PIMA COUNTY
SCHOOL RESERVE FUND

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018

PIMA COUNTY

SCHOOL SUPERINTENDENT

200 N. Stone Avenue ▪ Tucson, Arizona 85701

PIMA COUNTY SCHOOL RESERVE FUND

TUCSON, ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Issued by:
Pima County School Superintendent's Office

(This page intentionally left blank)

PIMA COUNTY SCHOOL RESERVE FUND

TABLE OF CONTENTS

INTRODUCTORY SECTION	**Page**
Letter of Transmittal	1
ASBO Certificate of Excellence	7
Organizational Chart	8
List of Principal Officials	9
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	13
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)	17
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	30
Statement of Activities	31
Fund Financial Statements:	
Balance Sheet – Governmental Funds	34
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	37
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	38
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	40
Notes to Financial Statements	41

PIMA COUNTY SCHOOL RESERVE FUND

TABLE OF CONTENTS

FINANCIAL SECTION	Page
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund	62
Title I Grants Fund	63
Special Education Grants Fund	64
Fee for Service Program Fund	65
Pension Schedules	66
OPEB Schedules	67
Notes to Required Supplementary Information	69
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Governmental Funds:	
Combining Balance Sheet – All Non-Major Governmental Funds – By Fund Type	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All Non-Major Governmental Funds – By Fund Type	75
Special Revenue Funds:	
Combining Balance Sheet	78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	82
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	86

PIMA COUNTY SCHOOL RESERVE FUND

TABLE OF CONTENTS

FINANCIAL SECTION	**Page**
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Capital Projects Funds:	
Combining Balance Sheet	102
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	104
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	106
STATISTICAL SECTION	
Financial Trends:	
Net Position by Component	113
Expenses, Program Revenues, and Net (Expense)/Revenue	114
General Revenues and Total Changes in Net Position	116
Fund Balances – Governmental Funds	118
Governmental Funds Revenues	120
Governmental Funds Expenditures and Debt Service Ratio	122
Other Financing Sources and Uses and Net Changes in Fund Balances – Governmental Funds	124
Revenue Capacity:	
Net Limited Assessed Value and Full Cash Value of Taxable Property by Class	125
Net Full Cash Assessed Value of Taxable Property by Class	126
Property Tax Assessment Ratios	127

PIMA COUNTY SCHOOL RESERVE FUND

TABLE OF CONTENTS

STATISTICAL SECTION	**Page**
Demographic and Economic Information:	
County-Wide Demographic and Economic Statistics	128
Principal Employers	129
Operating Information:	
Full-Time Equivalent Reserve Employees by Type	130
Operating Statistics	131
Capital Assets Information	132
REPORT ON INTERNAL CONTROL AND ON COMPLIANCE	
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*	135

INTRODUCTORY SECTION

(This page intentionally left blank)

PIMA COUNTY
SCHOOL SUPERINTENDENT

Dustin J. Williams
Superintendent of Schools

Deborah Bryson
Chief Deputy Superintendent

520.724.8451
schools.pima.gov

December 17, 2018

Citizens and 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, 2018.

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, 2018, 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, 2018, 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 500 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.

This year saw the development and addition of a new program designed to further support our educational community. The LEADNow! Institute was created to provide training and support for new and aspiring school leaders. The course is offered in a year-long cohort format with principal mentors provided and addresses the understanding that the most important change agents in education are school leaders. In its inaugural year, LEADNow! served 53 new and aspiring school leaders and provided the support of 24 principal mentors.

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.

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.

This year, the "Red for Ed" movement took off in Tucson, as it did around the nation, and proved to be the way local students, teachers and school boards could advocate for wholesale institutional changes in education. Governor Ducey signed a new Arizona Education budget plan into effect with the expectation of giving Arizona teachers a 20 percent pay raise over the course of the next three years. The funding deal will also include an increase in flexible dollars to Arizona schools for support staff, textbooks, technology and infrastructure. Although this is a positive start, significant issues continue and it is critical that our local community continue to advocate for further fiscal support to address wide ranging needs. For instance, there are approximately 1,200 teacher vacancies in Arizona which leads to students having long-term substitutes and larger classroom sizes ranging up to 34 students per class when the national average is of 25.

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. The Arizona Department of Education's decision to stop providing funding for students between ages 18 and 21 that are not identified as needing Special Education services continues to be an ongoing challenge. This provides a constraint in the development of instructional programs at the Accommodation District. Over the past year, the District's instructional programs have continued to show a significant amount of reinvestment in both human capital and instructional resources. This means that the District and the Office will continue 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 continue to be a focus of the Accommodation District as we move forward. Administration at the Reserve, Juvenile Detention, and Adult Detention centers will continue to work on creating programs for the District. The District's partnerships and focus on the well-being of its students has garnered success and a new direction of the District's faculty, staff and students. The investment and prioritization of funds has allowed 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, including studying the feasibility of a transition school.

The 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 second under the direction of this Pima County School Superintendent. The 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, 2017. This was the twenty-third 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, 2018 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

Sam Correa
Interim CFO, School Superintendent Office
Deputy Director, Finance & Risk Management

ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Pima County School Reserve Fund

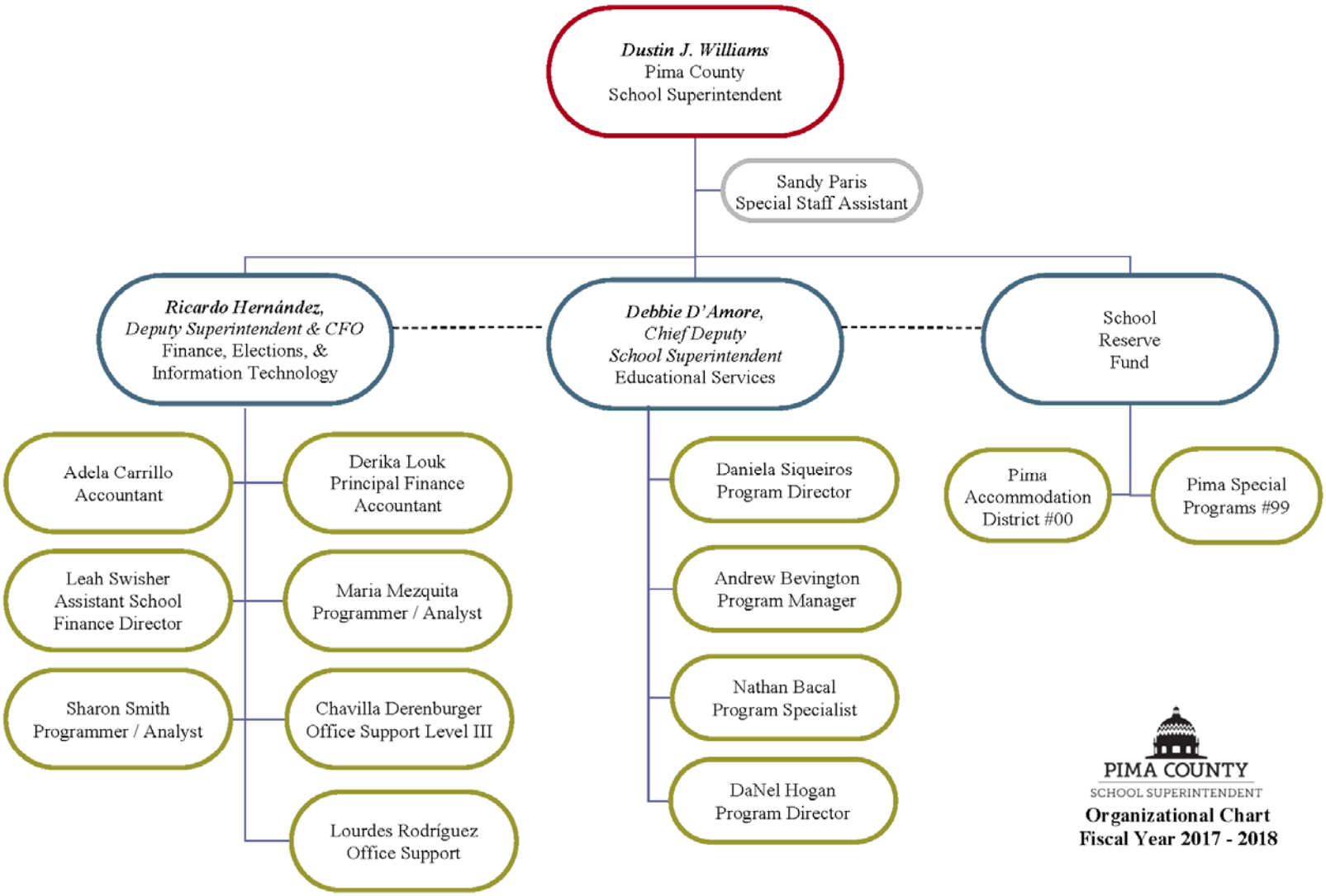
for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.

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

CERTIFICATE OF EXCELLENCE
IN FINANCIAL REPORTING

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

John D. Musso, CAE
Executive Director


Dustin J. Williams
Pima County
School Superintendent
Sandy Paris
Special Staff Assistant
Ricardo Hernández,
Deputy Superintendent & CFO
Finance, Elections, &
Information Technology
Debbie D'Amore,
Chief Deputy
School Superintendent
Educational Services
School
Reserve
Fund
Adela Carrillo
Accountant
Derika Louk
Principal Finance
Accountant
Leah Swisher
Assistant School
Finance Director
Maria Mezquita
Programmer / Analyst
Sharon Smith
Programmer / Analyst
Chavilla Derenburger
Office Support Level III
Lourdes Rodríguez
Office Support
Daniela Siqueiros
Program Director
Andrew Bevington
Program Manager
Nathan Bacal
Program Specialist
DaNel Hogan
Program Director
Pima
Accommodation
District #00
Pima Special
Programs #99
PIMA COUNTY
SCHOOL SUPERINTENDENT
Organizational Chart
Fiscal Year 2017 - 2018

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

Deborah Bryson, Chief Deputy School Superintendent

Sam Correa, Interim CFO

(This page intentionally left blank)

FINANCIAL SECTION

(This page intentionally left blank)

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pima County School Reserve Fund (Reserve), a department of Pima County, Arizona, as of and for the year ended June 30, 2018, 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, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1, the Reserve implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2018, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Departmental Financial Statements
As discussed in Note 1, the financial statements of the Pima County School Reserve Fund are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of Pima County, Arizona that is attributable to the transactions of the Reserve. They do not purport to, and do not, present fairly the financial position of Pima County, Arizona as of June 30, 2018, 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, net pension liability information, and other postemployment benefit plan 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 December 17, 2018, 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
December 17, 2018

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

(This page intentionally left blank)

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, 2018. 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 $217,765 which represents an 24 percent decrease from the prior fiscal year as a result of the utilization of prior year fund balance for current year operations.

