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**PIMA COUNTY  
SCHOOL RESERVE FUND**

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**Comprehensive Annual Financial Report**

Fiscal Year Ended June 30, 2017



**PIMA COUNTY**  

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**SCHOOL SUPERINTENDENT**

**PIMA COUNTY SCHOOL RESERVE FUND**

**TUCSON, ARIZONA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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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**Dustin J. Williams**  
Superintendent of Schools

Debbie D'Amore  
Chief Deputy

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Ph: 520.724.8451  
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November 17, 2017

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, 2017.

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, 2017, 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, 2017, 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, charter schools, and municipal and county library districts 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 ESA also provides similar programs to individual private schools and homeschool parents making similar academic programs available to their teachers and students. The Pima Accommodation School District No. 00 ("District") provides an education program for delinquent school-aged youth, as required by A.R.S. §15-913. 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) located within the Pima County Jail. The District typically provides education services to approximately 100 individuals.

The activity of the Reserve is predominantly dependent on the services provided to outside entities, primarily area school district districts and charter schools, to provide educational support services. The predominant focus of the ESA's services has progressed toward a greater focus on the implementation of the *Every Student Succeeds Act* (ESSA), which is the latest restatement of the *Elementary and Secondary Education Act of 1965*. The new requirements in ESSA lend a greater focus on providing support to our schools – both public and private – and has required that the Reserve's ESA function lend its focus toward different functionalities. A new focus surround the area of development of leadership among teachers within schools. The focus is to provide an effective method of retaining current teachers in the field as they progress toward educational leadership. The ESSA requires that all public schools take a systematic approach toward their professional development programs so that their focus lends itself to 1) the requirements of the law and 2) that the systematic approach to professional development is in alignment with the overall Integrated Action Plan required for every public school receiving ESSA dollars. Additionally, the focus still remains with STEM-related (Science, Technology, Engineering and Mathematics) education and programs to continue providing instructional support services to our students with a greater focus in the STEM fields.

The further development of programs to support students and staff through Healthy and Safe Schools Initiative remains at the center of the refocus of ESSA and the needs of both our schools and community support programs. These programs are also focusing on providing greater resources in early childhood education programs in order to provide access to programs for students under the age of 5 and the teachers who work with them. The ESA functions of the office have started to develop a greater focus on non-traditional students such as homeschoolers and private school students. The reach to them is to focus on what their unique needs entail in order to develop programs and focus resources in areas that are beneficial to this particular group of families in Pima County. Ultimately, the focus continues to be to develop a meaningful support system for our schools – traditional and non-traditional alike – by developing innovative strategies, focusing on key partnerships, and developing resources that ultimately focus on support to each student's individual needs.

The Reserve's financial focus has worked to develop strategic partnerships with government and community organizations, businesses and schools to put together resources that will help enhance services on a regional basis. The success of our professional development programs with key partners statewide and, in particular, Southern Arizona has provided us the leverage to focus on strengthening our existing partnerships and reaching out to new ones.

Pima County is home to both the State's second largest school district and the second largest concentration of charter schools in Arizona. With an estimated total of 162,000 students in public, private and homeschool settings in Pima County, the ESA is continuously evolving and focusing its efforts and promoting its programs for the support of all our students of diverse educational backgrounds. The ESA continues to foster new relationships and develop existing ones on a statewide and regional level to promote opportunities for teachers, students, and parents. The ability to leverage resources in an increasingly competitive environment requires the ESA to maximize the ability to obtain these resources by leveraging the expertise from these partnerships. Our LEAs and the ESA understand that they can no longer perform the holistic support for our students completely independent from community partnerships.

The Reserve's financial planning and control are dependent on the ability to ensure proper budgeting of its somewhat limited expenditure authority. As has been the norm, the objective is always to adhere to proper budgetary controls to ensure compliance with 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. A significant portion of its revenues are received through enterprise services provided to LEAs and community partners as authorized by State law. The Reserve's reliance on federal and state contributions certainly determines the financial activity and decisions surrounding programmatic implementation. This is both related to direct contributions to the Reserve and through indirect contributions to the community partners that work with the Reserve. Although the Reserve has not experienced unplanned negative shifts in its stream of financial resources, any negative shift can certainly extend to the financial outlook and the operational planning of the Reserve.

At the end of fiscal year 2017, the overall financial health of Arizona school districts and charter schools has certainly continued to experience greater stabilization, but still has some financial obstacles. The passage of Proposition 123 in May 2016 was certainly a welcomed influx of revenues and budget capacity for our public schools. However, they continue to experience declines in meeting other areas, particularly the focus around capital funding. This has created a new obstacle where new resources are in competition with the funding that could otherwise be used for classroom instruction and support services that are closer to the student. The Reserve is a direct beneficiary to this change in funding. In particular, the Accommodation District's funds are subject to the same equalization assistance formulas for traditional school districts. They have equally benefited from the influx of new revenues from this increased budgetary authority from Arizona voters. The Reserve continues to strengthen partnerships in the development of new initiatives. The Thomas R. Brown Foundation continues to find strength in our STEM-related professional development programs and provides support to help "grow our own" within various school districts throughout Southern Arizona. The Governor's Office of Youth, Faith and Family expended the work of substance abuse prevention initiatives in Pima County and committed new dollars to strengthen the partnership between our office and the Governor's Office. Our Southern Arizona Regional Education Center, which partners with Cochise and Santa Cruz Counties, continues its work to provide expanded opportunities to teachers and students beyond the boundaries of Pima County and promote a more regional support for all Southern Arizona educators and their students.

With the advent of the Every Student Succeeds Act (ESSA), school districts and charter schools will need to continue to find new efforts in refocusing towards recruitment and retention, with highly qualified being an "added bonus" for our students. The shortage of certified, qualified teachers in Arizona has become no less than pandemic. The Reserve will continue to be at the forefront of evolving and planning services to ensure we meet the challenge of retaining our local teachers and recruiting teachers through both traditional and non-traditional teacher preparation programs.

**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 School District. Toward the end of the fiscal year, the Arizona Department of Education stopped providing funding for students between ages 18 and 21 that are not identified as needing Special Education services. This provides a constraint in the development of instructional programs at the Accommodation District. Over the past year, the District's instructional programs have seen a significant amount of reinvestment in both human capital and instructional resources. This means that the District and the Office will need to work with our legislative partners and our County's leadership to determine how we access new revenues in order to provide educational services to these specific adult students in the County Jail. This will become a new focus of the Accommodation District as we move forward. New administration at the Reserve, Juvenile Detention, and Adult Detention centers will create a new focus on the programs of the District. The District's new partnerships and refocus on the well-being of its students has garnered new successes and a new direction of the District's faculty, staff and students. The future realignment of resources has certainly created unique challenges, but also promising opportunities. The District continues to expand its instructional technology and has taken advantage of E-Rate 2.0 to expand its ability to work with students in a Secure Care setting while providing them innovative instructional programs to help them transition to a traditional school model. The new investment and re-prioritization of funds has been able to allow the District to venture into new models in working with at-risk youth that have not been experienced previously. This will create some unique sustainability challenges that will require the District to re-double its efforts in the future to maintain the new focus on teaching at-risk youth.

Within that plan are auditing issues at the Arizona Department of Education, which will result in reevaluation of the allocations of federal dollars to the District. This can potentially create a new challenge as we try to expand or change programs. The new Pima County School Superintendent has also focused programs into areas that are not traditionally part of the brand of service. In particular fostering greater partnerships with community partners that provide support services to our schools, even though their focus is not necessarily education related. Branching into the development of new programs around Career and Technical Education, which was previously limited to "job shadowing programs," and is now moving more toward actual externship experience between Pima County and the Pima JTED. The Reserve's ongoing success of developing services supported through enterprise functions will continue to be the basis for ensuring success of the work within the Reserve. These funds will continue to fund existing successes and become an initial investment for future initiatives until those program initiatives move forward of their own accord.

This Comprehensive Annual Financial Report is the first under the direction of the new Pima County School Superintendent. The new Superintendent will continue to focus future initiatives around a strategic planning process that hopes to yield new opportunities not just for the Office, but for our community of educators, students and their families. The primary duty will continue to support the education of students at the Accommodation District, provide high quality and sustainable teacher support programs and, with these, continue the strong stewardship of the resources provided by the community to sustain and grow initiatives in future years.

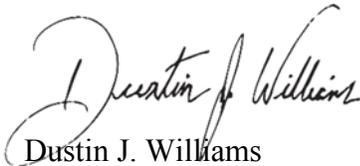
## AWARDS AND ACKNOWLEDGMENTS

**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, 2016. This was the twenty-second 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, 2017 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,



Dustin J. Williams  
Pima County School Superintendent



Ricardo D. Hernández, M.Adm.  
Deputy Superintendent & CFO



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

## **Pima County School Reserve Fund**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2016.**

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

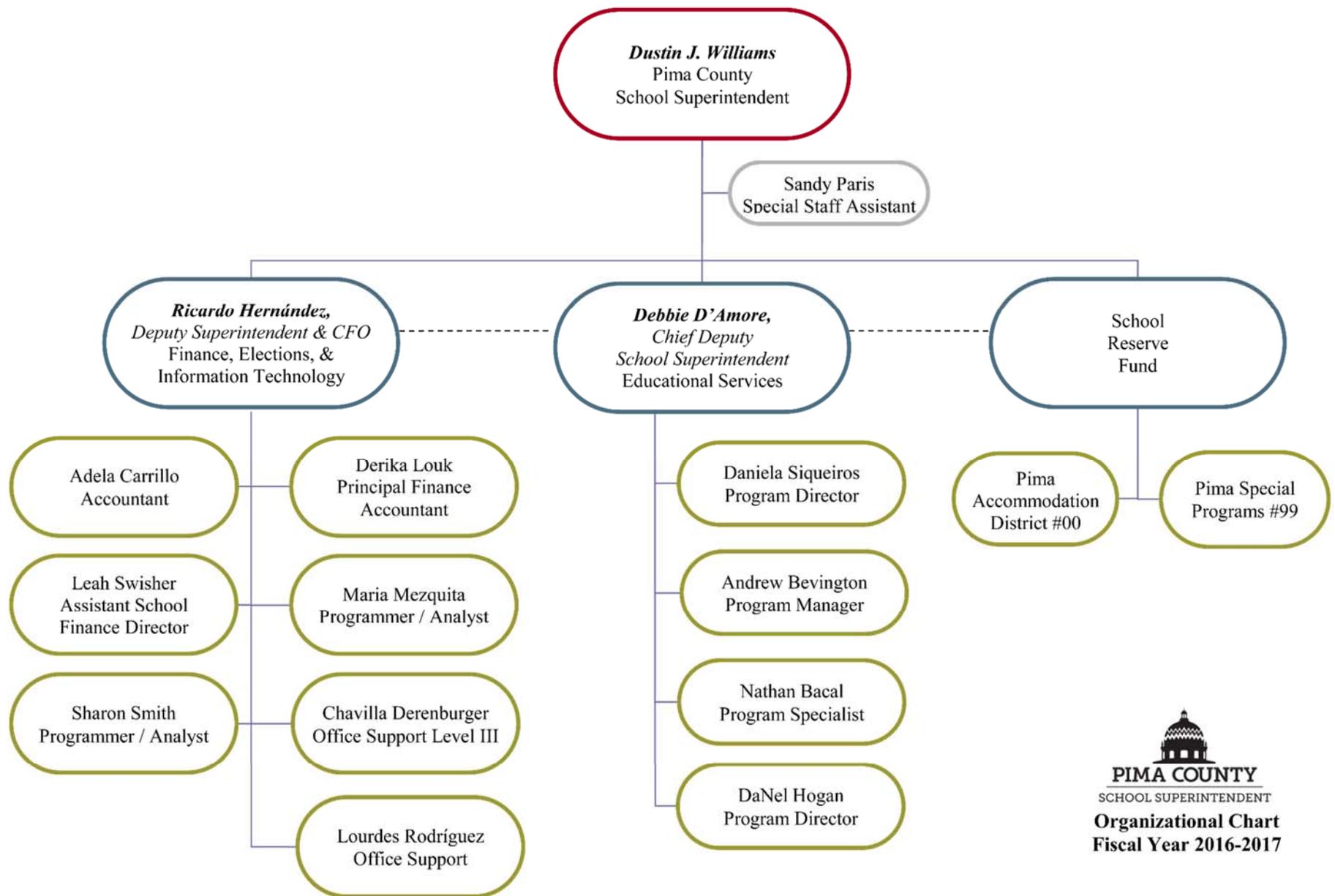


A handwritten signature in black ink, appearing to read 'Anthony N. Dragona', written over a horizontal line.

