

PIMA COUNTY, ARIZONA  
Stadium District  
June 30, 2021

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## Independent Auditors' Report

Board of Supervisors  
Pima County, Arizona

We have audited the accompanying financial statements of the governmental activities and major fund of the Stadium District, a component unit of Pima County, Arizona, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Stadium District'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.

### **Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 and major fund of the Stadium District, a component unit of Pima County, Arizona, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Fund Financial Statements**

As discussed in Note 1, the financial statements of the Stadium District are reported as a special revenue fund of Pima County, Arizona, and are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and special revenue fund of Pima County, Arizona that is attributable to the transactions of the Stadium District. They do not purport to, and do not present fairly the financial position of Pima County, Arizona as of June 30, 2021, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Matter**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the pension plan and other post employment benefit plan (OPEB) 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021, on our consideration of the Stadium District'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Stadium District's internal control over financial reporting and compliance.

*Beach Fleishman PC*

Tucson, Arizona  
October 29, 2021

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## **Management's Discussion and Analysis**

PIMA COUNTY, ARIZONA  
Stadium District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2021

Our discussion and analysis of the Pima County, Arizona Stadium District ("the District") financial performance provides an overview of the District's financial activities for the year ended June 30, 2021. Please read it in conjunction with the District financial statements, which presents a discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2021.

**FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED JUNE 30, 2021**

- The cancellation of sporting and other events due to the Novel Coronavirus (COVID-19) pandemic caused a decrease in fund balance of \$707,920, from \$1,328,888 at June 30, 2020 to \$620,968 at June 30, 2021.
- Net position decreased by \$4,229,079 to \$69,718,758 as a result of a \$2,952,820 decrease in capital assets, which was primarily due to assets that were transferred to the District during the fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements.

**Government-Wide Financial Statements** are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all District 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 District is improving or deteriorating.

The statement of activities presents information showing how net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event that gives rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected surcharges and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the District that are principally supported by taxes and Stadium operations.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows 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 District's current financing requirements.

Because the focus of a governmental fund is narrower than the government-wide financial statements, it is useful to compare the information presented for the *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the *governmental funds balance sheet* and *statement of revenues, expenditures and changes in fund balance* provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District uses a *special revenue fund*, which is a type of governmental fund, to account for its financial activity. A special revenue fund may be used to account for certain revenue sources set aside for a specific purpose. The District's revenues are primarily derived from car-rental surcharges, transient lodging excise taxes and its Stadium operations.

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Stadium District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2021

**Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes to the financial statements can be found beginning on page 12 of the accompanying statements.

**Required Supplementary Information** is presented for the District's Special Revenue Fund budgetary schedule. The District adopts an annual appropriated budget for its Special Revenue Fund. A budgetary comparison schedule has been provided to demonstrate compliance with this budget, which can be found on page 21 of the accompanying statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As previously noted, net position may serve over time as a useful indicator of the District's financial position. The District's condensed statement of net position for the years that ended June 30, 2021 and June 30, 2020 follows:

*Table I. Comparative Statement of Net Position (Condensed)*

	6/30/2021	6/30/2020	Variance
Current and other assets	\$ 1,727,492	\$ 2,559,861	\$ (832,369)
Capital assets	71,760,247	74,713,067	(2,952,820)
Total assets	<u>73,487,739</u>	<u>77,272,928</u>	<u>(3,785,189)</u>
Deferred outflows of resources			
Pension and other postemployment benefits	582,430	244,210	(338,220)
Total deferred outflows of resources	<u>582,430</u>	<u>244,210</u>	<u>(338,220)</u>
Current and other liabilities	892,154	1,026,662	(134,508)
Long-term liabilities	3,386,139	2,338,232	1,047,907
Total liabilities	<u>4,278,293</u>	<u>3,364,894</u>	<u>913,399</u>
Deferred inflows of resources			
Pension and other postemployment benefits	73,118	204,407	(131,289)
Total deferred inflows of resources	<u>73,118</u>	<u>204,407</u>	<u>(131,289)</u>
Net investment in capital assets	71,760,247	74,713,067	(2,952,820)
Unrestricted	(2,041,489)	(765,230)	(1,276,259)
Total net position	<u>\$ 69,718,758</u>	<u>\$ 73,947,837</u>	<u>\$ (4,229,079)</u>

As of June 30, 2021, net investment in capital assets was \$71,760,247. This year, the District purchased capital assets as part of its continuing development and expansion of the Kino Sports Complex. The District uses these capital assets for operations and to provide ancillary services. Consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it is worth noting that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The District's unrestricted net position had a deficit balance of \$2,041,489.

