserve continues to carry commercial insurance for all other risks of loss, including employee health and dental insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 11 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

The Reserve contributes to the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined health insurance premium plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan that covers employees of the State of Arizona and employees of participating political subdivisions and school districts. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

**Plan Description** – Benefits are established by state statute and the plan generally provides retirement, long-term disability, and health insurance premium benefits, including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retirees' average compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee's monthly compensation. Health insurance premium benefits are paid as a fixed dollar amount per month towards the retiree's healthcare insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

The ASRS issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the ASRS, 3300 North Central Avenue, P.O. Box 33910, Phoenix, Arizona 85067-3910 or by calling (602) 240-2000 or (800) 621-3778. The report is also available on the ASRS' website at [www.azasrs.gov](http://www.azasrs.gov).

**PIMA COUNTY SCHOOL RESERVE FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 11 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Concl'd)**

**Funding Policy** – The Arizona State Legislature establishes and may amend active plan members' and the Reserve's contribution rates. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.54 percent (11.30 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll and the Reserve was required by statute to contribute at the actuarially determined rate of 11.54 percent (10.70 percent for retirement and 0.60 percent for health insurance premiums, and 0.24 percent for long-term disability) of the members' annual covered payroll.

The Reserve's contributions for the current and two preceding years, all of which were equal to the required contributions, were as follows.

	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
Year ending June 30:			
2014	\$ 113,396	\$ 6,921	\$ 2,555
2013	137,140	8,697	3,211
2012	133,153	8,499	3,238

(This page intentionally left blank)

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL  
(Required Supplementary Information)**

**PIMA COUNTY SCHOOL RESERVE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL  
YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Other local	\$	\$	\$ 62,564	\$ 62,564
State aid and grants			619,429	619,429
<b>Total revenues</b>			<u>681,993</u>	<u>681,993</u>
<b>Expenditures:</b>				
Current -				
Instruction	506,405	396,607	354,676	41,931
Support services - students and staff	23,000	5,000	15,083	(10,083)
Support services - administration	231,851	214,000	190,782	23,218
Operation and maintenance of plant services	7,500	5,000	3,435	1,565
Student transportation services	174,218	174,218	141,964	32,254
<b>Total expenditures</b>	<u>942,974</u>	<u>794,825</u>	<u>705,940</u>	<u>88,885</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(942,974)</u>	<u>(794,825)</u>	<u>(23,947)</u>	<u>770,878</u>
<b>Other financing sources (uses):</b>				
Transfer in			27,082	27,082
<b>Total other financing sources (uses):</b>			<u>27,082</u>	<u>27,082</u>
<b>Changes in fund balances</b>	<u>(942,974)</u>	<u>(794,825)</u>	<u>3,135</u>	<u>797,960</u>
<b>Fund balances, beginning of year</b>			60,790	60,790
<b>Fund balances (deficits), end of year</b>	<u>\$ (942,974)</u>	<u>\$ (794,825)</u>	<u>\$ 63,925</u>	<u>\$ 858,750</u>

See accompanying notes to this schedule.

**PIMA COUNTY SCHOOL RESERVE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
LIMITED ENGLISH & IMMIGRANT STUDENTS  
YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original &amp; Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>			
Federal aid, grants and reimbursements	\$	\$ 35,548	\$ 35,548
<b>Total revenues</b>		<u>35,548</u>	<u>35,548</u>
<b>Expenditures:</b>			
Current -			
Instruction	35,705	27,426	8,279
Support services - students and staff	14,697	7,316	7,381
Support services - administration	720	682	38
<b>Total expenditures</b>	<u>51,122</u>	<u>35,424</u>	<u>15,698</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(51,122)</u>	<u>124</u>	<u>51,246</u>
<b>Other financing sources (uses):</b>			
Transfer out		(124)	(124)
<b>Total other financing sources (uses):</b>		<u>(124)</u>	<u>(124)</u>
<b>Changes in fund balances</b>	<u>(51,122)</u>		<u>51,122</u>
<b>Fund balances, beginning of year</b>			
<b>Fund balances (deficits), end of year</b>	<u>\$ (51,122)</u>	<u>\$</u>	<u>\$ 51,122</u>

See accompanying notes to this schedule.

**PIMA COUNTY SCHOOL RESERVE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
SPECIAL EDUCATION GRANTS  
YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Federal aid, grants and reimbursements	\$	\$	\$ 201,599	\$ 201,599
<b>Total revenues</b>			<u>201,599</u>	<u>201,599</u>
<b>Expenditures:</b>				
Current -				
Instruction	180,000	250,346	132,182	118,164
Support services - students and staff	20,000	27,816	19,248	8,568
Support services - administration	50,000	69,540	49,233	20,307
<b>Total expenditures</b>	<u>250,000</u>	<u>347,702</u>	<u>200,663</u>	<u>147,039</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(250,000)</u>	<u>(347,702)</u>	<u>936</u>	<u>348,638</u>
<b>Other financing sources (uses):</b>				
Transfer out			(936)	(936)
<b>Total other financing sources (uses):</b>			<u>(936)</u>	<u>(936)</u>
<b>Changes in fund balances</b>	<u>(250,000)</u>	<u>(347,702)</u>		<u>347,702</u>
<b>Fund balances, beginning of year</b>				
<b>Fund balances (deficits), end of year</b>	<u>\$ (250,000)</u>	<u>\$ (347,702)</u>	<u>\$</u>	<u>\$ 347,702</u>

See accompanying notes to this schedule.

**PIMA COUNTY SCHOOL RESERVE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
OTHER FEDERAL PROJECTS  
YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original &amp; Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>			
Federal aid, grants and reimbursements	\$	\$ 165,882	\$ 165,882
<b>Total revenues</b>		<u>165,882</u>	<u>165,882</u>
<b>Expenditures:</b>			
Current -			
Support services - students and staff	25,000	157,634	(132,634)
Support services - administration		7,546	(7,546)
<b>Total expenditures</b>	<u>25,000</u>	<u>165,180</u>	<u>(140,180)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(25,000)</u>	<u>702</u>	<u>25,702</u>
<b>Other financing sources (uses):</b>			
Transfer out		(702)	(702)
<b>Total other financing sources (uses):</b>		<u>(702)</u>	<u>(702)</u>
<b>Changes in fund balances</b>	<u>(25,000)</u>		<u>25,000</u>
<b>Fund balances, beginning of year</b>			
<b>Fund balances (deficits), end of year</b>	<u>\$ (25,000)</u>	<u>\$</u>	<u>\$ 25,000</u>

See accompanying notes to this schedule.

**PIMA COUNTY SCHOOL RESERVE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
SMALL SCHOOLS  
YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original &amp; Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>			
Other local	\$	\$ 986	\$ 986
State aid and grants		93,300	93,300
<b>Total revenues</b>		<u>94,286</u>	<u>94,286</u>
<b>Expenditures:</b>			
Current -			
Support services - students and staff		26,759	(26,759)
Support services - administration		53,698	(53,698)
Operation and maintenance of plant services		5,431	(5,431)
<b>Total expenditures</b>		<u>85,888</u>	<u>(85,888)</u>
<b>Changes in fund balances</b>		<u>8,398</u>	<u>8,398</u>
<b>Fund balances, beginning of year</b>		183,522	183,522
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 191,920</u>	<u>\$ 191,920</u>

See accompanying notes to this schedule.

**PIMA COUNTY SCHOOL RESERVE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FEE FOR SERVICE  
YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original &amp; Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>			
Other local	\$	\$ 193,290	\$ 193,290
<b>Total revenues</b>		<u>193,290</u>	<u>193,290</u>
<b>Expenditures:</b>			
Current -			
Support services - students and staff		239,046	(239,046)
Support services - administration		19,471	(19,471)
Operation and maintenance of plant services		1,332	(1,332)
<b>Total expenditures</b>		<u>259,849</u>	<u>(259,849)</u>
<b>Excess (deficiency) of revenues over expenditures</b>		<u>(66,559)</u>	<u>(66,559)</u>
<b>Other financing sources (uses):</b>			
Transfer in		93	93
Transfer out		(11,032)	(11,032)
<b>Total other financing sources (uses):</b>		<u>(10,939)</u>	<u>(10,939)</u>
<b>Changes in fund balances</b>		<u>(77,498)</u>	<u>(77,498)</u>
<b>Fund balances, beginning of year</b>		315,104	315,104
<b>Fund balances, end of year</b>	\$	<u>\$ 237,606</u>	<u>\$ 237,606</u>

See accompanying notes to this schedule.