Anthony N. Dragona, Ed.D., RSBA  
President

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

John D. Musso, CAE, RSBA  
Executive Director



**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

Steve Christy, District #4

Richard Elias, District #5

**ADMINISTRATIVE STAFF**

Dustin J. Williams, Pima County School Superintendent

Debbie D'Amore, Chief Deputy School Superintendent

Ricardo D. Hernández, Deputy School Superintendent & CFO

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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, 2017, 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, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As discussed in Note 1, the financial statements of the Pima County School Reserve Fund are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of Pima County, Arizona that is attributable to the transactions of the Reserve. They do not purport to, and do not, present fairly the financial position of Pima County, Arizona as of June 30, 2017, 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, 2017, 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.  
Tucson, Arizona  
November 17, 2017

**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, 2017**

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, 2017. 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 \$113,114 which represents a 14 percent decrease from the prior fiscal year primarily as a result of using beginning balance resources for current year operations.
- General revenues accounted for \$606,003 in revenue, or 31 percent of all current fiscal year revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1.3 million or 69 percent of total current fiscal year revenues.
- The Reserve had approximately \$2.0 million in expenses related to governmental activities, an increase of 13 percent from the prior fiscal year.
- Among major funds, the General Fund had \$720,854 in current fiscal year revenues, which primarily consisted of state aid and property taxes, and \$1.0 million in expenditures. The General Fund's fund balance decrease from \$111,564 at the prior fiscal year end to a deficit of \$187,525 at the end of the current fiscal year was primarily due to a decrease in student funding from the State for adult students in the County Jail Education Program who were not identified as special education students and were between the ages of 18 to 21. This was a policy change at the Arizona Department of Education, which caused an overestimation of the budget capacity on the District's end. Additionally, increases in outlay due to start-up expenses for new professional development programs as an initial investment for fiscal year 2018. This caused an increase in outlays that were not covered by revenues from fiscal year 2017 program fees.
- The Small Schools Fund had \$107,944 in current fiscal year expenditures. The Small Schools Fund's fund balance decreased \$7,888.
- The School Plant Fund had \$38,675 in current fiscal year expenditures. The School Plant Fund's fund balance decreased \$36,249 to \$296,309 at year end.
- The Fee for Service Fund had \$374,718 in current fiscal year expenditures. The Fee for Service Fund's fund balance decreased \$23,215.

**PIMA COUNTY SCHOOL RESERVE FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2017**

**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 are governmental 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, 2017**

**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, Title I, Special Education Grants, Small Schools, Fee for Service, and School Plant Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

**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 and pension plan. 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. Schedules for the pension plan have been provided as required supplementary information.

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 \$897,589 at the current fiscal year end.

**PIMA COUNTY SCHOOL RESERVE FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The investment in capital assets (e.g. land improvements; buildings and improvements; vehicles, furniture, and equipment) comprises 18 percent of the Reserve's positive net position balances. 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; however, the balance is in a negative position at year end.

The following table presents a summary of the Reserve's net position for the fiscal years ended June 30, 2017 and June 30, 2016.

	As of <u>June 30, 2017</u>	As of <u>June 30, 2016</u>
Current assets	\$ 987,613	\$ 1,305,191
Capital assets, net	<u>105,512</u>	<u>150,363</u>
Total assets	<u>1,093,125</u>	<u>1,455,554</u>
Deferred outflows	<u>392,335</u>	<u>256,775</u>
Current liabilities	100,830	126,751
Long-term liabilities	<u>1,846,104</u>	<u>1,927,144</u>
Total liabilities	<u>1,946,934</u>	<u>2,053,895</u>
Deferred inflows	<u>436,115</u>	<u>442,909</u>
Net position:		
Investment in capital assets	105,512	150,363
Restricted	466,660	496,457
Unrestricted	<u>(1,469,761)</u>	<u>(1,431,295)</u>
Total net position	<u>\$ (897,589)</u>	<u>\$ (784,475)</u>

At the end of the current fiscal year the Reserve reported a negative unrestricted net position of \$1.5 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, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

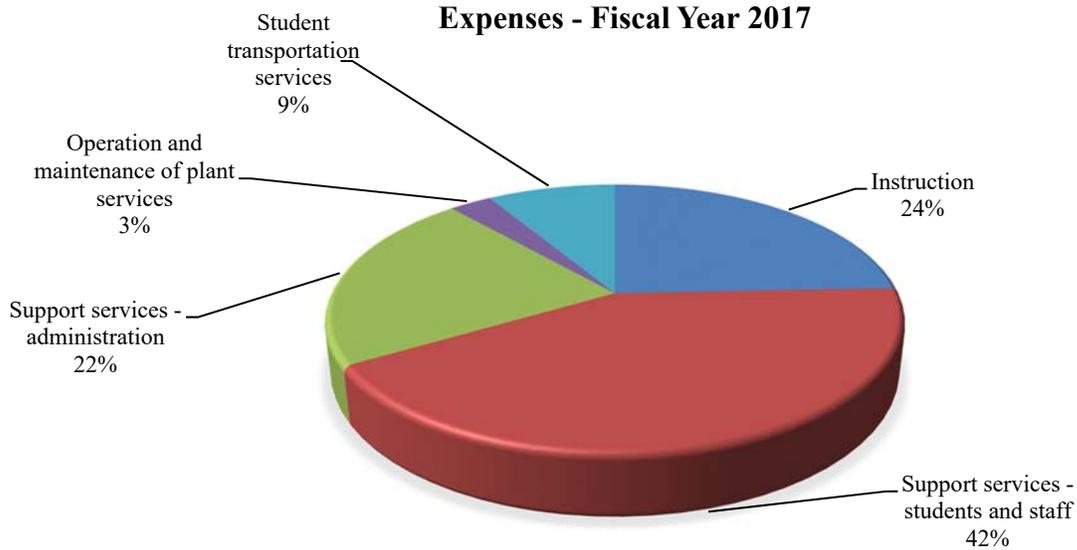
The Reserve's financial position is the product of several financial transactions including the net result of activities, the depreciation of capital assets, and the change of \$88,008 in pension liabilities.

**Changes in net position.** The Reserve's total revenues for the current fiscal year were \$1.9 million. The total cost of all programs and services was \$2.0 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2017 and June 30, 2016.

	Fiscal Year Ended <u>June 30, 2017</u>	Fiscal Year Ended <u>June 30, 2016</u>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 591,727	\$ 545,444
Operating grants and contributions	728,770	499,497
Capital grants and contributions	8,440	28,949
General revenues:		
Investment income	8,236	6,998
Unrestricted county aid	50,673	53,693
Unrestricted state aid	547,094	613,541
<b>Total revenues</b>	<u>1,934,940</u>	<u>1,748,122</u>
<b>Expenses:</b>		
Instruction	499,077	522,904
Support services – students and staff	863,023	760,104
Support services – administration	450,634	368,010
Operation and maintenance of plant services	58,357	22,012
Student transportation services	176,963	140,779
<b>Total expenses</b>	<u>2,048,054</u>	<u>1,813,809</u>
<b>Changes in net position</b>	(113,114)	(65,687)
<b>Net position, beginning</b>	<u>(784,475)</u>	<u>(718,788)</u>
<b>Net position, ending</b>	<u>\$ (897,589)</u>	<u>\$ (784,475)</u>

**PIMA COUNTY SCHOOL RESERVE FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**



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

- The \$229, 273 increase in operating grants and contributions was due to increased revenues from the IDEA Secure Grant, the Forest Fees Fund, substance abuse grants from the Other Federal Projects Fund and the addition of the Career, Technical, and Vocational Education Fund.
- The \$102,919 increase in support services – students and staff was due to increases in outlays due to start-up expenses for new professional development programs as an initial investment for fiscal year 2018. These initial expenses were not expected to be covered by revenues in fiscal year 2017. Additional increases in support services for students and staff are related to a cost of living wage increase for staff due to the passage of Proposition 123.
- The \$82,624 increase in support services – administration was due to cost of living wage increases for staff due to the passage of Proposition 123 and for new administrative staff to support professional development programs that are part of the education service agency functions of the office.

**PIMA COUNTY SCHOOL RESERVE FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2017**

**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, 2017</u>		<u>Year Ended June 30, 2016</u>	
	<u>Total</u> <u>Expenses</u>	<u>Net</u> <u>(Expense)/</u> <u>Revenue</u>	<u>Total</u> <u>Expenses</u>	<u>Net</u> <u>(Expense)/</u> <u>Revenue</u>
Instruction	\$ 499,077	\$ (80,075)	\$ 522,904	\$ (184,413)
Support services – students and staff	863,023	(207,857)	760,104	(226,383)
Support services – administration	450,634	(231,774)	368,010	(166,718)
Operation and maintenance of plant services	58,357	(22,448)	22,012	(21,626)
Student transportation services	176,963	(176,963)	140,779	(140,779)
<b>Total</b>	<u>\$2,048,054</u>	<u>\$ (719,117)</u>	<u>\$ 1,813,809</u>	<u>\$ (739,919)</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 \$1.3 million.
- Net cost of governmental activities of \$719,117 was financed by general revenues, which are made up primarily of state aid of \$547,094.

**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 \$821,859, a decrease of \$356,581 primarily due to increases in initial investments in new professional development programs through new staff hiring and additional outlays for the newly elected Superintendent that were not covered by revenues received for administrative costs.

**PIMA COUNTY SCHOOL RESERVE FUND  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2017**

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

The General Fund is the principal operating fund of the District. The decrease in fund balance of \$299,062 to a deficit of \$187,525 as of fiscal year end was a result of increases in cost of living wages to all staff, new hires to support the newly elected Superintendent, and start-up expenses for new professional development programs as an initial investment for fiscal year 2018. General Fund revenues decreased \$43,373 and General Fund expenditures increased \$137,061 as a result of result of increases in cost of living wages to all staff, new hires to support the newly elected Superintendent, and start-up expenses for new professional development programs as an initial investment for fiscal year 2018.

Special Education Grants Fund revenues increased \$56,356 and expenditures increased \$55,907.

Fee for Service Fund revenues increased \$24,776 and expenditures increased \$25,531.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the Reserve revised the General Fund annual expenditure budget due to a reduction in the student funding from the State for non-special education adult students in the County Jail Education Program. This caused a general decrease in budget capacity from the State. The difference between the original budget and the final amended budget was a \$19,272 decrease, 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 \$74,102 in support services – students and staff was a result of increases in revenues for existing fee for service professional development programs for staff that were supported by outside funding through sponsorships, donations and increased attendance at various program events. While the costs remained generally constant, the added revenues provided a “cushion” to help mitigate the expenses.
- The unfavorable variance of \$33,051 in operation and maintenance of plant services was a result of increases in repair projects to the Superintendent’s Office that were not covered by the General Fund budget provided by the Board of Supervisors.

