

2015

Comprehensive Annual Financial Report



Pima County, Arizona
For the Fiscal Year Ended June 30, 2015

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

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C. H. Huckelberry

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INTRODUCTORY SECTION

Letter of Transmittal

Certificate of Achievement for Excellence in Financial Reporting

Organizational Chart

FINANCIAL SECTION

STATISTICAL SECTION

INTRODUCTORY SECTION

The purpose of the Introductory Section in a comprehensive annual financial report (CAFR) is to familiarize readers with the organizational structure of the government, the nature and scope of the services it provides, and the specifics of its legal operating environment.



COUNTY ADMINISTRATOR'S OFFICE

PIMA COUNTY GOVERNMENTAL CENTER
130 W. CONGRESS, FLOOR 10, TUCSON, AZ 85701-1317
(520) 724-8661 FAX (520) 724-8171

C.H. HUCKELBERRY
County Administrator

December 3, 2015

To the Honorable Board of Supervisors and Citizens of Pima County, Arizona:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of Pima County for the fiscal year ended June 30, 2015. This report presents comprehensive financial and operating information about the County's activities for the fiscal year.

We believe that the financial information, as presented, is accurate in all material aspects; that it is presented in a manner designed to openly disclose the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The State of Arizona Office of the Auditor General is required to audit financial transactions and accounts kept by counties. The Auditor General has issued an unmodified ("clean") opinion on the Pima County financial statements for the year ended June 30, 2015. The Auditor General's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The Comprehensive Annual Financial Report consists of three sections:

- The **INTRODUCTORY** section describes the organizational structure of the County, the nature and scope of its services, and the specifics of its legal operating environment.
- The **FINANCIAL** section includes the Auditor General's report, the MD&A, the audited basic financial statements, the notes to the statements, and required supplementary information necessary to fairly present the financial position and results of operations of the County in conformity with generally accepted accounting principles.
- The **STATISTICAL** section contains comprehensive statistical data on the County's financial, physical, economic, and demographic characteristics.

Pima County Profile

Covering an area of approximately 9,200 square miles, Pima County is one of the oldest continuously inhabited areas of the United States. It is situated in the southern part of Arizona with a portion of its southern boundary bordering Mexico. Created in 1864, Pima County includes a large portion of southern Arizona acquired from Mexico by the Gadsden Purchase of 1854. Pima County has purchased thousands of acres of open space and ranches to preserve and protect the stunning landscapes and historic and cultural sites. The County's population has grown from 395 in 1820 to an estimated population of 1,022,079 in 2015, according to the Arizona Department of Administration, Office of Employment and Population Statistics. The County has a vibrant multicultural diversity. A major commercial and academic hub, Pima County is home to Tucson, the second largest city in Arizona. Although the County has five incorporated cities and towns, more than a third of the population lives outside of any incorporated cities or towns.

A five-member Board of Supervisors is responsible for implementing the County's governmental and administrative affairs. Each member is elected from a designated district to serve a four-year term. The chairman is selected by the Board from among its members. The Board is responsible for establishing the policies of the County, which provide guidance to the various County constitutional officers and departments. The Board has the legal authority and responsibility to establish spending limits and approve the budgets of all County departments, and also sets the amount of taxes to be levied. The Board appoints a County Administrator who is responsible for the general administrative and overall operations of the various departments of the County. The County has several other elected officials including the Assessor, County Attorney, Recorder, Sheriff, Clerk of the Superior Court, the Constables, Superintendent of Schools, Treasurer, and Judges for the Superior Courts, Juvenile Courts, and Justice Courts.

Pima County includes in its financial statements all funds, agencies, boards, commissions, and authorities for which the Pima County Board of Supervisors is financially accountable. As the primary government, Pima County is financially accountable if it appoints a voting majority of an organization's governing body and either it is able to impose its will on that organization or a potential exists for that organization to provide specific benefits to, or impose specific financial burdens on, Pima County. Additionally, the County may be financially accountable if an organization is fiscally dependent on the County.

Pima County offers a wide variety of governmental services that are organized into the following functional areas:

- *General Government Services* primarily provides internal administrative and support services to County departments directly serving the public. The departments comprising this function include the Assessor; Board of Supervisors; Clerk of the Board; Communications Office; County Administrator; Elections; Facilities Management; Finance and Risk Management; Human Resources; Information Technology; Non Departmental; Procurement; Recorder; and Treasurer.
- *Community Resources* provides educational, cultural, social, economic development and recreational programs to the public. The departments in this functional area are Community and Economic Development Administration; Community Development and Neighborhood Conservation; Community Services, Employment and Training; County Free Library; Economic Development and Tourism; Kino Sports Complex; Natural Resources, Parks and Recreation; School Superintendent; and the Stadium District.
- *Justice and Law* provides public safety, felony and misdemeanor investigation and prosecution, and services for victims, witnesses, and those needing fiduciary assistance. Services are also provided in the areas of indigent defense, civil representation, correctional housing, and juvenile detention. The departments within this area are the Clerk of the Superior Court; Constables; County Attorney; Forensic Science Center; Justice Courts; Juvenile Court; Public Defense Services; Public Fiduciary; Sheriff; and Superior Court.

- *Health Services* provides various public health, sanitation, and animal control services, as well as medical assistance to indigents. The component departments are Behavioral Health; Environmental Quality; Health; and Office of Emergency Management and Homeland Security.
- *Public Works* provides construction, operations, and maintenance services related to the County's infrastructure and related planning and environmental issues. The departments within this area are Capital Projects; Development Services; Office of Sustainability and Conservation, Public Works Administration; Real Property; Regional Flood Control District; Regional Wastewater Reclamation; and Transportation.

Pima County is responsible for reporting the financial activities of its component units. These units are either discretely presented or blended. Although they are separate legal entities, blended component units are substantially a part of the County's financial activities and are combined with data for the County.

The County's component units include the following:

- The *Pima County Stadium District*, the *Regional Flood Control District*, the *Library District*, and the *Street Lighting Districts* are reported as blended component units in special revenue funds in the accompanying financial statements.
- The *Southwestern Fair Commission* is reported as a separate component unit (discrete presentation) in the accompanying financial statements.

Additional information on the legally separate entities and the blended component units can be found in the notes to the financial statements (see Note 1).

The County also has various independently governed school districts, irrigation districts, fire districts, a health district (Ajo-Lukeville), and other entities for which the County is not financially accountable. These entities include the Industrial Development Authority, Pima Association of Governments, Pima Council on Aging, the Workforce Investment Board, Regional Transportation Authority, and the Tucson Regional Economic Opportunity, Inc. The financial statements of such districts and entities are not included in the accompanying financial statements except to reflect amounts held in a fiduciary capacity by the County Treasurer.

Following receipt of the County Administrator's Recommended Budget and public discussion of the Recommended Budget, the Board of Supervisors historically adopts a budget in June. A budget must be adopted on or before the first Monday in August. The Adopted Budget sets a ceiling on expenditures that may be incurred for the County as a whole. This annual budget serves as the foundation for Pima County's financial planning and control. Pima County has implemented a program-oriented presentation of its budget. All departments are budgeted on a cost unit/object line item basis. Departments may modify line item amounts within their own budgets provided the total program budgeted amount remains unchanged. Changes to the adopted budget that require a transfer between funds are evaluated by the County Administrator prior to recommendation of approval to the Board of Supervisors. Should the County Administrator recommend the change to the Board of Supervisors, the recommendation will be considered at a regularly scheduled, open meeting of the Board.