**PIMA COUNTY SCHOOL RESERVE FUND  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2014**

**NOTE 1 – BUDGETARY BASIS OF ACCOUNTING**

The Reserve budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, except for certain activities reported in the General Fund are budgeted in separate funds in accordance with Arizona Revised Statutes.

The following schedule reconciles expenditures and fund balances at the end of year.

	<u>Total Expenditures</u>	<u>Fund Balances End of Year</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 989,285	\$ 559,827
Activity budgeted as special revenue funds	<u>(283,345)</u>	<u>(495,902)</u>
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	<u>\$ 705,940</u>	<u>\$ 63,925</u>

**NOTE 2 – EXCESS EXPENDITURES OVER BUDGET**

At year end, the Other Federal Projects, Small Schools, and Fee for Service Funds, major special revenue funds, had excess expenditures over budget of \$140,180, \$85,888, and \$259,849, respectively; however, these do not constitute violations of any legal provisions.

**COMBINING AND INDIVIDUAL  
FUND FINANCIAL STATEMENTS  
AND SCHEDULES**

(This page intentionally left blank)

**GOVERNMENTAL FUNDS**

**PIMA COUNTY SCHOOL RESERVE FUND**  
**COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**JUNE 30, 2014**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 254,207	\$ 131,306	\$ 385,513
Due from governmental entities	6,941		6,941
<b>Total assets</b>	<u>\$ 261,148</u>	<u>\$ 131,306</u>	<u>\$ 392,454</u>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 12,998	\$ 16,245	\$ 29,243
Due to other funds	1,575		1,575
Accrued payroll and employee benefits	5,465		5,465
Unearned revenues	8,288		8,288
<b>Total liabilities</b>	<u>28,326</u>	<u>16,245</u>	<u>44,571</u>
Fund balances (deficits):			
Restricted	233,554	110,866	344,420
Assigned		4,195	4,195
Unassigned	(732)		(732)
<b>Total fund balances</b>	<u>232,822</u>	<u>115,061</u>	<u>347,883</u>
 <b>Total liabilities and fund balances</b>	 <u>\$ 261,148</u>	 <u>\$ 131,306</u>	 <u>\$ 392,454</u>

**PIMA COUNTY SCHOOL RESERVE FUND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE  
 YEAR ENDED JUNE 30, 2014**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<b>Revenues:</b>			
Other local	\$ 83,183	\$ 982	\$ 84,165
State aid and grants	54,944		54,944
Federal aid, grants and reimbursements	214,073		214,073
<b>Total revenues</b>	<u>352,200</u>	<u>982</u>	<u>353,182</u>
<b>Expenditures:</b>			
Current -			
Instruction	134,116		134,116
Support services - students and staff	136,332		136,332
Support services - administration	10,547		10,547
Operation and maintenance of plant services	1,906		1,906
Capital outlay	1,807	40,591	42,398
<b>Total expenditures</b>	<u>284,708</u>	<u>40,591</u>	<u>325,299</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>67,492</u>	<u>(39,609)</u>	<u>27,883</u>
<b>Other financing sources (uses):</b>			
Transfer in	11,032		11,032
Transfer out	(25,749)		(25,749)
<b>Total other financing sources (uses):</b>	<u>(14,717)</u>		<u>(14,717)</u>
<b>Changes in fund balances</b>	<u>52,775</u>	<u>(39,609)</u>	<u>13,166</u>
<b>Fund balances, beginning of year</b>	180,047	154,670	334,717
<b>Fund balances, end of year</b>	<u>\$ 232,822</u>	<u>\$ 115,061</u>	<u>\$ 347,883</u>

(This page intentionally left blank)

## SPECIAL REVENUE FUNDS

**Classroom Site** - to account for the financial activity for the portion of state sales tax collections and permanent state school fund earnings as approved by the voters in 2000.

**Instructional Improvement** - to account for the activity of monies received from gaming revenue.

**Title I Grants** - to account for financial assistance received for the purpose of improving the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards.

**Professional Development and Technology Grants** - to account for financial assistance received to increase student academic achievement through improving teacher quality.

**Taylor Grazing** - to account for financial assistance received for the purpose of protecting public lands by preventing over-grazing and soil deterioration and to provide for orderly use, improvement and development, and stabilization of the livestock industry.

**E-Rate** - to account for financial assistance received for broadband internet and telecommunication costs.

**Other State Projects** - to account for financial assistance received for other State projects.

**Extracurricular Activities Fees Tax Credit** - to account for activity related to monies collected in support of extracurricular activities to be taken as a tax credit by the tax payer in accordance with A.R.S. §43-1089.01.

**Gifts and Donations** - to account for activity related to gifts, donations, bequests and private grants made to the Reserve.

**Fingerprint** - to account for activity of fingerprinting employees as mandated by the State.

**Insurance Proceeds** - to account for the monies received from insurance claims.

**Litigation Recovery** - to account for monies received for and derived from litigation.

**Administrative Costs** - to account for monies received from other districts and transferred from Federal, State, and local projects for administrative costs.

**Teacherage** - to account for the operations of Reserve housing facilities provided for employees of the Reserve.

**PIMA COUNTY SCHOOL RESERVE FUND  
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2014**

	<u>Classroom Site</u>	<u>Instructional Improvement</u>	<u>Title I Grants</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 48,329	\$ 60,558	\$ 7,017
Due from governmental entities	6,098		
<b>Total assets</b>	<u>\$ 54,427</u>	<u>\$ 60,558</u>	<u>\$ 7,017</u>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Accrued payroll and employee benefits	1,553		1,874
Unearned revenues			5,143
<b>Total liabilities</b>	<u>1,553</u>		<u>7,017</u>
Fund balances (deficits):			
Restricted	52,874	60,558	
Unassigned			
<b>Total fund balances</b>	<u>52,874</u>	<u>60,558</u>	
 <b>Total liabilities and fund balances</b>	 <u>\$ 54,427</u>	 <u>\$ 60,558</u>	 <u>\$ 7,017</u>

Professional Development and Technology Grants	National Forest Fees	Taylor Grazing Fees	E-Rate	Other State Projects	Extracurricular Activities Fees Tax Credit
\$ 14,560	\$ 64,620	\$ 10,378	\$ 843	\$ 1,583	\$ 14,701
<u>\$ 14,560</u>	<u>\$ 64,620</u>	<u>\$ 10,378</u>	<u>\$ 843</u>	<u>\$ 1,583</u>	<u>\$ 14,701</u>
\$ 11,671	\$	\$	\$ 1,575	\$ 1,327	\$
<u>2,889</u>	<u></u>	<u></u>	<u></u>	<u>256</u>	<u></u>
<u>14,560</u>	<u></u>	<u></u>	<u>1,575</u>	<u>1,583</u>	<u></u>
	64,620	10,378	(732)		14,701
	<u>64,620</u>	<u>10,378</u>	<u>(732)</u>		<u>14,701</u>
<u>\$ 14,560</u>	<u>\$ 64,620</u>	<u>\$ 10,378</u>	<u>\$ 843</u>	<u>\$ 1,583</u>	<u>\$ 14,701</u>

(Continued)