- General revenues accounted for $719,268 in revenue, or 37 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for $1.2 million or 63 percent of total current fiscal year revenues.

- The Reserve had approximately $2.2 million in expenses related to governmental activities, an increase of five percent from the prior fiscal year.

- Among major funds, the General Fund had $835,948 current fiscal year revenues, which primarily consisted of state aid and fees for services, and $1.0 million in expenditures. The General Fund's fund balance decrease from a deficit of $60,285 at the prior fiscal year end to a deficit of $233,847 at the end of the current fiscal year was primarily due to the continued deficiency of revenues under expenditures that has occurred since 2012 caused by various reductions in state aid for a variety of special programs over the years.

- The School Plant Fund had $61,225 in current fiscal year expenditures. The School Plant Fund's fund balance decreased $58,444 to $237,865 at year end.

- The Fee for Service Fund had $400,636 in current fiscal year expenditures. The Fee for Service Fund's fund balance increased $9,912.

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 accrual basis of accounting is used for the government-wide financial statements.

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., earned but 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.

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.

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, 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 and other postemployment benefit plans have been provided as required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Reserve, assets and deferred outflows were exceeded by liabilities and deferred inflows by $1.1 million at the current fiscal year end.

The investment in capital assets (e.g. land improvements; buildings and improvements; vehicles, furniture, and equipment) comprises 23 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table presents a summary of the Reserve's net position for the fiscal years ended June 30, 2018 and June 30, 2017.

	As of June 30, 2018	As of June 30, 2017
Current and other assets	$ 703,553	$ 987,613
Capital assets, net	85,665	105,512
Total assets	789,218	1,093,125
Deferred outflows	225,934	392,335
Current liabilities	165,683	100,830
Long-term liabilities	1,757,682	1,846,104
Total liabilities	1,923,365	1,946,934
Deferred inflows	206,125	436,115
Net position:		
Net investment in capital assets	85,665	105,512
Restricted	285,755	466,660
Unrestricted	(1,485,758)	(1,469,761)
Total net position	$ (1,114,338)	$ (897,589)

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.

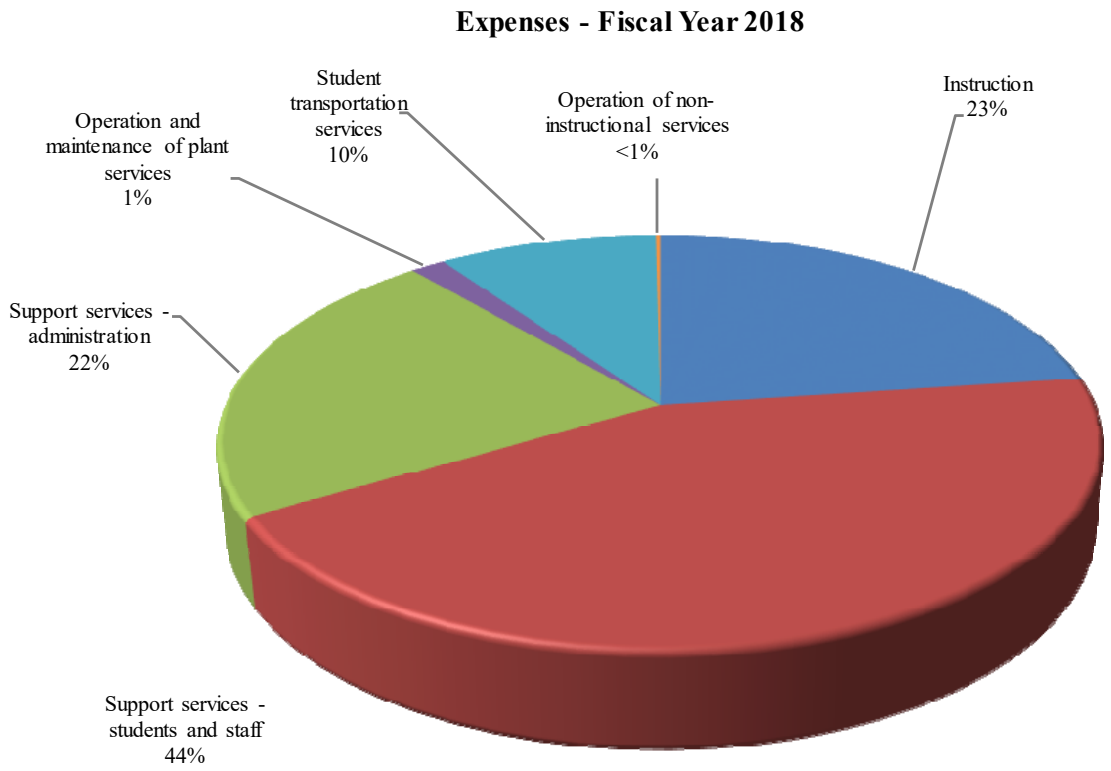
GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 $84,296 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 $2.2 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2018 and June 30, 2017.

	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017
Revenues:		
Program revenues:		
Charges for services	$ 550,175	$ 591,727
Operating grants and contributions	669,104	728,770
Capital grants and contributions	1,353	8,440
General revenues:		
Investment income	9,499	8,236
Unrestricted county aid	44,216	50,673
Unrestricted state aid	602,386	547,094
Unrestricted federal aid	63,167	
Total revenues	1,939,900	1,934,940
Expenses:		
Instruction	492,974	499,077
Support services - students and staff	943,980	863,023
Support services - administration	478,654	450,634
Operation and maintenance of plant services	32,295	58,357
Student transportation services	205,719	176,963
Operation of non-instructional services	4,043	
Total expenses	2,157,665	2,048,054
Changes in net position	(217,765)	(113,114)
Net position, beginning, as restated	(896,573)	(784,475)
Net position, ending	$ (1,114,338)	$ (897,589)

GOVERNMENT-WIDE FINANCIAL ANALYSIS



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

- The decrease of $59,666 in operating grants and contributions was primarily due to decreased grant funding for the Title I, Title II, Title III, and Special Education Grants.
- State aid revenues increased $55,292 due to an increase in state equalization funding due to an increase in the funding formula adopted by state legislature.
- The increase of $80,957 in support services – students and staff was due to an increase in expenses associated with the growing professional development program that was initiated in fiscal year 2016-17.

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 and Reserve's taxpayers by each of these functions.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Year Ended June 30, 2018		Year Ended June 30, 2017	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Instruction	$ 492,974	$ (357,690)	$ 499,077	$ (80,075)
Support services - students and staff	943,980	(128,174)	863,023	(207,857)
Support services - administration	478,654	(209,342)	450,634	(231,774)
Operation and maintenance of plant services	32,295	(32,065)	58,357	(22,448)
Student transportation services	205,719	(205,719)	176,963	(176,963)
Operation of non-instructional services	4,043	(4,043)		
Total	$ 2,157,665	$ (937,033)	$ 2,048,054	$ (719,117)

- The cost of all governmental activities this year was $2.2 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of $1.2 million.
- Net cost of governmental activities of $937,033 was financed by general revenues, which are made up of primarily state and county aid of $646,602.

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 $202,822 , a decrease of $619,037 due primarily to the utilization of prior year fund balance for current year operations and the timing of federal grant revenues.

FINANCIAL ANALYSIS OF THE RESERVE'S FUNDS

The General Fund is the principal operating fund of the District. The decrease in fund balance of $173,562 to a deficit of $233,847 as of fiscal year end was a result of the continued deficiency of revenues under expenditures that has occurred since 2012 caused by various reductions in state aid for a variety of special programs over the years. General Fund revenues increased $115,094 as a result of the reclassification for certain unrestricted federal grant revenues that are reported in the General Fund. General Fund expenditures decreased $13,317.

Title I Grants Fund revenues decreased $64,504 and expenditures increased $115,122.

Special Education Grants Fund revenues decreased $217,441 and expenditures decreased $152,589.

Fee for Service Fund revenues increased $48,135 and expenditures increased $25,918.

The School Plant Fund's fund balance decreased $58,444 from $296,309 at the prior fiscal year end to $237,865 as of the current fiscal year end.

BUDGETARY HIGHLIGHTS

Over the course of the year, the Reserve revised the General Fund annual expenditure budget for changes in estimated student counts at the juvenile detention center. The difference between the original budget and the final amended budget was a $47,553 decrease, or seven 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 unfavorable variance of $169,836 in student transportation services was a result of an oversight during the budgetary process; however, the expenditures for student transportation remained relatively consistent when compared to prior years.
- The favorable variance of $71,422 in instruction was a result of lower salaries and wages for teachers as a result of turnover of instructional staff.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of year end, the Reserve had invested $921,581 in capital assets, including land improvements, buildings, buses and other vehicles, computers, and other equipment. Total depreciation expense for the current fiscal year was $44,621. The net capital asset balance was $85,665 at June 30, 2018, and $105,512 at June 30, 2017. 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 2018-19 budget. Among them:

- Fiscal year 2017-18 budget balance carry forward (estimated $79,792).
- 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 2018-19. Budgeted expenditures in the General Fund of the Pima Accommodation School District decreased $11,247 to $627,470 in fiscal year 2018-19. No new programs were added to the 2018-19 budget.