On an annual basis, the County Administrator's office prepares a five-year Capital Improvement Plan and a one-year Capital Improvement Budget.

Economic Outlook

Pima County's major employers are the University of Arizona, Raytheon Missile Systems, State of Arizona, and Davis-Monthan Air Force Base. Major manufacturers include Ventana Medical Systems, IBM and several aerospace and aircraft companies including Raytheon Missile Systems, Bombardier Aerospace, and Honeywell Aerospace. Employment by industry is led by government; educational and health services; trade, transportation and utilities; professional and business services; and leisure and hospitality. The Pima County unemployment rate has decreased from a five year high in 2010 of 9.3% to 6.2% in 2014 and is lower than the national unemployment

rate, which was 9.4% in 2010 and had fallen to 6.4% in 2014. Nearly half of Pima County's population is in the prime working age range of 18 to 54.

A sunny, mild, dry climate with an average temperature of 71°F and a unique desert location help promote travel and tourism as a major industry in Pima County. Spending by visitors generates sales in lodging, food services, recreation, transportation, and retail businesses. These sales support jobs for Pima County residents and contribute tax revenues to local and state governments. According to recent research data released by the Arizona Office of Tourism, Pima County direct travel spending generated approximately \$2.82 billion (13.5% of Arizona direct travel spending) in 2014. This direct travel spending generated 23,410 direct jobs, \$630 million in direct earnings and over \$185 million in local and state tax revenues. Unlike other industries, taxes generated by travel industry spending are paid by visitors rather than residents. These visitors bring new money into Pima County's economy and generate revenue in the County. Some of the best world-class attractions in Arizona are found in Pima County, such as the Arizona-Sonora Desert Museum and the Pima Air and Space Museum. There are several signature events which draw many tourists to the area and have a significant economic impact on the County, including the following:

- The area's largest annual event is the two-week Tucson Gem, Mineral and Fossil Showcase, the largest event of its kind in the world, which attracts an estimated 55,000 people to Tucson and has an estimated economic impact of \$120 million.
- The annual El Tour de Tucson is Southern Arizona's largest bicycling event, attracting more than 9,000 cyclists and 30,000 spectators. El Tour's annual economic impact is estimated to be \$13 - \$20 million on ride weekend alone and \$50 - \$70 million year-round.

A 2014 Forbes magazine article highlighted Tucson and its 2009 Regional Plan for Bicycling with its identification of 170 miles of potential "Bicycle Boulevards". Bicycle commuting has recently increased 58 percent and the city now boasts an excellent network of bike lanes stretching 610 miles. The County has completed more than 75% of the 131 miles of the Loop, shared-use paths for residents and visitors on foot, bikes, skates, and horses connecting various parts of the Tucson area.

Please refer to the MD&A beginning on page 15 for additional information regarding the County's economic outlook.

Capital Improvement Plan

The Adopted Budget for fiscal year 2015-16 includes \$134 million for its Capital Improvement Plan (CIP). Under this plan, four departments comprise 88% of the total CIP budget as follows:

- Regional Wastewater Reclamation (RWR), with a budget of \$48 million
- Transportation, with a budget of \$42 million
- Facilities Management, with a budget of \$14 million
- Regional Flood Control District, with a budget of \$13.9 million

Regional Wastewater Reclamation – The RWR department has completed all the regulatory-required infrastructure of the Regional Optimization Master Plan (ROMP). ROMP was designed to expand and upgrade infrastructure to meet regulatory mandates and provide for the future capacity needs of the community for the next several decades.

Regional Wastewater Reclamation major projects for fiscal year 2015-2016 include the following:

- Minor Rehabilitation Projects are budgeted for \$10.0 million.

- North Rillito Interceptor Rehabilitation Project is budgeted for \$9.3 million.
- Continental Ranch Pump Station Facility Modification Project is budgeted for \$2.3 million.
- 22nd Street, Alvernon Way to Swan Road Project is budgeted for \$2.1 million.

Transportation - The Department of Transportation projects are funded by highway user revenues, vehicle license tax revenues and from funding received from the Pima County Regional Transportation Authority, a taxing entity distinct from Pima County. Transportation has four major projects included in the fiscal year 2015-2016 budget:

- Valencia Road: Alvernon Way to Wilmot Road project is budgeted for \$4.5 million.
- Valencia Road: Mark Road to Wade Road project is budgeted for \$8.7 million.
- Hughes Access Road Relocation project is budgeted for \$5.9 million.
- Magee Road: La Canada Drive to Oracle Road project is budgeted for \$5.3 million.

Facilities Management – Now that the Public Service Center at 240 North Stone Avenue is complete, Facilities Management is budgeted for several ongoing projects. Major projects for Facilities Management include:

- Public Service Center for 3.0 million
- Administration East Building 2nd floor for \$2.6 million
- Pima Animal Care Center for \$2.0 million

Regional Flood Control District – The Regional Flood Control District has active projects with a total budget of \$13.9 million. Major projects include:

- Santa Cruz River Flood Control Erosion Control and Linear Park: Ajo to 29th Street project is budgeted for \$1.1 million.
- Pantano Wash Ft. Lowell Park to Tanque Verde Road for \$3.7 million
- Urban Drainage project is budgeted for \$4.0 million.

Debt Management

Bond ratings for Pima County range from A+ to AA-. Pima County maintains a sound financial profile, with healthy operating reserves while its debt burden is manageable and debt repayment is rapid.

Pima County continues to utilize debt authorized by Pima County voters in elections from 1997, 2004, 2006 and 2014. At June 30, 2015, \$1.6 million from the May 20, 1997, \$5.6 million from the May 18, 2004, \$0.5 million from the May 16, 2006 and \$17.9 from the November 4, 2014 bond elections remained unissued. The County issues Certificates of Participation for building construction and Sewer Revenue Obligations to fund the construction and improvement of the County's wastewater conveyance systems and treatment facilities.

Bond sales anticipated for fiscal year 2015-2016 include \$45 million of Sewer Obligations and \$26 million of General Obligation bonds.

The County's conservative debt management principles play a critical role in the decision regarding when to issue new debt. The County has set an aggressive debt repayment schedule, retiring 80 percent of its debt within 11 years with 100 percent retired at or before 15 years. On November 4, 2014 voters approved a bond proposal to use \$22 million to build a new animal shelter.

The state constitution sets a cap on general obligation debt at 15 percent of the County's net secondary assessed valuation. In fiscal year 2014-2015 the constitutional debt limit was \$1.1 billion. The actual bonded indebtedness was \$384 million, far below the constitutional debt limit.

Please refer to the MD&A beginning on page 15 and Note 7 beginning on page 65 for specific details on debt issuances, defeasances, and refundings.