**PIMA COUNTY SCHOOL RESERVE FUND  
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2014**

	<u>Gifts and Donations</u>	<u>Fingerprint</u>	<u>Insurance Proceeds</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 13,441	\$ 127	\$ 6,908
Due from governmental entities			
<b>Total assets</b>	<u>\$ 13,441</u>	<u>\$ 127</u>	<u>\$ 6,908</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Accrued payroll and employee benefits	2,038		
Unearned revenues			
<b>Total liabilities</b>	<u>2,038</u>		
Fund balances (deficits):			
Restricted	11,403	127	6,908
Unassigned			
<b>Total fund balances</b>	<u>11,403</u>	<u>127</u>	<u>6,908</u>
<b>Total liabilities and fund balances</b>	<u>\$ 13,441</u>	<u>\$ 127</u>	<u>\$ 6,908</u>

<u>Litigation Recovery</u>	<u>Teachergage</u>	<u>Totals</u>
\$ 11,947	\$ 38	\$ 254,207
		6,941
<u>\$ 11,947</u>	<u>\$ 38</u>	<u>\$ 261,148</u>
\$	\$	\$ 12,998
		1,575
		5,465
		8,288
		<u>28,326</u>
11,947	38	233,554
		(732)
<u>11,947</u>	<u>38</u>	<u>232,822</u>
<u>\$ 11,947</u>	<u>\$ 38</u>	<u>\$ 261,148</u>

**PIMA COUNTY SCHOOL RESERVE FUND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2014**

	Classroom Site	Instructional Improvement	Title I Grants
<b>Revenues:</b>			
Other local	\$ 476	\$ 289	\$
State aid and grants	42,145	3,555	
Federal aid, grants and reimbursements			114,092
<b>Total revenues</b>	42,621	3,844	114,092
<b>Expenditures:</b>			
Current -			
Instruction	40,211		93,905
Support services - students and staff			20,187
Support services - administration			
Operation and maintenance of plant services			
Capital outlay			
<b>Total expenditures</b>	40,211		114,092
<b>Excess (deficiency) of revenues over expenditures</b>	2,410	3,844	
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	2,410	3,844	
<b>Fund balances (deficits), beginning of year</b>	50,464	56,714	
<b>Fund balances (deficits), end of year</b>	\$ 52,874	\$ 60,558	\$

Professional Development and Technology Grants	National Forest Fees	Taylor Grazing Fees	E-Rate	Other State Projects	Extracurricular Activities Fees Tax Credit
\$	\$	\$	\$	\$	\$ 74
27,948	64,620	5,792	1,621	9,244	
<u>27,948</u>	<u>64,620</u>	<u>5,792</u>	<u>1,621</u>	<u>9,244</u>	<u>74</u>
18,861		2,723		6,001	
9,066				1,395	
			1,906		
<u>27,927</u>	<u>        </u>	<u>2,723</u>	<u>1,906</u>	<u>1,807</u>	<u>        </u>
21	64,620	3,069	(285)	41	74
(21)				(41)	
<u>(21)</u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>(41)</u>	<u>        </u>
	64,620	3,069	(285)		74
		7,309	(447)		14,627
<u>\$</u>	<u>\$ 64,620</u>	<u>\$ 10,378</u>	<u>\$ (732)</u>	<u>\$</u>	<u>\$ 14,701</u>

(Continued)

**PIMA COUNTY SCHOOL RESERVE FUND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2014**

	Gifts and Donations	Fingerprint	Insurance Proceeds
<b>Revenues:</b>			
Other local	\$ 82,136	\$	\$ 30
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>	82,136		30
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff	88,560		
Support services - administration	86		
Operation and maintenance of plant services			
Capital outlay			
<b>Total expenditures</b>	88,646		
<b>Excess (deficiency) of revenues over expenditures</b>	(6,510)		30
<b>Other financing sources (uses):</b>			
Transfer in	11,032		
Transfer out			
<b>Total other financing sources (uses):</b>	11,032		
<b>Changes in fund balances</b>	4,522		30
<b>Fund balances (deficits), beginning of year</b>	6,881	127	6,878
<b>Fund balances, end of year</b>	\$ 11,403	\$ 127	\$ 6,908

<u>Litigation Recovery</u>	<u>Teacherage</u>	<u>Totals</u>
\$ 60	\$ 118	\$ 83,183
		54,944
		214,073
<u>60</u>	<u>118</u>	<u>352,200</u>
		134,116
		136,332
		10,547
		1,906
		<u>1,807</u>
		<u>284,708</u>
<u>60</u>	<u>118</u>	<u>67,492</u>
		11,032
	<u>(25,687)</u>	<u>(25,749)</u>
	<u>(25,687)</u>	<u>(14,717)</u>
<u>60</u>	<u>(25,569)</u>	<u>52,775</u>
11,887	25,607	180,047
<u>\$ 11,947</u>	<u>\$ 38</u>	<u>\$ 232,822</u>

**PIMA COUNTY SCHOOL RESERVE FUND  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2014**

	Classroom Site		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 476	\$ 476
State aid and grants		42,145	42,145
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>42,621</u>	<u>42,621</u>
<b>Expenditures:</b>			
Current -			
Instruction	105,696	40,211	65,485
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Capital outlay			
<b>Total expenditures</b>	<u>105,696</u>	<u>40,211</u>	<u>65,485</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(105,696)</u>	<u>2,410</u>	<u>108,106</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	<u>(105,696)</u>	<u>2,410</u>	<u>108,106</u>
<b>Fund balances (deficits), beginning of year</b>		50,464	50,464
<b>Fund balances (deficits), end of year</b>	<u>\$ (105,696)</u>	<u>\$ 52,874</u>	<u>\$ 158,570</u>

Instructional Improvement			Title I Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 289 3,555	\$ 289 3,555	\$	\$	\$
	<u>3,844</u>	<u>3,844</u>		<u>114,092</u>	<u>114,092</u>
	<u>3,844</u>	<u>3,844</u>		<u>114,092</u>	<u>114,092</u>
59,000		59,000	94,929	93,905 20,187	1,024 (20,187)
<u>59,000</u>		<u>59,000</u>	<u>94,929</u>	<u>114,092</u>	<u>(19,163)</u>
<u>(59,000)</u>	<u>3,844</u>	<u>62,844</u>	<u>(94,929)</u>		<u>94,929</u>
<u>(59,000)</u>	<u>3,844</u>	<u>62,844</u>	<u>(94,929)</u>		<u>94,929</u>
	56,714	56,714			
<u>\$ (59,000)</u>	<u>\$ 60,558</u>	<u>\$ 119,558</u>	<u>\$ (94,929)</u>	<u>\$</u>	<u>\$ 94,929</u>

**PIMA COUNTY SCHOOL RESERVE FUND  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2014**

	Professional Development and Technology Grants		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		27,948	27,948
<b>Total revenues</b>		27,948	27,948
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff	17,743	18,861	(1,118)
Support services - administration	8,529	9,066	(537)
Operation and maintenance of plant services			
Student transportation services			
Capital outlay			
<b>Total expenditures</b>	26,272	27,927	(1,655)
<b>Excess (deficiency) of revenues over expenditures</b>	(26,272)	21	26,293
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out		(21)	(21)
<b>Total other financing sources (uses):</b>		(21)	(21)
<b>Changes in fund balances</b>	(26,272)		26,272
<b>Fund balances (deficits), beginning of year</b>			
<b>Fund balances (deficits), end of year</b>	\$ (26,272)	\$	\$ 26,272

National Forest Fees			Taylor Grazing Fees		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	64,620	64,620		5,792	5,792
	64,620	64,620		5,792	5,792
				2,723	(2,723)
				2,723	(2,723)
	64,620	64,620		3,069	3,069
	64,620	64,620		3,069	3,069
				7,309	7,309
\$	\$ 64,620	\$ 64,620	\$	\$ 10,378	\$ 10,378

**PIMA COUNTY SCHOOL RESERVE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
NON-MAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2014**

	E-Rate		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		1,621	1,621
<b>Total revenues</b>		<u>1,621</u>	<u>1,621</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services		1,906	(1,906)
Student transportation services			
Capital outlay			
<b>Total expenditures</b>		<u>1,906</u>	<u>(1,906)</u>
<b>Excess (deficiency) of revenues over expenditures</b>		<u>(285)</u>	<u>(285)</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>		<u>(285)</u>	<u>(285)</u>
<b>Fund balances (deficits), beginning of year</b>		(447)	(447)
<b>Fund balances (deficits), end of year</b>	<u>\$</u>	<u>(732)</u>	<u>\$ (732)</u>

