

**PIMA COUNTY SCHOOL RESERVE FUND  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**PIMA COUNTY SCHOOL RESERVE FUND**

**TUCSON, ARIZONA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Issued by:  
Pima County School Superintendent's Office

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# PIMA COUNTY SCHOOL RESERVE FUND

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## **INTRODUCTORY SECTION**

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Linda Arzoumanian, Ed.D.  
Pima County School Superintendent

Debbie D'Amore  
Chief Deputy

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November 17, 2015

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, 2015.

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, 2015, 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, 2015, 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 District typically provides services to approximately 100 individuals.

The activity of the Reserve is predominately dependent on the services provided to outside entities, primarily area school district and charter schools, to provide educational support services. Over the last 5 years, the primary focus of the Reserve's activity surround the implementation of the *Arizona College and Career Ready Standards* ("Common Core"). With the support of the Arizona Department of Education, the Reserve developed support programs for local educational agencies in the implementation of these new standards. The evolution of these support programs now comes as educators seek new methods of instruction and to provide both meaningful and affordable teacher support services to area schools.

The surrounding communities of Pima County create new demands on school districts and charter schools, which requires that the Reserve implement new methods of support for these changes. Pima County's population center continue to expand beyond the traditional core of Tucson. The surrounding communities of Marana, Sahuarita and Vail have seen an explosive growth of their student populations and their schools that demand a concerted effort to focus resources in more focus areas of need.

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 1,004,516 as of July 1, 2014, which accounts for 15% of Arizona's estimated population of 6,731,484. The City of Tucson encompassed nearly 228 square miles of the County's 9,186 square miles with a July 1, 2014 estimate population of 527,972, accounting for 53% of the total population in the County. However, the communities of Marana, Sahuarita, and Vail have grown between 9% and 16%, whereas Tucson has grown only 1.4%, indicating an explosive shift of population to outlying areas of the County.

Pima County is also home to the State's second largest school district – Tucson Unified School District – with a student population exceeding 40,000. With nearly 155,000 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 and executed by the Pima County School Superintendent.

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 over expenditures 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 2015, the overall financial health of school district and charters continues to be tenuous as the ongoing litigation of inflationary increases from prior years continues to be a key component to future increases in funding for public education. The ability for school districts and charters to access new revenues from the State General Fund will give these entities the ability to plan for the use of these funds beyond the limited scope they currently experience. The Reserve will see both a direct and indirect benefit to this change as the Accommodation District's funds are subject to the equalization formulas that other Arizona school districts use to fund their operations. Last fiscal year was the final year of funding for the *Race To The Top* program that provided an influx of federal funds to provide augmented professional development support to public schools in Pima County. The partnerships with other counties – particularly in Cochise and Santa Cruz Counties – continues to ensure that the work of the Reserve remains strong and providing for ample opportunities for expansion of programs and other need areas.

School districts and charter schools, which includes the Accommodation District, will have difficult choices to make as their demand for highly qualified and certified teachers remains a constant difficulty. Their ability to structure any new revenues towards the classroom will compete their need to provide resources to support services for students and teachers that are ancillary to academic achievement. The Reserve will continue to be at the forefront of evolving its services and crafting plans that will allow it to provide locally accessible and high quality professional development for teachers and administrators.

The outcomes of *Cave Creek Unified School District v. DeWitt et.al*, continues to be the one long standing opportunity for school districts and charter schools to see an influx of revenues in one instance than in any other year since Proposition 301 was enacted in 2001. The onslaught of the Great Recession exacerbated the difficulty for the State to provide resources required by the lawsuit, but also by Proposition 301. As the courts continue to demand compliance by the Legislature and the Governor to provide necessary resources owed under the law, there is an anticipation that this sudden influx of new revenues will cause competing demands to come to a head. School districts and charters found it necessary to refocus their efforts at maximizing their dollars in the classroom, while sacrificing other areas of support and administration, thus further impacting the local economy by the loss of positions that support the operations of these outside of the classroom.

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** As in years past, one the Reserve's primary function is to ensure the provision of instructional services to the students at the Pima Accommodation District. The programs at the District will undergo an overhaul that has not been seen in the last 15 years. The program will require a highly qualified administrator coupled with the experience teachers that will be required to implement a Secure Care curriculum that is more strictly aligned with the Arizona College and Career Ready Standards (ACCRS). The reaccreditation of the District's instructional programs, as well as the evaluation of its Special Education services, will create new opportunities to implement new instructional and support resources to students and teachers. However, this will also demand a realignment of resources to support these functions. The overhaul of the District's programs will certainly demand a need for new investment, shifting of priorities and the scrutiny of what has been done in the past.

The end of the *Race to the Top* project at the Reserve will require the evaluation of all programs and staff to determine that those priorities and functions that well supported districts and charters continue to receive investment. The partnership that created the *Southern Arizona Regional Education Center* (SAREC) with Santa Cruz and Cochise Counties also demands evaluation and a renewed commitment that the work done by SAREC needs to continue. As funds that were connected to the *American Recovery and Reinvestment Act* (ARRA) have, for the most part, ended the Reserve's priorities will also begin to shift towards sustainability of successful programs and fomenting new priorities and programs in areas that have received less attention. This will require investment of some of the resources that may negatively impact our fund balance, at least briefly, to provide start-up resources. However, the Reserve's prior success of developing enterprise services that generate sufficient revenues to fund the operations of those programs will allow the fund balance to recuperate as those programs develop a foothold.

Finally, as the Reserve enters its final year under the direction of the current Pima County School Superintendent, the priorities in fiscal year ending 2017, and beyond, will certainly see a new set of goals, plans, and direction. For the time being, the Reserve continues to operate to develop programs and services that have proven successful and noteworthy for our school districts and charter schools. The development of complex programs will most likely "take a back seat" to the ongoing successes of the Reserve's programmatic functions. As the Reserve approaches the era of a new county school superintendent, a reevaluation and discussion of these priorities is possible. Nevertheless, the Reserve will continue to maintain strong financial health and stability to provide much needed resources and services in future years.

## 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, 2014. 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, 2015 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, 2014*

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



A handwritten signature in black ink, appearing to read "M. Pepera".

Mark C. Pepera, MBA, RSBO, SFO  
President

A handwritten signature in black ink, appearing to read "John D. Musso".

John D. Musso, CAE, RSBA  
Executive Director

**Dr. Linda  
Arzoumanian**  
Pima County  
School Superintendent

Sandy Paris  
Special Staff Assistant

**Ricardo Hernández,**  
*Chief Financial Officer &  
Deputy School Superintendent*  
Finance, Elections, &  
Information Systems

**Debbie D'Amore,**  
*Chief Deputy  
School Superintendent*  
Educational Services

School  
Reserve  
Fund

Mary Jane Ackerley  
Accountant

Derika Varela  
Finance Accountant,  
Senior

Leah Swisher  
Principal Finance  
Accountant

Maria Mezquita  
Programmer / Analyst

Sharon Smith  
Programmer / Analyst

Chavilla Derenburger  
Office Support Level III

Nubia Bertsch  
Elections Specialist

Cody Cassidy  
Program Manager

Dr. Vaughn Croft  
Program Manager

Jaymie Jacobs  
Program Manager

DaNel Hogan  
Program Coordinator

Pima  
Accommodation  
District #00

Pima Special  
Programs #99

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**PIMA COUNTY  
SCHOOL  
SUPERINTENDENT**

**Organizational Chart  
Fiscal Year 2014-2015**

**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

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## **FINANCIAL SECTION**

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## 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, 2015, 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, 2015, 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.

### ***Change in Accounting Principle***

As described in Note 1, the District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, for the year ended June 30, 2015, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

### ***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, 2015, 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, budgetary comparison information, and net pension liability information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 Section and Statistical Section 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, 2015, 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, 2015

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

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**PIMA COUNTY SCHOOL RESERVE FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2015**

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, 2015. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. 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 \$189,492 which represents a 36 percent decrease from the prior fiscal year as a result of reduction of state aid and the use of beginning fund balances in the General Fund.
- General revenues accounted for \$596,926 in revenue, or 32 percent of all current fiscal year revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1.2 million or 68 percent of total current fiscal year revenues.
- The Reserve had approximately \$2.0 million in expenses related to governmental activities, a decrease of three percent from the prior fiscal year.
- Among major funds, the General Fund had \$734,977 in current fiscal year revenues, which primarily consisted of state aid and other local revenues, and \$1.1 million in expenditures. The General Fund's fund balance decrease from \$555,448 at the prior fiscal year end to \$222,077 at the end of the current fiscal year was primarily due to a reduction in state aid.
- The Fee for Service Fund had \$248,329 in current fiscal year expenditures. The Fee for Service Fund's fund balance increased \$45,246.

**PIMA COUNTY SCHOOL RESERVE FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2015**

**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, and student transportation 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, 2015**

**OVERVIEW OF FINANCIAL STATEMENTS**

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, 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, 2015**

**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, liabilities and deferred inflows exceeded assets and deferred outflows by \$718,788 at the current fiscal year end.

The investment in capital assets (e.g. land improvements; buildings and improvements; vehicles, furniture, and equipment) comprises 28 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, 2015 and June 30, 2014.

	<u>As of June 30, 2015</u>	<u>As of June 30, 2014</u>
Current assets	\$ 1,485,879	\$ 1,818,121
Capital assets, net	198,150	248,522
Total assets	<u>1,684,029</u>	<u>2,066,643</u>
Deferred outflows	<u>209,874</u>	<u>                    </u>
Current liabilities	132,804	124,083
Long-term liabilities	<u>1,794,844</u>	<u>51,595</u>
Total liabilities	<u>1,927,648</u>	<u>175,678</u>
Deferred inflows	<u>685,043</u>	<u>                    </u>
Net position:		
Net investment in capital assets	198,150	248,522
Restricted	494,534	491,189
Unrestricted	<u>(1,411,472)</u>	<u>1,151,254</u>
Total net position	<u>\$ (718,788)</u>	<u>\$ 1,890,965</u>

At the end of the current fiscal year the Reserve reported a negative unrestricted net position of \$1.4 million as a result of an unfunded pension liability. Positive net position was reported in the other two categories.