Expenditure Limitation

Pima County, like all counties and cities in Arizona, is subject to numerous budgetary and related legal requirements. Article 9, Section 20, of the Arizona Constitution sets limits on the County's legal budget capacity. In general, the Board of Supervisors, as the governing body of the County, cannot authorize expenditures from local revenues in excess of the expenditure limitation determined annually for Pima County by the Arizona Economic Estimates Commission. The expenditure limitation is determined each year by adjusting the amount of actual payments of local revenues received by the County during fiscal year 1979-1980 to reflect inflation and subsequent population growth for the County. Not subject to this limitation are items such as bond proceeds, related debt service, interest earnings, special voter approved districts, certain highway user revenue funds, federal grant and aid funds, monies received pursuant to intergovernmental agreements, and state grants which are to be used for specific purposes. As in previous years, the County's expenditures for fiscal year 2014-2015 are expected to be under the limit of \$525.4 million.

Single Audit

As a recipient of federal and state financial assistance, the County is required to ensure adequate internal controls are in place to comply with applicable laws and regulations related to administration of these programs. This internal control structure is subject to periodic evaluation by management of Pima County.

As a part of the County's Single Audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs and whether the County has complied with applicable laws and regulations.

A complete Single Audit report for fiscal year 2013-2014 can be found at:

<http://www.pima.gov/finance/reports.shtml>

The Single Audit for Pima County for the fiscal year ended June 30, 2015 was not complete at the time of publication of this CAFR.

As demonstrated by the statements and schedules included in the financial section of this report, Pima County continues to meet its responsibility for sound financial management.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Pima County, Arizona, for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. Pima County has received this prestigious award for twenty-nine years from fiscal years ended June 30, 1984 through 2014, except for fiscal years ended June 30, 1990 and June 30, 1999, due to missing the filing deadline. In order to be awarded a Certificate of Achievement, the County had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Pima County also received the GFOA's Distinguished Budget Presentation Award for its fiscal year 2014-2015 budget document. This was the seventeenth consecutive year that Pima County has achieved this award. To qualify for the Distinguished Budget Presentation Award, Pima County's budget had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

Acknowledgments

The preparation of this report could not have been possible without the skill, effort, and dedication of the entire staff of the County's Finance and Risk Management Department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit is also due to the Board of Supervisors for its unfailing support for maintaining the highest standards of professionalism in the management of Pima County's finances.

Respectfully submitted,

C. H. Huckelberry
County Administrator

Tom Burke
Deputy County Administrator

Keith Dommer
Director, Finance and Risk Management



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

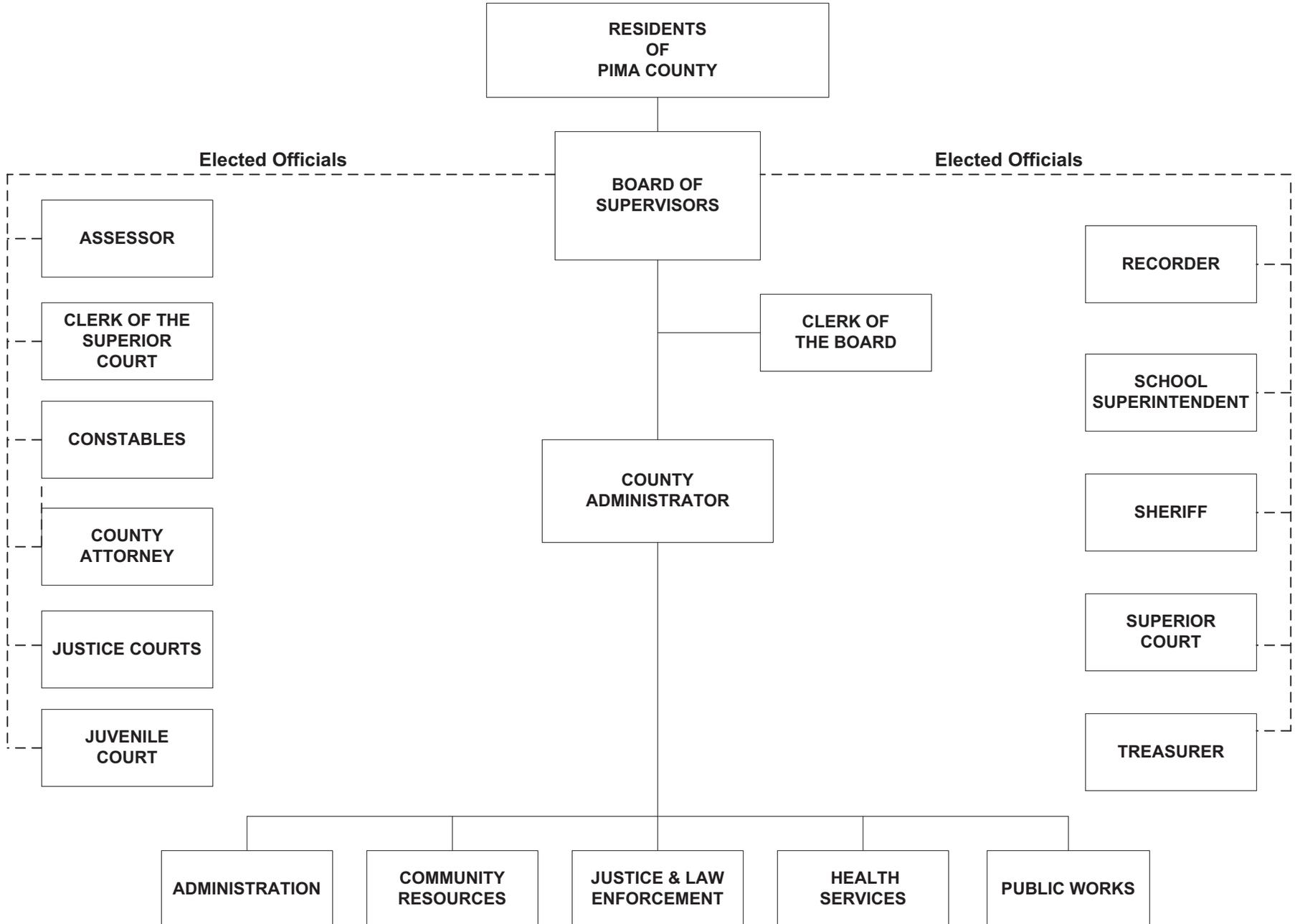
Pima County
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

PIMA COUNTY ORGANIZATIONAL CHART



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PIMA COUNTY
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015

INTRODUCTORY SECTION

FINANCIAL SECTION

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information Other than Management's Discussion and Analysis

Combining Statements and Other Schedules

STATISTICAL SECTION

FINANCIAL SECTION

The Financial Section contains government-wide, combined, combining, and individual fund financial statements and schedules, which present a financial “overview” of Pima County.



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of
Pima County, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County'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 U.S. generally accepted accounting principles; 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 did not audit the financial statements of certain departments, one major fund, and the component unit, which account for the following percentages of the assets and deferred outflows, liabilities and deferred inflows, revenues, and expenses or expenditures of the opinion units affected.