**PIMA COUNTY SCHOOL RESERVE FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2017**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** As of year end, the Reserve had invested \$911,820 in capital assets, including land improvements, buildings, buses and other vehicles, computers, and other equipment. Total depreciation expense for the current fiscal year was \$44,851. The net capital asset balance was \$105,512 at June 30, 2017, and \$150,363 at June 30, 2016. 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 2017-18 budget. Among them:

- Available fiscal year 2015-16 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 2017-18. Budgeted expenditures in the General Fund of the Pima Accommodation School District decreased \$122 to \$686,270 in fiscal year 2017-18. No new programs were added to the 2017-18 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, 2017**

	Governmental Activities
<b><u>ASSETS</u></b>	
Current assets:	
Cash and investments	\$ 783,495
Accounts receivable	32,481
Due from governmental entities	171,637
Total current assets	987,613
Noncurrent assets:	
Capital assets, net of accumulated depreciation	105,512
Total noncurrent assets	105,512
<b>Total assets</b>	<b>1,093,125</b>
 <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Pension plan items	392,335
 <b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	53,787
Accrued payroll and employee benefits	47,004
Compensated absences payable	19,957
Unearned revenues	39
Total current liabilities	120,787
Noncurrent liabilities:	
Non-current portion of long-term obligations	1,826,147
Total noncurrent liabilities	1,826,147
<b>Total liabilities</b>	<b>1,946,934</b>
 <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Pension plan items	436,115
 <b><u>NET POSITION</u></b>	
Investment in capital assets	105,512
Restricted for:	
Federal and state projects	364,468
Special purposes	40,366
Capital outlay	61,826
Unrestricted	(1,469,761)
<b>Total net position</b>	<b>\$ (897,589)</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, 2017**

<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	\$ 499,077	\$ 96,095	\$ 314,467	\$ 8,440	\$ (80,075)
Support services - students and staff	863,023	339,838	315,328		(207,857)
Support services - administration	450,634	155,794	63,066		(231,774)
Operation and maintenance of plant services	58,357		35,909		(22,448)
Student transportation services	176,963				(176,963)
<b>Total governmental activities</b>	\$ 2,048,054	\$ 591,727	\$ 728,770	\$ 8,440	\$ (719,117)

**General revenues:**

Investment income	8,236
Unrestricted county aid	50,673
Unrestricted state aid	547,094
<b>Total general revenues</b>	<b>606,003</b>

**Changes in net position** (113,114)

**Net position, beginning of year** (784,475)

**Net position, end of year** \$ (897,589)

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, 2017**

	General	Title I Grants	Special Education Grants
<b><u>ASSETS</u></b>			
Cash and investments	\$	\$	\$
Accounts receivable			
Due from governmental entities	3,198	63,877	41,153
Due from other funds		61,226	
<b>Total assets</b>	<b>\$ 3,198</b>	<b>\$ 125,103</b>	<b>\$ 41,153</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 4,151	\$	\$ 5,090
Due to other funds	165,901	61,226	27,977
Accrued payroll and employee benefits	20,671	2,651	4,388
Unearned revenues			
<b>Total liabilities</b>	<b>190,723</b>	<b>63,877</b>	<b>37,455</b>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental		61,226	3,698
Fund balances (deficits):			
Restricted			
Committed			
Assigned			
Unassigned	(187,525)		
<b>Total fund balances</b>	<b>(187,525)</b>		
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 3,198</b>	<b>\$ 125,103</b>	<b>\$ 41,153</b>

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

<u>Small Schools</u>	<u>Fee for Service</u>	<u>School Plant</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 162,732	\$ 32,481	\$ 244,418	\$ 376,345	\$ 783,495
	226,725	51,891	63,409	32,481
<u>\$ 162,732</u>	<u>\$ 259,206</u>	<u>\$ 296,309</u>	<u>\$ 439,754</u>	<u>\$ 1,327,455</u>
\$ 9,271	\$ 24,085	\$	\$ 11,190	\$ 53,787
30,613			54,125	339,842
4,360	5,754		9,180	47,004
			39	39
<u>44,244</u>	<u>29,839</u>		<u>74,534</u>	<u>440,672</u>
				64,924
118,488	229,367	296,309	360,948	479,436
			4,272	229,367
<u>118,488</u>	<u>229,367</u>	<u>296,309</u>	<u>365,220</u>	<u>300,581</u>
				(187,525)
<u>\$ 162,732</u>	<u>\$ 259,206</u>	<u>\$ 296,309</u>	<u>\$ 439,754</u>	<u>\$ 1,327,455</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, 2017**

<b>Total governmental fund balances</b>	<b>\$</b>	<b>821,859</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	\$ 911,820	
Less accumulated depreciation	<u>(806,308)</u>	105,512
<p>Some intergovernmental receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.</p>		
		64,924
<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	392,335	
Deferred inflows of resources related to pensions	<u>(436,115)</u>	(43,780)
<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	(54,453)	
Net pension liability	<u>(1,791,651)</u>	<u>(1,846,104)</u>
<b>Net position of governmental activities</b>	<b>\$</b>	<b><u><u>(897,589)</u></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, 2017**

	General	Title I Grants	Special Education Grants
<b>Revenues:</b>			
Other local	\$ 208,142	\$	\$
State aid and grants	512,712		
Federal aid, grants and reimbursements		64,504	266,860
<b>Total revenues</b>	720,854	64,504	266,860
<b>Expenditures:</b>			
Current -			
Instruction	284,833	56,681	74,525
Support services - students and staff	146,422	7,461	189,077
Support services - administration	371,250	362	
Operation and maintenance of plant services	39,070		70
Student transportation services	172,597		
Capital outlay	6,711		1,191
<b>Total expenditures</b>	1,020,883	64,504	264,863
<b>Excess (deficiency) of revenues over expenditures</b>	(300,029)		1,997
<b>Other financing sources (uses):</b>			
Transfer in	2,892		
Transfer out			(1,997)
<b>Total other financing sources (uses):</b>	2,892		(1,997)
<b>Changes in fund balances</b>	(297,137)		
<b>Fund balances, beginning of year</b>	111,564		
Increase (decrease) in reserve for prepaid items	(1,952)		
<b>Fund balances, end of year</b>	\$ (187,525)	\$	\$

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

<u>Small Schools</u>	<u>Fee for Service</u>	<u>School Plant</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,304	\$ 341,693	\$ 2,426	\$ 151,685	\$ 705,250
98,752			42,227	653,691
			179,711	511,075
<u>100,056</u>	<u>341,693</u>	<u>2,426</u>	<u>373,623</u>	<u>1,870,016</u>
	30		77,942	494,011
43,693	367,584		235,136	989,373
62,184	3,859		8,995	446,650
	1,739		15,365	56,244
				172,597
2,067	1,506	38,675	14,037	64,187
<u>107,944</u>	<u>374,718</u>	<u>38,675</u>	<u>351,475</u>	<u>2,223,062</u>
<u>(7,888)</u>	<u>(33,025)</u>	<u>(36,249)</u>	<u>22,148</u>	<u>(353,046)</u>
	9,810			12,702
			(10,705)	(12,702)
	<u>9,810</u>		<u>(10,705)</u>	
<u>(7,888)</u>	<u>(23,215)</u>	<u>(36,249)</u>	<u>11,443</u>	<u>(353,046)</u>
126,376	252,582	332,558	355,360	1,178,440
			(1,583)	(3,535)
<u>\$ 118,488</u>	<u>\$ 229,367</u>	<u>\$ 296,309</u>	<u>\$ 365,220</u>	<u>\$ 821,859</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, 2017**

**Changes in fund balances - total governmental funds** **\$ (353,046)**

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.

Current year depreciation		(44,851)
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Some intergovernmental revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		64,924
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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	114,938	
Pension expense	<u>115,424</u>	230,362

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

Prepaid items	(3,535)	
Compensated absences	<u>(6,968)</u>	<u>(10,503)</u>

**Changes in net position in governmental activities** **\$ (113,114)**

**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, 2017**

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

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

**A. Reporting Entity**

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

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

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) present financial information about the Reserve as a whole. Although not required by reporting standards, the Reserve has elected to present government-wide financial statements in order to offer readers a financial statement format consistent with the school districts for which it provides services. The reported information includes all of the activities of the Reserve.

For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the Reserve. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Reserve does not have any business-type activities.

**PIMA COUNTY SCHOOL RESERVE FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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.

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.

**PIMA COUNTY SCHOOL RESERVE FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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.

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.

Title I Grants Fund – The Title I Grants Fund accounts 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.

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

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

**D. Cash and Investments**

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

**PIMA COUNTY SCHOOL RESERVE FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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.

**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.

**PIMA COUNTY SCHOOL RESERVE FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**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. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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.

**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.

**PIMA COUNTY SCHOOL RESERVE FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**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.

**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.

**PIMA COUNTY SCHOOL RESERVE FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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.

***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.

**PIMA COUNTY SCHOOL RESERVE FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 2 – FUND BALANCE CLASSIFICATIONS**

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

	<u>General Fund</u>	<u>Small Schools Fund</u>	<u>Fee for Service Fund</u>	<u>School Plant Fund</u>	<u>Non-Major Governmental Funds</u>
Fund Balances:					
Restricted:					
Capital projects	\$	\$	\$	\$	\$ 61,826
Statutory mandates					118,701
Federal and state projects					127,240
Auxiliary operations					14,955
Other purposes		118,488			38,226
Committed:					
Special projects			229,367		
Assigned:					
Capital projects				296,309	4,272
Unassigned	(187,525)				
Total fund balances	<u>\$ (187,525)</u>	<u>\$ 118,488</u>	<u>\$ 229,367</u>	<u>\$ 296,309</u>	<u>\$ 365,220</u>

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

**Individual Deficit Fund Balance** – At year end, the General Fund, a major governmental fund, reported a deficit of \$187,525 in fund balance.

The deficit arose because of operations during the year. Additional revenues received in fiscal year 2016-17 are expected to eliminate the deficit.