Other State Projects			Extracurricular Activities Fees Tax Credit		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 9,244	\$ 9,244	\$	\$ 74	\$ 74
	<u>9,244</u>	<u>9,244</u>		<u>74</u>	<u>74</u>
6,013	6,001	12			
1,398	1,395	3			
<u>1,811</u>	<u>1,807</u>	<u>4</u>			
<u>9,222</u>	<u>9,203</u>	<u>19</u>			
<u>(9,222)</u>	<u>41</u>	<u>9,263</u>		<u>74</u>	<u>74</u>
	<u>(41)</u>	<u>(41)</u>			
	<u>(41)</u>	<u>(41)</u>			
<u>(9,222)</u>		<u>9,222</u>		<u>74</u>	<u>74</u>
				14,627	14,627
<u>\$ (9,222)</u>	<u>\$</u>	<u>\$ 9,222</u>	<u>\$</u>	<u>\$ 14,701</u>	<u>\$ 14,701</u>

**PIMA COUNTY SCHOOL RESERVE FUND  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2014**

	Gifts and Donations		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 82,136	\$ 82,136
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>82,136</u>	<u>82,136</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff		88,560	(88,560)
Support services - administration		86	(86)
Operation and maintenance of plant services			
Student transportation services			
Capital outlay			
<b>Total expenditures</b>		<u>88,646</u>	<u>(88,646)</u>
<b>Excess (deficiency) of revenues over expenditures</b>		<u>(6,510)</u>	<u>(6,510)</u>
<b>Other financing sources (uses):</b>			
Transfer in		11,032	11,032
Transfer out			
<b>Total other financing sources (uses):</b>		<u>11,032</u>	<u>11,032</u>
<b>Changes in fund balances</b>		<u>4,522</u>	<u>4,522</u>
<b>Fund balances (deficits), beginning of year</b>		6,881	6,881
<b>Fund balances (deficits), end of year</b>	<u>\$</u>	<u>\$ 11,403</u>	<u>\$ 11,403</u>

Fingerprint			Insurance Proceeds		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 30	\$ 30
				30	30
			6,900		6,900
			6,900		6,900
			(6,900)	30	6,930
			(6,900)	30	6,930
	127	127		6,878	6,878
\$	\$ 127	\$ 127	\$ (6,900)	\$ 6,908	\$ 13,808

(Continued)

**PIMA COUNTY SCHOOL RESERVE FUND  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2014**

	Litigation Recovery		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 60	\$ 60
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>	<u>                    </u>	<u>                    60</u>	<u>                    60</u>
<b>Expenditures:</b>			
Current -			
Instruction	750		750
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Student transportation services			
Capital outlay			
<b>Total expenditures</b>	<u>                    750</u>	<u>                    </u>	<u>                    750</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>                    (750)</u>	<u>                    60</u>	<u>                    810</u>
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Changes in fund balances</b>	<u>                    (750)</u>	<u>                    60</u>	<u>                    810</u>
<b>Fund balances (deficits), beginning of year</b>		11,887	11,887
<b>Fund balances (deficits), end of year</b>	<u>                    \$ (750)</u>	<u>                    \$ 11,947</u>	<u>                    \$ 12,697</u>

Administrative Costs			Teacherage		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 154,736	\$ 154,736	\$	\$ 118	\$ 118
	<u>154,736</u>	<u>154,736</u>		<u>118</u>	<u>118</u>
10	935	(925)			
419	39,574	(39,155)			
2,039	192,564	(190,525)			
136	12,877	(12,741)			
14	1,312	(1,298)			
382	36,083	(35,701)			
<u>3,000</u>	<u>283,345</u>	<u>(280,345)</u>			
<u>(3,000)</u>	<u>(128,609)</u>	<u>(125,609)</u>		<u>118</u>	<u>118</u>
	1,783	1,783			
	<u>(1,447)</u>	<u>(1,447)</u>		<u>(25,687)</u>	<u>(25,687)</u>
	<u>336</u>	<u>336</u>		<u>(25,687)</u>	<u>(25,687)</u>
<u>(3,000)</u>	<u>(128,273)</u>	<u>(125,273)</u>		<u>(25,569)</u>	<u>(25,569)</u>
	624,175	624,175		25,607	25,607
<u>\$ (3,000)</u>	<u>\$ 495,902</u>	<u>\$ 498,902</u>	<u>\$</u>	<u>\$ 38</u>	<u>\$ 38</u>

(Continued)

**PIMA COUNTY SCHOOL RESERVE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
NON-MAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2014**

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 237,919	\$ 237,919
State aid and grants		54,944	54,944
Federal aid, grants and reimbursements		214,073	214,073
<b>Total revenues</b>		<u>506,936</u>	<u>506,936</u>
<b>Expenditures:</b>			
Current -			
Instruction	267,285	135,051	132,234
Support services - students and staff	24,175	175,906	(151,731)
Support services - administration	11,966	203,111	(191,145)
Operation and maintenance of plant services	136	14,783	(14,647)
Student transportation services	14	1,312	(1,298)
Capital outlay	2,193	37,890	(35,697)
<b>Total expenditures</b>	<u>305,769</u>	<u>568,053</u>	<u>(262,284)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(305,769)</u>	<u>(61,117)</u>	<u>244,652</u>
<b>Other financing sources (uses):</b>			
Transfer in		12,815	12,815
Transfer out		(27,196)	(27,196)
<b>Total other financing sources (uses):</b>		<u>(14,381)</u>	<u>(14,381)</u>
<b>Changes in fund balances</b>	<u>(305,769)</u>	<u>(75,498)</u>	<u>230,271</u>
<b>Fund balances (deficits), beginning of year</b>		804,222	804,222
<b>Fund balances (deficits), end of year</b>	<u>\$ (305,769)</u>	<u>\$ 728,724</u>	<u>\$ 1,034,493</u>

## CAPITAL PROJECTS FUNDS

**School Plant** - to account for proceeds from the sale or lease of school property.

**Unrestricted Capital Outlay** - to account for transactions relating to the acquisition of capital items.

**Soft Capital Allocation** - to account for transactions relating to the acquisition of short-term capital items required to meet academic adequacy standards.

**Building Renewal** - to account for monies received from the School Facilities Board that are used for infrastructure or for major upgrades, repairs, or renovations to areas, systems or buildings that will maintain or extend their useful life.

**Bus Replacement** - to account for monies accumulated for the purchase of a new bus.

**PIMA COUNTY SCHOOL RESERVE FUND  
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2014**

	Unrestricted Capital Outlay	Building Renewal	Bus Replacement
<b><u>ASSETS</u></b>			
Cash and investments	\$ 88,792	\$ 38,319	\$ 4,195
<b>Total assets</b>	<b>\$ 88,792</b>	<b>\$ 38,319</b>	<b>\$ 4,195</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 16,245	\$	\$
<b>Total liabilities</b>	<b>16,245</b>	<b>\$</b>	<b>\$</b>
Fund balances:			
Restricted	72,547	38,319	
Assigned			4,195
<b>Total fund balances</b>	<b>72,547</b>	<b>38,319</b>	<b>4,195</b>
 <b>Total liabilities and fund balances</b>	<b>\$ 88,792</b>	<b>\$ 38,319</b>	<b>\$ 4,195</b>

Totals

\$ 131,306  
\$ 131,306

\$ 16,245  
16,245

110,866  
4,195  
115,061

\$ 131,306

**PIMA COUNTY SCHOOL RESERVE FUND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 NON-MAJOR CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2014**