Opinion Unit/Department	Assets and Deferred Outflows	Liabilities and Deferred Inflows	Revenues	Expenses/ Expenditures
<u>Government-Wide Statements</u>				
Governmental Activities:				
Stadium District	1.63%	0.72%	1.73%	0.72%
School Reserve Fund	0.07%	0.17%	0.23%	0.29%
Office of Emergency Management's Radio System	0.06%	0.02%	0.33%	0.22%
Self-Insurance Trust	2.76%	1.90%	2.20%	0.99%
Health Benefit Trust	1.14%	0.99%	7.94%	7.10%
Business-Type Activities:				
Regional Wastewater Reclamation Department	98.08%	98.86%	90.97%	95.50%
Development Services	0.29%	1.05%	3.10%	3.59%
Discretely Presented Component Unit:				
Southwestern Fair Commission	100.00%	100.00%	100.00%	100.00%
<u>Fund Statements</u>				
Major Fund:				
Regional Wastewater Reclamation Department Enterprise Fund	100.00%	100.00%	100.00%	100.00%

Opinion Unit/Department	Assets and Deferred Outflows	Liabilities and Deferred Inflows	Revenues	Expenses/ Expenditures
Aggregate Remaining Fund Information:				
Stadium District	0.08%	0.85%	0.30%	0.30%
School Reserve Fund	0.25%	0.08%	0.07%	0.09%
Office of Emergency Management's Radio System	0.28%	0.17%	0.10%	0.07%
Development Services	0.71%	4.52%	0.24%	0.27%
Self-Insurance Trust	11.93%	17.71%	0.67%	0.31%
Health Benefit Trust	4.90%	9.20%	2.41%	2.23%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 auditors consider internal control relevant to the County'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 County'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, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 2 to the financial statements, for the year ended June 30, 2015, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 15 through 33, the Budgetary Comparison Schedules on pages 97 and 98, Schedule of the County's Proportionate Share of the Net Pension Liability—Cost-Sharing Pension Plans on page 99, Schedule of Changes in the County's Net Pension Liability and Related Ratios—Agent Pension Plans on pages 100 and 101, Schedule of County Pension Contributions on page 102, and Schedule of Agent OPEB Plans' Funding Progress on page 104 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 U.S. generally accepted auditing standards, 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules and the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining and individual fund 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 U.S. generally accepted auditing standards. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Compliance Over the Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies

In connection with our audit, nothing came to our attention that caused us to believe that the County failed to use highway user revenue fund monies received by the County pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the County solely for the authorized transportation purposes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

The communication related to compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, the Board of Supervisors, management, and other responsible parties within the County and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will issue our report on our consideration of the County'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 at a future date. 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 County's internal control over financial reporting and compliance.

Debbie Davenport
Auditor General

December 3, 2015



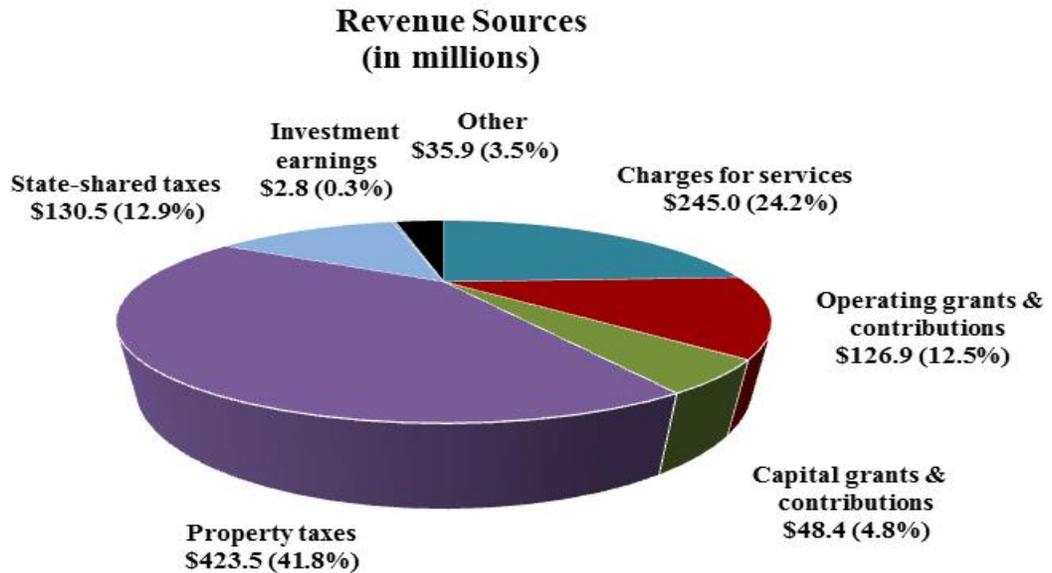
Management's Discussion and Analysis

Pima County, Arizona
Management's Discussion and Analysis
For the Year Ended June 30, 2015

Our discussion and analysis of the County's financial performance provides an overview of the County's financial activities for the year ended June 30, 2015. Please read it in conjunction with the transmittal letter which begins on page 1 and the County's basic financial statements, which begin on page 35. All dollar amounts are expressed in thousands (000's) unless otherwise noted.

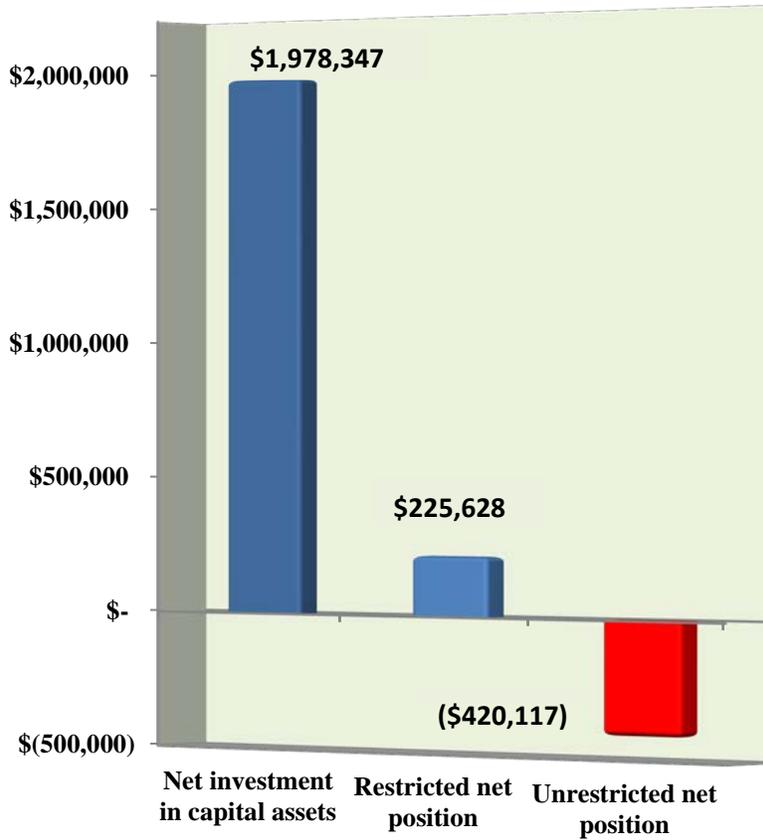
Financial Highlights

- The County's total net position decreased \$575,960, primarily due to the implementation of the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (GASB 68).
- Governmental Activities unrestricted net position decreased from \$84,514 in fiscal year 2013-14 to a deficit of (\$507,127) in the current fiscal year, while Business-type Activities unrestricted net position decreased by \$30,415 from \$117,425 in the prior fiscal year to \$87,010 in the current fiscal year, primarily due to the implementation of GASB 68.
- The County's primary sources of revenue come from taxes, grants and contributions, charges for services, and state shared taxes as displayed below:



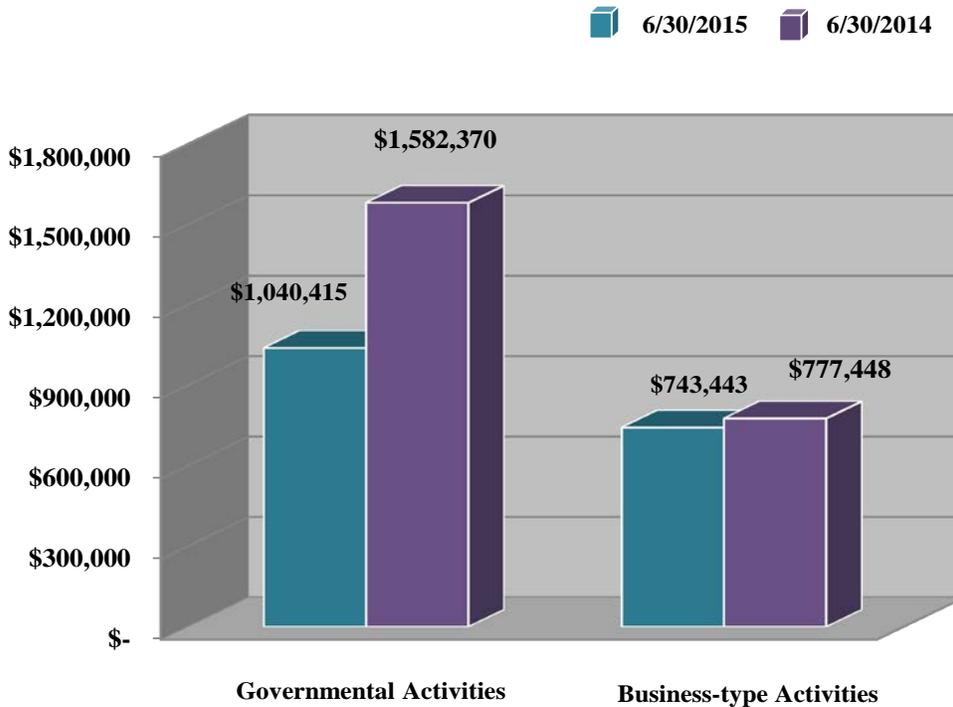
- The County's total net position at June 30, 2015, is \$1,783,858. Composition of net position is illustrated in the following chart.

Composition of Net Position, as of June 30, 2015



- Governmental Activities total net position at June 30, 2015, is \$1,040,415, a decrease of \$541,955 (34.3%) from the prior fiscal year. Business-type Activities total net position decreased by \$34,005 (4.4%) in the current fiscal year, closing at \$743,443.

Comparative Total Net Position



- The General Fund unassigned fund balance increased by 12% to \$47,878, from \$42,731 in the prior fiscal year. The unassigned fund balance comprises 91.9% of the total fund balance of \$52,125.

General Fund - Unassigned Fund Balance



The County continues to use debt to finance the construction of roads, streets, and buildings, and reports long-term liabilities related to programs. During the current year, total capital assets increased \$30,778 (1.0%); long-term liabilities increased \$622,742 (41.4%).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components: (1) Government-wide statements, (2) Fund statements, and (3) Notes. Required supplementary information is included in addition to the basic financial statements.

Government-wide financial statements are designed to provide readers with a broad overview of County finances in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how 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 result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation or sick leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) in contrast to other functions that are intended to recover all or a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, highways and streets, sanitation, health, welfare, culture and recreation, and education and economic opportunity. The business-type activities of the County include: Regional Wastewater Reclamation (RWR), Development Services, and the County's downtown parking garages.

A discretely presented component unit is included in the basic financial statements. It consists of one legally separate entity for which the County is financially accountable. The County reports the Southwestern Fair Commission, which operates the County Fairgrounds and the annual Pima County Fair, as a discretely presented component unit.

The government-wide financial statements can be found on pages 35-37.

Fund financial statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance with applicable state statutes and Federal Office of Management and Budget budgeting guidelines. All of the funds can be divided into three categories: (1) *governmental funds*, (2) *proprietary funds*, and (3) *fiduciary 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 focus on *near-term inflows and outflows of expendable resources*, as well as on *balances of expendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

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 government'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*.

The County maintains fifteen individual governmental funds. 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, Capital Projects, and Debt Service funds which are reported as 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.

The governmental fund financial statements can be found on pages 38-41. The combining statements for non-major governmental funds can be found on pages 106-109.

Proprietary funds are maintained in two ways. *Enterprise funds* are used to report the same functions presented as *business-type* activities in the government-wide financial statements. The County uses enterprise funds to account for sewer systems maintenance and operation, real estate-related development services, and parking garage operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for employee health and health related benefits, risk management, automotive fleet maintenance and operations, printing services, telecommunications, wireless, and information technology network infrastructure. Because these services predominantly benefit governmental rather than business-type functions, all of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of these services have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The RWR Enterprise Fund is considered to be a major fund of the County. Data from the other enterprise funds are combined into a single, aggregated presentation. Similarly, the County's internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the other enterprise and internal service funds are provided in the form of combining statements.

The proprietary fund financial statements can be found on pages 42-45. The combining statements for other enterprise and internal service funds can be found on pages 125-132.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs.

The fiduciary fund financial statements can be found on pages 46-47.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 48-96.

Required Supplementary Information (RSI) is presented concerning the County's General Fund budgetary schedule and the schedule of the County's Proportionate Share of The Net Pension Liability for Cost Sharing Plans, The Schedule of Changes in the County's Net Pension Liability and Related Ratios for Agent Pension Plans, the

Schedule of County Pension Contributions, and the Schedule of Agent OPEB Plans' Funding Progress. Required supplementary information can be found on pages 97-104.

Combining Statements and Other Schedules referred to earlier provide information for non-major governmental, enterprise, internal service, and fiduciary funds and are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 106-136.

Government-Wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. An analysis of the results of operations is also useful. The schedule below identifies variances in the results of operations.

Schedule of Results of Operations and Net Position For the Years Ended June 30, 2015 and 2014			
	2015	2014	Variance
Charges for services	\$ 245,000	\$ 246,421	\$ (1,421)
Operating grants and contributions	126,897	113,129	13,768
Capital grants and contributions	48,424	61,390	(12,966)
Total program revenues	<u>420,321</u>	<u>420,940</u>	<u>(619)</u>
Total general revenues and transfers	<u>592,725</u>	<u>545,804</u>	46,921
Total program and general revenues	<u>1,013,046</u>	<u>966,744</u>	46,302
Total expenses	973,479	922,503	50,976
Change in net position	<u>\$ 39,567</u>	<u>\$ 44,241</u>	<u>\$ (4,674)</u>

Total program and general revenues increased \$46,302, primarily due to the increase of \$46,921 in total general revenues and transfers. Operating grants and contributions increased \$13,768, partially offset by a decrease of \$12,966 in capital grants and contributions. Total expenses increased \$50,976, resulting in a decrease of \$4,674 (10.6%) in change of net position.

An explanation of each of these changes is discussed further in the following governmental and business-type activities sections.