PIMA COUNTY, ARIZONA  
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Management's Discussion and Analysis  
For the Year Ended June 30, 2021

**Governmental Activities** –The District's comparative statement of activities for the years ended June 30, 2021 and June 30, 2020 follows:

*Table II. Comparative Statement of Activities*

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>Variance</u>
Revenues:			
Car rental surcharge	\$ 954,394	\$ 1,270,351	\$ (315,957)
RV space rental surcharge		47	(47)
Stadium operations	541,406	1,202,422	(661,016)
Interest	6,702	37,600	(30,898)
Miscellaneous	59,466	56,146	3,320
Total revenues	<u>1,561,968</u>	<u>2,566,566</u>	<u>(1,004,598)</u>
Expenses:			
Culture and recreation	<u>10,628,349</u>	<u>8,211,086</u>	<u>2,417,263</u>
Deficiency of revenues under expenses	(9,066,381)	(5,644,520)	(3,421,861)
Other financing sources (uses):			
Capital contributions		37,338,253	(37,338,253)
Operating transfers in	7,563,548	6,604,407	959,141
Operating transfers (out)	<u>(2,726,246)</u>	<u>(2,565,420)</u>	<u>(160,826)</u>
	<u>4,837,302</u>	<u>41,377,240</u>	<u>(36,539,938)</u>
Change in net position:	(4,229,079)	35,732,720	(39,961,799)
Net position, beginning of year	<u>73,947,837</u>	<u>38,215,117</u>	<u>35,732,720</u>
Net position, end of year	<u>\$ 69,718,758</u>	<u>\$ 73,947,837</u>	<u>\$ (4,229,079)</u>

Due to COVID-19, the restrictions on social distancing and gathering limits has had a large impact on spectator/participation events, which is the main source of revenue. The complex was closed to activity for team sports, including leagues, practices, and tournaments. Effective March 6, 2021, the complex resumed issuance of use permits and agreements for sports tournaments, groups, and leagues, subject to the COVID-19 mitigation measures. This resulted in the District experiencing a decrease in total revenues of \$1,004,598 compared to the prior fiscal year. The two revenue categories that were most drastically impacted were the Stadium operations and Car rental surcharge revenues, which decreased by \$661,016 and \$315,957 respectively.

Total expenses for the District increased by \$2,417,263 compared to the prior fiscal year due to depreciation of assets, which added \$3,156,497 of expense to the current year. This was offset by a reduction in operational costs from the reduced demand of facility usage.

As a result of the decrease in revenues and increase in expenses discussed above, expenses exceeded revenues by \$9,066,381. There was an increase of \$959,141 within Transfers (in) due primarily from General Fund's support of the District's debt issued for expansion and improvements of sports fields and facilities at the Kino Sports Complex. In addition, the District received an unbudgeted transfer in from the General Fund of \$450,000 to cover year-end forecasted cash deficit due to the underutilization of facilities caused by the pandemic.

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Management's Discussion and Analysis  
For the Year Ended June 30, 2021

Net position decreased from \$73,947,837 to \$69,718,758, primarily due to the closure of the District's facilities to many revenue-generating activities as a result of the pandemic's mitigation measures.

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND**

As noted earlier, the District uses fund accounting, which measures current inflows and outflows of spendable resources, to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental fund** - The governmental functions are recorded within a special revenue fund type. Included in this fund is the special district governed by the Board of Supervisors. The focus of the District's *governmental fund* is to provide information on current financial resources (i.e., near-term inflows, outflows, and balances of *spendable* resources). Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure for the District's net resources available for spending at the end of the fiscal year.

**BUDGETARY HIGHLIGHTS**

For the year ended June 30, 2021, actual total revenues were less than the budgeted amount by \$1,772,878, with revenues for Stadium operations under the budgeted amount by \$1,507,894. Car rental surcharges were also under the budgeted amount by \$304,372. Total expenditures were under the budgeted total by \$1,254,327. As a result, the total deficiency of revenues under expenditures was \$518,551 more than the budgeted amount. Actual transfers in were higher than the budgeted amount by \$257,142. The actual fund balance was \$135,888 lower than the budgeted projection.

**CAPITAL ASSETS**

The District's investment in capital assets as of June 30, 2021 totaled \$71,760,247, a decrease of \$2,952,820 compared to the prior year. Capital asset investments include land, the District's various stadiums, fields, courts, and equipment.