**PIMA COUNTY SCHOOL RESERVE FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2015**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

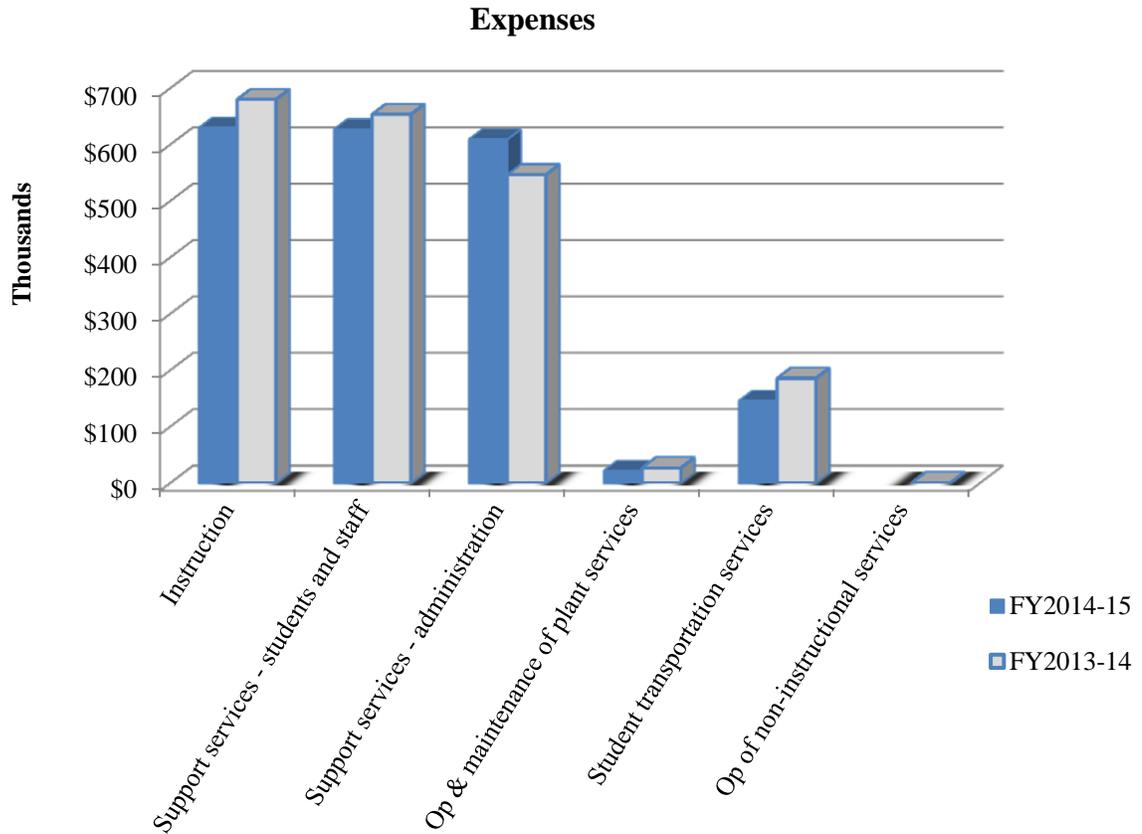
The Reserve's financial position is the product of several financial transactions including the net result of activities, the depreciation of capital assets, and the addition of \$1.8 million in pension liabilities due to the implementation of new pension reporting standards.

**Changes in net position.** The Reserve's total revenues for the current fiscal year were \$1.8 million. The total cost of all programs and services was \$2.0 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2015 and June 30, 2014.

	Fiscal Year Ended <u>June 30, 2015</u>	Fiscal Year Ended <u>June 30, 2014</u>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 576,655	\$ 430,209
Operating grants and contributions	663,787	618,747
Capital grants and contributions	7,683	1,807
General revenues:		
Investment income	6,527	12,621
Unrestricted county aid	53,098	59,001
Unrestricted state aid	537,301	758,429
Unrestricted federal aid		5,792
<b>Total revenues</b>	<u>1,845,051</u>	<u>1,886,606</u>
<b>Expenses:</b>		
Instruction	630,095	680,488
Support services – students and staff	627,175	653,958
Support services – administration	609,427	546,878
Operation and maintenance of plant services	21,993	27,084
Student transportation services	145,853	185,978
Operation of non-instructional services		841
<b>Total expenses</b>	<u>2,034,543</u>	<u>2,095,227</u>
<b>Changes in net position</b>	<u>(189,492)</u>	<u>(208,621)</u>
<b>Net position, beginning</b>	<u>(529,296)</u>	<u>2,099,586</u>
<b>Net position, ending</b>	<u>\$ (718,788)</u>	<u>\$ 1,890,965</u>

**PIMA COUNTY SCHOOL RESERVE FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2015**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**



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

- The \$221,128 decrease in unrestricted state aid was due to a reduction of state equalization assistance.
- The increase in charges for services of \$146,446 was due primarily to amounts due to the Reserve in the prior year for the Endeavor Program in the Fee for Services Fund.

**PIMA COUNTY SCHOOL RESERVE FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2015**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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, 2015</u>		<u>Year Ended June 30, 2014</u>	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Instruction	\$ 630,095	\$ (223,908)	\$ 680,488	\$ (329,065)
Support services – students and staff	627,175	(77,024)	653,958	(227,597)
Support services – administration	609,427	(330,353)	546,878	(280,544)
Operation and maintenance of plant services	21,993	(9,280)	27,084	(20,439)
Student transportation services	145,853	(145,853)	185,978	(185,978)
Operation of non-instructional services			841	(841)
<b>Total</b>	<u>\$2,034,543</u>	<u>\$ (786,418)</u>	<u>\$ 2,095,227</u>	<u>\$ (1,044,464)</u>

- The cost of all governmental activities this year was \$2.0 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$1.2 million.
- Net cost of governmental activities of \$786,418 was financed by general revenues, which are made up primarily of state aid of \$537,301.

**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 \$1.4 million, a decrease of \$319,758 primarily due to a decrease in state aid.

**PIMA COUNTY SCHOOL RESERVE FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2015**

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

The fund balance decreased \$333,441 in the General Fund to \$222,007 as of fiscal year end. General Fund revenues decreased \$106,054 as a result of a decrease in state aid. General Fund expenditures increased \$93,956.

The Limited English & Immigrants Fund revenues increased \$22,132 and expenditures increased \$22,112.

The Special Education Grants Fund revenues decreased \$21,026 and expenditures decreased \$23,354. The Other Federal Projects Fund revenues decreased \$27,758 and expenditures decreased \$27,600.

Fee for Service Fund revenues increased \$93,691 due to increased service for specific programs provided by the Reserve and expenditures decreased \$11,520.

**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 \$17,208 increase, or two 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 \$65,892 in instruction was a result of under expenditure for the budgeted salaries and benefits for teachers as a result of turnover of instructional staff.
- The favorable variance of \$74,490 in student transportation services was a result of turnover in transportation staff.

**PIMA COUNTY SCHOOL RESERVE FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2015**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of year end, the Reserve had invested \$949,069 in capital assets, including land improvements, buildings, buses and other vehicles, computers, and other equipment. Total depreciation expense for the current fiscal year was \$56,170. The net capital asset balance was \$198,150 at June 30, 2015, and \$248,522 at June 30, 2014. 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 2015-16 budget. Among them:

- Available fiscal year 2014-15 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 2015-16. Budgeted expenditures in the General Fund increased \$45,764 to \$682,544 in fiscal year 2015-16. No new programs were added to the 2015-16 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.

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## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**PIMA COUNTY SCHOOL RESERVE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

	Governmental Activities
<b><u>ASSETS</u></b>	
Current assets:	
Cash and investments	\$ 1,296,839
Accounts receivable	19,483
Due from governmental entities	154,514
Prepaid items	15,043
Total current assets	1,485,879
Noncurrent assets:	
Capital assets, net of accumulated depreciation	198,150
Total noncurrent assets	198,150
<b>Total assets</b>	<b>1,684,029</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Pension plan items	209,874
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	77,873
Accrued payroll and employee benefits	53,770
Compensated absences payable	32,711
Unearned revenues	1,161
Total current liabilities	165,515
Noncurrent liabilities:	
Non-current portion of long-term obligations	1,762,133
Total noncurrent liabilities	1,762,133
<b>Total liabilities</b>	<b>1,927,648</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Pension plan items	685,043
<b><u>NET POSITION</u></b>	
Net investment in capital assets	198,150
Restricted for:	
Federal and state projects	362,803
Special purposes	36,176
Capital outlay	95,555
Unrestricted	(1,411,472)
<b>Total net position</b>	<b>\$ (718,788)</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, 2015**

<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	\$ 630,095	\$ 112,221	\$ 286,283	\$ 7,683	\$ (223,908)
Support services - students and staff	627,175	285,765	264,386		(77,024)
Support services - administration	609,427	178,669	100,405		(330,353)
Operation and maintenance of plant services	21,993		12,713		(9,280)
Student transportation services	145,853				(145,853)
<b>Total governmental activities</b>	<u>\$ 2,034,543</u>	<u>\$ 576,655</u>	<u>\$ 663,787</u>	<u>\$ 7,683</u>	<u>(786,418)</u>

**General revenues:**

Investment income	6,527
Unrestricted county aid	53,098
Unrestricted state aid	537,301
<b>Total general revenues</b>	<u>596,926</u>

**Changes in net position** (189,492)

**Net position, beginning of year, as restated** (529,296)

**Net position, end of year** \$ (718,788)

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

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**FUND FINANCIAL STATEMENTS**

**PIMA COUNTY SCHOOL RESERVE FUND  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	General	Limited English & Immigrant Students	Special Education Grants
<b><u>ASSETS</u></b>			
Cash and investments	\$ 215,645	\$	\$
Accounts receivable			
Due from governmental entities	39,902	49,948	32,436
Due from other funds			
Prepaid items	10,871		
<b>Total assets</b>	<b>\$ 266,418</b>	<b>\$ 49,948</b>	<b>\$ 32,436</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 15,673	\$ 21,540	\$ 2,821
Due to other funds		28,408	26,260
Accrued payroll and employee benefits	28,738		3,355
Unearned revenues			
<b>Total liabilities</b>	<b>44,411</b>	<b>49,948</b>	<b>32,436</b>
Fund balances (deficits):			
Nonspendable	10,871		
Restricted			
Committed			
Assigned			
Unassigned	211,136		
<b>Total fund balances</b>	<b>222,007</b>		
 <b>Total liabilities and fund balances</b>	<b>\$ 266,418</b>	<b>\$ 49,948</b>	<b>\$ 32,436</b>