The graph presented below illustrates at a summary level and detail level the changes in the elements of the Statement of Net Position for the County at June 30, 2015, and June 30, 2014.

**Summary of Assets, Deferred Outflows of Resources,
Liabilities, Deferred Inflows of Resources and Total Net Position**



A general discussion of significant variances between fiscal years follows. For a more detailed discussion, please see the governmental activities and business-type activities sections immediately following this section.

Total County assets at June 30, 2015, were \$3,954,841, representing a decrease of \$21,456 (0.5%) from the prior year. Total liabilities were \$2,220,959, an increase of \$600,960 (37.1%) from the prior year. Deferred outflows of resources increased from \$3,520 to \$127,865, while deferred inflows totaled \$77,889. No deferred inflows were reported the prior year.

The largest portion of the County’s net position reflects its net investment in capital assets (i.e., land, buildings, infrastructure, and equipment), less any related outstanding debt used to acquire those assets. At June 30, 2015, net investment in capital assets totaled \$1,978,347, an increase of \$37,023 (1.9%) from the prior year. The County uses a portion of these capital assets to provide services to its citizens, with the other portion available to its citizens for use; consequently, these assets are *not* available for future spending. Although the County’s investment in capital assets is reported net of related debt, it should be noted 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.

Resources subject to external restrictions on how they may be used comprise the restricted net position of \$225,628, representing an increase of \$9,073 (4.2%) from the prior year and approximately 12.6% of total net position.

As indicated in the Financial Highlights section, unrestricted net position decreased \$622,056 in the current year, due to the restatement of net position as of July 1, 2014, in connection with implementation of GASB 68.

The following schedule presents, on a comparative basis, both governmental activities and business-type activities within the Statement of Net Position.

**Schedule of Assets, Deferred Outflows of Resources,
Liabilities, Deferred Inflows of Resources and Net Position
At June 30, 2015 and 2014**

	Governmental Activities			Business-type Activities			Total		
	FY2015	FY2014	Variance	FY2015	FY2014	Variance	FY2015	FY2014	Variance
Current and other assets	\$ 478,797	\$ 499,542	\$ (20,745)	\$ 223,188	\$ 254,677	\$ (31,489)	\$ 701,985	\$ 754,219	\$ (52,234)
Capital assets (net):									
Land, buildings, equipment, infrastructure & other assets	2,011,236	1,965,669	45,567	1,241,620	1,256,409	(14,789)	3,252,856	3,222,078	30,778
Total assets	2,490,033	2,465,211	24,822	1,464,808	1,511,086	(46,278)	3,954,841	3,976,297	(21,456)
Deferred outflows of resources									
Pension	119,381		119,381	5,626		5,626	125,007		125,007
Deferred charges on refunding	2,858	3,520	(662)				2,858	3,520	(662)
Total deferred outflows of resources	122,239	3,520	118,719	5,626		5,626	127,865	3,520	124,345
Current and other liabilities	72,501	91,818	(19,317)	21,657	24,122	(2,465)	94,158	115,940	(21,782)
Long-term liabilities	1,429,188	794,543	634,645	697,613	709,516	(11,903)	2,126,801	1,504,059	622,742
Total liabilities	1,501,689	886,361	615,328	719,270	733,638	(14,368)	2,220,959	1,619,999	600,960
Deferred inflows of resources									
Pension	70,168		70,168	7,721		7,721	77,889		77,889
Total deferred inflows of resources	70,168		70,168	7,721		7,721	77,889		77,889
Net position:									
Net investment in capital assets	1,385,996	1,354,456	31,540	592,351	586,868	5,483	1,978,347	1,941,324	37,023
Restricted	161,546	143,400	18,146	64,082	73,155	(9,073)	225,628	216,555	9,073
Unrestricted (deficit)	(507,127)	84,514	(591,641)	87,010	117,425	(30,415)	(420,117)	201,939	(622,056)
Total net position	\$ 1,040,415	\$ 1,582,370	\$ (541,955)	\$ 743,443	\$ 777,448	\$ (34,005)	\$ 1,783,858	\$ 2,359,818	\$ (575,960)

Analysis of Net Position for Governmental activities

Current and other assets decreased by \$20,745 (4.2%) from \$499,542 in the prior fiscal year, mainly due to a decrease of \$13,437 in cash and cash equivalents, primarily within capital projects and transportation, and a change in internal balances as a result of transfers between RWR and Capital Projects.

Capital assets increased \$45,567 (2.3%) to \$2,011,236, primarily due to the following increases:

- Acquisition of Painted Hills for \$7,555.
- Purchase of land at Tucson Mountain Park for \$1,211.
- Acquisition of Stardust property for \$8,751.
- Increase in machinery and equipment of \$8,455.
- Completion of Roy Place building restoration project for \$1,060.
- Completion of tenant improvements at Administration East building, 4th floor, for \$1,051.

Additionally, the completion of the Public Service Center and other buildings provided an increase of \$7,493 in building assets for the County.

The implementation of GASB 68, which included a restatement of net position, also significantly contributed to the following changes:

- An increase of \$118,719 in total deferred outflows of resources.
- An increase of \$70,168 in total deferred inflows of resources.
- An increase of \$634,645 in long-term liabilities.
- A decrease of \$591,641 in unrestricted net position.

Analysis of Net Position for Business-type activities

Current and other assets of \$223,188 represents a decrease of \$31,489 (12.4%) compared to the prior year, primarily due to a decrease in restricted cash and cash equivalents for RWR of \$28,443.

The decrease in capital assets of \$14,789 (1.2%) is primarily due to the closure of the Randolph Park Reclamation Facility, which reported a net loss of \$27,554.

The increase of \$5,626 in deferred outflows of resources, and the increase of \$7,721 in deferred inflows of resources is due to the implementation of GASB 68.

Long-term liabilities decreased a net of \$11,903 (1.7%) primarily due to a decrease of \$55,974 offset with an increase of \$44,154 for the net pension liability. The decreases in liabilities were from the following:

- \$40,980 decrease for payments of RWR bonds, obligations and loans.
- \$8,150 for bond discount and premium.
- \$6,844 decrease in contract retention for construction projects.

In summary, the decrease of \$41,938 in the current year's change in net position is primarily due to a decrease in total revenues of \$2,560 and an increase in total expenses of \$39,796. Total net position of \$743,443 at June 30, 2015, represents a 4.4% decrease from the prior year.