*Table III. Comparative Governmental Activities – Capital Assets*

	6/30/2021	6/30/2020	Variance
Land	\$ 11,009,755	\$ 11,009,755	
Building and improvements (net)	59,272,269	62,163,391	\$ (2,891,122)
Equipment (net)	1,478,223	1,539,921	(61,698)
Total	\$ 71,760,247	\$ 74,713,067	\$ (2,952,820)

The District records the value of its capital assets at historical cost in the government-wide financial statements and depreciates all capital assets with the exception of land. Total capital assets decreased by \$2,952,820 due to depreciation of current assets that was slightly offset by the purchase of additional equipment for facilities located at the Kino Sports Complex.

**ECONOMIC FACTORS**

The unprecedented outbreak of the COVID-19 pandemic has had a significant impact on the District's revenues during the past fiscal year. The District saw a decline in revenues due to regulatory and organizational mandates and voluntary changes in consumer behavior. On March 6, 2021, the County resumed issuance of use permits and agreements for sports tournaments, groups and leagues. The adopted budget for the next fiscal year reflects a return to expected revenue levels experienced before the pandemic's closure of the District's facilities, while expenses will grow modestly in response to the District's continued development and expansion of the Kino Sports Complex in anticipation of future demand.

PIMA COUNTY, ARIZONA  
Stadium District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2021

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for those interested in its financial position. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Ms. Blanca Rossetti, Division Manager  
Department of Finance and Risk Management  
130 W. Congress, 6<sup>th</sup> floor  
Tucson, AZ 85701

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## **Basic Financial Statements**

**PIMA COUNTY, ARIZONA**  
**Stadium District**  
**Governmental Fund Balance Sheet and Statement of Net Position**  
**June 30, 2021**

	<b>Special Revenue Fund</b>	<b>Adjustments (see reconciliation)</b>	<b>Statement of Net Position</b>
<b>Assets</b>			
Cash	\$ 1,091,493		\$ 1,091,493
Accounts receivable	182,820		182,820
Due from Pima County, General Fund	152,120	\$ 94,943	247,063
Due from other governments	189,847		189,847
Prepaid expenses	3,594		3,594
Net other postemployment benefits asset		12,675	12,675
Capital assets:			
Land		11,009,755	11,009,755
Buildings - net		59,272,269	59,272,269
Equipment - net		1,478,223	1,478,223
Total assets	1,619,874	71,867,865	73,487,739
<b>Deferred outflows of resources</b>			
Pension and other postemployment benefits		582,430	582,430
Total deferred outflows of resources		582,430	582,430
Total assets and deferred outflows of resources	1,619,874	72,450,295	74,070,169
<b>Liabilities</b>			
Accounts payable	522,632		522,632
Accrued payables	101,677		101,677
Unearned revenue	267,845		267,845
Long-term liabilities:			
Due within one year		109,693	109,693
Due in more than one year		184,429	184,429
Net pension and other postemployment benefits liability		3,092,017	3,092,017
Total liabilities	892,154	3,386,139	4,278,293
<b>Deferred inflows of resources</b>			
Unavailable revenue - intergovernmental	91,007	(91,007)	
Unavailable revenue - other	15,745	(15,745)	
Pension and other postemployment benefits		73,118	73,118
Total deferred inflows of resources	106,752	(33,634)	73,118
Total liabilities and deferred inflows of resources	998,906	3,352,505	4,351,411
<b>Fund balance/net position</b>			
Fund balance:			
Nonspendable	3,594	(3,594)	
Assigned	617,374	(617,374)	
Total fund balance	620,968	(620,968)	
Total liabilities, deferred inflows and fund balance	\$ 1,619,874		
<b>Net position:</b>			
Net investment in capital assets		71,760,247	71,760,247
Unrestricted		(2,041,489)	(2,041,489)
Total net position		\$ 69,718,758	\$ 69,718,758

See accompanying notes to financial statements

**PIMA COUNTY, ARIZONA**  
**Stadium District**  
**Reconciliation of the Balance Sheet of Governmental Fund**  
**to the Statement of Net Position**  
**June 30, 2021**

Fund balance - governmental fund	\$	620,968
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Some receivables are not received shortly after June 30, 2019, and therefore are not reported in the governmental fund

Hotel/Motel taxes due from General Fund		94,943
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund

Land	11,009,755		
Buildings	82,253,302		
Equipment	3,311,651		
Less accumulated depreciation	<u>(24,814,461)</u>		71,760,247

Net pension assets held for trust for future benefits are not available for County operations and therefore are not reported in the funds.