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

<u>Other Federal Projects</u>	<u>Fee for Service</u>	<u>School Plant</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$ 214,168	\$ 346,843	\$ 520,183	\$ 1,296,839
	19,483			19,483
27,179	70,095		5,049	154,514
			4,172	70,095
				15,043
<u>\$ 27,179</u>	<u>\$ 303,746</u>	<u>\$ 346,843</u>	<u>\$ 529,404</u>	<u>\$ 1,555,974</u>
\$ 5,117	\$ 17,431	\$	\$ 15,291	\$ 77,873
15,041			386	70,095
7,021	3,463		11,193	53,770
			1,161	1,161
<u>27,179</u>	<u>20,894</u>		<u>28,031</u>	<u>202,899</u>
			4,172	15,043
			493,372	493,372
	282,852			282,852
		346,843	4,215	351,058
			(386)	210,750
	<u>282,852</u>	<u>346,843</u>	<u>501,373</u>	<u>1,353,075</u>
<u>\$ 27,179</u>	<u>\$ 303,746</u>	<u>\$ 346,843</u>	<u>\$ 529,404</u>	<u>\$ 1,555,974</u>

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**PIMA COUNTY SCHOOL RESERVE FUND  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015**

<b>Total governmental fund balances</b>	<b>\$</b>	<b>1,353,075</b>
<p>Amounts reported for <i>governmental activities</i> in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Governmental capital assets	\$ 949,069	
Less accumulated depreciation	<u>(750,919)</u>	198,150
<p>Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.</p>		
Deferred outflows of resources related to pensions	209,874	
Deferred inflows of resources related to pensions	<u>(685,043)</u>	(475,169)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Compensated absences payable	(40,729)	
Net pension liability	<u>(1,754,115)</u>	<u>(1,794,844)</u>
<b>Net position of governmental activities</b>	<b>\$</b>	<b><u>(718,788)</u></b>

**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, 2015**

	<u>General</u>	<u>Limited English &amp; Immigrant Students</u>	<u>Special Education Grants</u>
<b>Revenues:</b>			
Other local	\$ 233,565	\$	\$
State aid and grants	501,412		
Federal aid, grants and reimbursements		57,680	180,573
<b>Total revenues</b>	<u>734,977</u>	<u>57,680</u>	<u>180,573</u>
<b>Expenditures:</b>			
Current -			
Instruction	320,121	29,649	143,273
Support services - students and staff	96,261	20,785	32,367
Support services - administration	523,937	636	452
Operation and maintenance of plant services	14,610		
Student transportation services	124,878		
Capital outlay	3,434	6,466	1,217
<b>Total expenditures</b>	<u>1,083,241</u>	<u>57,536</u>	<u>177,309</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(348,264)</u>	<u>144</u>	<u>3,264</u>
<b>Other financing sources (uses):</b>			
Transfer in	3,952		
Transfer out		(144)	(3,264)
<b>Total other financing sources (uses):</b>	<u>3,952</u>	<u>(144)</u>	<u>(3,264)</u>
<b>Changes in fund balances</b>	<u>(344,312)</u>		
<b>Fund balances, beginning of year, as restated</b>	555,448		
Increase (decrease) in reserve for prepaid items	10,871		
<b>Fund balances, end of year</b>	<u>\$ 222,007</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>Fee for Service</u>	<u>School Plant</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$ 286,981	\$ 1,497	\$ 115,117	\$ 637,160
			138,575	639,987
138,124			191,527	567,904
<u>138,124</u>	<u>286,981</u>	<u>1,497</u>	<u>445,219</u>	<u>1,845,051</u>
			128,229	621,272
133,313	239,242		188,560	710,528
4,267	3,997		118,699	651,988
	5,090		11,720	31,420
				124,878
		11,456	17,194	39,767
<u>137,580</u>	<u>248,329</u>	<u>11,456</u>	<u>464,402</u>	<u>2,179,853</u>
544	38,652	(9,959)	(19,183)	(334,802)
	7,500		1,812	13,264
(544)	(906)		(8,406)	(13,264)
<u>(544)</u>	<u>6,594</u>		<u>(6,594)</u>	
	45,246	(9,959)	(25,777)	(334,802)
	237,606	356,802	522,978	1,672,834
			4,172	15,043
<u>\$</u>	<u>\$ 282,852</u>	<u>\$ 346,843</u>	<u>\$ 501,373</u>	<u>\$ 1,353,075</u>

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**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, 2015**

**Net changes in fund balances - total governmental funds** **\$ (319,759)**

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	\$ 5,798	
Less current year depreciation	<u>(56,170)</u>	(50,372)

Governmental funds report pension contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension liability, adjusted for deferred pension items, is reported as pension expense in the Statement of Activities.

Current year pension contributions	120,724	
Pension expense	<u>49,049</u>	169,773

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.

10,866

**Changes in net position in governmental activities** **\$ (189,492)**

**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, 2015**

**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.

During the year ended June 30, 2015, the Reserve implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. 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. This Statement also enhances accountability and transparency through revised note disclosures and new required supplementary information.

**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.

**PIMA COUNTY SCHOOL RESERVE FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

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.

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, 2015**

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

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.

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

**PIMA COUNTY SCHOOL RESERVE FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

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.

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

**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, 2015**

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

**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, 2015**

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

**I. Pensions**

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

**J. 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.

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.

**K. 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.

**L. 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.

**PIMA COUNTY SCHOOL RESERVE FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

**M. 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.

**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, 2015**

**NOTE 2 – FUND BALANCE CLASSIFICATIONS**

*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	Fee for Service Fund	School Plant Fund	Non-Major Governmental Funds
Fund Balances:				
Non-spendable:				
Prepaid items	\$ 10,871	\$	\$	\$ 4,172
Restricted:				
Capital projects				95,555
Statutory mandates				112,945
Federal and state projects				110,615
Auxiliary operations				14,762
Other purposes				159,495
Committed		282,852		
Assigned:				
Capital projects			346,843	4,215
Unassigned	211,136			(386)
Total fund balances	\$ 222,007	\$ 282,852	\$ 346,843	\$ 501,373

**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 \$386 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, 2015**

**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	222 days	\$ 1,296,839
Total		<u>\$ 1,296,839</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, 2015**

**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	Non-Major Governmental Funds
Due from other governmental entities:					
Due from federal government	\$	\$ 49,948	\$ 32,346	\$ 27,179	\$ 1,058
Due from state government					3,991
Due from school districts	39,902				
Net due from governmental entities	<u>\$ 39,902</u>	<u>\$ 49,948</u>	<u>\$ 32,346</u>	<u>\$ 27,179</u>	<u>\$ 5,049</u>

**NOTE 6 – CAPITAL ASSETS**

A summary of capital asset activity for the fiscal year ended June 30, 2015 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	\$ 72,883	\$	\$	\$ 72,883
Buildings and improvements	151,880			151,880
Vehicles, furniture and equipment	718,508	5,798		724,306
Total capital assets being depreciated	<u>943,271</u>	<u>5,798</u>		<u>949,069</u>
Less accumulated depreciation for:				
Land improvements	(30,894)	(1,817)		(32,711)
Buildings and improvements	(118,972)	(2,547)		(121,519)
Vehicles, furniture and equipment	(544,883)	(51,806)		(596,689)
Total accumulated depreciation	<u>(694,749)</u>	<u>(56,170)</u>		<u>(750,919)</u>
Total capital assets, being depreciated, net	248,522	(50,372)		198,150
Governmental activities capital assets, net	<u>\$ 248,522</u>	<u>\$ (50,372)</u>	<u>\$</u>	<u>\$ 198,150</u>

**PIMA COUNTY SCHOOL RESERVE FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 6 – CAPITAL ASSETS**

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 4,653
Support services – students and staff	2,976
Support services – administration	13,311
Student transportation services	<u>35,230</u>
Total depreciation expense – governmental activities	<u><u>\$56,170</u></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	\$ 51,595	\$ 19,016	\$ 29,882	\$ 40,729	\$ 32,711
Net pension liability	<u>2,399,057</u>	<u>                    </u>	<u>644,942</u>	<u>1,754,115</u>	<u>                    </u>
Governmental activity long-term liabilities	<u><u>\$ 2,450,652</u></u>	<u><u>\$ 19,016</u></u>	<u><u>\$ 674,824</u></u>	<u><u>\$ 1,794,844</u></u>	<u><u>\$ 32,711</u></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	Special Education Grants Fund	Other Federal Projects Fund	Non-Major Governmental Funds	Total Due from Other Funds
Fee for Service Fund	\$ 28,408	\$ 26,260	\$ 15,041	\$ 386	\$ 70,095
Total Due to Other Funds	<u><u>\$ 28,408</u></u>	<u><u>\$ 26,260</u></u>	<u><u>\$ 15,041</u></u>	<u><u>\$ 386</u></u>	<u><u>\$ 70,095</u></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, 2015**

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

**Interfund transfers:**

<u>Transfers out</u>	<u>Transfers in</u>			<u>Total</u>
	<u>General Fund</u>	<u>Fee for Service Fund</u>	<u>Non-Major Governmental Funds</u>	
Limited English & Immigrant Students Fund	\$ 144	\$	\$	\$ 144
Special Education Grants Fund	3,264			3,264
Other Federal Projects Fund	544			544
Fee for Service Fund			906	906
Non-Major Governmental Funds		7,500	906	8,406
<b>Total</b>	<u>\$ 3,952</u>	<u>\$ 7,500</u>	<u>\$ 1,812</u>	<u>\$ 13,264</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.

**PIMA COUNTY SCHOOL RESERVE FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 10 – PRIOR PERIOD ADJUSTMENTS**

The implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, represents a change in accounting principle. Net position as of July 1, 2014, has been restated as follows for this change in accounting principle. In addition, adjustments affecting the cumulative results of operations due to errors in the prior-year's financial statements:

	Statement of Activities	Governmental Funds	
		General Fund	Non-Major Governmental Funds
Net position/fund balance, June 30, 2014, as previously reported	\$ 1,890,965	\$ 559,827	\$ 539,803
Net pension liability	(2,399,057)		
Reporting errors	(21,204)	(4,379)	(16,825)
Net position/fund balance, July 1, 2014, as restated	<u>\$ (529,296)</u>	<u>\$ 555,448</u>	<u>\$ 522,978</u>

**NOTE 11 – 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, 2015**

**NOTE 11 – RISK MANAGEMENT**

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 12 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

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

**Benefits Provided.** The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms.

**PIMA COUNTY SCHOOL RESERVE FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 12 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

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

\*With actuarially reduced benefits

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

**Contributions.** In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.60 percent (11.48 percent for retirement and 0.12 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 11.60 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll. The Reserve's contributions to the pension plan for the year ended June 30, 2015 were \$120,724.