CONTACTING THE RESERVE'S FINANCIAL MANAGEMENT

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

(This page intentionally left blank)

BASIC FINANCIAL STATEMENTS

(This page intentionally left blank)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

PIMA COUNTY SCHOOL RESERVE FUND
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	$ 253,889
Accounts receivable	106,965
Due from governmental entities	337,483
Total current assets	698,337
Noncurrent assets:	
Net other postemployment benefit assets	5,216
Capital assets, net of accumulated depreciation	85,665
Total noncurrent assets	90,881
Total assets	789,218
DEFERRED OUTFLOWS OF RESOURCES	
Pension and other postemployment benefit plan items	225,934
LIABILITIES	
Current liabilities:	
Accounts payable	85,293
Accrued payroll and employee benefits	80,390
Compensated absences payable	21,895
Total current liabilities	187,578
Noncurrent liabilities:	
Non-current portion of long-term obligations	1,735,787
Total noncurrent liabilities	1,735,787
Total liabilities	1,923,365
DEFERRED INFLOWS OF RESOURCES	
Pension and other postemployment benefit plan items	206,125
NET POSITION	
Investment in capital assets	85,665
Restricted for:	
Federal and state projects	201,301
Special purposes	51,779
Capital outlay	32,675
Unrestricted	(1,485,758)
Total net position	$ (1,114,338)

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, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	$ 492,974	$	$ 133,931	$ 1,353	$ (357,690)
Support services - students and staff	943,980	387,201	428,605		(128,174)
Support services - administration	478,654	162,974	106,338		(209,342)
Operation and maintenance of plant services	32,295		230		(32,065)
Student transportation services	205,719				(205,719)
Operation of non-instructional services	4,043				(4,043)
Total governmental activities	$ 2,157,665	$ 550,175	$ 669,104	$ 1,353	(937,033)

General revenues:	
Investment income	9,499
Unrestricted county aid	44,216
Unrestricted state aid	602,386
Unrestricted federal aid	63,167
Total general revenues	719,268
Changes in net position	(217,765)
Net position, beginning of year, as restated	(896,573)
Net position, end of year	$ (1,114,338)

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

(This page intentionally left blank)

FUND FINANCIAL STATEMENTS

PIMA COUNTY SCHOOL RESERVE FUND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	Title I Grants	Special Education Grants
ASSETS			
Cash and investments	$	$	$
Accounts receivable	38,118		
Due from governmental entities		179,626	62,877
Due from other funds			
Total assets	$ 38,118	$ 179,626	$ 62,877
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 11,520	$	$ 810
Due to other funds	225,907	175,659	57,123
Accrued payroll and employee benefits	34,538	3,967	4,944
Total liabilities	271,965	179,626	62,877
Deferred inflows of resources:			
Unavailable revenues - intergovernmental		179,626	62,877
Fund balances (deficits):			
Restricted			
Committed			
Assigned			
Unassigned	(233,847)	(179,626)	(62,877)
Total fund balances	(233,847)	(179,626)	(62,877)
Total liabilities, deferred inflows of resources and fund balances	$ 38,118	$ 179,626	$ 62,877

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

Fee for Service	School Plant	Non-Major Governmental Funds	Total Governmental Funds
$ 40,000	$	$ 213,889	$ 253,889
68,847			106,965
		94,980	337,483
178,775	237,865	79,565	496,205
$ 287,622	$ 237,865	$ 388,434	$ 1,194,542
$ 47,180	$	$ 25,783	$ 85,293
		37,516	496,205
1,883		35,058	80,390
49,063		98,357	661,888
		87,329	329,832
		255,947	255,947
238,559			238,559
	237,865	4,322	242,187
		(57,521)	(533,871)
238,559	237,865	202,748	202,822
$ 287,622	$ 237,865	$ 388,434	$ 1,194,542

(This page intentionally left blank)

PIMA COUNTY SCHOOL RESERVE FUND
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total governmental fund balances		**$ 202,822**
Amounts reported for *governmental activities* in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	$ 921,581	
Less accumulated depreciation	(835,916)	85,665
Some intergovernmental receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.		329,832
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions/OPEB	225,934	
Deferred inflows of resources related to pensions/OPEB	(206,125)	19,809
The Net OPEB asset is not a current financial resource and, therefore, is not reported in the funds.		5,216
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences payable	(48,105)	
Net OPEB liability	(2,222)	
Net pension liability	(1,707,355)	(1,757,682)
Net position of governmental activities		**$ (1,114,338)**

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, 2018

	General	Title I Grants	Special Education Grants
Revenues:			
Other local	$ 208,423	$	$
State aid and grants	564,358		
Federal aid, grants and reimbursements	63,167		49,419
Total revenues	835,948		49,419
Expenditures:			
Current -			
Instruction	245,100	63,646	75,835
Support services - students and staff	160,411	53,659	9,995
Support services - administration	355,061	62,321	26,304
Operation and maintenance of plant services	50,480		140
Student transportation services	169,836		
Capital outlay	26,678		
Total expenditures	1,007,566	179,626	112,274
Excess (deficiency) of revenues over expenditures	(171,618)	(179,626)	(62,855)
Other financing sources (uses):			
Transfer in			
Transfer out	(1,944)		(22)
Total other financing sources (uses)	(1,944)		(22)
Changes in fund balances	(173,562)	(179,626)	(62,877)
Fund balances (deficits), beginning of year	(60,285)		
Fund balances (deficits), end of year	$ (233,847)	$ (179,626)	$ (62,877)

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

Fee for Service	School Plant	Non-Major Governmental Funds	Total Governmental Funds
$ 389,828	$ 2,781	$ 186,241	$ 787,273
		168,529	732,887
		72,054	184,640
389,828	2,781	426,824	1,704,800
		107,860	492,441
381,091		388,674	993,830
14,908		28,250	486,844
4,296		111	55,027
			169,836
341	61,225	37,615	125,859
400,636	61,225	562,510	2,323,837
(10,808)	(58,444)	(135,686)	(619,037)
20,000			20,000
		(18,034)	(20,000)
20,000		(18,034)	
9,192	(58,444)	(153,720)	(619,037)
229,367	296,309	356,468	821,859
$ 238,559	$ 237,865	$ 202,748	$ 202,822

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, 2018

Changes in fund balances - total governmental funds		**$ (619,037)**
Amounts reported for *governmental activities* in the Statement of Activities are different because:		
Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.		
Expenditures for capitalized assets	$ 24,774	
Less current year depreciation	(44,621)	(19,847)
Some intergovernmental revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		264,908
Governmental funds report pension/OPEB contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension/OPEB liability, adjusted for deferred items, is reported as pension/OPEB expense in the Statement of Activities.		
Current year pension/OPEB contributions	115,181	
Pension/OPEB expense	34,682	149,863
Some compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		6,348
Changes in net position in governmental activities		**$ (217,765)**

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

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.

During the year ended June 30, 2018, the Reserve implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement requires governments providing defined benefit postemployment benefits other than pensions to recognize the long-term obligation for those benefits as a liability, and to more comprehensively and comparably measure the annual costs of those benefits. This Statement also enhances accountability and transparency through revised note disclosures and new required supplementary information. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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.

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Cash and Investments

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

Statute authorizes the Reserve to separately invest monies of the Bond Building and Debt Service Funds in the State Treasurer's investment pools; obligations issued and guaranteed by the United States or any of its agencies or 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Prepaid Items

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

G. Capital Assets

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

The Reserve capitalizes all land. All other capital assets are defined by the Reserve as assets with an initial, individual cost in excess of $5,000 and an estimated useful life of more than one year. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Pensions and Other Postemployment Benefits

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

J. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

K. Interfund Activity

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

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

L. Net Position Flow Assumption

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Estimates

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

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

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

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

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

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

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.

NOTE 2 – FUND BALANCE CLASSIFICATIONS

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

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

	General Fund	Title I Grants Fund	Special Education Grants Fund	Fee for Service Fund	School Plant Fund	Non-Major Governmental Funds
Fund Balances:						
Restricted:						
Capital projects	$	$	$	$	$	$ 32,675
Statutory mandates						114,989
Auxiliary operations						7,984
Other purposes						100,299
Committed:						
Special projects				238,559		
Assigned:						
Capital projects					237,865	4,322
Unassigned	(233,847)	(179,626)	(62,877)			(57,521)
Total fund balances	$ (233,847)	$ (179,626)	$ (62,877)	$ 238,559	$ 237,865	$ 202,748

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Individual Deficit Fund Balances – At year end, the following individual major and non-major governmental funds reported deficits in fund balance.

	Deficit
Major Funds:	
General	$ (233,847)
Title I Grants	(179,626)
Special Education Grants	(62,877)
Non-Major Governmental Funds:	
Professional Development and Technology Grants	(10,499)
Title IV Grants	(1,340)
Limited English & Immigrant Students	(14,342)
Other Federal Projects	(266)
Gifted	(31,074)

The deficits arose because of pending grant reimbursements. Additional revenues received in fiscal year 2018-19 are expected to eliminate the deficit.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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.

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 carrying amount of the District's deposits was $40,000 and the bank balance was $42,171.

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:

	Average Maturities	Fair Value
County Treasurer's investment pool	270 days	$ 213,889

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.

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	Special Education Grants Fund	Non-Major Governmental Funds
Due from other governmental entities:			
Due from federal government	$ 179,626	$ 62,877	$ 56,255
Due from state government			38,725
Net due from governmental entities	$ 179,626	$ 62,877	$ 94,980

NOTE 6 – CAPITAL ASSETS

A summary of capital asset activity for the fiscal year ended June 30, 2018 follows:

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, being depreciated:				
Land improvements	$ 36,465	$		$ 36,465
Buildings and improvements	151,880			151,880
Vehicles, furniture and equipment	723,475	24,774	15,013	733,236
Total capital assets being depreciated	911,820	24,774	15,013	921,581
Less accumulated depreciation for:				
Land improvements	(35,124)	(1,152)		(36,276)
Buildings and improvements	(126,613)	(2,547)		(129,160)
Vehicles, furniture and equipment	(644,571)	(40,922)	(15,013)	(670,480)
Total accumulated depreciation	(806,308)	(44,621)	(15,013)	(835,916)
Total capital assets, being depreciated, net	105,512	(19,847)		85,665
Governmental activities capital assets, net	$ 105,512	$ (19,847)	$	$ 85,665

NOTE 6 – CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

Instruction	$ 3,940
Support services – students and staff	4,072
Support services – administration	8,752
Student transportation services	27,857
Total depreciation expense – governmental activities	$ 44,621

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
Governmental activities:					
Net OPEB liability	$ 4,973	$	$ 2,751	$ 2,222	$
Net pension liability	1,791,651		84,296	1,707,355	
Compensated absences payable	54,453	11,258	17,606	48,105	21,895
Governmental activity long-term liabilities	$ 1,851,077	$ 11,258	$ 104,653	$ 1,757,682	$ 21,895

NOTE 8 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At year end interfund balances were as follows:

Due to/from other funds:

	Fee for Service Fund	School Plant Fund	Non-Major Governmental Funds	Total Due to Other Funds
General Fund	$	$225,907	$	$ 225,907
Title I Grants Fund	175,659			175,659
Special Education Grants Fund			57,123	57,123
Non-Major Governmental Funds	3,116	11,958	22,442	37,516
Total Due from Other Funds	$ 178,775	$237,865	$ 79,565	$ 496,205

At year end, several funds had negative cash balances in the Treasurer's pooled cash accounts. Negative cash on deposit with the County Treasurer was reduced by interfund borrowing with other funds. All interfund balances are expected to be paid within one year.