Governmental activities

The following table shows details of the changes in net position for governmental activities:

Governmental Activities				
Schedule of Revenues, Expenses, and Changes in Net Position				
For the Years Ended June 30, 2015 and 2014				
	<u>FY2015</u>	<u>FY2014</u>	<u>Variance</u>	
			<u>Amount</u>	<u>Percent</u>
Program revenues:				
Charges for services	\$ 63,808	\$ 64,856	\$ (1,048)	-1.6%
Operating grants and contributions	126,862	113,129	13,733	12.1%
Capital grants and contributions	42,570	54,583	(12,013)	-22.0%
Total program revenues	233,240	232,568	672	0.3%
General revenues:				
Property taxes	423,538	378,032	45,506	12.0%
State-shared taxes	130,498	125,504	4,994	4.0%
Investment earnings	1,931	2,955	(1,024)	-34.7%
Other general revenues	35,306	36,592	(1,286)	-3.5%
Total general revenues	591,273	543,083	48,190	8.9%
Total revenues	824,513	775,651	48,862	6.3%
Expenses:				
General government	259,734	230,742	28,992	12.6%
Public safety	188,189	188,782	(593)	-0.3%
Highways and streets	85,618	93,675	(8,057)	-8.6%
Sanitation	(4,882)	4,252	(9,134)	-214.8%
Health	38,219	36,085	2,134	5.9%
Welfare	93,524	93,224	300	0.3%
Culture and recreation	62,981	63,961	(980)	-1.5%
Education and economic opportunity	35,051	35,756	(705)	-2.0%
Amortization	(6,237)	(5,758)	(479)	8.3%
Interest on long-term debt	27,696	27,994	(298)	-1.1%
Total expenses	779,893	768,713	11,180	1.5%
Excess before contributions and transfers	44,620	6,938	37,682	543.1%
Transfers out	(17,133)	(16,715)	(418)	2.5%
Change in net position	27,487	(9,777)	37,264	-381.1%
Beginning net position, as restated *	1,012,928	1,592,147	(579,219)	-36.4%
Ending net position	\$ 1,040,415	\$ 1,582,370	\$ (541,955)	-34.2%

**Beginning net position as restated July 1, 2014, due to the provisions of GASB 68.*

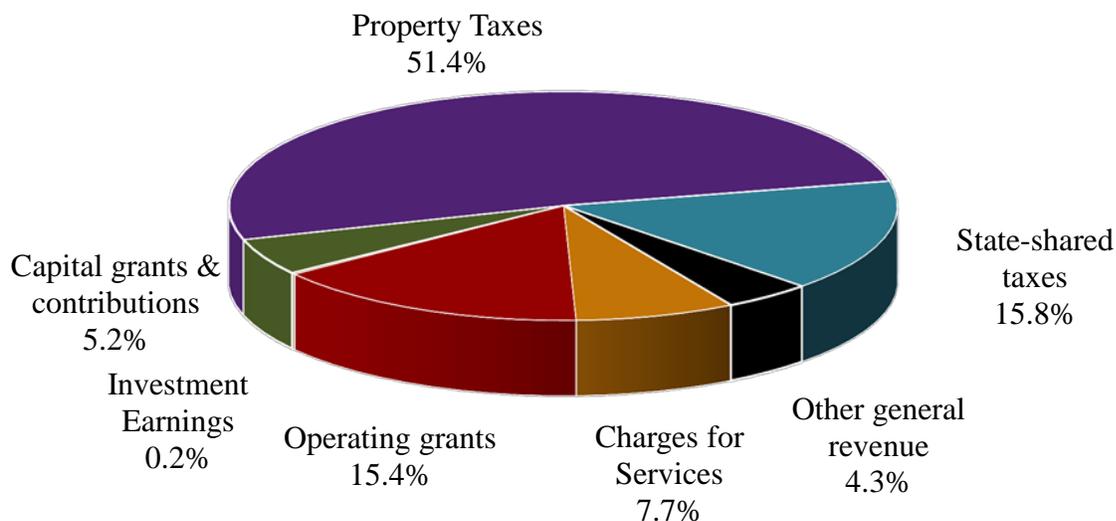
Revenues

Total revenues of \$824,513 was an increase of \$48,862 (6.3%) over the prior year, primarily due to an increase of \$45,506 (12.0%) in property taxes, an increase of \$4,994 (4.0%) in State-shared taxes, partially offset by a decrease in investment earnings of \$1,024 and a decrease of \$1,286 in other general revenues. The property tax increase is primarily due to a higher primary property tax rate, while the property valuations remained relatively stable.

Program revenues increased \$672 (0.3%) over the prior year, primarily from an increase of \$13,733 (12.1%) in operating grants and contributions, offset by a decrease of \$12,013 (22.0%) in capital grants and contributions, and a decrease of \$1,048 (1.6%) in charges for services.

The chart below presents general and program revenues, as a percentage to total revenues. The amount provided from each revenue source for governmental activities, as a percentage to total revenue for governmental activities, has not changed significantly from the prior fiscal year. Property taxes, operating grants, and state-shared taxes account for approximately 82.7% of the County's revenues.

General and Program Revenues - Governmental Activities



Expenses

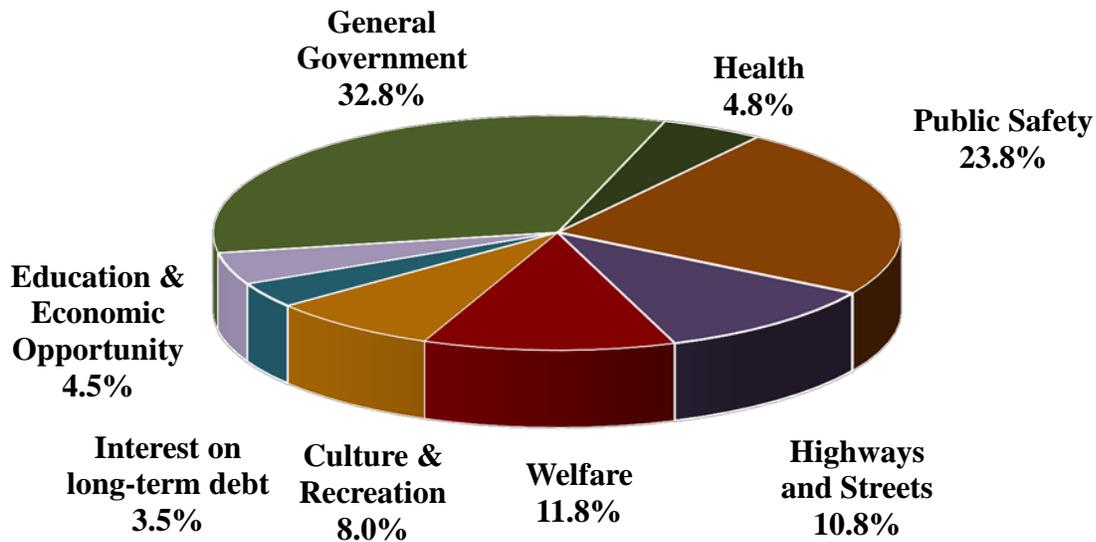
Total expenses increased \$11,180 or 1.5% over the prior year, primarily due to the increase of \$28,992 (12.6%) in general government expenses, partially offset by a decrease of \$8,057 (8.6%) in highways and streets expenses and a decrease of \$9,134 in sanitation expenses. The general government increase of \$28,992 includes \$24,492 due to the implementation of GASB 68. The highways and streets decrease of \$8,057 is due to current year's transportation expenses of \$50,804 representing a decrease from transportation project expenses in the prior year (\$59,397). Project expenses vary from year to year, some of the larger highways and streets cost increases and decreases are as follows:

- Valencia Road - Alvernon Way, increase of \$4,139.
- Magee Road – La Canada Drive – Oracle Road, increase of \$1,328.
- Valencia Road - Mark Road - Wade Road, increase of \$4,538.
- La Cholla Blvd. – Magee Road – Overton Road, decrease of \$6,484.
- La Canada – River Road – Ina Road, decrease of \$3,634.
- Orange Grove – Camino de la Tierra – La Cholla Blvd., decrease of \$3,119.
- Ina Road at Oracle Road, decrease of \$2,302.
- Houghton Road – I10 – Tanque Verde Road, decrease of \$2,572.
- Homer Davis Elementary Bicycle and Pedestrian Enhancement, decrease of \$1,424.