**PIMA COUNTY SCHOOL RESERVE FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 12 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

In addition, the Reserve was required by statute to contribute at the actuarially determined rate of 9.57 percent (9.51 for retirement and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to ASRS.

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

		Health Benefit Supplement Fund		Long-Term Disability Fund
Year ending June 30:				
2015	\$	6,541	\$	1,330
2014		6,921		2,555
2013		8,697		3,211

**Pension Liability.** At June 30, 2015, the Reserve reported a liability of \$1,754,115 for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The Reserve’s proportion of the net pension liability was based on a projection of the Reserve’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the Reserve’s proportion was 0.012 percent, which was a decrease of 0.003 percent from its proportion measured as of June 30, 2013.

**PIMA COUNTY SCHOOL RESERVE FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 12 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**Pension Expense and Deferred Outflows/Inflows of Resources.** For the year ended June 30, 2015, the Reserve recognized pension expense of \$(49,049) and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 89,150	\$
Changes of assumptions or other inputs		
Net difference between projected and actual earnings on pension plan investments		306,741
Changes in proportion and differences between contributions and proportionate share of contributions		378,302
Contributions subsequent to the measurement date	120,724	
Total	\$ 209,874	\$ 685,043

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:			
2016	\$	(202,404)	
2017		(202,404)	
2018		(114,401)	
2019		(76,684)	

**PIMA COUNTY SCHOOL RESERVE FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 12 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

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

Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	8.0%
Projected salary increases	3.0-6.75%
Inflation	3.0%
Permanent base increases	Included
Mortality rates	1994 GAM Scale BB

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	63%	7.03%
Fixed income	25%	3.20
Real estate	8%	4.75
Commodities	4%	4.50
Total	<u>100%</u>	

**PIMA COUNTY SCHOOL RESERVE FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 12 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**Discount Rate.** The discount rate used to measure the ASRS total pension liability was 8.0 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the Reserve’s proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Proportionate share of the net pension liability	\$ 2,217,111	\$ 1,754,115	\$ 1,502,917

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at [www.azasrs.gov](http://www.azasrs.gov).

**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, 2015**

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Other local	\$	\$	\$ 50,022	\$ 50,022
State aid and grants			500,970	500,970
<b>Total revenues</b>			<u>550,992</u>	<u>550,992</u>
<b>Expenditures:</b>				
Current -				
Instruction	380,235	384,943	319,051	65,892
Support services - students and staff	7,000	7,500	2,547	4,953
Support services - administration	221,337	233,337	231,990	1,347
Operation and maintenance of plant services	11,000	11,000	6,265	4,735
Student transportation services	199,368	199,368	124,878	74,490
<b>Total expenditures</b>	<u>818,940</u>	<u>836,148</u>	<u>684,731</u>	<u>151,417</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(818,940)</u>	<u>(836,148)</u>	<u>(133,739)</u>	<u>702,409</u>
<b>Other financing sources (uses):</b>				
Transfer out			(785)	(785)
<b>Total other financing sources (uses):</b>			<u>(785)</u>	<u>(785)</u>
<b>Changes in fund balances</b>	<u>(818,940)</u>	<u>(836,148)</u>	<u>(134,524)</u>	<u>701,624</u>
<b>Fund balances, beginning of year, as restated</b>			27,388	27,388
<b>Fund balances (deficits), end of year</b>	<u>\$ (818,940)</u>	<u>\$ (836,148)</u>	<u>\$ (107,136)</u>	<u>\$ 729,012</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, 2015**

	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	\$	\$ 57,680	\$ 57,680
<b>Total revenues</b>		<u>57,680</u>	<u>57,680</u>
<b>Expenditures:</b>			
Current -			
Instruction	42,069	29,649	12,420
Support services - students and staff	29,000	20,785	8,215
Support services - administration	1,000	636	364
Capital outlay		6,466	(6,466)
<b>Total expenditures</b>	<u>72,069</u>	<u>57,536</u>	<u>14,533</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(72,069)</u>	<u>144</u>	<u>72,213</u>
<b>Other financing sources (uses):</b>			
Transfer out		(144)	(144)
<b>Total other financing sources (uses):</b>		<u>(144)</u>	<u>(144)</u>
<b>Changes in fund balances</b>	<u>(72,069)</u>		<u>72,069</u>
<b>Fund balances, beginning of year</b>			
<b>Fund balances (deficits), end of year</b>	<u>\$ (72,069)</u>	<u>\$</u>	<u>\$ 72,069</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Federal aid, grants and reimbursements	\$	\$	\$ 180,573	\$ 180,573
<b>Total revenues</b>			<u>180,573</u>	<u>180,573</u>
<b>Expenditures:</b>				
Current -				
Instruction	149,488	269,103	143,273	125,830
Support services - students and staff	33,770	60,794	32,367	28,427
Support services - administration	472	848	452	396
Capital outlay	1,270	2,286	1,217	1,069
<b>Total expenditures</b>	<u>185,000</u>	<u>333,031</u>	<u>177,309</u>	<u>155,722</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(185,000)</u>	<u>(333,031)</u>	<u>3,264</u>	<u>336,295</u>
<b>Other financing sources (uses):</b>				
Transfer out			(3,264)	(3,264)
<b>Total other financing sources (uses):</b>			<u>(3,264)</u>	<u>(3,264)</u>
<b>Changes in fund balances</b>	<u>(185,000)</u>	<u>(333,031)</u>		<u>333,031</u>
<b>Fund balances, beginning of year</b>				
<b>Fund balances (deficits), end of year</b>	<u>\$ (185,000)</u>	<u>\$ (333,031)</u>	<u>\$</u>	<u>\$ 333,031</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, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Federal aid, grants and reimbursements	\$	\$	\$ 138,124	\$ 138,124
<b>Total revenues</b>			<u>138,124</u>	<u>138,124</u>
<b>Expenditures:</b>				
Current -				
Support services - students and staff	10,000	73,545	133,313	(59,768)
Support services - administration			4,267	(4,267)
<b>Total expenditures</b>	<u>10,000</u>	<u>73,545</u>	<u>137,580</u>	<u>(64,035)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(10,000)</u>	<u>(73,545)</u>	<u>544</u>	<u>74,089</u>
<b>Other financing sources (uses):</b>				
Transfer out			(544)	(544)
<b>Total other financing sources (uses):</b>			<u>(544)</u>	<u>(544)</u>
<b>Changes in fund balances</b>	<u>(10,000)</u>	<u>(73,545)</u>		<u>73,545</u>
<b>Fund balances, beginning of year</b>				
<b>Fund balances (deficits), end of year</b>	<u>\$ (10,000)</u>	<u>\$ (73,545)</u>	<u>\$</u>	<u>\$ 73,545</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, 2015**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original &amp; Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>			
Other local	\$	\$ 286,981	\$ 286,981
<b>Total revenues</b>		<u>286,981</u>	<u>286,981</u>
<b>Expenditures:</b>			
Current -			
Support services - students and staff		239,242	(239,242)
Support services - administration		3,997	(3,997)
Operation and maintenance of plant services		5,090	(5,090)
<b>Total expenditures</b>		<u>248,329</u>	<u>(248,329)</u>
<b>Excess (deficiency) of revenues over expenditures</b>		<u>38,652</u>	<u>38,652</u>
<b>Other financing sources (uses):</b>			
Transfer in		7,500	7,500
Transfer out		(906)	(906)
<b>Total other financing sources (uses):</b>		<u>6,594</u>	<u>6,594</u>
<b>Changes in fund balances</b>		<u>45,246</u>	<u>45,246</u>
<b>Fund balances, beginning of year</b>		237,606	237,606
<b>Fund balances, end of year</b>	\$	<u>\$ 282,852</u>	<u>\$ 282,852</u>

See accompanying notes to this schedule.

**PIMA COUNTY SCHOOL RESERVE FUND  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
ARIZONA STATE RETIREMENT SYSTEM  
YEAR ENDED JUNE 30, 2015**

**2015**

District's proportion of the net pension liability (asset)	0.01%
District's proportionate share of the net pension liability (asset)	\$ 1,754,115
District's covered-employee payroll	\$ 1,025,806
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	171.00%
Plan fiduciary net position as a percentage of the total pension liability	69.49%

**SCHEDULE OF CONTRIBUTIONS  
ARIZONA STATE RETIREMENT SYSTEM  
YEAR ENDED JUNE 30, 2015**

**2015**

Actuarially determined contribution	\$ 132,193
Contributions in relation to the actuarially determined contribution	<u>132,193</u>
Contribution deficiency (excess)	<u>\$</u>
District's covered-employee payroll	\$ 935,736
Contributions as a percentage of covered-employee payroll	14.13%

**PIMA COUNTY SCHOOL RESERVE FUND  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2015**

**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 the following items.

- 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:

	Total Expenditures	Fund Balances End of Year
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 1,083,241	\$ 222,007
Activity budgeted as special revenue funds	(398,510)	(329,143)
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	\$ 684,731	\$ (107,136)

**NOTE 2 – PENSION PLAN SCHEDULES**

**Actuarial Assumptions for Valuations Performed.** The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

**Factors that Affect Trends.** The actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

**NOTE 3 – EXCESS EXPENDITURES OVER BUDGET**

At year end, the Other Federal Projects and Fees for Service Funds, major special revenue funds, had excess expenditures over budget of \$64,035 and \$248,239, respectively; however, these do not constitute violations of any legal provisions.