Net other postemployment benefits asset		12,675
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Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds

Deferred outflows of resources related to pensions	582,430		
Deferred inflows of resources related to pensions	<u>(73,118)</u>		509,312

Some compensated absences are not due and payable shortly after June 30, 2020, and therefore are not reported in the governmental fund

Employee compensation accrued in prior year	(243,826)		
Employee compensation accrued in current year	<u>(50,296)</u>		(294,122)

Deferred inflows of resources in the governmental fund is susceptible to the accrual basis on the governmental-wide statements

Unavailable revenue - intergovernmental	91,007		
Unavailable revenue - other	<u>15,745</u>		106,752

Some long term liabilities such as net pension liabilities and bonds payable are not due and payable in the current period and therefore are not reported in the governmental fund

Net pension and other postemployment benefits liability	<u>(3,092,017)</u>		(3,092,017)
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Net position of governmental activities	<u>\$</u>	<u>69,718,758</u>
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See accompanying notes to financial statements

**PIMA COUNTY, ARIZONA**  
**Stadium District**  
**Governmental Fund Revenues, Expenditures and Changes**  
**in Fund Balance and Statement of Activities**  
**For the Year Ended June 30, 2021**

	<u>Special Revenue Fund</u>	<u>Adjustments (see reconciliation)</u>	<u>Statement of Activities</u>
<b>Revenues:</b>			
Car rental surcharge	\$ 924,628	\$ 29,766	\$ 954,394
Stadium operations	584,106	(42,700)	541,406
Interest	6,702		6,702
Miscellaneous	59,466		59,466
Total revenues	<u>1,574,902</u>	<u>(12,934)</u>	<u>1,561,968</u>
<b>Expenditures/expenses:</b>			
Culture and recreation	<u>7,105,803</u>	<u>3,522,546</u>	<u>10,628,349</u>
Deficiency of revenues under expenditures/expenses	(5,530,901)	(3,535,480)	(9,066,381)
<b>Other financing sources (uses):</b>			
Transfers in	7,549,227	14,321	7,563,548
Transfers (out)	<u>(2,726,246)</u>		<u>(2,726,246)</u>
	<u>4,822,981</u>	<u>14,321</u>	<u>4,837,302</u>
Excess (deficiency) of revenues and other sources over (under) expenditures/expenses and other uses	(707,920)	707,920	
<b>Change in net position</b>		(4,229,079)	(4,229,079)
Fund balance/net position, beginning of year	<u>1,328,888</u>	<u>72,618,949</u>	<u>73,947,837</u>
Fund balance/net position, end of year	<u>\$ 620,968</u>	<u>\$ 69,097,790</u>	<u>\$ 69,718,758</u>

See accompanying notes to financial statements

**PIMA COUNTY, ARIZONA**  
**Stadium District**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance**  
**of Governmental Fund to the Statement of Activities**  
**For the Year Ended June 30, 2021**

Net change in fund balance - governmental fund		\$ (707,920)
<p>Amounts reported for governmental activities in the statement of Activities are different because:</p>		
<p>Some revenues reported in the Statement of Activities do not represent the collection of current financial resources and therefore are not reported as revenues in the governmental funds</p>		
Car rental surcharge	29,766	
Facility fees	<u>(42,700)</u>	(12,934)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their useful lives and reported as depreciation expense</p>		
Expenditures for capital assets	203,677	
Less current year depreciation	<u>(3,156,497)</u>	(2,952,820)
<p>Some transfers from the Pima County General Fund reported in the Statement of Activities do not represent the collection of current financial resources and therefore are not reported as revenues in the governmental funds</p>		
Hotel/Motel taxes	<u>14,321</u>	14,321
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund</p>		
Change in compensated absences	<u>(50,296)</u>	(50,296)
<p>County pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the County's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.</p>		
County pension contributions	233,520	
Pension expense	<u>(752,950)</u>	<u>(519,430)</u>
Change in net position of Statement of Activities		<u>\$ (4,229,079)</u>

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA  
Stadium District  
Notes to Financial Statements  
June 30, 2021

**Note 1: Summary of Significant Accounting Policies**

The Pima County (County) Stadium District (District), a component unit of Pima County, conforms to generally accepted accounting principles adopted by the Governmental Accounting Standards Board (GASB).

A summary of the County's significant accounting policies affecting the District follows.