**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, 2017**

**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.

*Fair Value Measurements.* The Reserve categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

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. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

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

	<u>Average Maturities</u>	<u>Fair Value</u>
County Treasurer’s investment pool	306 days	<u>\$ 783,495</u>
Total		<u>\$ 783,495</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, 2017**

**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	Title I Grants Fund	Special Education Grants Fund	Non-Major Governmental Funds
Due from other governmental entities:				
Due from federal government	\$	\$ 63,877	\$ 41,153	\$ 63,409
Due from other school districts	3,198			
Net due from governmental entities	<u>\$ 3,198</u>	<u>\$ 63,877</u>	<u>\$ 41,153</u>	<u>\$ 63,409</u>

**NOTE 6 – CAPITAL ASSETS**

A summary of capital asset activity for the fiscal year ended June 30, 2017 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	724,306		37,249	687,057
Total capital assets being depreciated	<u>949,069</u>		<u>37,249</u>	<u>911,820</u>
Less accumulated depreciation for:				
Land improvements	(33,972)	(1,152)		(35,124)
Buildings and improvements	(124,066)	(2,547)		(126,613)
Vehicles, furniture and equipment	(640,668)	(41,152)	(37,249)	(644,571)
Total accumulated depreciation	<u>(798,706)</u>	<u>(44,851)</u>	<u>(37,249)</u>	<u>(806,308)</u>
Total capital assets, being depreciated, net	<u>150,363</u>	<u>(44,851)</u>		<u>105,512</u>
Governmental activities capital assets, net	<u>\$ 150,363</u>	<u>\$ (44,851)</u>	<u>\$</u>	<u>\$ 105,512</u>

**PIMA COUNTY SCHOOL RESERVE FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 6 – CAPITAL ASSETS**

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 3,988
Support services – students and staff	2,438
Support services – administration	10,568
Student transportation services	<u>27,857</u>
Total depreciation expense – governmental activities	<u>\$ 44,851</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>					
Net pension liability	\$ 1,879,659	\$	\$ 88,008	\$ 1,791,651	\$
Compensated absences payable	<u>47,485</u>	<u>28,594</u>	<u>21,626</u>	<u>54,453</u>	<u>19,957</u>
Governmental activity long-term liabilities	<u>\$ 1,927,144</u>	<u>\$ 28,594</u>	<u>\$ 109,634</u>	<u>\$ 1,846,104</u>	<u>\$ 19,957</u>

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

At year end interfund balances were as follows:

**Due to/from other funds:**

	General Fund	Title I Grants Fund	Special Education Grants Fund	Small Schools Fund	Non-Major Governmental Funds	Total Due from Other Funds
Title I Grants Fund	\$ 30,613	\$	\$	\$ 30,613	\$	\$ 61,226
Fee for Service Fund	135,288	61,226	27,977		2,234	226,725
School Plant Fund					51,891	51,891
Total Due to Other Funds	<u>\$ 165,901</u>	<u>\$ 61,226</u>	<u>\$ 27,977</u>	<u>\$ 30,613</u>	<u>\$ 54,125</u>	<u>\$ 339,842</u>

At year end the Title I Grants Fund had \$61,226 due from the Administrative Costs and School Plant Fund to cover a fund deficit. 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 and Small Schools Funds. Interfund balances are expected to be paid within one year.

**PIMA COUNTY SCHOOL RESERVE FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

**Interfund transfers:**

<u>Transfers out</u>	Transfers in		<u>Total</u>
	General Fund	Fee for Service Fund	
Special Education Grants Fund	\$ 1,997	\$	\$ 1,997
Non-Major Governmental Funds	895	9,810	10,705
<b>Total</b>	<b>\$ 2,892</b>	<b>\$ 9,810</b>	<b>\$ 12,702</b>

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 Fee for Service and Administrative Cost Funds.

**NOTE 9 – CONTINGENT LIABILITIES**

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

**NOTE 10 – RISK MANAGEMENT**

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

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

**PIMA COUNTY SCHOOL RESERVE FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 10 – 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 11 – 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, 2017**

**NOTE 11 – 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 11.48 percent (11.34 percent for retirement and 0.14 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 11.48 percent (10.78 percent for retirement, 0.56 percent for health insurance premium benefit, and 0.14 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, 2017 were \$114,938.

**PIMA COUNTY SCHOOL RESERVE FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

In addition, the Reserve was required by statute to contribute at the actuarially determined rate of 9.47 percent (9.17 for retirement, 0.21 percent for health insurance premium benefit, and 0.09 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:				
2017	\$	5,971	\$	1,493
2016		5,114		1,228
2015		6,541		1,330

**Pension Liability.** At June 30, 2017, the Reserve reported a liability of \$1.8 million for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2016. 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, 2015, to the measurement date of June 30, 2016. 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, 2016, the Reserve’s proportion was 0.011 percent, which was an insignificant decrease from its proportion measured as of June 30, 2015.

**PIMA COUNTY SCHOOL RESERVE FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**Pension Expense and Deferred Outflows/Inflows of Resources.** The District has deferred outflows and inflows of resources related to the net pension liability of retirement benefits. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. For the year ended June 30, 2017, the Reserve recognized pension expense of \$(115,424) and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,888	\$ 123,253
Changes of assumptions or other inputs		94,793
Net difference between projected and actual earnings on pension plan investments	194,155	
Changes in proportion and differences between contributions and proportionate share of contributions	72,354	218,069
Contributions subsequent to the measurement date	114,938	
Total	<u>\$ 392,335</u>	<u>\$ 436,115</u>

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, 2018. 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:	
2018	\$ (172,465)
2019	(109,846)
2020	69,152
2021	54,441

**PIMA COUNTY SCHOOL RESERVE FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 11 – 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, 2015
Actuarial roll forward date	June 30, 2016
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, 2015 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 8.75 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	58%	6.73%
Fixed income	25	3.70
Real estate	10	4.25
Multi-asset	5	3.41
Commodities	2	3.84
Total	<u>100%</u>	

**PIMA COUNTY SCHOOL RESERVE FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 11 – 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 8.75 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:

	<u>1% Decrease (7.0%)</u>	<u>Current Discount Rate (8.0%)</u>	<u>1% Increase (9.0%)</u>
Proportionate share of the net pension liability	\$2,284,491	\$1,791,651	\$1,396,502

**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).

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**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, 2017**

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Other local	\$	\$	\$ 55,662	\$ 55,662
State aid and grants			512,712	512,712
<b>Total revenues</b>			<u>568,374</u>	<u>568,374</u>
<b>Expenditures:</b>				
Current -				
Instruction	328,000	316,179	283,441	32,738
Support services - students and staff	188,772	186,821	112,719	74,102
Support services - administration	180,392	180,392	171,446	8,946
Operation and maintenance of plant services	8,500	3,000	36,051	(33,051)
Student transportation services	183,066	183,066	172,597	10,469
<b>Total expenditures</b>	<u>888,730</u>	<u>869,458</u>	<u>776,254</u>	<u>93,204</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(888,730)</u>	<u>(869,458)</u>	<u>(207,880)</u>	<u>661,578</u>
<b>Other financing sources (uses):</b>				
Transfer in			3,000	3,000
<b>Total other financing sources (uses):</b>			<u>3,000</u>	<u>3,000</u>
<b>Changes in fund balances</b>	<u>(888,730)</u>	<u>(869,458)</u>	<u>(204,880)</u>	<u>664,578</u>
<b>Fund balances (deficits), beginning of year</b>			(165,984)	(165,984)
<b>Fund balances (deficits), end of year</b>	<u>\$ (888,730)</u>	<u>\$ (869,458)</u>	<u>\$ (370,864)</u>	<u>\$ 498,594</u>

See accompanying notes to this schedule.

**PIMA COUNTY SCHOOL RESERVE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
TITLE I GRANTS  
YEAR ENDED JUNE 30, 2017**

	<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	\$	\$	\$ 64,504	\$ 64,504
<b>Total revenues</b>			<u>64,504</u>	<u>64,504</u>
<b>Expenditures:</b>				
Current -				
Instruction	87,000	15,000	56,681	(41,681)
Support services - students and staff			7,461	(7,461)
Support services - administration			362	(362)
<b>Total expenditures</b>	<u>87,000</u>	<u>15,000</u>	<u>64,504</u>	<u>(49,504)</u>
<b>Changes in fund balances</b>	<u>(87,000)</u>	<u>(15,000)</u>		<u>15,000</u>
<b>Fund balances, beginning of year</b>				
<b>Fund balances (deficits), end of year</b>	<u>\$ (87,000)</u>	<u>\$ (15,000)</u>	<u>\$</u>	<u>\$ 15,000</u>

See accompanying notes to this schedule.

**PIMA COUNTY SCHOOL RESERVE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
SPECIAL EDUCATION GRANTS  
YEAR ENDED JUNE 30, 2017**

	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	\$	\$ 266,860	\$ 266,860
<b>Total revenues</b>		<u>266,860</u>	<u>266,860</u>
<b>Expenditures:</b>			
Current -			
Instruction	90,000	74,525	15,475
Support services - students and staff	150,000	189,077	(39,077)
Operation and maintenance of plant services		70	(70)
Capital outlay		1,191	(1,191)
<b>Total expenditures</b>	<u>240,000</u>	<u>264,863</u>	<u>(24,863)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(240,000)</u>	<u>1,997</u>	<u>241,997</u>
<b>Other financing sources (uses):</b>			
Transfer out		(1,997)	(1,997)
<b>Total other financing sources (uses):</b>		<u>(1,997)</u>	<u>(1,997)</u>
<b>Changes in fund balances</b>	<u>(240,000)</u>		<u>240,000</u>
<b>Fund balances, beginning of year</b>			
<b>Fund balances (deficits), end of year</b>	<u>\$ (240,000)</u>	<u>\$</u>	<u>\$ 240,000</u>

See accompanying notes to this schedule.

**PIMA COUNTY SCHOOL RESERVE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
SMALL SCHOOLS  
YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original &amp; Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>			
Other local	\$	\$ 1,304	\$ 1,304
State aid and grants		98,752	98,752
<b>Total revenues</b>		<u>100,056</u>	<u>100,056</u>
<b>Expenditures:</b>			
Current -			
Support services - students and staff		43,693	(43,693)
Support services - administration		62,184	(62,184)
Capital outlay		2,067	(2,067)
<b>Total expenditures</b>		<u>107,944</u>	<u>(107,944)</u>
<b>Changes in fund balances</b>		<u>(7,888)</u>	<u>(7,888)</u>
<b>Fund balances, beginning of year</b>		126,376	126,376
<b>Fund balances, end of year</b>	<u>\$</u>	<u>\$ 118,488</u>	<u>\$ 118,488</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, 2017**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original &amp; Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>			
Other local	\$	\$ 341,693	\$ 341,693
<b>Total revenues</b>		<u>341,693</u>	<u>341,693</u>
<b>Expenditures:</b>			
Current -			
Instruction		30	(30)
Support services - students and staff		367,584	(367,584)
Support services - administration		3,859	(3,859)
Operation and maintenance of plant services		1,739	(1,739)
Capital outlay		1,506	(1,506)
<b>Total expenditures</b>		<u>374,718</u>	<u>(374,718)</u>
<b>Excess (deficiency) of revenues over expenditures</b>		<u>(33,025)</u>	<u>(33,025)</u>
<b>Other financing sources (uses):</b>			
Transfer in		9,810	9,810
<b>Total other financing sources (uses):</b>		<u>9,810</u>	<u>9,810</u>
<b>Changes in fund balances</b>		<u>(23,215)</u>	<u>(23,215)</u>
<b>Fund balances, beginning of year</b>		252,582	252,582
<b>Fund balances, end of year</b>	\$	<u>\$ 229,367</u>	<u>\$ 229,367</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  
LAST THREE FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.01%	0.01%	0.01%
District's proportionate share of the net pension liability (asset)	\$ 1,791,651	\$ 1,879,659	\$ 1,754,115
District's covered payroll	\$ 1,022,848	\$ 1,108,577	\$ 1,059,776
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	175.16%	169.56%	165.52%
Plan fiduciary net position as a percentage of the total pension liability	67.06%	68.35%	69.49%

**SCHEDULE OF CONTRIBUTIONS  
ARIZONA STATE RETIREMENT SYSTEM  
LAST THREE FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 114,938	\$ 110,979	\$ 132,193
Contributions in relation to the actuarially determined contribution	<u>114,938</u>	<u>110,979</u>	<u>132,193</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered payroll	\$ 1,164,267	\$ 1,022,848	\$ 1,108,577
Contributions as a percentage of covered payroll	9.87%	10.85%	11.92%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

**PIMA COUNTY SCHOOL RESERVE FUND  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2017**

**NOTE 1 – BUDGETARY BASIS OF ACCOUNTING**

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

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

	<u>Total Expenditures</u>	<u>Fund Balances End of Year</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 1,020,883	\$ (187,525)
Activity budgeted as special revenue funds	<u>(244,629)</u>	<u>(183,339)</u>
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	<u>\$ 776,254</u>	<u>\$ (370,864)</u>

**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, 2014, 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, 2014, 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 Title I , Special Education Grants, Small Schools, and Fee For Service Funds, major special revenue funds, had excess expenditures over budgets of \$49,504, \$24,863, \$107,944, and \$374,718, respectively; however, this does not constitute violations of any legal provisions.