	Unrestricted Capital Outlay	Building Renewal	Bus Replacement
<b>Revenues:</b>			
Other local	\$ 769	\$ 191	\$ 22
<b>Total revenues</b>	<u>769</u>	<u>191</u>	<u>22</u>
<b>Expenditures:</b>			
Capital outlay	40,591		
<b>Total expenditures</b>	<u>40,591</u>		
<b>Changes in fund balances</b>	<u>(39,822)</u>	<u>191</u>	<u>22</u>
<b>Fund balances, beginning of year</b>	112,369	38,128	4,173
<b>Fund balances, end of year</b>	<u>\$ 72,547</u>	<u>\$ 38,319</u>	<u>\$ 4,195</u>

Totals

\$	982
	<u>982</u>

	<u>40,591</u>
	<u>40,591</u>

	<u>(39,609)</u>
--	-----------------

	154,670
--	---------

\$	<u>115,061</u>
	<u>115,061</u>

**PIMA COUNTY SCHOOL RESERVE FUND  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 ALL CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2014**

	School Plant		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 1,788	\$ 1,788
<b>Total revenues</b>	1,788	1,788	1,788
<b>Expenditures:</b>			
Capital outlay	356,000		356,000
<b>Total expenditures</b>	356,000		356,000
<b>Changes in fund balances</b>	(356,000)	1,788	357,788
<b>Fund balances (deficits), beginning of year</b>		355,014	355,014
<b>Fund balances (deficits), end of year</b>	\$ (356,000)	\$ 356,802	\$ 712,802

Unrestricted Capital Outlay			Soft Capital Allocation		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 769	\$ 769	\$	\$ 4,302	\$ 4,302
	769	769		4,302	4,302
139,009	40,591	98,418			
139,009	40,591	98,418			
(139,009)	(39,822)	99,187		4,302	4,302
	112,369	112,369		(4,302)	(4,302)
\$ (139,009)	\$ 72,547	\$ 211,556	\$	\$	\$

**PIMA COUNTY SCHOOL RESERVE FUND  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 ALL CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2014**

	Building Renewal		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 191	\$ 191
<b>Total revenues</b>		191	191
<b>Expenditures:</b>			
Capital outlay			
<b>Total expenditures</b>			
<b>Changes in fund balances</b>		191	191
<b>Fund balances (deficits), beginning of year</b>		38,128	38,128
<b>Fund balances (deficits), end of year</b>	\$	\$ 38,319	\$ 38,319

Bus Replacement			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 22	\$ 22	\$	\$ 7,072	\$ 7,072
	22	22		7,072	7,072
			495,009	40,591	454,418
			495,009	40,591	454,418
	22	22	(495,009)	(33,519)	461,490
	4,173	4,173		505,382	505,382
\$	\$ 4,195	\$ 4,195	\$ (495,009)	\$ 471,863	\$ 966,872

(This page intentionally left blank)

## STATISTICAL SECTION

The statistical section presents financial statement trends as well as detailed financial and operational information not available elsewhere in the report. The statistical section is intended to enhance the reader's understanding of the information presented in the financial statements, notes to the financial statements, and other supplementary information presented in this report. The statistical section is comprised of the five categories of statistical information presented below.

### **Financial Trends**

These schedules contain information on financial trends to help the reader understand how the Reserve's financial position and financial activities have changed over time.

### **Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the Reserve's ability to generate revenue. The Reserve does not levy property taxes.

### **Debt Capacity**

These schedules present information to help the reader evaluate the Reserve's current levels of outstanding debt as well as assess the Reserve's ability to make debt payments and/or issue additional debt in the future. The Reserve does not have long-term debt outstanding which requires statistical section disclosures.

### **Demographic and Economic Information**

These schedules present various demographic and economic indicators to help the reader understand the environment in which the Reserve's financial activities take place.

### **Operating Information**

These schedules contain information about the Reserve's operations and various resources to help the reader draw conclusions as to how the Reserve's financial information relates to the services provided by the Reserve.

(This page intentionally left blank)

**PIMA COUNTY SCHOOL RESERVE FUND  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b>Net Position:</b>					
Net investment in capital assets	\$ 248,522	\$ 271,201	\$ 319,674	\$ 376,262	\$ 424,143
Restricted	491,189	448,506	536,242	748,007	301,828
Unrestricted	1,151,254	1,379,879	1,452,886	1,225,092	1,472,192
Total net position	<b>\$ 1,890,965</b>	<b>\$ 2,099,586</b>	<b>\$ 2,308,802</b>	<b>\$ 2,349,361</b>	<b>\$ 2,198,163</b>
	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
<b>Net Position:</b>					
Net investment in capital assets	\$ 440,592	\$ 237,050	\$ 218,823	\$ 765,949	\$ 790,933
Restricted	469,682	888,766	912,999	965,277	928,703
Unrestricted	1,544,706	1,496,278	1,291,031	347,831	366,230
Total net position	<b>\$ 2,454,980</b>	<b>\$ 2,622,094</b>	<b>\$ 2,422,853</b>	<b>\$ 2,079,057</b>	<b>\$ 2,085,866</b>

**Source:** The source of this information is the District's financial records.

**PIMA COUNTY SCHOOL RESERVE FUND**  
**EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE**  
**LAST TEN FISCAL YEARS**  
**(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>2012</b></u>	<u><b>2011</b></u>	<u><b>2010</b></u>
<b>Expenses</b>					
Instruction	\$ 680,488	\$ 833,386	\$ 1,262,553	\$ 1,317,272	\$ 1,650,752
Support services - students and staff	653,958	1,302,698	1,699,286	1,896,939	2,001,296
Support services - administration	546,878	615,509	633,645	728,883	635,588
Operation and maintenance of plant services	27,084	21,262	35,467	32,132	38,236
Student transportation services	185,978	206,745	160,424	168,535	58,115
Operation of non-instructional services	841	1,139	137	951	3,398
Total expenses	<u>2,095,227</u>	<u>2,980,739</u>	<u>3,791,512</u>	<u>4,144,712</u>	<u>4,387,385</u>
<b>Program Revenues</b>					
Charges for services:					
Instruction	81,981	46,779	44,994	6,991	356
Operation of non-instructional services	192,040	452,478	677,895	642,459	398,283
Other activities	156,188	228,065	251,281	249,045	221,477
Operating grants and contributions	618,747	1,088,295	1,846,476	2,321,429	2,561,465
Capital grants and contributions	1,807	11,390	13,217	16,647	14,325
Total program revenues	<u>1,050,763</u>	<u>1,827,007</u>	<u>2,833,863</u>	<u>3,236,571</u>	<u>3,195,906</u>
<b>Net (Expense)/Revenue</b>	<u><u>\$ (1,044,464)</u></u>	<u><u>\$ (1,153,732)</u></u>	<u><u>\$ (957,649)</u></u>	<u><u>\$ (908,141)</u></u>	<u><u>\$ (1,191,479)</u></u>

(Continued)

**PIMA COUNTY SCHOOL RESERVE FUND  
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE  
LAST TEN FISCAL YEARS  
(Accrual basis of accounting)**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Expenses</b>				
Instruction	\$ 1,572,024	\$ 1,605,284	\$ 966,212	\$ 913,986
Support services - students and staff	1,752,237	1,716,069	1,338,225	1,209,102
Support services - administration	552,864	474,858	568,049	584,978
Operation and maintenance of plant services	39,444	47,524	55,315	46,162
Student transportation services	138,358	185,147	146,583	177,704
Operation of non-instructional services	17,844			
Total expenses	<u>4,072,771</u>	<u>4,028,882</u>	<u>3,074,384</u>	<u>2,931,932</u>
<b>Program Revenues</b>				
Charges for services:				
Instruction		90,939	121,037	74,904
Operation of non-instructional services	413,913	460,985	357,515	45,518
Other activities	106,824	23,557	82,026	50,576
Operating grants and contributions	2,163,603	2,276,264	1,256,894	1,416,147
Capital grants and contributions	33,206	40,219	20,624	38,107
Total program revenues	<u>2,717,546</u>	<u>2,891,964</u>	<u>1,838,096</u>	<u>1,625,252</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (1,355,225)</u>	<u>\$ (1,136,918)</u>	<u>\$ (1,236,288)</u>	<u>\$ (1,306,680)</u>