**A. Reporting Entity**

The District was formed to promote and establish major league baseball spring training in Pima County, Arizona. Since that time the District has evolved and now provides venues for an array of events that include sports, entertainment, and cultural activities. The County Board of Supervisors is the Board of Directors of the Stadium District. Therefore, the County Board of Supervisors is able to impose its will on the District as it levies the car rental and recreational vehicle space surcharge rates for the District. Although the District is a legally separate entity, ultimate financial accountability remains with the County. However, the financial statements present only the Stadium District, as one of the governmental funds of Pima County, and are not intended to present the balances and activity of Pima County, Arizona, in its entirety.

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

The basic financial statements include the government-wide (based on the District as a whole) and fund financial statements. In the government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities), the governmental activities are prepared using the economic resources measurement focus and the accrual basis of accounting. The government-wide statements focus more on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal year.

The fund financial statements (the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance) are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which this District is normally budgeted. Since the governmental fund statement is presented on a different measurement focus and basis of accounting than the government-wide statement, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the Fund based financial statements into the government-wide presentation.

**C. Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are presented on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. The governmental fund financial statements are presented using the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual whereas expenditures are recorded when the fund liability is incurred. In applying the susceptible to accrual concept under the modified accrual basis, revenue sources are deemed both measurable and available if collectible within the current year or within one month of year-end and available to pay obligations of the current period.

**D. Basis of Presentation**

The District's accounts are maintained in accordance with the principles of fund accounting to ensure that limitations and restrictions on the District's available resources are observed. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for those resources. The District is considered a separate accounting entity, and its operations are accounted

PIMA COUNTY, ARIZONA  
Stadium District  
Notes to Financial Statements  
June 30, 2021

**Note 1: Summary of Significant Accounting Policies (continued)**

for in a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, expenditures and other financing sources (uses).

The District's financial transactions are recorded and reported as a special revenue fund which is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. When both restricted and unrestricted net assets are available to finance fund expenses, restricted resources are used before unrestricted resources. Committed fund balances are resources that are restricted by self-imposed limitations that the County's Board of Supervisors, the highest level of decision-making authority within the County, approved by formal action (ordinance). The District's committed fund balance is limited specifically to expenditures whose activity promotes the use of the sports facilities.

**E. Accounts Receivable**

Accounts receivable consists primarily of amounts due from various organizations that wish to rent the use of the Stadium facilities for special events.

**F. Capital assets**

Capital assets are reported at cost or estimated historical cost if historical records are not available. Donated assets are reported at acquisition value at the time received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other cost incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line method over the estimated useful life of the asset, which range from 4 years to 50 years.

**G. Deferred Outflows and Inflows of Resources**

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

**H. Postemployment benefits**

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

**I. Car rental surcharges**

Car rental surcharge revenues are recognized in the special revenue fund in the fiscal year in which they are levied and collected, including those collections made within 30 days subsequent to the fiscal year-end. The District levies, and the Arizona Department of Revenue collects, the surcharge. During the fiscal year, the surcharges were levied by the District's Board of Directors at \$3.50 per car rental contract within the County.

**J. Compensated Absences**

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

PIMA COUNTY, ARIZONA  
Stadium District  
Notes to Financial Statements  
June 30, 2021

**Note 1: Summary of Significant Accounting Policies (continued)**

Employees are allowed to accumulate up to 240 hours of annual leave depending upon years of service. Due to a temporary Board of Supervisor Policy regarding the Novel Coronavirus (COVID-19), employees who were deemed essential are authorized to carry over additional annual leave hours, if needed. These essential employees are expected to reduce their annual leave balance to 240 hours no later than their anniversary date in 2022. Any excess of 240 hours that remain on their anniversary date in 2022 will automatically be converted to sick leave. Upon termination of employment, all unused annual leave benefits are paid to employees. Any essential employees who terminate before their anniversary date within fiscal year 2022, with an excess of 240 hours of annual leave, will be paid out their full balance. Accordingly, annual leave benefits are accrued as a liability in the Fund's financial statements. A liability for these amounts is reported in the Fund's financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal year-end.

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

**K. Operating Transfers**

On January 1, 1997, The County Board of Supervisors authorized transient lodging excise tax to be distributed to the District. Effective January 1, 2006, the amount was raised to 34% of the 6% tax rate. With the integration of the Kino Sports Complex into the District, additional operating transfers were approved in the budget adopted by the County Board of Supervisors for costs associated with field maintenance and the Kino Ecosystem Restoration Project (KERP).