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

**PIMA COUNTY SCHOOL RESERVE FUND**  
**COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**  
**JUNE 30, 2017**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Fund</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 308,341	\$ 68,004	\$ 376,345
Due from governmental entities	63,409		63,409
<b>Total assets</b>	<u>\$ 371,750</u>	<u>\$ 68,004</u>	<u>\$ 439,754</u>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 9,284	\$ 1,906	\$ 11,190
Due to other funds	54,125		54,125
Accrued payroll and employee benefits	9,180		9,180
Unearned revenues	39		39
<b>Total liabilities</b>	<u>72,628</u>	<u>1,906</u>	<u>74,534</u>
Fund balances:			
Restricted	299,122	61,826	360,948
Assigned		4,272	4,272
<b>Total fund balances</b>	<u>299,122</u>	<u>66,098</u>	<u>365,220</u>
 <b>Total liabilities and fund balances</b>	 <u>\$ 371,750</u>	 <u>\$ 68,004</u>	 <u>\$ 439,754</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, 2017**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Non-Major Governmental Funds</u>
<b>Revenues:</b>			
Other local	\$ 151,653	\$ 32	\$ 151,685
State aid and grants	42,227		42,227
Federal aid, grants and reimbursements	179,711		179,711
<b>Total revenues</b>	<u>373,591</u>	<u>32</u>	<u>373,623</u>
<b>Expenditures:</b>			
Current -			
Instruction	77,942		77,942
Support services - students and staff	235,136		235,136
Support services - administration	8,995		8,995
Operation and maintenance of plant services	15,365		15,365
Capital outlay	5,182	8,855	14,037
<b>Total expenditures</b>	<u>342,620</u>	<u>8,855</u>	<u>351,475</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>30,971</u>	<u>(8,823)</u>	<u>22,148</u>
<b>Other financing sources (uses):</b>			
Transfer out	(10,705)		(10,705)
<b>Total other financing sources (uses):</b>	<u>(10,705)</u>		<u>(10,705)</u>
<b>Changes in fund balances</b>	<u>20,266</u>	<u>(8,823)</u>	<u>11,443</u>
<b>Fund balances, beginning of year</b>	280,439	74,921	355,360
Increase (decrease) in reserve for prepaid items	(1,583)		(1,583)
<b>Fund balances, end of year</b>	<u>\$ 299,122</u>	<u>\$ 66,098</u>	<u>\$ 365,220</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.

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

**Limited English and Immigrant Students** - to account for financial assistance received for educational services and costs for limited English and immigrant children.

**National Forest Fees** - to account for monies allocated for the purposes of benefiting public schools and public roads in counties where national forests are situated.

**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 Federal Projects** - to account for financial assistance received for other supplemental federal projects.

**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.

**Career and Technical Education and Vocational Education Projects** - to account for activity related to the production and subsequent sale of items produced in an instructional program by career and technical and vocational education pupils.

**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, 2017**

	<u>Classroom Site</u>	<u>Instructional Improvement</u>	<u>Professional Development and Technology Grants</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 53,534	\$ 65,167	\$
Due from governmental entities			2,817
<b>Total assets</b>	<b>\$ 53,534</b>	<b>\$ 65,167</b>	<b>\$ 2,817</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$	\$ 1,243
Due to other funds			1,574
Accrued payroll and employee benefits			
Unearned revenues			
<b>Total liabilities</b>			2,817
Fund balances:			
Restricted	53,534	65,167	
<b>Total fund balances</b>	<b>53,534</b>	<b>65,167</b>	
 <b>Total liabilities and fund balances</b>	<b>\$ 53,534</b>	<b>\$ 65,167</b>	<b>\$ 2,817</b>

<u>Limited English &amp; Immigrant Students</u>	<u>National Forest Fees</u>	<u>Taylor Grazing Fees</u>	<u>E-Rate</u>	<u>Other Federal Projects</u>	<u>Other State Projects</u>
\$ 9,760	\$ 93,198	\$ 39,797	\$ 15,389	\$ 35,443	\$ 39
<u>\$ 9,760</u>	<u>\$ 93,198</u>	<u>\$ 39,797</u>	<u>\$ 15,389</u>	<u>\$ 35,443</u>	<u>\$ 39</u>
\$ 4,718 5,042	\$ 5,755	\$	\$ 15,389	\$ 3,323 32,120	\$
<u>9,760</u>	<u>5,755</u>		<u>15,389</u>	<u>35,443</u>	<u>39</u>
	87,443	39,797			
	<u>87,443</u>	<u>39,797</u>			
<u>\$ 9,760</u>	<u>\$ 93,198</u>	<u>\$ 39,797</u>	<u>\$ 15,389</u>	<u>\$ 35,443</u>	<u>\$ 39</u>

(Continued)

**PIMA COUNTY SCHOOL RESERVE FUND  
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2017**

	Extracurricular Activities Fees Tax Credit	Gifts and Donations	Career, Technical, and Vocational Education
<b><u>ASSETS</u></b>			
Cash and investments	\$ 14,955	\$ 16,240	\$ 5,706
Due from governmental entities			
<b>Total assets</b>	<b>\$ 14,955</b>	<b>\$ 16,240</b>	<b>\$ 5,706</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$	\$
Due to other funds			
Accrued payroll and employee benefits		3,425	
Unearned revenues			
<b>Total liabilities</b>		3,425	
Fund balances:			
Restricted	14,955	12,815	5,706
<b>Total fund balances</b>	14,955	12,815	5,706
 <b>Total liabilities and fund balances</b>	<b>\$ 14,955</b>	<b>\$ 16,240</b>	<b>\$ 5,706</b>

<u>Fingerprint</u>	<u>Insurance Proceeds</u>	<u>Litigation Recovery</u>	<u>Teacherage</u>	<u>Totals</u>
\$ 130	\$ 7,033	\$ 12,504	\$ 38	\$ 308,341
				63,409
<u>\$ 130</u>	<u>\$ 7,033</u>	<u>\$ 12,504</u>	<u>\$ 38</u>	<u>\$ 371,750</u>
\$	\$	\$	\$	\$ 9,284
				54,125
				9,180
				39
				<u>72,628</u>
<u>130</u>	<u>7,033</u>	<u>12,504</u>	<u>38</u>	<u>299,122</u>
<u>130</u>	<u>7,033</u>	<u>12,504</u>	<u>38</u>	<u>299,122</u>
<u>\$ 130</u>	<u>\$ 7,033</u>	<u>\$ 12,504</u>	<u>\$ 38</u>	<u>\$ 371,750</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, 2017**

	Classroom Site	Instructional Improvement	Professional Development and Technology Grants
<b>Revenues:</b>			
Other local	\$	\$ 478	\$
State aid and grants	31,845	2,537	
Federal aid, grants and reimbursements			10,737
<b>Total revenues</b>	31,845	3,015	10,737
<b>Expenditures:</b>			
Current -			
Instruction	34,695		
Support services - students and staff		4,989	10,310
Support services - administration			
Operation and maintenance of plant services			
Capital outlay			
<b>Total expenditures</b>	34,695	4,989	10,310
<b>Excess (deficiency) of revenues over expenditures</b>	(2,850)	(1,974)	427
<b>Other financing sources (uses):</b>			
Transfer out			(427)
<b>Total other financing sources (uses):</b>			(427)
<b>Changes in fund balances</b>	(2,850)	(1,974)	
<b>Fund balances (deficits), beginning of year</b>	56,384	67,141	
Increase (decrease) in reserve for prepaid items			
<b>Fund balances, end of year</b>	\$ 53,534	\$ 65,167	\$

Limited English & Immigrant Students	National Forest Fees	Taylor Grazing Fees	E-Rate	Other Federal Projects	Other State Projects
\$	\$	\$	\$	\$	\$
41,288	13,522	14,059	35,909	64,196	7,845
<u>41,288</u>	<u>13,522</u>	<u>14,059</u>	<u>35,909</u>	<u>64,196</u>	<u>7,845</u>
26,012	9,297			5,972	1,966
12,835	3,296	9,500		54,674	5,879
531	8,464				
			15,365		
<u>1,833</u>				<u>3,349</u>	
<u>41,211</u>	<u>21,057</u>	<u>9,500</u>	<u>15,365</u>	<u>63,995</u>	<u>7,845</u>
<u>77</u>	<u>(7,535)</u>	<u>4,559</u>	<u>20,544</u>	<u>201</u>	
<u>(77)</u>				<u>(201)</u>	
<u>(77)</u>				<u>(201)</u>	
	<u>(7,535)</u>	<u>4,559</u>	<u>20,544</u>		
1,583	94,978	35,238	(20,544)		
(1,583)					
<u>\$</u>	<u>\$ 87,443</u>	<u>\$ 39,797</u>	<u>\$</u>	<u>\$</u>	<u>\$</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, 2017**

	Extracurricular Activities Fees Tax Credit	Gifts and Donations	Career, Technical, and Vocational Education
<b>Revenues:</b>			
Other local	\$ 108	\$ 96,153	\$ 54,765
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>	108	96,153	54,765
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff		94,594	39,059
Support services - administration			
Operation and maintenance of plant services			
Capital outlay			
<b>Total expenditures</b>		94,594	39,059
<b>Excess (deficiency) of revenues over expenditures</b>	108	1,559	15,706
<b>Other financing sources (uses):</b>			
Transfer out			(10,000)
<b>Total other financing sources (uses):</b>			(10,000)
<b>Changes in fund balances</b>	108	1,559	5,706
<b>Fund balances (deficits), beginning of year</b>	14,847	11,256	
Increase (decrease) in reserve for prepaid items			
<b>Fund balances, end of year</b>	\$ 14,955	\$ 12,815	\$ 5,706

<u>Fingerprint</u>	<u>Insurance Proceeds</u>	<u>Litigation Recovery</u>	<u>Teacherage</u>	<u>Totals</u>
\$ 1	\$ 51	\$ 97	\$	\$ 151,653
				42,227
				179,711
<u>1</u>	<u>51</u>	<u>97</u>		<u>373,591</u>
				77,942
				235,136
				8,995
				15,365
				5,182
				<u>342,620</u>
<u>1</u>	<u>51</u>	<u>97</u>		<u>30,971</u>
				(10,705)
				<u>(10,705)</u>
<u>1</u>	<u>51</u>	<u>97</u>		<u>20,266</u>
129	6,982	12,407	38	280,439
				(1,583)
<u>\$ 130</u>	<u>\$ 7,033</u>	<u>\$ 12,504</u>	<u>\$ 38</u>	<u>\$ 299,122</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, 2017**

	Classroom Site		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants		31,845	31,845
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>31,845</u>	<u>31,845</u>
<b>Expenditures:</b>			
Current -			
Instruction	101,317	34,695	66,622
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Capital outlay			
<b>Total expenditures</b>	<u>101,317</u>	<u>34,695</u>	<u>66,622</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(101,317)</u>	<u>(2,850)</u>	<u>98,467</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>(101,317)</u>	<u>(2,850)</u>	<u>98,467</u>
<b>Fund balances (deficits), beginning of year</b>		56,384	56,384
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	<u>\$ (101,317)</u>	<u>\$ 53,534</u>	<u>\$ 154,851</u>