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

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**GOVERNMENTAL FUNDS**

**PIMA COUNTY SCHOOL RESERVE FUND**  
**COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**JUNE 30, 2015**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 412,756	\$ 107,427	\$ 520,183
Due from governmental entities	5,049		5,049
Prepaid items	4,172		4,172
<b>Total assets</b>	<u>\$ 421,977</u>	<u>\$ 107,427</u>	<u>\$ 529,404</u>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 7,634	\$ 7,657	\$ 15,291
Due to other funds	386		386
Accrued payroll and employee benefits	11,193		11,193
Unearned revenues	1,161		1,161
<b>Total liabilities</b>	<u>20,374</u>	<u>7,657</u>	<u>28,031</u>
Fund balances (deficits):			
Nonspendable	4,172		4,172
Restricted	397,817	95,555	493,372
Assigned		4,215	4,215
Unassigned	(386)		(386)
<b>Total fund balances</b>	<u>401,603</u>	<u>99,770</u>	<u>501,373</u>
 <b>Total liabilities and fund balances</b>	 <u>\$ 421,977</u>	 <u>\$ 107,427</u>	 <u>\$ 529,404</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, 2015**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<b>Revenues:</b>			
Other local	\$ 114,709	\$ 408	\$ 115,117
State aid and grants	138,575		138,575
Federal aid, grants and reimbursements	191,527		191,527
<b>Total revenues</b>	<u>444,811</u>	<u>408</u>	<u>445,219</u>
<b>Expenditures:</b>			
Current -			
Instruction	128,229		128,229
Support services - students and staff	188,560		188,560
Support services - administration	118,699		118,699
Operation and maintenance of plant services	11,720		11,720
Capital outlay	1,495	15,699	17,194
<b>Total expenditures</b>	<u>448,703</u>	<u>15,699</u>	<u>464,402</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(3,892)</u>	<u>(15,291)</u>	<u>(19,183)</u>
<b>Other financing sources (uses):</b>			
Transfer in	1,812		1,812
Transfer out	(8,406)		(8,406)
<b>Total other financing sources (uses):</b>	<u>(6,594)</u>		<u>(6,594)</u>
<b>Changes in fund balances</b>	<u>(10,486)</u>	<u>(15,291)</u>	<u>(25,777)</u>
<b>Fund balances, beginning of year, as restated</b>	407,917	115,061	522,978
Increase (decrease) in reserve for prepaid items	4,172		4,172
<b>Fund balances, end of year</b>	<u>\$ 401,603</u>	<u>\$ 99,770</u>	<u>\$ 501,373</u>

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## **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.

**Student Success** - to account for student success monies.

**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.

**Small Schools** – to account 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

**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, 2015**

	<u>Classroom Site</u>	<u>Instructional Improvement</u>	<u>Title I Grants</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 49,288	\$ 62,458	\$ 978
Due from governmental entities	2,750	1,241	1,058
Prepaid items			
<b>Total assets</b>	<u>\$ 52,038</u>	<u>\$ 63,699</u>	<u>\$ 2,036</u>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Accrued payroll and employee benefits	2,792		2,036
Unearned revenues			
<b>Total liabilities</b>	<u>2,792</u>	<u></u>	<u>2,036</u>
Fund balances (deficits):			
Nonspendable			
Restricted	49,246	63,699	
Unassigned			
<b>Total fund balances</b>	<u>49,246</u>	<u>63,699</u>	<u></u>
 <b>Total liabilities and fund balances</b>	 <u>\$ 52,038</u>	 <u>\$ 63,699</u>	 <u>\$ 2,036</u>

<u>Professional Development and Technology Grants</u>	<u>National Forest Fees</u>	<u>Taylor Grazing Fees</u>	<u>E-Rate</u>	<u>Other State Projects</u>	<u>Extracurricular Activities Fees Tax Credit</u>
\$ 5,221	\$ 87,114	\$ 25,119	\$	\$ 3,574	\$ 14,762
<u>\$ 5,221</u>	<u>\$ 87,114</u>	<u>\$ 25,119</u>	<u>\$</u>	<u>\$ 3,574</u>	<u>\$ 14,762</u>
\$ 4,300	\$	\$	\$ 386	\$ 3,334	\$
921	1,618			240	
<u>5,221</u>	<u>1,618</u>	<u></u>	<u>386</u>	<u>3,574</u>	<u></u>
	85,496	25,119	(386)		14,762
	<u>85,496</u>	<u>25,119</u>	<u>(386)</u>	<u></u>	<u>14,762</u>
<u>\$ 5,221</u>	<u>\$ 87,114</u>	<u>\$ 25,119</u>	<u>\$</u>	<u>\$ 3,574</u>	<u>\$ 14,762</u>

(Continued)

**PIMA COUNTY SCHOOL RESERVE FUND  
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2015**

	<u>Gifts and Donations</u>	<u>Small Schools</u>	<u>Fingerprint</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 4,401	\$ 140,426	\$ 127
Due from governmental entities			
Prepaid items		4,172	
<b>Total assets</b>	<u>\$ 4,401</u>	<u>\$ 144,598</u>	<u>\$ 127</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Accrued payroll and employee benefits	2,403	2,344	
Unearned revenues			
<b>Total liabilities</b>	<u>2,403</u>	<u>2,344</u>	
Fund balances (deficits):			
Nonspendable		4,172	
Restricted	1,998	138,082	127
Unassigned			
<b>Total fund balances</b>	<u>1,998</u>	<u>142,254</u>	<u>127</u>
<b>Total liabilities and fund balances</b>	<u>\$ 4,401</u>	<u>\$ 144,598</u>	<u>\$ 127</u>

<u>Insurance Proceeds</u>	<u>Litigation Recovery</u>	<u>Teachergage</u>	<u>Totals</u>
\$ 6,942	\$ 12,308	\$ 38	\$ 412,756
			5,049
			4,172
<u>\$ 6,942</u>	<u>\$ 12,308</u>	<u>\$ 38</u>	<u>\$ 421,977</u>
\$	\$	\$	\$ 7,634
			386
			11,193
			1,161
			<u>20,374</u>
			4,172
6,942	12,308	38	397,817
			(386)
<u>6,942</u>	<u>12,308</u>	<u>38</u>	<u>401,603</u>
<u>\$ 6,942</u>	<u>\$ 12,308</u>	<u>\$ 38</u>	<u>\$ 421,977</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, 2015**

	Classroom Site	Instructional Improvement	Title I Grants
<b>Revenues:</b>			
Other local	\$ 191	\$ 257	\$
State aid and grants	33,005	2,884	
Federal aid, grants and reimbursements			87,751
<b>Total revenues</b>	33,196	3,141	87,751
<b>Expenditures:</b>			
Current -			
Instruction	36,824		87,751
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Capital outlay			
<b>Total expenditures</b>	36,824		87,751
<b>Excess (deficiency) of revenues over expenditures</b>	(3,628)	3,141	
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>	(3,628)	3,141	
<b>Fund balances (deficits), beginning of year, as restated</b>	52,874	60,558	
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	\$ 49,246	\$ 63,699	\$

Professional Development and Technology Grants	National Forest Fees	Taylor Grazing Fees	E-Rate	Other State Projects	Extracurricular Activities Fees Tax Credit
\$	\$	\$	\$ 855	\$	\$ 61
23,065	63,131	15,941	1,639	3,934	
<u>23,065</u>	<u>63,131</u>	<u>15,941</u>	<u>2,494</u>	<u>3,934</u>	<u>61</u>
	780			2,874	
22,349	3,042			1,060	
716	21,608	1,200			
			2,148		
<u>23,065</u>	<u>25,430</u>	<u>1,200</u>	<u>2,148</u>	<u>3,934</u>	
	<u>37,701</u>	<u>14,741</u>	<u>346</u>		<u>61</u>
	<u>37,701</u>	<u>14,741</u>	<u>346</u>		<u>61</u>
	47,795	10,378	(732)		14,701
<u>\$</u>	<u>\$ 85,496</u>	<u>\$ 25,119</u>	<u>\$ (386)</u>	<u>\$</u>	<u>\$ 14,762</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, 2015**

	Gifts and Donations	Small Schools	Fingerprint
<b>Revenues:</b>			
Other local	\$ 86,494	\$ 978	\$
State aid and grants		98,752	
Federal aid, grants and reimbursements			
<b>Total revenues</b>	86,494	99,730	
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff	95,899	66,059	
Support services - administration		77,066	
Operation and maintenance of plant services		9,537	
Capital outlay			
<b>Total expenditures</b>	95,899	152,662	
<b>Excess (deficiency) of revenues over expenditures</b>	(9,405)	(52,932)	
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out		(906)	
<b>Total other financing sources (uses):</b>		(906)	
<b>Changes in fund balances</b>	(9,405)	(53,838)	
<b>Fund balances (deficits), beginning of year, as restated</b>	11,403	191,920	127
Increase (decrease) in reserve for prepaid items		4,172	
<b>Fund balances, end of year</b>	\$ 1,998	\$ 142,254	\$ 127

<u>Insurance Proceeds</u>	<u>Litigation Recovery</u>	<u>Teacherage</u>	<u>Intergovernmental Agreements</u>	<u>Totals</u>
\$ 34	\$ 361	\$	\$ 25,478	\$ 114,709
<u>34</u>	<u>361</u>	<u></u>	<u>25,478</u>	<u>138,575</u>
				191,527
				<u>444,811</u>
				128,229
			151	188,560
			18,109	118,699
			35	11,720
			1,495	1,495
			<u>19,790</u>	<u>448,703</u>
<u>34</u>	<u>361</u>	<u></u>	<u>5,688</u>	<u>(3,892)</u>
			1,812	1,812
			<u>(7,500)</u>	<u>(8,406)</u>
			<u>(5,688)</u>	<u>(6,594)</u>
<u>34</u>	<u>361</u>	<u></u>	<u></u>	<u>(10,486)</u>
6,908	11,947	38		407,917
				4,172
<u>\$ 6,942</u>	<u>\$ 12,308</u>	<u>\$ 38</u>	<u>\$</u>	<u>\$ 401,603</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, 2015**

	Classroom Site		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 191	\$ 191
State aid and grants		33,005	33,005
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>33,196</u>	<u>33,196</u>
<b>Expenditures:</b>			
Current -			
Instruction	98,965	36,824	62,141
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Capital outlay			
<b>Total expenditures</b>	<u>98,965</u>	<u>36,824</u>	<u>62,141</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(98,965)</u>	<u>(3,628)</u>	<u>95,337</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>(98,965)</u>	<u>(3,628)</u>	<u>95,337</u>
<b>Fund balances (deficits), beginning of year, as restated</b>		52,874	52,874
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	<u>\$ (98,965)</u>	<u>\$ 49,246</u>	<u>\$ 148,211</u>

Instructional Improvement			Student Success		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$ 257 2,884	\$ 257 2,884	\$	\$ 442	\$ 442
	<u>3,141</u>	<u>3,141</u>		<u>442</u>	<u>442</u>
62,000		62,000		442	(442)
<u>62,000</u>		<u>62,000</u>		<u>442</u>	<u>(442)</u>
<u>(62,000)</u>	<u>3,141</u>	<u>65,141</u>			
<u>(62,000)</u>	<u>3,141</u>	<u>65,141</u>			
	60,558	60,558			
<u>\$ (62,000)</u>	<u>\$ 63,699</u>	<u>\$ 125,699</u>	<u>\$</u>	<u>\$</u>	<u>\$</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, 2015**