NOTE 8 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund transfers:

Transfers out	Transfers in Fee for Service Fund
General Fund	$ 1,944
Special Education Grants Fund	22
Non-Major Governmental Funds	18,034
Total	$ 20,000

Transfers between funds were used to (1) to move funds restricted for indirect costs and (2) to open new sub-funds within the Fee for Service Fund.

NOTE 9 – CONTINGENT LIABILITIES

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

NOTE 10 – RISK MANAGEMENT

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

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

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, dental, and life 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.

Aggregate Amounts. At June 30, 2018, the Reserve reported the following aggregate amounts related to pensions and OPEB for all plans to which it contributes:

	Pension	OPEB
Net assets	$	$ (5,216)
Net liability	1,707,355	2,222
Deferred outflows of resources	219,925	6,009
Deferred inflows of resources	199,913	6,212
Expense	(38,916)	4,234
Contributions	109,172	6,009

NOTE 11 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Benefits Provided. The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

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

Retired and disabled members, with at least five years of credited service, are eligible to receive health insurance premium benefits. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from $150 per month to $260 per month depending on the age of the member and dependents. For members with five to nine years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a long-term disability benefit in the event they become unable to perform their work. The monthly benefit is equal to two-thirds of their monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999 are limited to 30 years of service or the service on record as of the effective disability date, if their service is greater than 30 years.

NOTE 11 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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 11.50 percent (11.34 percent for retirement and 0.16 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 11.50 percent (10.90 percent for retirement, 0.44 percent for health insurance premium benefit, and 0.16 percent for long-term disability) of the active members' annual covered payroll. The Reserve's contributions for the year ended June 30, 2018 were as follows:

	Contributions
Pension	$ 109,172
Health Insurance Premium	4,406
Long-Term Disability	1,603

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to ASRS. The Reserve was required by statute to contribute at the actuarially determined rate of 9.49 percent (9.26 for retirement, 0.10 percent for health insurance premium benefit, and 0.13 percent for long-term disability). ACR contributions are included in employer contributions presented above.

The Reserve's pension and OPEB contributions are paid by the same funds as the employee's salary, with the largest component coming from the General Fund.

Pension and OPEB Assets/Liability. The net pension and OPEB assets/liability were measured as of June 30, 2017. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2017. The Reserve's proportion of the net assets/liability was based on the Reserve's actual contributions to the applicable plan relative to the total of all participating employers' contributions to the plan for the year ended June 30, 2017.

NOTE 11 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

At June 30, 2018, the Reserve reported the following amounts for its proportionate share of the ASRS plans net assets/liability. In addition, at June 30, 2017, the Reserve's percentage proportion for each plan and the related change from its proportion measured as of June 30, 2016 was:

	Net (Assets) Liability	District % Proportion	Increase (Decrease)
Pension	$ 1,707,355	0.011	(0.000)
Health Insurance Premium	(5,216)	0.010	
Long-Term Disability	2,222	0.006	

Pension/OPEB Expense and Deferred Outflows/Inflows of Resources. The Reserve has deferred outflows and inflows of resources related to the net pension and OPEB assets/liabilities. Certain changes in the net pension and OPEB assets/liability are recognized as pension and OPEB expense over a period of time rather than the year of occurrence. For the year ended June 30, 2018, the Reserve recognized pension and OPEB expense as follows:

	Expense
Pension	$ (38,916)
Health Insurance Premium	3,049
Long-Term Disability	1,185

NOTE 11 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The Reserve reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Deferred Outflows of Resources		
	Pension	Health Insurance Premium	Long-Term Disability
Differences between expected and actual experience	$	$	$
Changes of assumptions or other inputs	74,155		
Net difference between projected and actual earnings on pension investments	12,258		
Changes in proportion and differences between contributions and proportionate share of contributions	24,340		
Contributions subsequent to the measurement date	109,172	4,406	1,603
Total	$ 219,925	$ 4,406	$ 1,603

	Deferred Inflows of Resources		
	Pension	Health Insurance Premium	Long-Term Disability
Differences between expected and actual experience	$ 51,196	$	$
Changes of assumptions or other inputs	51,053		
Net difference between projected and actual earnings on pension investments		5,873	332
Changes in proportion and differences between contributions and proportionate share of contributions	97,664	7	
Total	$ 199,913	$ 5,880	$ 332

NOTE 11 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The amounts of deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an adjustment of the net pension and OPEB assets/liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension and OPEB expense as follows:

Year Ending June 30:	Pension	Health Insurance Premium	Long-Term Disability
2019	$ (123,295)	$ (1,471)	$ (83)
2020	53,919	(1,471)	(83)
2021	19,489	(1,471)	(83)
2022	(39,275)	(1,470)	(83)

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

	Pension	OPEB
Actuarial valuation date	June 30, 2016	June 30, 2016
Actuarial roll forward date	June 30, 2017	June 30, 2017
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return	8.0%	8.0%
Projected salary increases	3.0-6.75%	Not applicable
Inflation	3.0%	3.0%
Permanent base increases	Included	Not applicable
Mortality rates	1994 GAM Scale BB	1994 GAM Scale BB
Healthcare cost trend rate	Not applicable	Not applicable

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

NOTE 11 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The long-term expected rate of return on ASRS plan investments was determined to be 8.70 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 for all ASRS plans are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	58%	6.73%
Fixed income	25	3.70
Real estate	10	4.25
Multi-asset	5	3.41
Commodities	2	3.84
Total	100%	

Discount Rate. The discount rate used to measure the ASRS total pension and OPEB liability was 8.0 percent, which is less than the long-term expected rate of return of 8.70 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 plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liability.

NOTE 11 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Sensitivity of the Proportionate Share of the Net Pension and OPEB Asset/Liability to Changes in the Discount Rate. The following presents the Reserve's proportionate share of the net pension and OPEB assets/liability calculated using the discount rate of 8.0 percent, as well as what the proportionate share of the net pension and OPEB asset/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:

	Proportionate share of the net (assets) liability		
	1% Decrease	Current Discount Rate	1% Increase
Rate	7.0%	8.0%	9.0%
Pension	$ 2,191,419	$ 1,707,355	$ 563,022
Health Insurance Premium	8,661	(5,216)	(17,008)
Long-Term Disability	2,657	2,222	1,853

Pension and OPEB Plan Fiduciary Net Position. Detailed information about the pension and OPEB 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.

Beginning Net Position Restatement. The implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* represents a change in accounting principle. Net position as of July 1, 2017, has been restated as follows for this change in accounting principle:

	Statement of Activities
Net position, June 30, 2017, as previously reported	$ (897,589)
Net OPEB asset	2,385
Net OPEB liability	(1,369)
Net position, July 1, 2017, as restated	$ (896,573)

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, 2018

	Budgeted Amounts		Non-GAAP	Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Other local	$	$	$ 45,969	$ 45,969
State aid and grants			564,358	564,358
Total revenues			610,327	610,327
Expenditures:				
Current -				
Instruction	349,574	316,521	245,099	71,422
Support services - students and staff	159,266	152,766	114,857	37,909
Support services - administration	162,430	162,430	157,623	4,807
Operation and maintenance of plant services	15,000	7,000	44,924	(37,924)
Student transportation services			169,836	(169,836)
Total expenditures	686,270	638,717	732,339	(93,622)
Changes in fund balances	(686,270)	(638,717)	(122,012)	516,705
Fund balances (deficits), beginning of year			(370,864)	(370,864)
Fund balances (deficits), end of year	$ (686,270)	$ (638,717)	$ (492,876)	$ 145,841

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, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Expenditures:				
Current -				
Instruction	$ 17,715	$ 51,377	$ 63,646	$ (12,269)
Support services - students and staff	14,937	43,315	53,659	(10,344)
Support services - administration	17,348	50,308	62,321	(12,013)
Total expenditures	50,000	145,000	179,626	(34,626)
Changes in fund balances	(50,000)	(145,000)	(179,626)	(34,626)
Fund balances, beginning of year				
Fund balances (deficits), end of year	$ (50,000)	$ (145,000)	$ (179,626)	$ (34,626)

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, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Federal aid, grants and reimbursements	$	$	$ 49,419	$ 49,419
Total revenues			49,419	49,419
Expenditures:				
Current -				
Instruction	141,843	118,203	75,835	42,368
Support services - students and staff	18,695	15,579	9,995	5,584
Support services - administration	49,200	41,000	26,304	14,696
Operation and maintenance of plant services	262	218	140	78
Total expenditures	210,000	175,000	112,274	62,726
Excess (deficiency) of revenues over expenditures	(210,000)	(175,000)	(62,855)	112,145
Other financing sources (uses):				
Transfer out			(22)	(22)
Total other financing sources (uses)			(22)	(22)
Changes in fund balances	(210,000)	(175,000)	(62,877)	112,123
Fund balances, beginning of year				
Fund balances (deficits), end of year	$ (210,000)	$ (175,000)	$ (62,877)	$ 112,123

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, 2018

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Other local	$	$ 389,828	$ 389,828
Total revenues		389,828	389,828
Expenditures:			
Current -			
Support services - students and staff		381,091	(381,091)
Support services - administration		14,908	(14,908)
Operation and maintenance of plant services		4,296	(4,296)
Capital outlay		341	(341)
Total expenditures		400,636	(400,636)
Excess (deficiency) of revenues over expenditures		(10,808)	(10,808)
Other financing sources (uses):			
Transfer in		20,000	20,000
Total other financing sources (uses)		20,000	20,000
Changes in fund balances		9,192	9,192
Fund balances, beginning of year		229,367	229,367
Fund balances, end of year	$	$ 238,559	$ 238,559

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 FOUR FISCAL YEARS

	2018	2017	2016	2015
Measurement date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension (assets) liability	0.01%	0.01%	0.01%	0.01%
District's proportionate share of the net pension (assets) liability	$ 1,707,355	$ 1,791,651	$ 1,879,659	$ 1,754,115
District's covered payroll	$ 1,066,215	$ 1,022,848	$ 1,108,577	$ 1,059,776
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	160.13%	175.16%	169.56%	165.52%
Plan fiduciary net position as a percentage of the total pension liability	69.92%	67.06%	68.35%	69.49%