<u>Instructional Improvement</u>			<u>Professional Development and Technology Grants</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
\$	\$ 478	\$ 478	\$	\$	\$
	2,537	2,537			
	<u>3,015</u>	<u>3,015</u>		<u>10,737</u>	<u>10,737</u>
				<u>10,737</u>	<u>10,737</u>
65,000	4,989	60,011	24,000	10,310	13,690
<u>65,000</u>	<u>4,989</u>	<u>60,011</u>	<u>24,000</u>	<u>10,310</u>	<u>13,690</u>
<u>(65,000)</u>	<u>(1,974)</u>	<u>63,026</u>	<u>(24,000)</u>	<u>427</u>	<u>24,427</u>
				<u>(427)</u>	<u>(427)</u>
				<u>(427)</u>	<u>(427)</u>
<u>(65,000)</u>	<u>(1,974)</u>	<u>63,026</u>	<u>(24,000)</u>		<u>24,000</u>
	67,141	67,141			
<u>\$ (65,000)</u>	<u>\$ 65,167</u>	<u>\$ 130,167</u>	<u>\$ (24,000)</u>	<u>\$</u>	<u>\$ 24,000</u>

(Continued)

**PIMA COUNTY SCHOOL RESERVE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
NON-MAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2017**

	Limited English & Immigrant Students		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		41,288	41,288
<b>Total revenues</b>		41,288	41,288
<b>Expenditures:</b>			
Current -			
Instruction	79,821	26,012	53,809
Support services - students and staff	20,000	12,835	7,165
Support services - administration		531	(531)
Operation and maintenance of plant services			
Capital outlay		1,833	(1,833)
<b>Total expenditures</b>	99,821	41,211	58,610
<b>Excess (deficiency) of revenues over expenditures</b>	(99,821)	77	99,898
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out		(77)	(77)
<b>Total other financing sources (uses):</b>		(77)	(77)
<b>Changes in fund balances</b>	(99,821)		99,821
<b>Fund balances (deficits), beginning of year</b>		1,583	1,583
Increase (decrease) in reserve for prepaid items		(1,583)	(1,583)
<b>Fund balances (deficits), end of year</b>	\$ (99,821)	\$	\$ 99,821

National Forest Fees			Taylor Grazing Fees		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	13,522	13,522		14,059	14,059
	13,522	13,522		14,059	14,059
	9,297	(9,297)			
	3,296	(3,296)		9,500	(9,500)
	8,464	(8,464)			
	21,057	(21,057)		9,500	(9,500)
	(7,535)	(7,535)		4,559	4,559
	(7,535)	(7,535)		4,559	4,559
	94,978	94,978		35,238	35,238
\$	\$ 87,443	\$ 87,443	\$	\$ 39,797	\$ 39,797

(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, 2017**

	E-Rate		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$	\$
State aid and grants			
Federal aid, grants and reimbursements		35,909	35,909
<b>Total revenues</b>		<u>35,909</u>	<u>35,909</u>
<b>Expenditures:</b>			
Current -			
Instruction			
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services	50,000	15,365	34,635
Capital outlay			
<b>Total expenditures</b>	<u>50,000</u>	<u>15,365</u>	<u>34,635</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(50,000)</u>	<u>20,544</u>	<u>70,544</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>(50,000)</u>	<u>20,544</u>	<u>70,544</u>
<b>Fund balances (deficits), beginning of year</b>		(20,544)	(20,544)
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	<u>\$ (50,000)</u>	<u>\$</u>	<u>\$ 50,000</u>

Other Federal Projects			Other State Projects		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	64,196	64,196		7,845	7,845
	64,196	64,196		7,845	7,845
150,000	5,972	(5,972)	2,000	1,966	34
	54,674	95,326	6,000	5,879	121
	3,349	(3,349)			
150,000	63,995	86,005	8,000	7,845	155
(150,000)	201	150,201	(8,000)		8,000
	(201)	(201)			
	(201)	(201)			
(150,000)		150,000	(8,000)		8,000
\$ (150,000)	\$	\$ 150,000	\$ (8,000)	\$	\$ 8,000

(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, 2017**

	Extracurricular Activities Fees Tax Credit		
	Budget	Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 108	\$ 108
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		108	108
<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>		108	108
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>		108	108
<b>Fund balances (deficits), beginning of year</b>		14,847	14,847
Increase (decrease) in reserve for prepaid items			
<b>Fund balances, end of year</b>	\$	\$ 14,955	\$ 14,955

Gifts and Donations			Career, Technical, and Vocational Education		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 96,153	\$ 96,153	\$	\$ 54,765	\$ 54,765
	<u>96,153</u>	<u>96,153</u>		<u>54,765</u>	<u>54,765</u>
	94,594	(94,594)		39,059	(39,059)
	<u>94,594</u>	<u>(94,594)</u>		<u>39,059</u>	<u>(39,059)</u>
	<u>1,559</u>	<u>1,559</u>		<u>15,706</u>	<u>15,706</u>
				(10,000)	(10,000)
				<u>(10,000)</u>	<u>(10,000)</u>
	<u>1,559</u>	<u>1,559</u>		<u>5,706</u>	<u>5,706</u>
	11,256	11,256			
<u>\$</u>	<u>\$ 12,815</u>	<u>\$ 12,815</u>	<u>\$</u>	<u>\$ 5,706</u>	<u>\$ 5,706</u>

(Continued)

**PIMA COUNTY SCHOOL RESERVE FUND  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2017**

	Fingerprint		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 1	\$ 1
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		1	1
<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>		1	1
<b>Other financing sources (uses):</b>			
Transfer in			
Transfer out			
<b>Total other financing sources (uses):</b>			
<b>Changes in fund balances</b>		1	1
<b>Fund balances (deficits), beginning of year</b>		129	129
Increase (decrease) in reserve for prepaid items			
<b>Fund balances (deficits), end of year</b>	\$	\$ 130	\$ 130

Insurance Proceeds			Litigation Recovery		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$ 51	\$ 51	\$	\$ 97	\$ 97
	<u>51</u>	<u>51</u>		<u>97</u>	<u>97</u>
7,000		7,000	800		800
<u>7,000</u>		<u>7,000</u>	<u>800</u>		<u>800</u>
<u>(7,000)</u>	<u>51</u>	<u>7,051</u>	<u>(800)</u>	<u>97</u>	<u>897</u>
<u>(7,000)</u>	<u>51</u>	<u>7,051</u>	<u>(800)</u>	<u>97</u>	<u>897</u>
	6,982	6,982		12,407	12,407
<u>\$ (7,000)</u>	<u>\$ 7,033</u>	<u>\$ 14,033</u>	<u>\$ (800)</u>	<u>\$ 12,504</u>	<u>\$ 13,304</u>

(Continued)

**PIMA COUNTY SCHOOL RESERVE FUND  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2017**

	Administrative Costs		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 152,480	\$ 152,480
State aid and grants			
Federal aid, grants and reimbursements			
<b>Total revenues</b>		<u>152,480</u>	<u>152,480</u>
<b>Expenditures:</b>			
Current -			
Instruction		1,392	(1,392)
Support services - students and staff		33,703	(33,703)
Support services - administration	2,500	199,804	(197,304)
Operation and maintenance of plant services		3,019	(3,019)
Capital outlay		6,711	(6,711)
<b>Total expenditures</b>	<u>2,500</u>	<u>244,629</u>	<u>(242,129)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,500)</u>	<u>(92,149)</u>	<u>(89,649)</u>
<b>Other financing sources (uses):</b>			
Transfer in		2,892	2,892
Transfer out		(3,000)	(3,000)
<b>Total other financing sources (uses):</b>		<u>(108)</u>	<u>(108)</u>
<b>Changes in fund balances</b>	<u>(2,500)</u>	<u>(92,257)</u>	<u>(89,757)</u>
<b>Fund balances (deficits), beginning of year</b>		277,548	277,548
Increase (decrease) in reserve for prepaid items		(1,952)	(1,952)
<b>Fund balances (deficits), end of year</b>	<u>\$ (2,500)</u>	<u>\$ 183,339</u>	<u>\$ 185,839</u>

Teacherage			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 304,133	\$ 304,133
				42,227	42,227
				179,711	179,711
				526,071	526,071
			190,938	79,334	111,604
			265,000	268,839	(3,839)
			2,500	208,799	(206,299)
			50,000	18,384	31,616
				11,893	(11,893)
			508,438	587,249	(78,811)
			(508,438)	(61,178)	447,260
				2,892	2,892
				(13,705)	(13,705)
				(10,813)	(10,813)
			(508,438)	(71,991)	436,447
	38	38		557,987	557,987
				(3,535)	(3,535)
\$	\$ 38	\$ 38	\$ (508,438)	\$ 482,461	\$ 990,899

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## **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.

**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, 2017**

	Unrestricted Capital Outlay	Bus Replacement	Totals
<b><u>ASSETS</u></b>			
Cash and investments	\$ 63,732	\$ 4,272	\$ 68,004
<b>Total assets</b>	<b>\$ 63,732</b>	<b>\$ 4,272</b>	<b>\$ 68,004</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 1,906	\$	\$ 1,906
<b>Total liabilities</b>	<b>1,906</b>	<b>\$</b>	<b>\$ 1,906</b>
Fund balances:			
Restricted	61,826		61,826
Assigned		4,272	4,272
<b>Total fund balances</b>	<b>61,826</b>	<b>4,272</b>	<b>66,098</b>
 <b>Total liabilities and fund balances</b>	<b>\$ 63,732</b>	<b>\$ 4,272</b>	<b>\$ 68,004</b>

**PIMA COUNTY SCHOOL RESERVE FUND  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 NON-MAJOR CAPITAL PROJECTS FUNDS  
 YEAR ENDED JUNE 30, 2017**

	Unrestricted Capital Outlay	Bus Replacement	Totals
<b>Revenues:</b>			
Other local	\$	\$ 32	\$ 32
<b>Total revenues</b>	8,855	32	8,855
<b>Expenditures:</b>			
Capital outlay	8,855		8,855
<b>Total expenditures</b>	8,855		8,855
<b>Changes in fund balances</b>	(8,855)	32	(8,823)
<b>Fund balances, beginning of year</b>	70,681	4,240	74,921
<b>Fund balances, end of year</b>	\$ 61,826	\$ 4,272	\$ 66,098

**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, 2017**

	School Plant		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Other local	\$	\$ 2,426	\$ 2,426
<b>Total revenues</b>		<u>2,426</u>	<u>2,426</u>
<b>Expenditures:</b>			
Capital outlay	350,000	38,675	311,325
<b>Total expenditures</b>	<u>350,000</u>	<u>38,675</u>	<u>311,325</u>
<b>Changes in fund balances</b>	<u>(350,000)</u>	<u>(36,249)</u>	<u>313,751</u>
<b>Fund balances, beginning of year</b>		332,558	332,558
<b>Fund balances (deficits), end of year</b>	<u>\$ (350,000)</u>	<u>\$ 296,309</u>	<u>\$ 646,309</u>

Unrestricted Capital Outlay			Bus Replacement		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$ 32	\$ 32
				32	32
108,618	8,855	99,763			
108,618	8,855	99,763			
(108,618)	(8,855)	99,763		32	32
	70,681	70,681		4,240	4,240
\$ (108,618)	\$ 61,826	\$ 170,444	\$	\$ 4,272	\$ 4,272

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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, 2017**

	Totals		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
<b>Revenues:</b>			
Other local	\$	\$ 2,458	\$ 2,458
<b>Total revenues</b>	2,458	2,458	2,458
<b>Expenditures:</b>			
Capital outlay	458,618	47,530	411,088
<b>Total expenditures</b>	458,618	47,530	411,088
<b>Changes in fund balances</b>	(458,618)	(45,072)	413,546
<b>Fund balances, beginning of year</b>		407,479	407,479
<b>Fund balances (deficits), end of year</b>	\$ (458,618)	\$ 362,407	\$ 821,025

## 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.

**Note:** For locally assessed property (i.e., excluding mines, utilities, etc.) Proposition 117, approved by voters in 2012, amended the Arizona Constitution to require that all property taxes after fiscal year 2014-15 be based upon property values limited to five percent in annual growth. The aggregate assessed value of all taxable properties within a taxing jurisdiction (i.e., after applying assessment ratios based on the use of a property), including property values with a growth limit, is currently referred to as net limited assessed value and formerly as primary assessed value. In accordance with Proposition 117, this value is used for all taxing purposes beginning fiscal year 2015-16. Aggregate assessed value without a growth limit is currently referred to as net full cash assessed value and formerly as secondary assessed value. This remains the value utilized for determining debt capacity limits.