**Source:** The source of this information is the District's financial records.

**(Concluded)**

**PIMA COUNTY SCHOOL RESERVE FUND  
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b>Net (Expense)/Revenue</b>	\$ (1,044,464)	\$ (1,153,732)	\$ (957,649)	\$ (908,141)	\$ (1,191,479)
<b>General Revenues:</b>					
Investment income	12,621	48,649	11,971	17,235	30,167
Unrestricted county aid	59,001	60,565	59,318	57,272	48,652
Unrestricted state aid	758,429	828,851	837,912	964,961	757,581
Unrestricted federal aid	5,792	6,451	7,889	19,871	98,262
<b>Total general revenues</b>	<b>835,843</b>	<b>944,516</b>	<b>917,090</b>	<b>1,059,339</b>	<b>934,662</b>
<b>Changes in Net Position</b>	<b>\$ (208,621)</b>	<b>\$ (209,216)</b>	<b>\$ (40,559)</b>	<b>\$ 151,198</b>	<b>\$ (256,817)</b>

**PIMA COUNTY SCHOOL RESERVE FUND  
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Accrual basis of accounting)**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Net (Expense)/Revenue</b>	\$ (1,355,225)	\$ (1,136,918)	\$ (1,236,288)	\$ (1,306,680)	\$ (1,554,315)
<b>General Revenues:</b>					
Investment income	40,458	110,765	78,618	57,660	27,794
Unrestricted county aid			587	149,033	162,061
Unrestricted state aid	1,137,864	1,213,927	1,161,915	1,093,178	1,207,866
Unrestricted federal aid	9,789	11,467	10,811		
Special item - gain on sale of land			34,056		
<b>Total general revenues</b>	<u>1,188,111</u>	<u>1,336,159</u>	<u>1,251,931</u>	<u>1,299,871</u>	<u>1,397,721</u>
<b>Changes in Net Position</b>	<u>\$ (167,114)</u>	<u>\$ 199,241</u>	<u>\$ 15,643</u>	<u>\$ (6,809)</u>	<u>\$ (156,594)</u>

**Source:** The source of this information is the District's financial records.

**Note:** The Arizona State Legislature suspended county equalization payments to school districts for fiscal years 2006-07 through 2008-09.

**PIMA COUNTY SCHOOL RESERVE FUND  
FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>2012</b></u>	<u><b>2011</b></u>	<u><b>2010</b></u>
General Fund:					
Nondisposable	\$	\$	\$	\$ 4,346	\$
Restricted					62,129
Assigned			1,149	1,149	
Unassigned	559,827	680,663	709,322	532,767	54,655
Total General Fund	<u>\$ 559,827</u>	<u>\$ 680,663</u>	<u>\$ 710,471</u>	<u>\$ 538,262</u>	<u>\$ 116,784</u>
All Other Governmental Funds:					
Nondisposable	\$	\$	\$	\$ 22,346	\$
Restricted	536,340	514,513	508,293	1,178,443	899,428
Committed	237,606	315,104	414,119	289,575	
Assigned	360,997	359,187	418,952	4,102	817,263
Unassigned	(732)	(447)			
Total all other governmental funds	<u>\$ 1,134,211</u>	<u>\$ 1,188,357</u>	<u>\$ 1,341,364</u>	<u>\$ 1,494,466</u>	<u>\$ 1,716,691</u>

**PIMA COUNTY SCHOOL RESERVE FUND  
FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified accrual basis of accounting)**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund:					
Reserved				8,929	
Unreserved	48,646	42,655	(76,656)	(109,769)	(19,707)
Total General Fund	<u>\$ 48,646</u>	<u>\$ 42,655</u>	<u>\$ (76,656)</u>	<u>\$ (100,840)</u>	<u>\$ (19,707)</u>
All Other Governmental Funds:					
Reserved	8,660	9,154	9,343	2,233	
Unreserved, reported in:					
Special revenue funds	1,521,354	1,545,880	1,383,808	478,234	396,908
Capital projects funds	469,682	879,612	912,999	965,277	928,703
Total all other governmental funds	<u>\$ 1,999,696</u>	<u>\$ 2,434,646</u>	<u>\$ 2,306,150</u>	<u>\$ 1,445,744</u>	<u>\$ 1,325,611</u>

**Source:** The source of this information is the District's financial records.

**Note:** The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54 were adopted in fiscal year 2010. The standard replaces the previous reserved and unreserved fund balance categories with the following five fund balance classifications: nonspendable, restricted, committed, assigned, and unassigned fund balance.

**(Concluded)**

**PIMA COUNTY SCHOOL RESERVE FUND  
GOVERNMENTAL FUNDS REVENUES  
LAST TEN FISCAL YEARS  
(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>2012</b></u>	<u><b>2011</b></u>	<u><b>2010</b></u>
<b>Federal sources:</b>					
Federal grants	\$ 611,310	\$ 1,084,273	\$ 1,842,659	\$ 2,277,956	\$ 2,520,278
State Fiscal Stabilization (ARRA)				7,723	90,733
Taylor Grazing	5,792	6,451	7,889	7,138	7,104
Total federal sources	<u>617,102</u>	<u>1,090,724</u>	<u>1,850,548</u>	<u>2,292,817</u>	<u>2,618,115</u>
<b>State sources:</b>					
State equalization assistance	448,102	661,447	588,891	696,348	623,351
State grants	273,854	108,658	96,993	232,214	4,216
Other revenues	45,717	74,158	155,845	40,505	134,230
Total state sources	<u>767,673</u>	<u>844,263</u>	<u>841,729</u>	<u>969,067</u>	<u>761,797</u>
<b>Local sources:</b>					
County aid	59,001	60,565	59,358	57,273	48,652
Investment income	12,621	48,649	11,971	15,015	30,166
Other revenues	430,209	727,322	987,347	961,738	671,838
Total local sources	<u>501,831</u>	<u>836,536</u>	<u>1,058,676</u>	<u>1,034,026</u>	<u>750,656</u>
<b>Total revenues</b>	<u><u>\$ 1,886,606</u></u>	<u><u>\$ 2,771,523</u></u>	<u><u>\$ 3,750,953</u></u>	<u><u>\$ 4,295,910</u></u>	<u><u>\$ 4,130,568</u></u>

(Continued)

**PIMA COUNTY SCHOOL RESERVE FUND  
GOVERNMENTAL FUNDS REVENUES  
LAST TEN FISCAL YEARS  
(Modified accrual basis of accounting)**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Federal sources:</b>					
Federal grants	\$ 2,143,782	\$ 2,282,967	\$ 1,105,999	\$ 1,237,097	\$ 1,063,877
Taylor Grazing	9,789	11,467	10,811	16,897	
Total federal sources	<u>2,153,571</u>	<u>2,294,434</u>	<u>1,116,810</u>	<u>1,253,994</u>	<u>1,063,877</u>
<b>State sources:</b>					
State equalization assistance	873,128	866,898	828,333	849,831	1,015,249
State grants	97,631	127,887	344,295	285,645	174,456
School Facilities Board		1,164			2,733
Other revenues	171,436	251,494	160,806	164,203	188,004
Total state sources	<u>1,142,195</u>	<u>1,247,443</u>	<u>1,333,434</u>	<u>1,299,679</u>	<u>1,380,442</u>
<b>Local sources:</b>					
County aid			587	149,033	162,061
Investment income	40,248	110,765	86,165	58,031	27,974
Other revenues	571,761	575,481	1,062,281	170,627	150,333
Total local sources	<u>612,009</u>	<u>686,246</u>	<u>1,149,033</u>	<u>377,691</u>	<u>340,368</u>
<b>Total revenues</b>	<u>\$ 3,907,775</u>	<u>\$ 4,228,123</u>	<u>\$ 3,599,277</u>	<u>\$ 2,931,364</u>	<u>\$ 2,784,687</u>

**Source:** The source of this information is the District's financial records.

**Note:** The Arizona State Legislature suspended county equalization payments to school districts for fiscal years 2006-07 through 2008-09.