	Title I Grants		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		87,751	87,751
<b>Total revenues</b>		<u>87,751</u>	<u>87,751</u>
<b>Expenditures:</b>			
Current -			
Instruction	86,682	87,751	(1,069)
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Capital outlay			
<b>Total expenditures</b>	<u>86,682</u>	<u>87,751</u>	<u>(1,069)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(86,682)</u>		<u>86,682</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>(86,682)</u>		<u>86,682</u>
<b>Fund balances (deficits), beginning of year, as restated</b>			
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	<u>\$ (86,682)</u>	<u>\$</u>	<u>\$ 86,682</u>

Professional Development and Technology Grants		
Budget	Actual	Variance - Positive (Negative)
\$	\$	\$
	23,065	23,065
	23,065	23,065
23,769	22,349	1,420
	716	(716)
23,769	23,065	704
(23,769)		23,769
(23,769)		23,769
\$ (23,769)	\$	\$ 23,769

National Forest Fees		
Budget	Actual	Variance - Positive (Negative)
\$	\$	\$
	63,131	63,131
	63,131	63,131
	780	(780)
	3,042	(3,042)
	21,608	(21,608)
	25,430	(25,430)
	37,701	37,701
	37,701	37,701
	47,795	47,795
\$	\$ 85,496	\$ 85,496

**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, 2015**

	Taylor Grazing Fees		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		15,941	15,941
<b>Total revenues</b>		<u>15,941</u>	<u>15,941</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration		1,200	(1,200)
Operation and maintenance of plant services			
Capital outlay			
<b>Total expenditures</b>		<u>1,200</u>	<u>(1,200)</u>
<b>Excess (deficiency) of revenues over expenditures</b>		<u>14,741</u>	<u>14,741</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>14,741</u>	<u>14,741</u>
<b>Fund balances (deficits), beginning of year, as restated</b>		10,378	10,378
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	<u>\$</u>	<u>\$ 25,119</u>	<u>\$ 25,119</u>

E-Rate			Other State Projects		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 855	\$ 855	\$	\$	\$
	1,639	1,639		3,934	3,934
	2,494	2,494		3,934	3,934
			5,200	2,874	2,326
			2,000	1,060	940
	2,148	(2,148)			
	2,148	(2,148)	7,200	3,934	3,266
	346	346	(7,200)		7,200
	346	346	(7,200)		7,200
	(732)	(732)			
\$	\$ (386)	\$ (386)	\$ (7,200)	\$	\$ 7,200

**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, 2015**

	Extracurricular Activities Fees Tax Credit		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 61	\$ 61
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		61	61
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Capital outlay			
<b>Total expenditures</b>			
<b>Excess (deficiency) of revenues over expenditures</b>		61	61
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>		61	61
<b>Fund balances (deficits), beginning of year, as restated</b>		14,701	14,701
Increase (decrease) in reserve for prepaid items			
<b>Fund balances, end of year</b>	\$	\$ 14,762	\$ 14,762

Gifts and Donations			Small Schools		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 86,494	\$ 86,494	\$	\$ 978	\$ 978
				98,752	98,752
	<u>86,494</u>	<u>86,494</u>		<u>99,730</u>	<u>99,730</u>
	95,899	(95,899)		66,059	(66,059)
				77,066	(77,066)
				9,537	(9,537)
	<u>95,899</u>	<u>(95,899)</u>		<u>152,662</u>	<u>(152,662)</u>
	(9,405)	(9,405)		(52,932)	(52,932)
				(906)	(906)
				(906)	(906)
	(9,405)	(9,405)		(53,838)	(53,838)
	11,403	11,403		191,920	191,920
				4,172	4,172
<u>\$</u>	<u>\$ 1,998</u>	<u>\$ 1,998</u>	<u>\$</u>	<u>\$ 142,254</u>	<u>\$ 142,254</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, 2015**

	Fingerprint		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>			
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Capital outlay			
<b>Total expenditures</b>			
<b>Excess (deficiency) of revenues over expenditures</b>			
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>			
<b>Fund balances (deficits), beginning of year, as restated</b>		127	127
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	\$	\$ 127	\$ 127

Insurance Proceeds			Litigation Recovery		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 34	\$ 34	\$	\$ 361	\$ 361
	34	34		361	361
7,000		7,000	800		800
7,000		7,000	800		800
(7,000)	34	7,034	(800)	361	1,161
(7,000)	34	7,034	(800)	361	1,161
	6,908	6,908		11,947	11,947
\$ (7,000)	\$ 6,942	\$ 13,942	\$ (800)	\$ 12,308	\$ 13,108

(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, 2015**

	Administrative Costs		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 183,543	\$ 183,543
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>183,543</u>	<u>183,543</u>
<b>Expenditures:</b>			
Current -			
Instruction		628	(628)
Support services - students and staff		93,714	(93,714)
Support services - administration	2,000	291,947	(289,947)
Operation and maintenance of plant services		8,345	(8,345)
Capital outlay		3,434	(3,434)
<b>Total expenditures</b>	<u>2,000</u>	<u>398,068</u>	<u>(396,068)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,000)</u>	<u>(214,525)</u>	<u>(212,525)</u>
<b>Other financing sources (uses):</b>			
Transfer in		4,737	4,737
Transfer out			
<b>Total other financing sources (uses):</b>		<u>4,737</u>	<u>4,737</u>
<b>Changes in fund balances</b>	<u>(2,000)</u>	<u>(209,788)</u>	<u>(207,788)</u>
<b>Fund balances (deficits), beginning of year, as restated</b>		528,060	528,060
Increase (decrease) in reserve for prepaid items		10,871	10,871
<b>Fund balances (deficits), end of year</b>	<u>\$ (2,000)</u>	<u>\$ 329,143</u>	<u>\$ 331,143</u>

Teacherage			Intergovernmental Agreements		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 25,478	\$ 25,478
				25,478	25,478
				151	(151)
				18,109	(18,109)
				35	(35)
				1,495	(1,495)
				19,790	(19,790)
				5,688	5,688
				1,812	1,812
				(7,500)	(7,500)
				(5,688)	(5,688)
	38	38			
\$	\$ 38	\$ 38	\$	\$	\$

**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, 2015**

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 298,252	\$ 298,252
State aid and grants		139,017	139,017
Federal aid, grants and reimbursements		191,527	191,527
<b>Total revenues</b>		<u>628,796</u>	<u>628,796</u>
<b>Expenditures:</b>			
Current -			
Instruction	260,647	129,299	131,348
Support services - students and staff	25,769	282,274	(256,505)
Support services - administration	2,000	410,646	(408,646)
Operation and maintenance of plant services		20,065	(20,065)
Capital outlay		4,929	(4,929)
<b>Total expenditures</b>	<u>288,416</u>	<u>847,213</u>	<u>(558,797)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(288,416)</u>	<u>(218,417)</u>	<u>69,999</u>
<b>Other financing sources (uses):</b>			
Transfer in		6,549	6,549
Transfer out		(8,406)	(8,406)
<b>Total other financing sources (uses):</b>		<u>(1,857)</u>	<u>(1,857)</u>
<b>Changes in fund balances</b>	<u>(288,416)</u>	<u>(220,274)</u>	<u>68,142</u>
<b>Fund balances (deficits), beginning of year, as restated</b>		935,977	935,977
Increase (decrease) in reserve for prepaid items		15,043	15,043
<b>Fund balances (deficits), end of year</b>	<u>\$ (288,416)</u>	<u>\$ 730,746</u>	<u>\$ 1,019,162</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.

**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, 2015**

	Unrestricted Capital Outlay	Building Renewal	Bus Replacement
<b><u>ASSETS</u></b>			
Cash and investments	\$ 64,732	\$ 38,480	\$ 4,215
<b>Total assets</b>	<b>\$ 64,732</b>	<b>\$ 38,480</b>	<b>\$ 4,215</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 7,657	\$	\$
<b>Total liabilities</b>	<b>7,657</b>		
Fund balances:			
Restricted	57,075	38,480	
Assigned			4,215
<b>Total fund balances</b>	<b>57,075</b>	<b>38,480</b>	<b>4,215</b>
 <b>Total liabilities and fund balances</b>	<b>\$ 64,732</b>	<b>\$ 38,480</b>	<b>\$ 4,215</b>

Totals

\$ 107,427  
\$ 107,427

\$ 7,657  
7,657

95,555  
4,215  
99,770

\$ 107,427

**PIMA COUNTY SCHOOL RESERVE FUND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 NON-MAJOR CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2015**

	Unrestricted Capital Outlay	Building Renewal	Bus Replacement
<b>Revenues:</b>			
Other local	\$ 227	\$ 161	\$ 20
<b>Total revenues</b>	227	161	20
<b>Expenditures:</b>			
Capital outlay	15,699		
<b>Total expenditures</b>	15,699		
<b>Changes in fund balances</b>	(15,472)	161	20
<b>Fund balances, beginning of year</b>	72,547	38,319	4,195
<b>Fund balances, end of year</b>	\$ 57,075	\$ 38,480	\$ 4,215

Totals

\$	408
	<u>408</u>

	15,699
	<u>15,699</u>

	<u>(15,291)</u>
--	-----------------

	115,061
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\$	<u>99,770</u>
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**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, 2015**

	School Plant		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 1,497	\$ 1,497
<b>Total revenues</b>		<u>1,497</u>	<u>1,497</u>
<b>Expenditures:</b>			
Capital outlay	358,000	11,456	346,544
<b>Total expenditures</b>	<u>358,000</u>	<u>11,456</u>	<u>346,544</u>
<b>Changes in fund balances</b>	<u>(358,000)</u>	<u>(9,959)</u>	<u>348,041</u>
<b>Fund balances, beginning of year</b>		356,802	356,802
<b>Fund balances (deficits), end of year</b>	<u>\$ (358,000)</u>	<u>\$ 346,843</u>	<u>\$ 704,843</u>

Unrestricted Capital Outlay			Building Renewal		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 227	\$ 227	\$	\$ 161	\$ 161
	227	227		161	161
99,186	15,699	83,487			
99,186	15,699	83,487			
(99,186)	(15,472)	83,714		161	161
	72,547	72,547		38,319	38,319
\$ (99,186)	\$ 57,075	\$ 156,261	\$	\$ 38,480	\$ 38,480

**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, 2015**

	Bus Replacement		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 20	\$ 20
<b>Total revenues</b>	_____	20	20
<b>Expenditures:</b>			
Capital outlay	_____	_____	_____
<b>Total expenditures</b>	_____	_____	_____
<b>Changes in fund balances</b>	_____	20	20
<b>Fund balances, beginning of year</b>	_____	4,195	4,195
<b>Fund balances (deficits), end of year</b>	\$ _____	\$ 4,215	\$ 4,215

Totals		
Budget	Actual	Variance - Positive (Negative)
\$	\$ 1,905	\$ 1,905
	<u>1,905</u>	<u>1,905</u>
457,186	27,155	430,031
<u>457,186</u>	<u>27,155</u>	<u>430,031</u>
(457,186)	(25,250)	431,936
	471,863	471,863
<u>\$ (457,186)</u>	<u>\$ 446,613</u>	<u>\$ 903,799</u>

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## 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.