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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>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>Net Position:</b>					
Investment in capital assets	\$ 105,512	\$ 150,363	\$ 198,150	\$ 248,522	\$ 271,201
Restricted	466,660	496,457	494,534	491,189	448,506
Unrestricted	<u>(1,469,761)</u>	<u>(1,431,295)</u>	<u>(1,411,472)</u>	<u>1,151,254</u>	<u>1,379,879</u>
Total net position	<u><u>\$ (897,589)</u></u>	<u><u>\$ (784,475)</u></u>	<u><u>\$ (718,788)</u></u>	<u><u>\$ 1,890,965</u></u>	<u><u>\$ 2,099,586</u></u>
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>Net Position:</b>					
Investment in capital assets	\$ 319,674	\$ 376,262	\$ 424,143	\$ 440,592	\$ 237,050
Restricted	536,242	748,007	301,828	469,682	888,766
Unrestricted	<u>1,452,886</u>	<u>1,225,092</u>	<u>1,472,192</u>	<u>1,544,706</u>	<u>1,496,278</u>
Total net position	<u><u>\$ 2,308,802</u></u>	<u><u>\$ 2,349,361</u></u>	<u><u>\$ 2,198,163</u></u>	<u><u>\$ 2,454,980</u></u>	<u><u>\$ 2,622,094</u></u>

**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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Expenses</b>					
Instruction	\$ 499,077	\$ 522,904	\$ 630,095	\$ 680,488	\$ 833,386
Support services - students and staff	863,023	760,104	627,175	653,958	1,302,698
Support services - administration	450,634	368,010	609,427	546,878	615,509
Operation and maintenance of plant services	58,357	22,012	21,993	27,084	21,262
Student transportation services	176,963	140,779	145,853	185,978	206,745
Operation of non-instructional services				841	1,139
Total expenses	<u>2,048,054</u>	<u>1,813,809</u>	<u>2,034,543</u>	<u>2,095,227</u>	<u>2,980,739</u>
<b>Program Revenues</b>					
Charges for services:					
Instruction	96,095	95,126	112,221	81,981	46,779
Operation of non-instructional services					452,478
Other activities	495,632	450,318	464,434	348,228	228,065
Operating grants and contributions	728,770	499,497	663,787	618,747	1,088,295
Capital grants and contributions	8,440	28,949	7,683	1,807	11,390
Total program revenues	<u>1,328,937</u>	<u>1,073,890</u>	<u>1,248,125</u>	<u>1,050,763</u>	<u>1,827,007</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (719,117)</u>	<u>\$ (739,919)</u>	<u>\$ (786,418)</u>	<u>\$ (1,044,464)</u>	<u>\$ (1,153,732)</u>

(Continued)

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Expenses</b>					
Instruction	\$ 1,262,553	\$ 1,317,272	\$ 1,650,752	\$ 1,572,024	\$ 1,605,284
Support services - students and staff	1,699,286	1,896,939	2,001,296	1,752,237	1,716,069
Support services - administration	633,645	728,883	635,588	552,864	474,858
Operation and maintenance of plant services	35,467	32,132	38,236	39,444	47,524
Student transportation services	160,424	168,535	58,115	138,358	185,147
Operation of non-instructional services	137	951	3,398	17,844	
Total expenses	<u>3,791,512</u>	<u>4,144,712</u>	<u>4,387,385</u>	<u>4,072,771</u>	<u>4,028,882</u>
<b>Program Revenues</b>					
Charges for services:					
Instruction	44,994	6,991	356		90,939
Operation of non-instructional services	677,895	642,459	398,283	413,913	460,985
Other activities	251,281	249,045	221,477	106,824	23,557
Operating grants and contributions	1,846,476	2,321,429	2,561,465	2,163,603	2,276,264
Capital grants and contributions	13,217	16,647	14,325	33,206	40,219
Total program revenues	<u>2,833,863</u>	<u>3,236,571</u>	<u>3,195,906</u>	<u>2,717,546</u>	<u>2,891,964</u>
<b>Net (Expense)/Revenue</b>	<u>\$ (957,649)</u>	<u>\$ (908,141)</u>	<u>\$ (1,191,479)</u>	<u>\$ (1,355,225)</u>	<u>\$ (1,136,918)</u>

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

**(Concluded)**

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

	<b>Fiscal Year Ended June 30</b>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Net (Expense)/Revenue</b>	\$ (719,117)	\$ (739,919)	\$ (786,418)	\$ (1,044,464)	\$ (1,153,732)
<b>General Revenues:</b>					
Investment income	8,236	6,998	6,527	12,621	48,649
Unrestricted county aid	50,673	53,693	53,098	59,001	60,565
Unrestricted state aid	547,094	613,541	537,301	758,429	828,851
Unrestricted federal aid				5,792	6,451
<b>Total general revenues</b>	606,003	674,232	596,926	835,843	944,516
<b>Changes in Net Position</b>	\$ (113,114)	\$ (65,687)	\$ (189,492)	\$ (208,621)	\$ (209,216)

**(Continued)**

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Net (Expense)/Revenue</b>	\$ (957,649)	\$ (908,141)	\$ (1,191,479)	\$ (1,355,225)	\$ (1,136,918)
<b>General Revenues:</b>					
Investment income	11,971	17,235	30,167	40,458	110,765
Unrestricted county aid	59,318	57,272	48,652		
Unrestricted state aid	837,912	964,961	757,581	1,137,864	1,213,927
Unrestricted federal aid	7,889	19,871	98,262	9,789	11,467
<b>Total general revenues</b>	<u>917,090</u>	<u>1,059,339</u>	<u>934,662</u>	<u>1,188,111</u>	<u>1,336,159</u>
<b>Changes in Net Position</b>	<u>\$ (40,559)</u>	<u>\$ 151,198</u>	<u>\$ (256,817)</u>	<u>\$ (167,114)</u>	<u>\$ 199,241</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 2007-08 through 2008-09.

**(Concluded)**

**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>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>	<u><b>2014</b></u>	<u><b>2013</b></u>
General Fund:					
Nondisposable	\$	\$ 1,952	\$ 10,871	\$	\$
Unassigned	(187,525)	109,612	211,136	559,827	680,663
Total General Fund	<u>\$ (187,525)</u>	<u>\$ 111,564</u>	<u>\$ 222,007</u>	<u>\$ 559,827</u>	<u>\$ 680,663</u>
All Other Governmental Funds:					
Nondisposable	\$	\$ 1,583	\$ 4,172	\$	\$
Restricted	479,436	496,457	493,372	536,340	514,513
Committed	229,367	252,582	282,852	237,606	315,104
Assigned	300,581	336,798	351,058	360,997	359,187
Unassigned		(20,544)	(386)	(732)	(447)
Total all other governmental funds	<u>\$ 1,009,384</u>	<u>\$ 1,066,876</u>	<u>\$ 1,131,068</u>	<u>\$ 1,134,211</u>	<u>\$ 1,188,357</u>

(Continued)

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund:					
Nonspendable	\$	\$ 4,346	\$	\$	\$
Restricted			62,129		
Unassigned	709,322	532,767	54,655		
Unreserved				48,646	42,655
Total General Fund	<u>\$ 710,471</u>	<u>\$ 538,262</u>	<u>\$ 116,784</u>	<u>\$ 48,646</u>	<u>\$ 42,655</u>
All Other Governmental Funds:					
Nonspendable	\$	\$ 22,346	\$	\$	\$
Restricted	508,293	1,178,443	899,428		
Committed	414,119	289,575			
Assigned	418,952	4,102	817,263		
Reserved				8,660	9,154
Unreserved, reported in:					
Special revenue funds				1,521,354	1,545,880
Capital projects funds				469,682	879,612
Total all other governmental funds	<u>\$ 1,341,364</u>	<u>\$ 1,494,466</u>	<u>\$ 1,716,691</u>	<u>\$ 1,999,696</u>	<u>\$ 2,434,646</u>

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

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

**(Concluded)**

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

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>	<u><b>2014</b></u>	<u><b>2013</b></u>
<b>Federal sources:</b>					
Federal grants	\$ 497,016	\$ 402,602	\$ 551,963	\$ 611,310	\$ 1,084,273
Taylor Grazing	14,059	11,619	15,941	5,792	6,451
Total federal sources	<u>511,075</u>	<u>414,221</u>	<u>567,904</u>	<u>617,102</u>	<u>1,090,724</u>
<b>State sources:</b>					
State equalization assistance	512,712	574,020	501,412	448,102	661,447
State grants	106,597	100,453	102,604	273,854	108,658
Other revenues	34,382	39,521	35,971	45,717	74,158
Total state sources	<u>653,691</u>	<u>713,994</u>	<u>639,987</u>	<u>767,673</u>	<u>844,263</u>
<b>Local sources:</b>					
County aid	50,673	53,693	53,098	59,001	60,565
Investment income	8,236	6,998	6,532	12,621	48,649
Other revenues	646,341	559,216	577,530	430,209	727,322
Total local sources	<u>705,250</u>	<u>619,907</u>	<u>637,160</u>	<u>501,831</u>	<u>836,536</u>
<b>Total revenues</b>	<u><u>\$ 1,870,016</u></u>	<u><u>\$ 1,748,122</u></u>	<u><u>\$ 1,845,051</u></u>	<u><u>\$ 1,886,606</u></u>	<u><u>\$ 2,771,523</u></u>

**(Continued)**

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Federal sources:</b>					
Federal grants	\$ 1,842,659	\$ 2,277,956	\$ 2,520,278	\$ 2,143,782	\$ 2,282,967
State Fiscal Stabilization (ARRA)		7,723	90,733		
Taylor Grazing	7,889	7,138	7,104	9,789	11,467
Total federal sources	<u>1,850,548</u>	<u>2,292,817</u>	<u>2,618,115</u>	<u>2,153,571</u>	<u>2,294,434</u>
<b>State sources:</b>					
State equalization assistance	588,891	696,348	623,351	873,128	866,898
State grants	96,993	232,214	4,216	97,631	127,887
School Facilities Board					1,164
Other revenues	155,845	40,505	134,230	171,436	251,494
Total state sources	<u>841,729</u>	<u>969,067</u>	<u>761,797</u>	<u>1,142,195</u>	<u>1,247,443</u>
<b>Local sources:</b>					
County aid	59,358	57,273	48,652		
Investment income	11,971	15,015	30,166	40,248	110,765
Other revenues	987,347	961,738	671,838	571,761	575,481
Total local sources	<u>1,058,676</u>	<u>1,034,026</u>	<u>750,656</u>	<u>612,009</u>	<u>686,246</u>
<b>Total revenues</b>	<u>\$ 3,750,953</u>	<u>\$ 4,295,910</u>	<u>\$ 4,130,568</u>	<u>\$ 3,907,775</u>	<u>\$ 4,228,123</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 2007-08 through 2008-09.