SCHEDULE OF PENSION CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS

	2018	2017	2016	2015
Actuarially determined contribution	$ 109,172	$ 114,938	$ 110,979	$ 132,193
Contributions in relation to the actuarially determined contribution	109,172	114,938	110,979	132,193
Contribution deficiency (excess)	$	$	$	$
District's covered payroll	$ 1,001,578	$ 1,066,215	$ 1,022,848	$ 1,108,577
Contributions as a percentage of covered payroll	10.90%	10.78%	10.85%	11.92%

NOTE: The pension and OPEB 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
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
ARIZONA STATE RETIREMENT SYSTEM - HEALTH INSURANCE PREMIUM
JUNE 30, 2018

		2018
Measurement date		June 30, 2017
District's proportion of the net OPEB (assets) liability		0.01%
District's proportionate share of the net OPEB (assets) liability	$	(5,216)
District's covered payroll	$	1,066,215
District's proportionate share of the net OPEB (assets) liability as a percentage of its covered payroll		-0.49%
Plan fiduciary net position as a percentage of the total OPEB liability		103.57%

SCHEDULE OF OPEB CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM - HEALTH INSURANCE PREMIUM
JUNE 30, 2018

		2018
Actuarially determined contribution	$	4,406
Contributions in relation to the actuarially determined contribution		4,406
Contribution deficiency (excess)	$	
District's covered payroll	$	1,001,578
Contributions as a percentage of covered payroll		0.44%

NOTE: The pension and OPEB 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
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
ARIZONA STATE RETIREMENT SYSTEM - LONG-TERM DISABILITY
JUNE 30, 2018

		2018
Measurement date		June 30, 2017
District's proportion of the net OPEB (assets) liability		0.01%
District's proportionate share of the net OPEB (assets) liability	$	2,222
District's covered payroll	$	1,066,215
District's proportionate share of the net OPEB (assets) liability as a percentage of its covered payroll		0.21%
Plan fiduciary net position as a percentage of the total OPEB liability		84.44%

SCHEDULE OF OPEB CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM - LONG-TERM DISABILITY
JUNE 30, 2018

		2018
Actuarially determined contribution	$	1,603
Contributions in relation to the actuarially determined contribution		1,603
Contribution deficiency (excess)	$	
District's covered payroll	$	1,001,578
Contributions as a percentage of covered payroll		0.16%

NOTE: The pension and OPEB 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.

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:

	Total Expenditures	Fund Balances End of Year
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	$ 1,007,566	$ (233,847)
Activity budgeted as special revenue funds	(275,227)	(259,029)
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	$ 732,339	$ (492,876)

NOTE 2 – PENSION AND OPEB 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

Excess Expenditures Over Budget – At year end, the Title I Grants Fund had expenditures of $179,626 that exceeded the expenditure budget of $145,000 by $34,626 which constitutes a violation of legal provisions. However, additional revenues received in fiscal year 2018-19 are expected to cover the overexpenditures

(This page intentionally left blank)

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

(This page intentionally left blank)

GOVERNMENTAL FUNDS

PIMA COUNTY SCHOOL RESERVE FUND
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2018

	Special Revenue	Capital Projects	Total Non-Major Governmental Funds
ASSETS			
Cash and investments	$ 193,422	$ 20,467	$ 213,889
Due from governmental entities	94,980		94,980
Due from other funds	63,035	16,530	79,565
Total assets	$ 351,437	$ 36,997	$ 388,434
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 25,783	$	$ 25,783
Due to other funds	37,516		37,516
Accrued payroll and employee benefits	35,058		35,058
Total liabilities	98,357		98,357
Deferred inflows of resources:			
Unavailable revenues - intergovernmental	87,329		87,329
Fund balances (deficits):			
Restricted	223,272	32,675	255,947
Assigned		4,322	4,322
Unassigned	(57,521)		(57,521)
Total fund balances	165,751	36,997	202,748
Total liabilities, deferred inflows of resources and fund balances	$ 351,437	$ 36,997	$ 388,434

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, 2018

	Special Revenue	Capital Projects	Total Non-Major Governmental Funds
Revenues:			
Other local	$ 186,113	$ 128	$ 186,241
State aid and grants	168,529		168,529
Federal aid, grants and reimbursements	72,054		72,054
Total revenues	426,696	128	426,824
Expenditures:			
Current -			
Instruction	107,860		107,860
Support services - students and staff	388,674		388,674
Support services - administration	28,250		28,250
Operation and maintenance of plant services	111		111
Capital outlay	1,353	36,262	37,615
Total expenditures	526,248	36,262	562,510
Excess (deficiency) of revenues over expenditures	(99,552)	(36,134)	(135,686)
Other financing sources (uses):			
Transfer out	(18,034)		(18,034)
Total other financing sources (uses)	(18,034)		(18,034)
Changes in fund balances	(117,586)	(36,134)	(153,720)
Fund balances, beginning of year	283,337	73,131	356,468
Fund balances, end of year	$ 165,751	$ 36,997	$ 202,748

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.

County, City and Town Grants - to account for monies received from county, city and town grants.

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

Title IV Grants - to account for financial assistance received for chemical abuse awareness programs and expanding projects that benefit educational and health needs of the communities.

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.

Gifted - to account for financial assistance received for programs for gifted students.

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

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

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

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

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.

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, 2018

	Classroom Site	Instructional Improvement	County, City, and Town Grants
ASSETS			
Cash and investments	$ 76,819	$ 60,681	$ 46
Due from governmental entities	2,953	1,117	
Due from other funds			
Total assets	$ 79,772	$ 61,798	$ 46
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	$	$	$
Due to other funds			
Accrued payroll and employee benefits	26,581		
Total liabilities	26,581		
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances (deficits):			
Restricted	53,191	61,798	46
Unassigned			
Total fund balances	53,191	61,798	46
Total liabilities, deferred inflows of resources and fund balances	$ 79,772	$ 61,798	$ 46

Professional Development and Technology Grants	Title IV Grants	Limited English & Immigrant Students	E-Rate	Other Federal Projects	Gifted
$ 10,499	$ 1,340	$ 14,342	$ 29,808	$ 266	$ 34,655
$ 10,499	$ 1,340	$ 14,342	$ 29,808	$ 266	$ 34,655
$ 914	$ 1,340	$ 5,859	$	$	$ 15,473
9,585		8,483		266	19,182
10,499	1,340	14,342		266	34,655
10,499	1,340	14,342	29,808	266	31,074
(10,499)	(1,340)	(14,342)		(266)	(31,074)
(10,499)	(1,340)	(14,342)		(266)	(31,074)
$ 10,499	$ 1,340	$ 14,342	$ 29,808	$ 266	$ 34,655

(Continued)

PIMA COUNTY SCHOOL RESERVE FUND
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Extracurricular Activities Fees Tax Credit	Gifts and Donations	Small Schools
ASSETS			
Cash and investments	$ 7,984	$ 15,806	$
Due from governmental entities			
Due from other funds			63,035
Total assets	$ 7,984	$ 15,806	$ 63,035
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	$	$ 2,197	$
Due to other funds			
Accrued payroll and employee benefits		1,946	6,531
Total liabilities		4,143	6,531
Deferred inflows of resources:			
Unavailable revenues - intergovernmental			
Fund balances (deficits):			
Restricted	7,984	11,663	56,504
Unassigned			
Total fund balances	7,984	11,663	56,504
Total liabilities, deferred inflows of resources and fund balances	$ 7,984	$ 15,806	$ 63,035

Career, Technical, and Vocational Education	Fingerprint	Litigation Recovery	Teacherage	Totals
$ 19,350	$ 131	$ 12,566	$ 39	$ 193,422
				94,980
				63,035
$ 19,350	$ 131	$ 12,566	$ 39	$ 351,437
$	$	$	$	$ 25,783
				37,516
				35,058
				98,357
				87,329
19,350	131	12,566	39	223,272
				(57,521)
19,350	131	12,566	39	165,751
$ 19,350	$ 131	$ 12,566	$ 39	$ 351,437

PIMA COUNTY SCHOOL RESERVE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2018

	Classroom Site	Instructional Improvement	County, City, and Town Grants
Revenues:			
Other local	$	$ 676	$ 62,011
State aid and grants	35,433	2,595	
Federal aid, grants and reimbursements			
Total revenues	35,433	3,271	62,011
Expenditures:			
Current -			
Instruction	35,776		61,965
Support services - students and staff		6,640	
Support services - administration			
Operation and maintenance of plant services			
Capital outlay			
Total expenditures	35,776	6,640	61,965
Excess (deficiency) of revenues over expenditures	(343)	(3,369)	46
Other financing sources (uses):			
Transfer out			
Total other financing sources (uses)			
Changes in fund balances	(343)	(3,369)	46
Fund balances, beginning of year	53,534	65,167	
Fund balances (deficits), end of year	$ 53,191	$ 61,798	$ 46

Professional Development and Technology Grants	Title IV Grants	Limited English & Immigrant Students	Other Federal Projects	Gifted	Other State Projects
$	$	$	$	$	$
				23,648	8,101
548	1		71,505		
548	1		71,505	23,648	8,101
	409	7,852		1,600	
11,003		6,438	66,386	52,491	8,101
44	2				
			111		
	930			423	
11,047	1,341	14,290	66,497	54,514	8,101
(10,499)	(1,340)	(14,290)	5,008	(30,866)	
		(52)	(5,274)	(208)	
		(52)	(5,274)	(208)	
(10,499)	(1,340)	(14,342)	(266)	(31,074)	
$ (10,499)	$ (1,340)	$ (14,342)	$ (266)	$ (31,074)	$

(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, 2018

	Extracurricular Activities Fees Tax Credit	Gifts and Donations	Small Schools
Revenues:			
Other local	$ 6,087	$ 46,211	$ 1,160
State aid and grants			98,752
Federal aid, grants and reimbursements			
Total revenues	6,087	46,211	99,912
Expenditures:			
Current -			
Instruction	58		
Support services - students and staff	13,000	47,363	127,056
Support services - administration			27,340
Operation and maintenance of plant services			
Capital outlay			
Total expenditures	13,058	47,363	154,396
Excess (deficiency) of revenues over expenditures	(6,971)	(1,152)	(54,484)
Other financing sources (uses):			
Transfer out			(7,500)
Total other financing sources (uses)			(7,500)
Changes in fund balances	(6,971)	(1,152)	(61,984)
Fund balances, beginning of year	14,955	12,815	118,488
Fund balances, end of year	$ 7,984	$ 11,663	$ 56,504