**L. Budgetary Accounting**

The County annually adopts budgets, on an accrual basis, for all governmental fund types. The District's adopted budget for fiscal year 2020-2021 is presented as a Special Revenue Fund in the County's adopted budget. Budgetary control is legally maintained at the fund level.

The budget information presented in the accompanying supplementary information reflects the original budget and the amended budget (which may be adjusted for legally authorized revisions of the annual budget during the year). Appropriation balances, including all outstanding encumbrances, lapse at the end of the fiscal year. Any item ordered in a fiscal year, but not received is charged against an appropriation in the year that the item is received.

**Note 2: Cash and Investments**

The County Treasurer holds cash on deposit for the District. The Treasurer pools this deposit with other County monies for investment.

**Fair Value Measurements** – The District 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

PIMA COUNTY, ARIZONA  
Stadium District  
Notes to Financial Statements  
June 30, 2021

**Note 2: Cash and Investments (continued)**

The State Treasurer's pools are external investment pools, the LGIP (Pool 5), LGIP-Government (Pool 7) and LGIP (Pool 500), with no regulatory oversight. The pools are not required to register (and are not registered) with the Securities and Exchange Commission (SEC). The activity and performance of the pools are reviewed monthly by specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

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 SEC. 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.

**Credit Risk** – Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The County does not have a formal investment policy with respect to credit risk. The County Treasurer's investment pool is unrated.

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect an investment's fair value. The County does not have a formal investment policy with respect to interest rate risk. The County Treasurer's investments had a weighted average maturity of 179 days at June 30, 2021.

**Legal Provisions** – Arizona Revised Statutes authorize counties to invest public monies in the State Treasurer's investment pool obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, or instrumentalities; specified state and local government bonds; interest earning investments such as savings accounts, specified commercial paper, bonds, debentures, and notes issued by corporations organized and doing business in the United States. In addition, the County Treasurer may invest trust funds in fixed income securities of corporations doing business in the United States or District of Columbia.

**Credit risk** – Statutes have the following requirements for credit risk:

1. Commercial Paper must be rated P1 by Moody's Investors Service or A1 or better by Standard and Poor's rating service.
2. Corporate bonds, debentures, and notes must be rated A or better by Moody's Investors Service or Standard and Poor's rating service.
3. Fixed income securities must carry one of the two highest ratings by Moody's Investors' Service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

**Custodial credit risk** – Statutes require collateral for demand deposits, certificates of deposit, and repurchase agreements at 102 percent of all deposits not covered by federal depository insurance.

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

**Interest rate risk** – Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years and that the public operating fund monies invested in securities and deposits have a maximum maturity of 3 years. Investments in repurchase agreements must have a maximum maturity of 180 days.

**Foreign currency risk** – Statutes do not allow foreign investments.

PIMA COUNTY, ARIZONA  
Stadium District  
Notes to Financial Statements  
June 30, 2021

**Note 3: Capital Assets**

Capital asset activity for the year was as follows:

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021
Land	\$ 11,009,755	\$	\$	\$ 11,009,755
Stadium	82,253,302			82,253,302
Equipment	3,107,974	203,677		3,311,651
Accumulated depreciation	(21,657,964)	(3,156,497)		(24,814,461)
Investment in capital assets	<u>\$ 74,713,067</u>	<u>\$ (2,952,820)</u>	<u>\$</u>	<u>\$ 71,760,247</u>

**Note 4: Claims, Judgments and Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; environmental claims; and natural disasters. The District is a participant in Pima County's self-insurance program and, in the opinion of the District's management, any unfavorable outcomes from these risks would be covered by that self-insurance program.

Accordingly, the District has no risk of loss beyond adjustments to future years' premium payments to Pima County's self-insurance program. The District obtained an excess municipal policy to cover claims for all other operations. There were no significant reductions in coverage from the prior year and settlements have not exceeded coverage in any of the previous three years.

**Note 5: Related Party Transactions**

For the year ended June 30, 2021, the District incurred expenses from Pima County for a variety of administrative and fiscal services totaling \$3,502,677. Of that amount, \$3,214,188 was for staffing, \$160,821 was for self-insurance premiums and \$127,668 was for computer hardware, server and software usage.