**(Concluded)**

**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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 508,352	\$ 528,103	\$ 621,272	\$ 649,335	\$ 811,878
Support services - students and staff	989,621	825,909	710,528	640,992	1,291,185
Support services - administration	458,945	374,666	651,988	524,523	606,691
Operation and maintenance of plant services	56,548	10,887	31,420	24,981	18,414
Student transportation services	173,420	119,740	124,878	143,276	162,705
Capital outlay	36,176	51,944	39,767	78,481	63,465
<b>Total expenditures</b>	<u>\$ 2,223,062</u>	<u>\$ 1,911,249</u>	<u>\$ 2,179,853</u>	<u>\$ 2,061,588</u>	<u>\$ 2,954,338</u>
Expenditures for capitalized assets	\$	\$	\$ 5,978	\$ 36,417	\$ 6,507
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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Expenditures:</b>					
Current -					
Instruction	\$ 1,253,573	\$ 1,281,795	\$ 1,535,126	\$ 1,409,603	\$ 1,546,890
Support services - students and staff	1,668,159	1,903,654	1,945,794	1,716,483	1,656,671
Support services - administration	629,270	717,402	612,201	538,994	458,326
Operation and maintenance of plant services	26,434	38,446	26,388	36,091	44,171
Student transportation services	120,893	125,337	3,910	127,380	117,367
Capital outlay	6,825	56,715	213,356	507,689	156,702
<b>Total expenditures</b>	<u>\$ 3,705,154</u>	<u>\$ 4,123,349</u>	<u>\$ 4,336,775</u>	<u>\$ 4,336,240</u>	<u>\$ 3,980,127</u>
Expenditures for capitalized assets	\$	\$ 9,150	\$ 43,379	\$ 278,573	\$ 77,411
Debt service as a percentage of	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)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (353,046)	\$ (163,127)	\$ (334,802)	\$ (174,982)	\$ (182,815)
<b>Other financing sources (uses):</b>					
Transfers in	12,702	44,036	13,264	38,636	5,014
Transfers out	(12,702)	(44,036)	(13,264)	(38,636)	(5,014)
Total other financing sources (uses)	_____	_____	_____	_____	_____
<b>Changes in fund balances</b>	<b>\$ (353,046)</b>	<b>\$ (163,127)</b>	<b>\$ (334,802)</b>	<b>\$ (174,982)</b>	<b>\$ (182,815)</b>
	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ 45,014	\$ 175,212	\$ (201,844)	\$ (427,443)	\$ 253,426
<b>Other financing sources (uses):</b>					
Transfers in	21,079	9,321	140,011	113,746	24,159
Transfers out	(21,079)	(9,321)	(140,011)	(113,746)	(24,159)
Total other financing sources (uses)	_____	_____	_____	_____	_____
<b>Changes in fund balances</b>	<b>\$ 45,014</b>	<b>\$ 175,212</b>	<b>\$ (201,844)</b>	<b>\$ (427,443)</b>	<b>\$ 253,426</b>

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

**PIMA COUNTY SCHOOL RESERVE FUND  
NET LIMITED ASSESSED VALUE AND FULL CASH VALUE OF TAXABLE PROPERTY BY CLASS  
LAST TEN FISCAL YEARS**

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Commercial, Industrial, Utilities and Mining	\$ 2,634,595	\$ 2,848,649	\$ 3,114,486	\$ 3,221,674	\$ 3,291,105
Agricultural and Vacant	4,936,393	5,440,175	5,464,282	5,524,648	5,622,965
Residential (Owner Occupied)	1,943,966	1,962,786	4,606,426	8,151,703	8,243,959
Residential (Rental)	<u>7,867,022</u>	<u>8,018,336</u>	<u>5,144,691</u>	<u>1,202,958</u>	<u>837,795</u>
Total	<u>\$ 17,381,976</u>	<u>\$ 18,269,946</u>	<u>\$ 18,329,885</u>	<u>\$ 18,100,983</u>	<u>\$ 17,995,824</u>
Gross Full Cash Value	\$ 643,535,325	\$ 646,812,205	\$ 644,172,047	\$ 641,956,876	\$ 648,279,089
Ratio of Net Limited Value to Gross Full Cash Value	3%	3%	3%	3%	3%
Total Direct Rate	0%	0%	0%	0%	0%

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Commercial, Industrial, Utilities and Mining	\$ 2,948,060	\$ 3,217,553	\$ 3,273,259	\$ 3,363,684	\$ 3,674,499
Agricultural and Vacant	5,346,159	4,867,865	4,449,517	3,914,479	3,418,662
Residential (Owner Occupied)	8,155,737	7,407,550	6,162,307	4,585,562	3,976,078
Residential (Rental)	<u>266,679</u>	<u>240,088</u>	<u>208,621</u>	<u>184,911</u>	<u>167,886</u>
Total	<u>\$ 16,716,635</u>	<u>\$ 15,733,056</u>	<u>\$ 14,093,704</u>	<u>\$ 12,048,636</u>	<u>\$ 11,237,125</u>
Gross Full Cash Value	\$ 652,620,589	\$ 670,249,586	\$ 625,437,848	\$ 646,481,683	\$ 587,466,959
Ratio of Net Limited to Gross full Cash Value	3%	2%	2%	2%	2%
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:** On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. Primary taxes are used for general District operations. Secondary taxes are used to service District bonded debt requirements and other voter-approved overrides.

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

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Commercial, Industrial, Utilities and Mining	\$ 2,687,747	\$ 2,913,588	\$ 3,132,527	\$ 3,229,934	\$ 3,324,498
Agricultural and Vacant	5,016,599	5,470,900	5,485,859	5,605,001	6,124,129
Residential (Owner Occupied)	1,977,714	1,984,387	4,652,705	8,342,486	8,957,382
Residential (Rental)	7,960,579	8,134,644	5,202,432	1,212,017	893,230
<b>Total</b>	<b>\$ 17,642,639</b>	<b>\$ 18,503,519</b>	<b>\$ 18,473,523</b>	<b>\$ 18,389,438</b>	<b>\$ 19,299,239</b>
Gross Full Cash Value	\$ 643,535,325	\$ 646,812,205	\$ 644,172,047	\$ 641,956,876	\$ 648,279,089
Ratio of Net Full cash Value to Gross Full Cash Value	3%	3%	3%	3%	3%
Estimated Net Full Cash Value	122,444,542	123,323,087	8,937,857	8,217,894	9,401,624
Total District Rate	0%	0%	0%	0%	0%

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Commercial, Industrial, Utilities and Mining	\$ 3,037,885	\$ 3,308,620	\$ 3,363,716	\$ 3,472,097	\$ 3,770,943
Agricultural and Vacant	6,541,595	6,506,793	6,768,963	5,149,348	4,160,102
Residential (Owner Occupied)	9,848,965	10,158,466	6,681,883	5,255,840	4,467,852
Residential (Rental)	312,162	329,789	227,554	219,619	187,856
<b>Total</b>	<b>\$ 19,740,607</b>	<b>\$ 20,303,668</b>	<b>\$ 17,042,116</b>	<b>\$ 14,096,904</b>	<b>\$ 12,586,753</b>
Gross Full Cash Value	\$ 652,620,589	\$ 670,249,586	\$ 625,437,848	\$ 646,481,683	\$ 587,466,959
Ratio of Net Full Cash Value to Gross Full Cash Value	3%	3%	3%	2%	2%
Estimated Net Full Cash Value	8,514,523	9,457,108	9,141,584	8,607,173	8,821,556
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:** On November 6, 2012, voters approved Proposition 117, an amendment to the Arizona Constitution. Beginning with Tax Year 2015 (Fiscal Year 2016), both primary and secondary taxes are levied against the net limited assessed value. The net full cash assessed value is used for determining the District's bonding capacity and as the ceiling for net limited assessed value.

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

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Commercial, Industrial, Utilities and Mining	19 %	19 %	19 %	20 %	20 %
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	16	16	15	15

<u>Class</u>	<u>Fiscal Year</u>				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Commercial, Industrial, Utilities and Mining	20 %	21 %	22 %	23 %	24 %
Agricultural and Vacant	16	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	17	18	20	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>
2016	1,013,103	\$ N/A	\$ N/A	4.9 %
2015	1,009,371	38,922,402	38,536	5.6
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

**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 2007 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 through 2016, 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>2017</u>		<u>2008</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
University of Arizona	11,251	2.71 %	10,535	2.36 %
Raytheon Missile Systems	9,600	2.31	12,515	2.80
State of Arizona	8,580	2.07	10,754	2.41
Davis Monthan AFB	8,406	2.03	7,701	1.72
Pima County	7,060	1.70	6,954	1.56
Tucson Unified School District	6,770	1.63	8,018	1.80
Banner- University Medicine	6,272	1.51		
US Customs and Border Protection	5,739	1.38		
Freeport-McMoran Mining	5,530	1.33		
Wal-Mart Stores, Inc.	5,500	1.33	5,805	1.30
Fort Huachuca			6,701	1.50
Phelps Dodge			5,840	1.31
City of Tucson			5,848	1.31
Total	<u>74,708</u>	<u>18.00 %</u>	<u>80,671</u>	<u>18.07 %</u>
Total employment	<u>415,048</u>		<u>446,600</u>	

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

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

	<u>Full-time Equivalent Employees as of June 30</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Supervisory</b>					
Superintendent	1	1	1	1	1
Administrator	2	1	1	1	2
Total supervisory	<u>3</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>3</u>
<b>Instruction</b>					
Teachers	11	10	9	8	7
Total instruction	<u>11</u>	<u>10</u>	<u>9</u>	<u>8</u>	<u>7</u>
<b>Support and Administration</b>					
Service workers	6	6	6	8	13
Total support and administration	<u>6</u>	<u>6</u>	<u>6</u>	<u>8</u>	<u>13</u>
<b>Total</b>	<u><u>20</u></u>	<u><u>18</u></u>	<u><u>17</u></u>	<u><u>18</u></u>	<u><u>23</u></u>
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</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	13	10	11	12	12
Total instruction	<u>13</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>12</u>
<b>Support and Administration</b>					
Service workers	16	30	29	29	27
Support and Administration	<u>16</u>	<u>30</u>	<u>29</u>	<u>29</u>	<u>27</u>
<b>Total</b>	<u><u>32</u></u>	<u><u>43</u></u>	<u><u>43</u></u>	<u><u>44</u></u>	<u><u>42</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>
2017	64	\$ 2,186,886	\$ 34,272	(7.48) %	\$ 2,048,054	\$ 32,096	(11.18) %	11	5.8
2016	50	1,859,305	37,042	38.07	1,813,809	36,135	41.68	10	5.0
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

**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>2017</u>	<u>2016</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>
<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

**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 governmental activities, each major fund, and the aggregate remaining fund information of Pima County School Reserve Fund, as of and for the year ended June 30, 2017, 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, 2017.

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.  
Tucson, Arizona  
November 17, 2017