Career, Technical, and Vocational Education	Fingerprint	Litigation Recovery	Teacherage	Totals
$ 69,904	$ 1	$ 62	$ 1	$ 186,113
				168,529
				72,054
69,904	1	62	1	426,696
200				107,860
50,196				388,674
864				28,250
				111
				1,353
51,260				526,248
18,644	1	62	1	(99,552)
(5,000)				(18,034)
(5,000)				(18,034)
13,644	1	62	1	(117,586)
5,706	130	12,504	38	283,337
$ 19,350	$ 131	$ 12,566	$ 39	$ 165,751

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, 2018

	Classroom Site		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	$	$	$
State aid and grants		35,433	35,433
Federal aid, grants and reimbursements			
Total revenues		35,433	35,433
Expenditures:			
Current -			
Instruction	102,054	35,776	66,278
Support services - students and staff			
Support services - administration			
Operation and maintenance of plant services			
Capital outlay			
Total expenditures	102,054	35,776	66,278
Excess (deficiency) of revenues over expenditures	(102,054)	(343)	101,711
Other financing sources (uses):			
Transfer out			
Total other financing sources (uses)			
Changes in fund balances	(102,054)	(343)	101,711
Fund balances, beginning of year		53,534	53,534
Fund balances (deficits), end of year	$ (102,054)	$ 53,191	$ 155,245

Instructional Improvement			County, City, and Town Grants		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
$	$ 676	$ 676	$	$ 62,011	$ 62,011
	2,595	2,595			
	3,271	3,271		62,011	62,011
				61,965	(61,965)
62,000	6,640	55,360			
62,000	6,640	55,360		61,965	(61,965)
(62,000)	(3,369)	58,631		46	46
(62,000)	(3,369)	58,631		46	46
	65,167	65,167			
$ (62,000)	$ 61,798	$ 123,798	$	$ 46	$ 46

(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, 2018

	Professional Development and Technology Grants		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	$	$	$
State aid and grants			
Federal aid, grants and reimbursements		548	548
Total revenues		548	548
Expenditures:			
Current -			
Instruction			
Support services - students and staff	45,000	11,003	33,997
Support services - administration		44	(44)
Operation and maintenance of plant services			
Capital outlay			
Total expenditures	45,000	11,047	33,953
Excess (deficiency) of revenues over expenditures	(45,000)	(10,499)	34,501
Other financing sources (uses):			
Transfer out			
Total other financing sources (uses)			
Changes in fund balances	(45,000)	(10,499)	34,501
Fund balances, beginning of year			
Fund balances (deficits), end of year	$ (45,000)	$ (10,499)	$ 34,501

Title IV Grants			Limited English & Immigrant Students		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
$	$	$	$	$	$
	1	1			
	1	1			
	409	(409)		7,852	(7,852)
				6,438	(6,438)
	2	(2)			
	930	(930)			
	1,341	(1,341)		14,290	(14,290)
	(1,340)	(1,340)		(14,290)	(14,290)
				(52)	(52)
				(52)	(52)
	(1,340)	(1,340)		(14,342)	(14,342)
$	$ (1,340)	$ (1,340)	$	$ (14,342)	$ (14,342)

(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, 2018

	National Forest Fees		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	$	$	$
State aid and grants			
Federal aid, grants and reimbursements		55,100	55,100
Total revenues		55,100	55,100
Expenditures:			
Current -			
Instruction		1	(1)
Support services - students and staff		332	(332)
Support services - administration		4,545	(4,545)
Operation and maintenance of plant services			
Capital outlay			
Total expenditures		4,878	(4,878)
Excess (deficiency) of revenues over expenditures		50,222	50,222
Other financing sources (uses):			
Transfer out			
Total other financing sources (uses)			
Changes in fund balances		50,222	50,222
Fund balances, beginning of year		87,443	87,443
Fund balances (deficits), end of year	$	$ 137,665	$ 137,665

Taylor Grazing Fees			E-Rate		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
$	$	$	$	$	$
	8,067	8,067			
	8,067	8,067			
			100,000		100,000
			100,000		100,000
	8,067	8,067	(100,000)		100,000
	8,067	8,067	(100,000)		100,000
	39,797	39,797			
$	$ 47,864	$ 47,864	$ (100,000)	$	$ 100,000

(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, 2018

	Other Federal Projects		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	$	$	$
State aid and grants			
Federal aid, grants and reimbursements		71,505	71,505
Total revenues		71,505	71,505
Expenditures:			
Current -			
Instruction			
Support services - students and staff	75,000	66,386	8,614
Support services - administration			
Operation and maintenance of plant services		111	(111)
Capital outlay			
Total expenditures	75,000	66,497	8,503
Excess (deficiency) of revenues over expenditures	(75,000)	5,008	80,008
Other financing sources (uses):			
Transfer out		(5,274)	(5,274)
Total other financing sources (uses)		(5,274)	(5,274)
Changes in fund balances	(75,000)	(266)	74,734
Fund balances, beginning of year			
Fund balances (deficits), end of year	$ (75,000)	$ (266)	$ 74,734

Gifted			Other State Projects		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
$	$	$	$	$	$
	23,648	23,648		8,101	8,101
	23,648	23,648		8,101	8,101
	1,600	(1,600)			
	52,491	(52,491)	7,000	8,101	(1,101)
	423	(423)			
	54,514	(54,514)	7,000	8,101	(1,101)
	(30,866)	(30,866)	(7,000)		7,000
	(208)	(208)			
	(208)	(208)			
	(31,074)	(31,074)	(7,000)		7,000
$	$ (31,074)	$ (31,074)	$ (7,000)	$	$ 7,000

(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, 2018

	Extracurricular Activities Fees Tax Credit		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	$	$ 6,087	$ 6,087
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		6,087	6,087
Expenditures:			
Current -			
Instruction		58	(58)
Support services - students and staff		13,000	(13,000)
Support services - administration			
Operation and maintenance of plant services			
Capital outlay			
Total expenditures		13,058	(13,058)
Excess (deficiency) of revenues over expenditures		(6,971)	(6,971)
Other financing sources (uses):			
Transfer out			
Total other financing sources (uses)			
Changes in fund balances		(6,971)	(6,971)
Fund balances, beginning of year		14,955	14,955
Fund balances (deficits), end of year	$	$ 7,984	$ 7,984

Gifts and Donations			Small Schools		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
$	$ 46,211	$ 46,211	$	$ 1,160	$ 1,160
				98,752	98,752
	46,211	46,211		99,912	99,912
	47,363	(47,363)		127,056	(127,056)
				27,340	(27,340)
	47,363	(47,363)		154,396	(154,396)
	(1,152)	(1,152)		(54,484)	(54,484)
				(7,500)	(7,500)
				(7,500)	(7,500)
	(1,152)	(1,152)		(61,984)	(61,984)
	12,815	12,815		118,488	118,488
$	$ 11,663	$ 11,663	$	$ 56,504	$ 56,504

(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, 2018

	Career, Technical, and Vocational Education		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	$	$ 69,904	$ 69,904
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		69,904	69,904
Expenditures:			
Current -			
Instruction		200	(200)
Support services - students and staff		50,196	(50,196)
Support services - administration		864	(864)
Operation and maintenance of plant services			
Capital outlay			
Total expenditures		51,260	(51,260)
Excess (deficiency) of revenues over expenditures		18,644	18,644
Other financing sources (uses):			
Transfer out		(5,000)	(5,000)
Total other financing sources (uses)		(5,000)	(5,000)
Changes in fund balances		13,644	13,644
Fund balances, beginning of year		5,706	5,706
Fund balances (deficits), end of year	$	$ 19,350	$ 19,350

Fingerprint			Litigation Recovery		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
$	$ 1	$ 1	$	$ 62	$ 62
	1	1		62	62
			800		800
			800		800
	1	1	(800)	62	862
	1	1	(800)	62	862
	130	130		12,504	12,504
$	$ 131	$ 131	$ (800)	$ 12,566	$ 13,366

(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, 2018

	Administrative Costs		
	Budget	Non-GAAP Actual	Variance - Positive (Negative)
Revenues:			
Other local	$	$ 162,454	$ 162,454
State aid and grants			
Federal aid, grants and reimbursements			
Total revenues		162,454	162,454
Expenditures:			
Current -			
Instruction			
Support services - students and staff		45,222	(45,222)
Support services - administration	2,500	192,893	(190,393)
Operation and maintenance of plant services		5,556	(5,556)
Capital outlay		26,678	(26,678)
Total expenditures	2,500	270,349	(267,849)
Excess (deficiency) of revenues over expenditures	(2,500)	(107,895)	(105,395)
Other financing sources (uses):			
Transfer out		(1,944)	(1,944)
Total other financing sources (uses)		(1,944)	(1,944)
Changes in fund balances	(2,500)	(109,839)	(107,339)
Fund balances, beginning of year		183,339	183,339
Fund balances (deficits), end of year	$ (2,500)	$ 73,500	$ 76,000

Teacherage			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
$	$ 1	$ 1	$	$ 348,567	$ 348,567
				168,529	168,529
				135,221	135,221
	1	1		652,317	652,317
			102,854	107,861	(5,007)
			189,000	434,228	(245,228)
			2,500	225,688	(223,188)
			100,000	5,667	94,333
				28,031	(28,031)
			394,354	801,475	(407,121)
	1	1	(394,354)	(149,158)	245,196
				(19,978)	(19,978)
				(19,978)	(19,978)
	1	1	(394,354)	(169,136)	225,218
	38	38		593,916	593,916
$	$ 39	$ 39	$ (394,354)	$ 424,780	$ 819,134

(This page intentionally left blank)

CAPITAL PROJECTS FUNDS

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

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, 2018

	Insurance Proceeds	Unrestricted Capital Outlay	Bus Replacement
ASSETS			
Cash and investments	$ 7,109	$ 9,036	$ 4,322
Due from other funds		16,530	
Total assets	$ 7,109	$ 25,566	$ 4,322
LIABILITIES AND FUND BALANCES			
Fund balances:			
Restricted	$ 7,109	$ 25,566	$
Assigned			4,322
Total fund balances	7,109	25,566	4,322
Total liabilities and fund balances	$ 7,109	$ 25,566	$ 4,322

Totals	
$	20,467
	16,530
$	36,997

$	32,675
	4,322
	36,997
$	36,997

PIMA COUNTY SCHOOL RESERVE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2018

	Insurance Proceeds	Unrestricted Capital Outlay	Bus Replacement
Revenues:			
Other local	$ 76	$ 2	$ 50
Total revenues	76	2	50
Expenditures:			
Capital outlay		36,262	
Total expenditures		36,262	
Changes in fund balances	76	(36,260)	50
Fund balances, beginning of year	7,033	61,826	4,272
Fund balances, end of year	$ 7,109	$ 25,566	$ 4,322