**Note 6: Interfund Transactions**

Interfund transactions are entered directly into the cash accounts maintained in a central pooled cash account in which many County funds participate and, therefore, due from and due to other County funds are used to record cash deficits, loans or unpaid operating transfers between individual funds. At June 30 2021, amounts due from the County's General Fund and the District's special revenue fund were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue	General	\$ 247,062

Due from general fund consists of the hotel/motel taxes received after July 31, 2021. The District received transfers of \$7,326,230 from the General Fund. \$1,850,320 was for hotel/motel taxes, which represented 34% of the total received by the County, \$3,975,910 for operating and maintenance costs and \$1,500,000 for upkeep of the ball fields. Other fund transfers include \$189,602 for (KERP) and \$47,716 for reclaimed water usage.

**Note 7: Pension and Other Postemployment Benefits (OPEB)**

The County contributes to a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing multiple employer defined benefit health insurance premium plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan administered by the *Arizona State Retirement System* (ASRS) that covers employees of the State of Arizona and employees of participating political subdivisions and school districts. Although the County contributes to the Arizona State Retirement System (ASRS), the Corrections Officer Retirement Plan (CORP), the Public Safety

PIMA COUNTY, ARIZONA  
Stadium District  
Notes to Financial Statements  
June 30, 2021

**Note 7: Pension and Other Postemployment Benefits (OPEB) (continued)**

Personnel Retirement System (PSPRS), and the Elected Officials Retirement Plan (EORP), the District employees only participate in the Arizona State Retirement System (ASRS).

At June 30, 2021, the District reported the following amounts related to pensions for which it contributes:

Net OPEB asset	\$	12,675
Net Pension and OPEB liability		3,092,017
Deferred outflows of resources related to pensions and OPEB		582,430
Deferred inflows of resources related to pensions and OPEB		73,118
Pension and OPEB expense		519,430

The District's accrued payroll and employee benefits includes \$7,849 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2021.

The OPEB plans are not described due to their relative insignificance to the District's financial statements.

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

**Benefits Provided** – The ASRS provides retirement and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

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

\* with actuarially reduced benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment 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 retirement benefit option chosen determines the survivor benefits. 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.



PIMA COUNTY, ARIZONA  
Stadium District  
Notes to Financial Statements  
June 30, 2021

**Note 7: Pension and Other Postemployment Benefits (OPEB) (continued)**

The \$222,485 reported as deferred outflows of resources relates to ASRS pensions resulting from District contributions subsequent to the measurement that will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ending June 30,		
2022	\$	(3,300)
2023		81,460
2024		107,400
2025		91,837

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

<i>ASRS</i>	
Actuarial valuation date	June 30, 2019
Actuarial roll forward date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7-7.2%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best-estimates of geometric real rates of return for each major asset class are summarized in the following table:

<i>ASRS</i>	<i>Target</i>	<i>Long-Term Expected</i>
<i>Asset Class</i>	<i>Allocation</i>	<i>Geometric Real</i>
	<u>                    </u>	<u>Rate of Return</u>
Equity	50%	6.39%
Fixed income - credit	20%	5.44%
Fixed income – interest rate sensitive	10%	0.22%
Real estate	20%	5.85%
Total	<u>100%</u>	

PIMA COUNTY, ARIZONA  
Stadium District  
Notes to Financial Statements  
June 30, 2021

**Note 7: Pension and Other Postemployment Benefits (OPEB) (continued)**

**Discount rate**—The discount rate used to measure the ASRS total pension liability was 7.5 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 plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

ASRS	<i>1% Decrease (6.5%)</i>	<i>Current Discount Rate (7.5%)</i>	<i>1% Increase (8.5%)</i>
District’s proportionate share of the Net pension liability	\$ 4,209,791	\$ 3,078,489	\$ 2,132,778

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

**Note 8: Commitments**

Under an intergovernmental agreement dated February 1, 1997, the District agreed to pay to the County all surcharge revenues and project revenues (both terms as defined in the intergovernmental agreement) less operation and maintenance costs.

The District agreed to levy and impose the surcharge and to collect the surcharge revenues and to pledge and assign such surcharge revenues, less operation and maintenance costs, to the County to secure its obligations under a related agreement. The accompanying financial statements include a total of \$2,726,246 of operating transfers out of the District.

Under an intergovernmental agreement dated June 9, 1997, the District agreed to take delivery of and use reclaimed water from the City of Tucson, Arizona for a period of 50 years which may be extended by mutual agreement. The rate and demand for reclaimed water is established pursuant to the Tucson code.

Under an intergovernmental agreement dated June 17, 2003, the District entered into an agreement with the County whereby the District shall reimburse the County for use of County staff and services. The District is charged by the General Fund for any personnel costs incurred.