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**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>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
<b>Net Position:</b>					
Net investment in capital assets	\$ 198,150	\$ 248,522	\$ 271,201	\$ 319,674	\$ 376,262
Restricted	494,534	491,189	448,506	536,242	748,007
Unrestricted	(1,411,472)	1,151,254	1,379,879	1,452,886	1,225,092
Total net position	\$ (718,788)	\$ 1,890,965	\$ 2,099,586	\$ 2,308,802	\$ 2,349,361
	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>
<b>Net Position:</b>					
Net investment in capital assets	\$ 424,143	\$ 440,592	\$ 237,050	\$ 218,823	\$ 765,949
Restricted	301,828	469,682	888,766	912,999	965,277
Unrestricted	1,472,192	1,544,706	1,496,278	1,291,031	347,831
Total net position	\$ 2,198,163	\$ 2,454,980	\$ 2,622,094	\$ 2,422,853	\$ 2,079,057

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

**Note:** The decrease in unrestricted net position in the fiscal year 2015 is due to the implementation of the pension standards

**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>2015</b></u>	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>2012</b></u>	<u><b>2011</b></u>
<b>Expenses</b>					
Instruction	\$ 630,095	\$ 680,488	\$ 833,386	\$ 1,262,553	\$ 1,317,272
Support services - students and staff	627,175	653,958	1,302,698	1,699,286	1,896,939
Support services - administration	609,427	546,878	615,509	633,645	728,883
Operation and maintenance of plant services	21,993	27,084	21,262	35,467	32,132
Student transportation services	145,853	185,978	206,745	160,424	168,535
Operation of non-instructional services		841	1,139	137	951
Total expenses	<u>2,034,543</u>	<u>2,095,227</u>	<u>2,980,739</u>	<u>3,791,512</u>	<u>4,144,712</u>
<b>Program Revenues</b>					
Charges for services:					
Instruction	112,221	81,981	46,779	44,994	6,991
Operation of non-instructional services			452,478	677,895	642,459
Other activities	464,434	348,228	228,065	251,281	249,045
Operating grants and contributions	663,787	618,747	1,088,295	1,846,476	2,321,429
Capital grants and contributions	7,683	1,807	11,390	13,217	16,647
Total program revenues	<u>1,248,125</u>	<u>1,050,763</u>	<u>1,827,007</u>	<u>2,833,863</u>	<u>3,236,571</u>
<b>Net (Expense)/Revenue</b>	<u><u>\$ (786,418)</u></u>	<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>

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Expenses</b>					
Instruction	\$ 1,650,752	\$ 1,572,024	\$ 1,605,284	\$ 966,212	\$ 913,986
Support services - students and staff	2,001,296	1,752,237	1,716,069	1,338,225	1,209,102
Support services - administration	635,588	552,864	474,858	568,049	584,978
Operation and maintenance of plant services	38,236	39,444	47,524	55,315	46,162
Student transportation services	58,115	138,358	185,147	146,583	177,704
Operation of non-instructional services	3,398	17,844			
Total expenses	<u>4,387,385</u>	<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	356		90,939	121,037	74,904
Operation of non-instructional services	398,283	413,913	460,985	357,515	45,518
Other activities	221,477	106,824	23,557	82,026	50,576
Operating grants and contributions	2,561,465	2,163,603	2,276,264	1,256,894	1,416,147
Capital grants and contributions	14,325	33,206	40,219	20,624	38,107
Total program revenues	<u>3,195,906</u>	<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>\$ (1,191,479)</u>	<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.

**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>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Net (Expense)/Revenue</b>	\$ (786,418)	\$ (1,044,464)	\$ (1,153,732)	\$ (957,649)	\$ (908,141)
<b>General Revenues:</b>					
Investment income	6,527	12,621	48,649	11,971	17,235
Unrestricted county aid	53,098	59,001	60,565	59,318	57,272
Unrestricted state aid	537,301	758,429	828,851	837,912	964,961
Unrestricted federal aid		5,792	6,451	7,889	19,871
<b>Total general revenues</b>	596,926	835,843	944,516	917,090	1,059,339
<b>Changes in Net Position</b>	\$ (189,492)	\$ (208,621)	\$ (209,216)	\$ (40,559)	\$ 151,198

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Net (Expense)/Revenue</b>	\$ (1,191,479)	\$ (1,355,225)	\$ (1,136,918)	\$ (1,236,288)	\$ (1,306,680)
<b>General Revenues:</b>					
Investment income	30,167	40,458	110,765	78,618	57,660
Unrestricted county aid	48,652			587	149,033
Unrestricted state aid	757,581	1,137,864	1,213,927	1,161,915	1,093,178
Unrestricted federal aid	98,262	9,789	11,467	10,811	
Special item - gain on sale of land				34,056	
<b>Total general revenues</b>	<u>934,662</u>	<u>1,188,111</u>	<u>1,336,159</u>	<u>1,285,987</u>	<u>1,299,871</u>
<b>Changes in Net Position</b>	<u>\$ (256,817)</u>	<u>\$ (167,114)</u>	<u>\$ 199,241</u>	<u>\$ 49,699</u>	<u>\$ (6,809)</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>2015</b></u>	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>2012</b></u>	<u><b>2011</b></u>
General Fund:					
Nonspendable	\$ 10,871	\$	\$	\$	\$ 4,346
Restricted					
Assigned				1,149	1,149
Unassigned	211,136	559,827	680,663	709,322	532,767
Total General Fund	<u>\$ 222,007</u>	<u>\$ 559,827</u>	<u>\$ 680,663</u>	<u>\$ 710,471</u>	<u>\$ 538,262</u>
All Other Governmental Funds:					
Nonspendable	\$ 4,172	\$	\$	\$	\$ 22,346
Restricted	493,372	536,340	514,513	508,293	1,178,443
Committed	282,852	237,606	315,104	414,119	289,575
Assigned	351,058	360,997	359,187	418,952	4,102
Unassigned	(386)	(732)	(447)		
Total all other governmental funds	<u>\$ 1,131,068</u>	<u>\$ 1,134,211</u>	<u>\$ 1,188,357</u>	<u>\$ 1,341,364</u>	<u>\$ 1,494,466</u>

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund:					
Restricted	\$ 62,129	\$	\$	\$	\$
Unassigned	54,655				
Reserved					8,929
Unreserved		48,646	42,655	(76,656)	(109,769)
Total General Fund	<u>\$ 116,784</u>	<u>\$ 48,646</u>	<u>\$ 42,655</u>	<u>\$ (76,656)</u>	<u>\$ (100,840)</u>
All Other Governmental Funds:					
Restricted	\$ 899,428	\$	\$	\$	\$
Assigned	817,263				
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
Capital projects funds		469,682	879,612	912,999	965,277
Total all other governmental funds	<u>\$ 1,716,691</u>	<u>\$ 1,999,696</u>	<u>\$ 2,434,646</u>	<u>\$ 2,306,150</u>	<u>\$ 1,445,744</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.

**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>2015</b></u>	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>2012</b></u>	<u><b>2011</b></u>
<b>Federal sources:</b>					
Federal grants	\$ 551,963	\$ 611,310	\$ 1,084,273	\$ 1,842,659	\$ 2,277,956
State Fiscal Stabilization (ARRA)					7,723
Taylor Grazing	15,941	5,792	6,451	7,889	7,138
Total federal sources	<u>567,904</u>	<u>617,102</u>	<u>1,090,724</u>	<u>1,850,548</u>	<u>2,292,817</u>
<b>State sources:</b>					
State equalization assistance	501,412	448,102	661,447	588,891	696,348
State grants	102,604	273,854	108,658	96,993	232,214
Other revenues	35,971	45,717	74,158	155,845	40,505
Total state sources	<u>639,987</u>	<u>767,673</u>	<u>844,263</u>	<u>841,729</u>	<u>969,067</u>
<b>Local sources:</b>					
County aid	53,098	59,001	60,565	59,358	57,273
Investment income	6,532	12,621	48,649	11,971	15,015
Other revenues	577,530	430,209	727,322	987,347	961,738
Total local sources	<u>637,160</u>	<u>501,831</u>	<u>836,536</u>	<u>1,058,676</u>	<u>1,034,026</u>
<b>Total revenues</b>	<u><u>\$ 1,845,051</u></u>	<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>

(Continued)