Totals
$ 128
128
36,262
36,262
(36,134)
73,131
$ 36,997

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, 2018

	School Plant		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	$	$ 2,781	$ 2,781
Total revenues		2,781	2,781
Expenditures:			
Capital outlay	250,000	61,225	188,775
Total expenditures	250,000	61,225	188,775
Changes in fund balances	(250,000)	(58,444)	191,556
Fund balances, beginning of year		296,309	296,309
Fund balances (deficits), end of year	$ (250,000)	$ 237,865	$ 487,865

Insurance Proceeds			Unrestricted Capital Outlay		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
$	$ 76	$ 76	$	$ 2	$ 2
	76	76		2	2
7,000		7,000	99,764	36,262	63,502
7,000		7,000	99,764	36,262	63,502
(7,000)	76	7,076	(99,764)	(36,260)	63,504
	7,033	7,033		61,826	61,826
$ (7,000)	$ 7,109	$ 14,109	$ (99,764)	$ 25,566	$ 125,330

(Continued)

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, 2018

	Bus Replacement		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Other local	$	$ 50	$ 50
Total revenues		50	50
Expenditures:			
Capital outlay			
Total expenditures			
Changes in fund balances		50	50
Fund balances, beginning of year		4,272	4,272
Fund balances (deficits), end of year	$	$ 4,322	$ 4,322

Totals		
Budget	Actual	Variance - Positive (Negative)
$	$ 2,909	$ 2,909
	2,909	2,909
356,764	97,487	259,277
356,764	97,487	259,277
(356,764)	(94,578)	262,186
	369,440	369,440
$ (356,764)	$ 274,862	$ 631,626

(This page intentionally left blank)

STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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.

(This page intentionally left blank)

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

	Fiscal Year Ended June 30				
	2018	**2017**	**2016**	**2015**	**2014**
Net Position:					
Investment in capital assets	$ 85,665	$ 105,512	$ 150,363	$ 198,150	$ 248,522
Restricted	285,755	466,660	496,457	494,534	491,189
Unrestricted	(1,485,758)	(1,469,761)	(1,431,295)	(1,411,472)	1,151,254
Total net position	$ (1,114,338)	$ (897,589)	$ (784,475)	$ (718,788)	$ 1,890,965

	2013	**2012**	**2011**	**2010**	**2009**
Net Position:					
Investment in capital assets	$ 271,201	$ 319,674	$ 376,262	$ 424,143	$ 440,592
Restricted	448,506	536,242	748,007	301,828	469,682
Unrestricted	1,379,879	1,452,886	1,225,092	1,472,192	1,544,706
Total net position	$ 2,099,586	$ 2,308,802	$ 2,349,361	$ 2,198,163	$ 2,454,980

Source: The source of this information is the District's financial records.
Note: The decrease in unrestricted net position in the fisal 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)

	Fiscal Year Ended June 30				
	2018	**2017**	**2016**	**2015**	**2014**
Expenses					
Instruction	$ 492,974	$ 499,077	$ 522,904	$ 630,095	$ 680,488
Support services - students and staff	943,980	863,023	760,104	627,175	653,958
Support services - administration	478,654	450,634	368,010	609,427	546,878
Operation and maintenance of plant services	32,295	58,357	22,012	21,993	27,084
Student transportation services	205,719	176,963	140,779	145,853	185,978
Operation of non-instructional services	4,043				841
Total expenses	2,157,665	2,048,054	1,813,809	2,034,543	2,095,227
Program Revenues					
Charges for services:					
Instruction		96,095	95,126	112,221	81,981
Operation of non-instructional services					
Other activities	550,175	495,632	450,318	464,434	348,228
Operating grants and contributions	669,104	728,770	499,497	663,787	618,747
Capital grants and contributions	1,353	8,440	28,949	7,683	1,807
Total program revenues	1,220,632	1,328,937	1,073,890	1,248,125	1,050,763
Net (Expense)/Revenue	$ (937,033)	$ (719,117)	$ (739,919)	$ (786,418)	$ (1,044,464)

(Continued)

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

	2013	2012	2011	2010	2009
Expenses					
Instruction	$ 833,386	$ 1,262,553	$ 1,317,272	$ 1,650,752	$ 1,572,024
Support services - students and staff	1,302,698	1,699,286	1,896,939	2,001,296	1,752,237
Support services - administration	615,509	633,645	728,883	635,588	552,864
Operation and maintenance of plant services	21,262	35,467	32,132	38,236	39,444
Student transportation services	206,745	160,424	168,535	58,115	138,358
Operation of non-instructional services	1,139	137	951	3,398	17,844
Total expenses	2,980,739	3,791,512	4,144,712	4,387,385	4,072,771
Program Revenues					
Charges for services:					
Instruction	46,779	44,994	6,991	356	
Operation of non-instructional services	452,478	677,895	642,459	398,283	413,913
Other activities	228,065	251,281	249,045	221,477	106,824
Operating grants and contributions	1,088,295	1,846,476	2,321,429	2,561,465	2,163,603
Capital grants and contributions	11,390	13,217	16,647	14,325	33,206
Total program revenues	1,827,007	2,833,863	3,236,571	3,195,906	2,717,546
Net (Expense)/Revenue	$ (1,153,732)	$ (957,649)	$ (908,141)	$ (1,191,479)	$ (1,355,225)

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)

	Fiscal Year Ended June 30				
	2018	**2017**	**2016**	**2015**	**2014**
Net (Expense)/Revenue	$ (937,033)	$ (719,117)	$ (739,919)	$ (786,418)	$ (1,044,464)
General Revenues:					
Investment income	9,499	8,236	6,998	6,527	12,621
Unrestricted county aid	44,216	50,673	53,693	53,098	59,001
Unrestricted state aid	602,386	547,094	613,541	537,301	758,429
Unrestricted federal aid	63,167				5,792
Total general revenues	719,268	606,003	674,232	596,926	835,843
Changes in Net Position	$ (217,765)	$ (113,114)	$ (65,687)	$ (189,492)	$ (208,621)

(Continued)

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

	2013	2012	2011	2010	2009
Net (Expense)/Revenue	$ (1,153,732)	$ (957,649)	$ (908,141)	$ (1,191,479)	$ (1,355,225)
General Revenues:					
Investment income	48,649	11,971	17,235	30,167	40,458
Unrestricted county aid	60,565	59,318	57,272	48,652	
Unrestricted state aid	828,851	837,912	964,961	757,581	1,137,864
Unrestricted federal aid	6,451	7,889	19,871	98,262	9,789
Total general revenues	944,516	917,090	1,059,339	934,662	1,188,111
Changes in Net Position	$ (209,216)	$ (40,559)	$ 151,198	$ (256,817)	$ (167,114)

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 year 2008-09.

(Concluded)

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

	Fiscal Year Ended June 30				
	2018	**2017**	**2016**	**2015**	**2014**
General Fund:					
Nonspendable	$	$	$ 1,952	$ 10,871	$
Unassigned	(233,847)	(187,525)	109,612	211,136	559,827
Total General Fund	$ (233,847)	$ (187,525)	$ 111,564	$ 222,007	$ 559,827
All Other Governmental Funds:					
Nonspendable	$	$	$ 1,583	$ 4,172	$
Restricted	255,947	479,436	496,457	493,372	536,340
Committed	238,559	229,367	252,582	282,852	237,606
Assigned	242,187	300,581	336,798	351,058	360,997
Unassigned	(300,024)		(20,544)	(386)	(732)
Total all other governmental funds	$ 436,669	$ 1,009,384	$ 1,066,876	$ 1,131,068	$ 1,134,211

(Continued)

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

	2013	2012	2011	2010	2009
General Fund:					
Nonspendable	$	$	$ 4,346	$	$
Restricted				62,129	
Unassigned	680,663	709,322	532,767	54,655	
Unreserved					48,646
Total General Fund	$ 680,663	$ 710,471	$ 538,262	$ 116,784	$ 48,646
All Other Governmental Funds:					
Nonspendable	$	$	$ 22,346	$	$
Restricted	514,513	508,293	1,178,443	899,428	
Committed	315,104	414,119	289,575		
Assigned	359,187	418,952	4,102	817,263	
Reserved					8,660
Unreserved, reported in:					
Special revenue funds					1,521,354
Capital projects funds					469,682
Total all other governmental funds	$ 1,188,357	$ 1,341,364	$ 1,494,466	$ 1,716,691	$ 1,999,696

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)

	Fiscal Year Ended June 30				
	2018	**2017**	**2016**	**2015**	**2014**
Federal sources:					
Federal grants	$ 176,573	$ 497,016	$ 402,602	$ 551,963	$ 611,310
Taylor Grazing	8,067	14,059	11,619	15,941	5,792
Total federal sources	184,640	511,075	414,221	567,904	617,102
State sources:					
State equalization assistance	564,358	512,712	574,020	501,412	448,102
State grants	130,501	106,597	100,453	102,604	273,854
Other revenues	38,028	34,382	39,521	35,971	45,717
Total state sources	732,887	653,691	713,994	639,987	767,673
Local sources:					
County aid	106,181	50,673	53,693	53,098	59,001
Investment income	9,499	8,236	6,998	6,532	12,621
Other revenues	671,593	646,341	559,216	577,530	430,209
Total local sources	787,273	705,250	619,907	637,160	501,831
Total revenues	$ 1,704,800	$ 1,870,016	$ 1,748,122	$ 1,845,051	$ 1,886,606

(Continued)

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

	2013	2012	2011	2010	2009
Federal sources:					
Federal grants	$ 1,084,273	$ 1,842,659	$ 2,277,956	$ 2,520,278	$ 2,143,782
State Fiscal Stabilization (ARRA)			7,723	90,733	
Taylor Grazing	6,451	7,889	7,138	7,104	9,789
Total federal sources	1,090,724	1,850,548	2,292,817	2,618,115	2,153,571
State sources:					
State equalization assistance	661,447	588,891	696,348	623,351	873,128
State grants	108,658	96,993	232,214	4,216	97,631
Other revenues	74,158	155,845	40,505	134,230	171,436
Total state sources	844,263	841,729	969,067	761,797	1,142,195
Local sources:					
County aid	60,565	59,358	57,273	48,652	
Investment income	48,649	11,971	15,015	30,166	40,248
Other revenues	727,322	987,347	961,738	671,838	571,761
Total local sources	836,536	1,058,676	1,034,026	750,656	612,009
Total revenues	$ 2,771,523	$ 3,750,953	$ 4,295,910	$ 4,130,568	$ 3,907,775

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 year 2008-09.