**PIMA COUNTY SCHOOL RESERVE FUND  
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO  
LAST TEN FISCAL YEARS  
(Modified accrual basis of accounting)**

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>2012</b></u>	<u><b>2011</b></u>	<u><b>2010</b></u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 649,335	\$ 811,878	\$ 1,253,573	\$ 1,281,795	\$ 1,535,126
Support services - students and staff	640,992	1,291,185	1,668,159	1,903,654	1,945,794
Support services - administration	524,523	606,691	629,270	717,402	612,201
Operation and maintenance of plant services	24,981	18,414	26,434	38,446	26,388
Student transportation services	143,276	162,705	120,893	125,337	3,910
Capital outlay	78,481	63,465	6,825	56,715	213,356
<b>Total expenditures</b>	<u><u>\$ 2,061,588</u></u>	<u><u>\$ 2,954,338</u></u>	<u><u>\$ 3,705,154</u></u>	<u><u>\$ 4,123,349</u></u>	<u><u>\$ 4,336,775</u></u>
Expenditures for capitalized assets	\$ 36,417	\$ 6,507	\$	\$ 9,150	\$ 43,379
Debt service as a percentage of noncapital expenditures	0%	0%	0%	0%	0%

(Continued)

**PIMA COUNTY SCHOOL RESERVE FUND  
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO  
LAST TEN FISCAL YEARS  
(Modified accrual basis of accounting)**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 1,409,603	\$ 1,546,890	\$ 849,379	\$ 862,864	\$ 957,543
Support services - students and staff	1,716,483	1,656,671	1,293,356	1,127,304	726,225
Support services - administration	538,994	458,326	529,481	576,251	713,498
Operation and maintenance of plant services	36,091	44,171	42,032	51,739	64,775
Student transportation services	127,380	117,367	106,984	142,569	133,442
Capital outlay	507,689	156,702	185,733	142,799	251,257
<b>Total expenditures</b>	<u>\$ 4,336,240</u>	<u>\$ 3,980,127</u>	<u>\$ 3,006,965</u>	<u>\$ 2,903,526</u>	<u>\$ 2,846,740</u>
Expenditures for capitalized assets	\$ 278,573	\$ 77,411	\$	\$ 69,824	\$ 5,023
Debt service as a percentage of noncapital expenditures	0%	0%	0%	0%	0%

**Source:** The source of this information is the District's financial records.

**(Concluded)**

**PIMA COUNTY SCHOOL RESERVE FUND**  
**OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified accrual basis of accounting)**

	Fiscal Year Ended June 30				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (174,982)	\$ (182,815)	\$ 45,799	\$ 172,561	\$ (206,207)
<b>Other financing sources (uses):</b>					
Transfers in	38,636	5,014	21,079	9,321	140,011
Transfers out	(38,636)	(5,014)	(21,079)	(9,321)	(140,011)
Total other financing sources (uses)	-	-	-	-	-
<b>Changes in fund balances</b>	\$ (174,982)	\$ (182,815)	\$ 45,799	\$ 172,561	\$ (206,207)
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (428,465)	\$ 247,996	\$ 592,312	\$ 27,838	\$ (62,053)
<b>Other financing sources (uses):</b>					
Transfers in	113,746	24,159	12,351	14,563	10,820
Transfers out	(113,746)	(24,159)	(12,351)	(14,563)	(10,820)
Total other financing sources (uses)	-	-	-	-	-
<b>Changes in fund balances</b>	\$ (428,465)	\$ 247,996	\$ 592,312	\$ 27,838	\$ (62,053)

**Source:** The source of this information is the District's financial records.

**PIMA COUNTY SCHOOL RESERVE FUND  
PRIMARY ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY BY CLASS  
LAST TEN FISCAL YEARS**

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Commercial, Industrial, Utilities and Mining	\$ 2,376,075,643	\$ 2,501,480,063	\$ 2,436,727,616	\$ 2,473,296,098	\$ 2,568,808,080
Agricultural and Vacant	429,967,166	472,558,097	500,836,030	536,958,672	525,778,451
Residential (Owner Occupied)	3,686,808,223	4,031,369,378	4,418,416,161	4,925,214,375	4,944,071,553
Residential (Rental)	1,015,072,592	1,005,441,098	913,813,479	964,357,366	909,875,313
Railroad, Private Cars and Airlines	8,754,112	8,319,289	6,586,478	6,415,323	6,282,822
Historical Property	42,481,690	45,084,381	33,216,576	33,324,569	31,449,039
Certain Government Property Improvements	75,836	80,669	180,841	57,277	51,408
Total	<u>\$ 7,559,235,262</u>	<u>\$ 8,064,332,975</u>	<u>\$ 8,309,777,181</u>	<u>\$ 8,939,623,680</u>	<u>\$ 8,986,316,666</u>
Estimated Actual Value (Full Cash Value)	\$ 74,590,066,749	\$ 77,731,085,615	\$ 80,205,310,766	\$ 86,405,986,557	\$ 88,039,453,661
Ratio of Primary Assessed Value to Estimated Actual Value	10.13%	10.37%	10.36%	10.35%	10.21%

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Commercial, Industrial, Utilities and Mining	\$ 2,358,647,833	\$ 2,204,071,614	\$ 2,012,091,228	\$ 1,894,235,051	\$ 1,804,994,971
Agricultural and Vacant	493,054,678	428,485,565	363,037,685	321,768,548	308,809,603
Residential (Owner Occupied)	4,546,560,603	3,995,335,563	3,488,338,652	3,106,838,527	2,821,745,418
Residential (Rental)	806,355,576	694,636,372	590,675,788	517,147,830	465,951,589
Railroad, Private Cars and Airlines	7,087,822	7,539,690	9,913,953	9,377,676	8,399,508
Historical Property	28,353,808	23,262,284	20,613,838	18,775,852	13,490,607
Certain Government Property Improvements					18,655
Total	<u>\$ 8,240,060,320</u>	<u>\$ 7,353,331,088</u>	<u>\$ 6,484,671,144</u>	<u>\$ 5,868,143,484</u>	<u>\$ 5,423,410,351</u>
Estimated Actual Value (Full Cash Value)	\$ 85,751,619,734	\$ 72,137,409,692	\$ 59,915,496,229	\$ 52,366,493,761	\$ 48,823,551,330
Ratio of Primary Value to Estimated Actual Value	9.61%	10.19%	10.82%	11.21%	11.11%

**Source:** The source of this information is the State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

**Note:** The primary assessed value generates revenues for general District operations.

**PIMA COUNTY SCHOOL RESERVE FUND  
SECONDARY ASSESSED VALUE OF TAXABLE PROPERTY BY CLASS  
LAST TEN FISCAL YEARS**

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Commercial, Industrial, Utilities and Mining	\$ 2,413,526,845	\$ 2,563,908,619	\$ 2,535,326,835	\$ 2,661,402,586	\$ 2,827,809,494
Agricultural and Vacant	443,231,784	495,338,152	548,039,133	647,171,599	705,862,338
Residential (Owner Occupied)	3,690,043,699	4,036,698,072	4,431,202,754	4,988,337,113	5,250,670,779
Residential (Rental)	1,024,062,086	1,015,495,228	922,058,153	1,000,887,566	1,004,537,864
Railroad, Private Cars and Airlines	8,829,493	8,461,487	7,283,927	7,543,678	7,292,676
Historical Property	43,921,537	51,228,912	37,854,596	40,192,903	44,390,933
Certain Government Property Improvements	75,836	81,452	185,397	58,673	55,557
<b>Total</b>	<b>\$ 7,623,691,280</b>	<b>\$ 8,171,211,922</b>	<b>\$ 8,481,950,795</b>	<b>\$ 9,345,594,118</b>	<b>\$ 9,840,619,641</b>
Ratio of Secondary Assessed Value to Estimated Actual Value	10.22%	10.51%	10.58%	10.82%	11.18%

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Commercial, Industrial, Utilities and Mining	\$ 2,534,687,124	\$ 2,373,675,894	\$ 2,123,574,719	\$ 1,927,573,052	\$ 1,846,982,404
Agricultural and Vacant	722,576,881	612,335,091	482,812,393	388,945,276	376,072,108
Residential (Owner Occupied)	5,330,678,881	4,421,684,326	3,606,160,638	3,164,756,655	2,894,517,744
Residential (Rental)	955,352,684	791,211,113	640,391,151	552,889,152	491,863,673
Railroad, Private Cars and Airlines	7,883,807	8,226,125	10,410,673	10,147,794	9,304,471
Historical Property	40,877,057	29,366,067	24,454,305	22,141,663	14,561,964
Certain Government Property Improvements					18,655
<b>Total</b>	<b>\$ 9,592,056,434</b>	<b>\$ 8,236,498,616</b>	<b>\$ 6,887,803,879</b>	<b>\$ 6,066,453,592</b>	<b>\$ 5,633,321,019</b>
Ratio of Secondary Assessed Value to Estimated Actual Value	11.19%	11.42%	11.50%	11.58%	11.54%

**Source:** The source of this information is the State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

**Note:** The secondary assessed value generates revenues to service District bonded debt requirements and other voter-approved overrides.