## **Required Supplementary Information**

Other Than Management's Discussion & Analysis

PIMA COUNTY, ARIZONA  
Stadium District  
Required Supplementary Information  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - Special Revenue Fund  
June 30, 2021

	<b>Special Revenue Fund</b>		
	<b>Original &amp; Final Budget</b>	<b>Modified Accrual Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Car rental surcharges	\$ 1,229,000	\$ 924,628	\$ (304,372)
Stadium operations	2,092,000	584,106	(1,507,894)
Investment earnings		6,702	6,702
Other miscellaneous revenue	26,780	59,466	32,686
Total revenues	<u>3,347,780</u>	<u>1,574,902</u>	<u>(1,772,878)</u>
<b>Expenditures</b>			
Culture and recreation	8,360,130	7,105,803	(1,254,327)
Total expenditures	<u>8,360,130</u>	<u>7,105,803</u>	<u>(1,254,327)</u>
Deficiency of revenues under expenses	<u>(5,012,350)</u>	<u>(5,530,901)</u>	<u>(518,551)</u>
<b>Other financing sources (uses):</b>			
Transfers in	7,292,085	7,549,227	257,142
Transfers (out)	(2,861,113)	(2,726,246)	134,867
Total other financing sources	<u>4,430,972</u>	<u>4,822,981</u>	<u>392,009</u>
Net change in fund balance	(581,378)	(707,920)	(126,542)
Fund balance at beginning of year	<u>1,435,645</u>	<u>1,328,888</u>	<u>(106,757)</u>
Fund balance at end of year	<u>\$ 854,267</u>	<u>\$ 620,968</u>	<u>\$ (233,299)</u>

PIMA COUNTY, ARIZONA  
Stadium District  
Notes to Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual – Special Revenue Fund  
June 30, 2021

**Note 1: Budgeting and Budgetary Control**

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

Expenditures may not legally exceed appropriations at the department level. In certain instances, transfers of appropriations between departments or from the contingency account to a department may be made upon the Board of Supervisors' approval.

**Note 2: Expenditures Less than Appropriations**

For the year ended June 30, 2021, expenditures for the District were less than the final budget amount at the department level (the legal level of budgetary control) by \$1,254,327 for the culture and recreation function. These expenditures were funded by hotel motel revenues from District operations and hotel/motel tax revenues transferred from the County's General Fund, car rental surcharges, stadium operations and cash reserves.

PIMA COUNTY, ARIZONA  
Stadium District  
Required Supplementary Information  
Cost Sharing Pension Plan  
June 30, 2021

Schedule of the District's Proportionate Share of the Net Pension Liability

**Arizona State Retirement System**

	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2012
District's proportion of the net pension liability	0.018%	0.014%	0.015%	0.014%	0.013%	0.013%	0.013%	Information not available
District's proportionate share of the net pension liability	\$3,078,489	\$2,085,014	\$2,129,146	\$2,128,893	\$2,152,602	\$1,987,720	\$1,924,665	
District's covered-employee payroll	\$1,552,030	\$1,561,443	\$1,333,395	\$1,288,161	\$1,160,882	\$1,177,911	\$1,241,456	
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	198.35%	133.53%	159.68%	165.27%	185.43%	168.75%	155.03%	
Plan fiduciary net position as a percentage of the total pension liability	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	

Schedule of the District's Pension Contributions

**Arizona State Retirement System**

	2021	2020	2019	2018	2017	2016	2015	2014	2013 through 2012
Statutorily required contribution	\$ 222,485	\$ 177,266	\$ 174,230	\$ 145,026	\$ 138,641	\$ 125,668	\$ 127,994	\$ 125,461	Information not available
District's contribution in relation to the statutorily required contribution	222,485	177,266	174,230	145,026	138,641	125,668	127,994	125,461	
District's contribution deficiency (excess)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	
District's covered-employee payroll	\$ 1,915,130	\$ 1,552,030	\$ 1,561,443	1,333,395	\$ 1,288,161	\$ 1,160,882	\$ 1,177,911	\$ 1,241,456	
District's contribution as a percentage of covered-employee payroll	11.62%	11.42%	11.16%	10.88%	10.76%	10.83%	10.87%	10.11%	

**Independent Auditors' 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***

Board of Supervisors  
Pima County, Arizona

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 and major fund of the Stadium District, a component unit of Pima County, Arizona, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Stadium District's basic financial statements and have issued our report thereon dated October 29, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Stadium District'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Stadium District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Stadium District'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 a 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 the Stadium District'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.

*Beach Fleischman PC*

Tucson, Arizona  
October 29, 2021