(Concluded)

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

	Fiscal Year Ended June 30				
	2018	**2017**	**2016**	**2015**	**2014**
Expenditures:					
Current -					
Instruction	$ 492,441	$ 508,352	$ 528,103	$ 621,272	$ 649,335
Support services - students and staff	993,830	989,621	825,909	710,528	640,992
Support services - administration	486,844	458,945	374,666	651,988	524,523
Operation and maintenance of plant services	55,027	56,548	10,887	31,420	24,981
Student transportation services	169,836	173,420	119,740	124,878	143,276
Capital outlay	125,859	36,176	51,944	39,767	78,481
Total expenditures	$ 2,323,837	$ 2,223,062	$ 1,911,249	$ 2,179,853	$ 2,061,588
Expenditures for capitalized assets	$ 24,774	$	$	$ 5,978	$ 36,417
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)

	2013	2012	2011	2010	2009
Expenditures:					
Current -					
Instruction	$ 811,878	$ 1,253,573	$ 1,281,795	$ 1,535,126	$ 1,409,603
Support services - students and staff	1,291,185	1,668,159	1,903,654	1,945,794	1,716,483
Support services - administration	606,691	629,270	717,402	612,201	538,994
Operation and maintenance of plant services	18,414	26,434	38,446	26,388	36,091
Student transportation services	162,705	120,893	125,337	3,910	127,380
Capital outlay	63,465	6,825	56,715	213,356	507,689
Total expenditures	$ 2,954,338	$ 3,705,154	$ 4,123,349	$ 4,336,775	$ 4,336,240
Expenditures for capitalized assets	$ 6,507	$	$ 9,150	$ 43,379	$ 278,573
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)

	Fiscal Year Ended June 30				
	2018	**2017**	**2016**	**2015**	**2014**
Excess (deficiency) of revenues over expenditures	$ (619,037)	$ (353,046)	$ (163,127)	$ (334,802)	$ (174,982)
Other financing sources (uses):					
Transfers in	20,000	12,702	44,036	13,264	38,636
Transfers out	(20,000)	(12,702)	(44,036)	(13,264)	(38,636)
Total other financing sources (uses)					
Changes in fund balances	$ (619,037)	$ (353,046)	$ (163,127)	$ (334,802)	$ (174,982)

	2013	**2012**	**2011**	**2010**	**2009**
Excess (deficiency) of revenues over expenditures	$ (182,815)	$ 45,799	$ 172,561	$ (206,207)	$ (428,465)
Other financing sources (uses):					
Transfers in	5,014	21,079	9,321	140,011	113,746
Transfers out	(5,014)	(21,079)	(9,321)	(140,011)	(113,746)
Total other financing sources (uses)					
Changes in fund balances	$ (182,815)	$ 45,799	$ 172,561	$ (206,207)	$ (428,465)

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

	Fiscal Year				
Class	**2018**	**2017**	**2016**	**2015**	**2014**
Commercial, Industrial, Utilities and Mining	$ 2,918,214	$ 2,634,595	$ 2,848,649	$ 3,114,486	$ 3,221,674
Agricultural and Vacant	4,692,302	4,936,393	5,440,175	5,464,282	5,524,648
Residential (Owner Occupied)	1,898,661	1,943,966	1,962,786	4,606,426	8,151,703
Residential (Rental)	8,386,937	7,867,022	8,018,336	5,144,691	1,202,958
Total	$ 17,896,114	$ 17,381,976	$ 18,269,946	$ 18,329,885	$ 18,100,983
Gross Full Cash Value	$ 623,479,264	$ 643,535,325	$ 646,812,205	$ 644,172,047	$ 641,956,876
Ratio of Net Limited Value to Gross Full Cash Value	3%	3%	3%	3%	3%
Total Direct Rate	0%	0%	0%	0%	0%

	Fiscal Year				
Class	**2013**	**2012**	**2011**	**2010**	**2009**
Commercial, Industrial, Utilities and Mining	$ 3,291,105	$ 2,948,060	$ 3,217,553	$ 3,273,259	$ 3,363,684
Agricultural and Vacant	5,622,965	5,346,159	4,867,865	4,449,517	3,914,479
Residential (Owner Occupied)	8,243,959	8,155,737	7,407,550	6,162,307	4,585,562
Residential (Rental)	837,795	266,679	240,088	208,621	184,911
Total	$ 17,995,824	$ 16,716,635	$ 15,733,056	$ 14,093,704	$ 12,048,636
Gross Full Cash Value	$ 648,279,089	$ 652,620,589	$ 670,249,586	$ 625,437,848	$ 646,481,683
Ratio of Net Limited to Gross full Cash Value	3%	3%	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

	Fiscal Year				
Class	**2018**	**2017**	**2016**	**2015**	**2014**
Commercial, Industrial, Utilities and Mining	$ 2,959,396	$ 2,687,747	$ 2,913,588	$ 3,132,527	$ 3,229,934
Agricultural and Vacant	4,770,963	5,016,599	5,470,900	5,485,859	5,605,001
Residential (Owner Occupied)	1,925,968	1,977,714	1,984,387	4,652,705	8,342,486
Residential (Rental)	8,441,829	7,960,579	8,134,644	5,202,432	1,212,017
Total	$ 18,098,156	$ 17,642,639	$ 18,503,519	$ 18,473,523	$ 18,389,438
Gross Full Cash Value	$ 623,479,264	$ 643,535,325	$ 646,812,205	$ 644,172,047	$ 641,956,876
Ratio of Net Full cash Value to Gross Full Cash Value	3%	3%	3%	3%	3%
Estimated Net Full Cash Value	126,939,346	122,444,542	123,323,087	8,937,857	8,217,894
Total District Rate	0%	0%	0%	0%	0%

	Fiscal Year				
Class	**2013**	**2012**	**2011**	**2010**	**2009**
Commercial, Industrial, Utilities and Mining	$ 3,324,498	$ 3,037,885	$ 3,308,620	$ 3,363,716	$ 3,472,097
Agricultural and Vacant	6,124,129	6,541,595	6,506,793	6,768,963	5,149,348
Residential (Owner Occupied)	8,957,382	9,848,965	10,158,466	6,681,883	5,255,840
Residential (Rental)	893,230	312,162	329,789	227,554	219,619
Total	$ 19,299,239	$ 19,740,607	$ 20,303,668	$ 17,042,116	$ 14,096,904
Gross Full Cash Value	$ 648,279,089	$ 652,620,589	$ 670,249,586	$ 625,437,848	$ 646,481,683
Ratio of Net Full Cash Value to Gross Full Cash Value	3%	3%	3%	3%	2%
Estimated Net Full Cash Value	9,401,624	8,514,523	9,457,108	9,141,584	8,607,173
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

	Fiscal Year				
Class	**2018**	**2017**	**2016**	**2015**	**2014**
Commercial, Industrial, Utilities and Mining	18 %	18 %	19 %	19 %	20 %
Agricultural and Vacant	15	15	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	14	16	16	15

	Fiscal Year				
Class	**2013**	**2012**	**2011**	**2010**	**2009**
Commercial, Industrial, Utilities and Mining	20 %	20 %	21 %	22 %	23 %
Agricultural and Vacant	16	16	16	16	16
Residential (Owner Occupied)	10	10	10	10	10
Residential (Rental)	10	10	10	10	10
Railroad, Private Cars and Airlines	15	15	17	18	20

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

Year	Population	Personal Income (thousands)	Per Capita Income	Unemployment Rate
2017	1,026,099	$ N/A	$ N/A	4.5 %
2016	1,013,103	40,182,115	39,541	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

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 2008 through 2010 is the University of Arizona, Eller College of Management, Economic and Business Research Center. For 2011 through 2017, 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

	2018			2009		
Employer	**Employees**	**Percentage of Total Employment**		**Employees**	**Percentage of Total Employment**	
University of Arizona	13,160	3.67	%	10,575	4.89	%
United States Department of the Air Force	10,630	2.97				
Raytheon Missile Systems	10,620	2.96		11,539	5.34	
Pima County	6,710	1.87		6,235	2.88	
Banner Health	6,210	1.73				
City of Tucson	4,370	1.22		5,635	2.61	
Wal-Mart Stores, Inc.	4,200	1.17		6,715	3.10	
Tucson Medical Center	3,820	1.07				
Veteran's Health Administration	3,240	0.90				
Carondelet Health Network	3,160	0.88				
State of Arizona				9,329	4.31	
Davis Monthan AFB				7,509	3.47	
Tucson Unified School District				7,227	3.34	
Freeport-McMoran Mining				5,987	2.77	
Fort Huachuca				6,463	2.99	
Total	66,120	18.44	%	77,214	35.70	%
Total employment	358,420			216,287		

Source: The source of this information is the 2017 Arizona COG/MPO Employer Database, employers with 5 or more employees.

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

	Full-time Equivalent Employees as of June 30				
	2018	**2017**	**2016**	**2015**	**2014**
Supervisory					
Superintendent	1	1	1	1	1
Administrator	2	2	1	1	1
Total supervisory	3	3	2	2	2
Instruction					
Teachers	9	11	10	9	8
Total instruction	9	11	10	9	8
Support and Administration					
Service workers	6	6	6	6	8
Total support and administration	6	6	6	6	8
Total	18	20	18	17	18

	2013	**2012**	**2011**	**2010**	**2009**
Supervisory					
Superintendent	1	1	1	1	1
Administrator	2	2	2	2	2
Total supervisory	3	3	3	3	3
Instruction					
Teachers	7	13	10	11	12
Total instruction	7	13	10	11	12
Support and Administration					
Service workers	13	16	30	29	29
Support and Administration	13	16	30	29	29
Total	23	32	43	43	44

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

PIMA COUNTY SCHOOL RESERVE FUND
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Average Daily Membership	Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio
2018	58	$ 2,197,978	$ 37,896	10.90 %	$ 2,157,665	$ 37,201	16.25 %	9	6.4
2017	64	2,186,886	34,170	(7.75)	2,048,054	32,001	(11.44)	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	73.40	4,072,771	37,711	18.87	12	9.0

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

	Fiscal Year Ended June 30									
	2018	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Schools										
Elementary										
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

(This page intentionally left blank)

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pima County School Reserve Fund, as of and for the year ended June 30, 2018, 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 December 17, 2018. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board Statement No. 75.

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
December 17, 2018