**PIMA COUNTY SCHOOL RESERVE FUND  
PROPERTY TAX ASSESSMENT RATIOS  
LAST TEN FISCAL YEARS**

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Commercial, Industrial, Utilities and Mining	20 %	20 %	20 %	21 %	22 %
Agricultural and Vacant	16	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	15	15	17	18

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Commercial, Industrial, Utilities and Mining	23 %	24 %	25 %	25 %	25 %
Agricultural and Vacant	16	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	20	21	22	21	21

**Source:** The source of this information is the State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

**Note:** Additional classes of property exist, but do not amount to a significant portion of the District's total valuation, therefore they are not included on this schedule.

**PIMA COUNTY SCHOOL RESERVE FUND  
COUNTY-WIDE DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS**

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>
2013	992,394	\$ 36,058,871	\$ 36,335	7.1 %
2012	989,569	34,596,360	34,961	6.7
2011	986,081	34,360,759	34,846	7.2
2010	980,263	34,516,424	35,211	9.0
2009	1,020,200	32,900,000	32,249	8.3
2008	1,012,018	32,867,100	32,477	5.1
2007	1,003,235	31,646,777	31,545	3.7
2006	981,280	29,806,619	30,375	4.0
2005	957,635	26,703,829	27,885	4.6
2004	931,835	24,697,472	26,504	4.6

**Sources:** The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis. The source of the "Population" and "Unemployment Rate" information from 2003 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 through 2013, the source of the information is the Arizona Office of Employment and Population Statistics.

**PIMA COUNTY SCHOOL RESERVE FUND  
PRINCIPAL EMPLOYERS  
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR**

<u>Employer</u>	<u>2014</u>		<u>2005</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
University of Arizona	10,846	2.57 %	10,348	2.34 %
Raytheon Missile Systems	10,300	2.44	10,300	2.32
Davis Monthan AFB	9,100	2.15	8,727	1.97
State of Arizona	8,807	2.08	9,750	2.20
Wal-Mart Stores, Inc.	7,450	1.76	4,595	1.04
Tucson Unified School District	6,790	1.61	7,684	1.73
US Border Patrol	6,500	1.54		
University of Arizona Health Network	6,099	1.44		
Pima County	6,076	1.44	6,767	1.53
Freeport-McMoran Mining	5,463	1.29	4,500	1.02
Fort Huachuca	5,096	1.21	12,250	2.76
City of Tucson	4,585	1.08	6,757	1.52
Total	<u>87,112</u>	<u>20.61</u> %	<u>81,678</u>	<u>18.43</u> %
Total employment	<u>422,740</u>		<u>443,100</u>	

**Source:** The source of this information is the Arizona Daily Star.

**PIMA COUNTY SCHOOL RESERVE FUND  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE  
LAST TEN FISCAL YEARS**

	<u>Full-time Equivalent Employees as of June 30</u>				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Supervisory</b>					
Superintendent	1	1	1	1	1
Administrator	1	2	2	2	2
Total supervisory	<u>2</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
<b>Instruction</b>					
Teachers	8	7	13	10	11
Total instruction	<u>8</u>	<u>7</u>	<u>13</u>	<u>10</u>	<u>11</u>
<b>Support and Administration</b>					
Service workers	8	13	16	30	29
Total support and administration	<u>8</u>	<u>13</u>	<u>16</u>	<u>30</u>	<u>29</u>
<b>Total</b>	<u><u>18</u></u>	<u><u>23</u></u>	<u><u>32</u></u>	<u><u>43</u></u>	<u><u>43</u></u>
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Supervisory</b>					
Superintendent	1	1	1	1	1
Administrator	2	2	2	2	2
Total supervisory	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
<b>Instruction</b>					
Teachers	12	12	13	14	17
Total instruction	<u>12</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>17</u>
<b>Support and Administration</b>					
Service workers	29	27	26	20	18
Support and Administration	<u>29</u>	<u>27</u>	<u>26</u>	<u>20</u>	<u>18</u>
<b>Total</b>	<u><u>44</u></u>	<u><u>42</u></u>	<u><u>42</u></u>	<u><u>37</u></u>	<u><u>38</u></u>

**Source:** The source of this information is District personnel records.

**PIMA COUNTY SCHOOL RESERVE FUND  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30</b>	<b>Average Daily Membership</b>	<b>Operating Expenditures</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Expenses</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Teaching Staff</b>	<b>Pupil- Teacher Ratio</b>
2014	69	\$ 1,983,107	\$ 28,844	(12.20) %	\$ 2,095,227	\$ 30,474	(10.03) %	8	8.6
2013	88	2,890,873	32,851	(17.39)	2,980,739	33,872	(16.92)	7	12.6
2012	93	3,698,329	39,767	(4.17)	3,791,512	40,769	(3.60)	13	7.2
2011	98	4,066,634	41,496	23.78	4,144,712	42,293	18.57	10	9.8
2010	123	4,123,419	33,524	(5.43)	4,387,385	35,670	(5.41)	11	11.2
2009	108	3,828,551	35,450	17.75	4,072,771	37,711	18.87	12	9.0
2008	127	3,823,425	30,106	47.26	4,028,882	31,723	42.40	12	10.6
2007	138	2,821,232	20,444	2.19	3,074,384	22,278	4.86	13	10.6
2006	138	2,760,727	20,005	24.87	2,931,932	21,246	16.95	14	9.9
2005	162	2,595,483	16,022	19.14	2,943,038	18,167	47.96	17	9.5

**Source:** The source of this information is the District's financial records.

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

**PIMA COUNTY SCHOOL RESERVE FUND  
CAPITAL ASSETS INFORMATION  
LAST TEN FISCAL YEARS**

	<b>Fiscal Year Ended June 30</b>									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b><u>Schools</u></b>										
<b>Elementary</b>										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Capacity	25	25	25	25	25	25	25	25	25	25
Enrollment										

**Source:** The source of this information is the District's facilities records.

**Note:** The Reserve owns a building on Mount Lemmon; however, the facility was closed in fiscal year 2004 due to a fire. The Reserve is currently operating both the juvenile detention center as well as the Pima County Jail education programs; however, the facilities are not owned by the Reserve.

**REPORT ON INTERNAL CONTROL  
AND ON COMPLIANCE**

(This page intentionally left blank)

**Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with  
*Government Auditing Standards***

Independent Auditor's Report

Board of Supervisors of Pima County, Arizona  
Pima County School Reserve Fund

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pima County School Reserve Fund, a department of Pima County, Arizona, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Pima County School Reserve Fund's basic financial statements, and have issued our report thereon dated November 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pima County School Reserve Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pima County School Reserve Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of Pima County School Reserve Fund's internal control.

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

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

### Compliance and Other Matters

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

### Purpose of this Report

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

*Heinfeld, Meech & Co., P.C.*

HEINFELD, MEECH & CO., P.C.  
CPAs and Business Consultants

November 17, 2014