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Federal sources:</b>					
Federal grants	\$ 2,520,278	\$ 2,143,782	\$ 2,282,967	\$ 1,105,999	\$ 1,237,097
State Fiscal Stabilization (ARRA)	90,733				
Taylor Grazing	7,104	9,789	11,467	10,811	16,897
Total federal sources	<u>2,618,115</u>	<u>2,153,571</u>	<u>2,294,434</u>	<u>1,116,810</u>	<u>1,253,994</u>
<b>State sources:</b>					
State equalization assistance	623,351	873,128	866,898	828,333	849,831
State grants	4,216	97,631	127,887	344,295	285,645
School Facilities Board			1,164		
Other revenues	134,230	171,436	251,494	160,806	164,203
Total state sources	<u>761,797</u>	<u>1,142,195</u>	<u>1,247,443</u>	<u>1,333,434</u>	<u>1,299,679</u>
<b>Local sources:</b>					
County aid	48,652			587	149,033
Investment income	30,166	40,248	110,765	86,165	58,031
Other revenues	671,838	571,761	575,481	1,062,281	170,627
Total local sources	<u>750,656</u>	<u>612,009</u>	<u>686,246</u>	<u>1,149,033</u>	<u>377,691</u>
<b>Total revenues</b>	<u>\$ 4,130,568</u>	<u>\$ 3,907,775</u>	<u>\$ 4,228,123</u>	<u>\$ 3,599,277</u>	<u>\$ 2,931,364</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>2015</b></u>	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>2012</b></u>	<u><b>2011</b></u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 621,272	\$ 649,335	\$ 811,878	\$ 1,253,573	\$ 1,281,795
Support services - students and staff	710,528	640,992	1,291,185	1,668,159	1,903,654
Support services - administration	651,988	524,523	606,691	629,270	717,402
Operation and maintenance of plant services	31,420	24,981	18,414	26,434	38,446
Student transportation services	124,878	143,276	162,705	120,893	125,337
Capital outlay	39,767	78,481	63,465	6,825	56,715
<b>Total expenditures</b>	<u><u>\$ 2,179,853</u></u>	<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>
Expenditures for capitalized assets	\$ 5,978	\$ 36,417	\$ 6,507	\$	\$ 9,150
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>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 1,535,126	\$ 1,409,603	\$ 1,546,890	\$ 849,379	\$ 862,864
Support services - students and staff	1,945,794	1,716,483	1,656,671	1,293,356	1,127,304
Support services - administration	612,201	538,994	458,326	529,481	576,251
Operation and maintenance of plant services	26,388	36,091	44,171	42,032	51,739
Student transportation services	3,910	127,380	117,367	106,984	142,569
Capital outlay	213,356	507,689	156,702	185,733	142,799
<b>Total expenditures</b>	<u>\$ 4,336,775</u>	<u>\$ 4,336,240</u>	<u>\$ 3,980,127</u>	<u>\$ 3,006,965</u>	<u>\$ 2,903,526</u>
Expenditures for capitalized assets	\$ 43,379	\$ 278,573	\$ 77,411	\$	\$ 69,824
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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (334,802)	\$ (174,982)	\$ (182,815)	\$ 45,799	\$ 172,561
<b>Other financing sources (uses):</b>					
Transfers in	13,264	38,636	5,014	21,079	9,321
Transfers out	(13,264)	(38,636)	(5,014)	(21,079)	(9,321)
Total other financing sources (uses)	_____	_____	_____	_____	_____
<b>Changes in fund balances</b>	\$ (334,802)	\$ (174,982)	\$ (182,815)	\$ 45,799	\$ 172,561
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (206,207)	\$ (428,465)	\$ 247,996	\$ 592,312	\$ 27,838
<b>Other financing sources (uses):</b>					
Transfers in	140,011	113,746	24,159	12,351	14,563
Transfers out	(140,011)	(113,746)	(24,159)	(12,351)	(14,563)
Total other financing sources (uses)	_____	_____	_____	_____	_____
<b>Changes in fund balances</b>	\$ (206,207)	\$ (428,465)	\$ 247,996	\$ 592,312	\$ 27,838

**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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Commercial, Industrial, Utilities and Mining	\$ 2,308,944,288	\$ 2,376,075,643	\$ 2,501,480,063	\$ 2,436,727,616	\$ 2,473,296,098
Agricultural and Vacant	407,857,373	429,967,166	472,558,097	500,836,030	536,958,672
Residential (Owner Occupied)	3,401,121,728	3,686,808,223	4,031,369,378	4,418,416,161	4,925,214,375
Residential (Rental)	1,351,489,802	1,015,072,592	1,005,441,098	913,813,479	964,357,366
Railroad, Private Cars and Airlines	10,643,792	8,754,112	8,319,289	6,586,478	6,415,323
Historical Property	37,111,820	42,481,690	45,084,381	33,216,576	33,324,569
Certain Government Property Improvements	64,219	75,836	80,669	180,841	57,277
<b>Total</b>	<b>\$ 7,517,233,022</b>	<b>\$ 7,559,235,262</b>	<b>\$ 8,064,332,975</b>	<b>\$ 8,309,777,181</b>	<b>\$ 8,939,623,680</b>
Estimated Actual Value (Full Cash Value)	\$ 75,389,155,387	\$ 74,590,066,749	\$ 77,731,085,615	\$ 80,205,310,766	\$ 86,405,986,557
Ratio of Primary Assessed Value to Estimated Actual Value	10%	10%	10%	10%	10%
Total Direct Rate	0%	0%	0%	0%	0%

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Commercial, Industrial, Utilities and Mining	\$ 2,568,808,080	\$ 2,358,647,833	\$ 2,204,071,614	\$ 2,012,091,228	\$ 1,894,235,051
Agricultural and Vacant	525,778,451	493,054,678	428,485,565	363,037,685	321,768,548
Residential (Owner Occupied)	4,944,071,553	4,546,560,603	3,995,335,563	3,488,338,652	3,106,838,527
Residential (Rental)	909,875,313	806,355,576	694,636,372	590,675,788	517,147,830
Railroad, Private Cars and Airlines	6,282,822	7,087,822	7,539,690	9,913,953	9,377,676
Historical Property	31,449,039	28,353,808	23,262,284	20,613,838	18,775,852
Certain Government Property Improvements	51,408				
<b>Total</b>	<b>\$ 8,986,316,666</b>	<b>\$ 8,240,060,320</b>	<b>\$ 7,353,331,088</b>	<b>\$ 6,484,671,144</b>	<b>\$ 5,868,143,484</b>
Estimated Actual Value (Full Cash Value)	\$ 88,039,453,661	\$ 85,751,619,734	\$ 72,137,409,692	\$ 59,915,496,229	\$ 52,366,493,761
Ratio of Primary Value to Estimated Actual Value	10%	10%	10%	11%	11%
Total Direct Rate	0%	0%	0%	0%	0%

**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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Commercial, Industrial, Utilities and Mining	\$ 2,338,446,192	\$ 2,413,526,845	\$ 2,563,908,619	\$ 2,535,326,835	\$ 2,661,402,586
Agricultural and Vacant	417,186,674	443,231,784	495,338,152	548,039,133	647,171,599
Residential (Owner Occupied)	3,409,651,055	3,690,043,699	4,036,698,072	4,431,202,754	4,988,337,113
Residential (Rental)	1,365,044,133	1,024,062,086	1,015,495,228	922,058,153	1,000,887,566
Railroad, Private Cars and Airlines	10,734,466	8,829,493	8,461,487	7,283,927	7,543,678
Historical Property	37,488,217	43,921,537	51,228,912	37,854,596	40,192,903
Certain Government Property Improvements	64,219	75,836	81,452	185,397	58,673
<b>Total</b>	<b>\$ 7,578,614,956</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>
Ratio of Secondary Assessed Value to Estimated Actual Value	10%	10%	11%	11%	11%
Total District Rate	0%	0%	0%	0%	0%

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Commercial, Industrial, Utilities and Mining	\$ 2,827,809,494	\$ 2,534,687,124	\$ 2,373,675,894	\$ 2,123,574,719	\$ 1,927,573,052
Agricultural and Vacant	705,862,338	722,576,881	612,335,091	482,812,393	388,945,276
Residential (Owner Occupied)	5,250,670,779	5,330,678,881	4,421,684,326	3,606,160,638	3,164,756,655
Residential (Rental)	1,004,537,864	955,352,684	791,211,113	640,391,151	552,889,152
Railroad, Private Cars and Airlines	7,292,676	7,883,807	8,226,125	10,410,673	10,147,794
Historical Property	44,390,933	40,877,057	29,366,067	24,454,305	22,141,663
Certain Government Property Improvements	55,557				
<b>Total</b>	<b>\$ 9,840,619,641</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>
Ratio of Secondary Assessed Value to Estimated Actual Value	11%	11%	11%	11%	12%
Total District Rate	0%	0%	0%	0%	0%

**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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Commercial, Industrial, Utilities and Mining	19 %	20 %	20 %	20 %	21 %
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	16	15	15	15	17

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Commercial, Industrial, Utilities and Mining	22 %	23 %	24 %	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	18	20	21	22	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>
2014	1,007,162	\$ 36,935,363	\$ 37,063	6.2 %
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

**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 2005 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 through 2014, 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>2015</u>		<u>2006</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 %	10,282	2.27 %
Raytheon Missile Systems	10,300	2.44	10,756	2.37
Davis Monthan AFB	9,100	2.15	8,233	1.82
State of Arizona	8,807	2.08	9,742	2.15
Wal-Mart Stores, Inc.	7,450	1.76	4,980	1.10
Tucson Unified School District	6,790	1.61	7,623	1.68
Phelps Dodge			4,123	0.91
US Border Patrol	6,500	1.54		
University of Arizona Health Network	6,099	1.44		
Pima County	6,076	1.44	6,765	1.49
Freeport-McMoran Mining	5,463	1.29		
Fort Huachuca	5,096	1.21	13,098	2.89
City of Tucson	4,585	1.08	5,306	1.17
Total	<u>87,112</u>	<u>20.61 %</u>	<u>80,908</u>	<u>17.85 %</u>
Total employment	<u>422,740</u>		<u>453,200</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**

	<b>Full-time Equivalent Employees as of June 30</b>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Supervisory</b>					
Superintendent	1	1	1	1	1
Administrator	1	1	2	2	2
Total supervisory	<u>2</u>	<u>2</u>	<u>3</u>	<u>3</u>	<u>3</u>
<b>Instruction</b>					
Teachers	9	8	7	13	10
Total instruction	<u>9</u>	<u>8</u>	<u>7</u>	<u>13</u>	<u>10</u>
<b>Support and Administration</b>					
Service workers	6	8	13	16	30
Total support and administration	<u>6</u>	<u>8</u>	<u>13</u>	<u>16</u>	<u>30</u>
<b>Total</b>	<u><u>17</u></u>	<u><u>18</u></u>	<u><u>23</u></u>	<u><u>32</u></u>	<u><u>43</u></u>
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</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	11	12	12	13	14
Total instruction	<u>11</u>	<u>12</u>	<u>12</u>	<u>13</u>	<u>14</u>
<b>Support and Administration</b>					
Service workers	29	29	27	26	20
Support and Administration	<u>29</u>	<u>29</u>	<u>27</u>	<u>26</u>	<u>20</u>
<b>Total</b>	<u><u>43</u></u>	<u><u>44</u></u>	<u><u>42</u></u>	<u><u>42</u></u>	<u><u>37</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>
2015	80	\$ 2,140,086	\$ 26,828	(6.99) %	\$ 2,034,543	\$ 25,505	(16.31) %	9	8.9
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	17.39	2,931,932	21,246	16.95	14	9.9

**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**

	<u>Fiscal Year Ended June 30</u>									
	<u>2015</u>	<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>
<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**

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**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 of Pima County School Reserve Fund, as of and for the year ended June 30, 2015, 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, 2015. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board Statement No. 68, as amended by Statement No. 71.

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, 2015