The decrease of \$9,134 in sanitation expenses is primarily due to a decrease of \$7,696, resulting from a change in the estimate for the landfill liability.

The following chart presents expenses by function as a percentage to total expenses. The amount of each expense by function as a percentage to total expenses has not changed significantly from the prior fiscal year. General government, public safety, and welfare account for approximately two-thirds of the County's total expenses.

Expenses by Function - Governmental Activities



The current year's excess before contributions and transfers total of \$44,620 and transfers (out) of \$17,133 result in a change in net position of \$27,487, representing an increase of \$37,264 over the prior year's change in net position deficit of (\$9,777).

At July 1, 2014, the governmental activities beginning net position was restated due to the implementation of the provisions of GASB 68. Ending net position of \$1,040,415 in the current year is a decrease of \$541,955 from the prior year amount of \$1,582,370 (before the restatement); the decrease resulted primarily from the aforementioned GASB 68 implementation.

Business-type activities

Business-type activities, which are composed exclusively of enterprise funds, are intended to recover all or a significant portion of their costs through user fees and charges. The following schedule shows changes in the net position for business-type activities.

Business-type Activities				
Schedule of Revenues, Expenses, and Changes in Net Position				
For the Years Ended June 30, 2015 and 2014				
	FY2015	FY2014	Variance	
			Amount	Percent
Program revenues:				
Charges for services	\$ 181,192	\$ 181,565	\$ (373)	-0.2%
Operating grants and contributions	35		35	100.0%
Capital grants and contributions	5,854	6,807	(953)	-14.0%
Total program revenues	187,081	188,372	(1,291)	-0.7%
General revenues:				
Investment earnings	903	1,237	(334)	-27.0%
Other general revenues	549	1,484	(935)	-63.0%
Total general revenues	1,452	2,721	(1,269)	-46.6%
Total revenues	188,533	191,093	(2,560)	-1.3%
Expenses:				
Regional Wastewater Reclamation	184,884	145,117	39,767	27.4%
Development Services	6,888	6,796	92	1.4%
Parking Garages	1,814	1,877	(63)	-3.4%
Total expenses	193,586	153,790	39,796	25.9%
Excess before transfers	(5,053)	37,303	(42,356)	-113.5%
Transfers in	17,133	16,715	418	2.5%
Change in net position	12,080	54,018	(41,938)	-77.6%
Beginning net position, as restated*	731,363	723,430	7,933	1.1%
Ending net position	\$ 743,443	\$ 777,448	\$ (34,005)	-4.4%

*Beginning net position as restated July 1, 2014, due to the provisions of GASB 68.

Revenues

Total revenues for business-type activities decreased \$2,560 (1.3%) mainly due to a decrease in capital grants and contributions of \$953 (14.0%) resulting from a decrease in the RWR capital contributions, and a decrease of \$935 (63.0%) in other general revenues.

Expenses

Total expenses for business-type activities increased \$39,796 (25.9%), largely due to the increase of \$39,767 (27.4%) in RWR expenses, including capitalized interest expense of \$5,558 and the loss on disposal of capital assets of \$29,542, mainly due to the \$27,554 loss from the closure of the Randolph Park Reclamation Facility.

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and generally accepted accounting principles (GAAP).

Governmental funds

The County's general government functions are accounted for in the General, Capital Projects, Debt Service, and Special Revenue funds. Included in these funds are special districts governed by the Board of Supervisors (i.e. Flood Control, Library and Stadium Districts) acting as the Board of Directors for each district. The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Major Governmental Funds

General Fund

The General Fund is the chief operating fund of the County.

Property taxes revenues for the General Fund increased \$43,875 reflecting a higher primary property tax rate, while property valuation remained relatively stable. Intergovernmental revenues increased \$6,506 primarily due to increases in the state-shared sales tax and state-shared vehicle license tax associated with an anticipated gradual recovery in the local economy. Overall, revenues for the General Fund increased \$54,385.

General fund expenditures increased \$27,441, primarily due to:

- An increase of \$10,969 in general government, which includes current year operating expenditures of \$4,925 that are no longer allocated to other departments, \$4,365 increase in the Elections and Recorder departments primarily associated with primary and general elections held during the year, and \$1,387 increase in facilities management department due to higher operating costs.
- An increase of \$13,056 in culture and recreation expenditures as a result of two property acquisitions, Stardust property and Painted Hills.

Other financing sources-installment note increased \$11,500 from two notes payable: one financing \$7,000 towards the acquisition of Stardust property, and the other financing \$4,500 towards purchase of the Painted Hills property.

Transfers in decreased \$14,659 in the current year, primarily due to a one-time transfer in of \$18,500 from residual Pima Health Services transition monies in the prior year.

Transfers (out) increased \$7,523, primarily due to transfers out of \$6,117 to the information technology fund, an internal services fund, in accordance with a budget initiative to provide capital and operating costs in support of the County's information technology infrastructure.

The \$54,385 increase in revenues, the \$27,441 increase in expenses, and a total net increase of \$10,667 in other financing uses yielded an increase of \$16,277 in net change in fund balance, which ended the year at \$52,125.

Budget to Actual Comparison for the General Fund

Overall, actual revenues were lower than budgeted revenues by \$251 and actual expenditures were less than budgeted expenditures by \$23,977.

Actual expenditures for the General Fund were less than budgeted, primarily within General government- County Administration. The Board of Supervisors' contingency is available to respond to changing needs or unforeseen circumstances. The under budget variance was primarily due to the contingency expenditures being \$25,480 less than budgeted.

No variances between the budget to actual amounts at the departmental level were significant enough to affect the County's ability to provide future services.

Capital Projects Fund

Revenues for the Capital Projects Fund decreased \$3,089, primarily due to a \$7,000 decrease in Regional Transportation Authority revenue that was partially offset by an increase in state and city revenue of \$4,501.

Expenditures (capital outlays) decreased \$34,958. This variance results from decreases in capital expenditures from prior year programs. In fiscal year 2013-14, \$15,000 more was spent on telecommunications equipment than in fiscal year 2014-15; additionally, transportation project expenditures reported a decrease of \$8,057 in the current year, as indicated in the analysis of the governmental activities.

The \$72,025 face amount of long-term debt issued represents a decrease of \$6,135 from fiscal year 2013-14. Proceeds received included \$57,025 from certificates of participation and \$15,000 from general obligation bonds.

Transfers out decreased by \$16,082 primarily due to a reduction of transfers out to RWR. Fiscal year 2014-2015 had a transfer out to RWR of \$28,651 from the 2015 COPs, the prior fiscal year had a transfer out to RWR of \$51,404. There was also an \$11,979 transfer to Parking Garages for construction of the garage at the new Public Service Center.

The \$3,089 decrease in revenues, the \$34,958 decrease in expenses and a total decrease of \$5,328 in other financing sources yield an increase of \$26,541 in net change in fund balance in the current year.

Debt Service Fund

This major fund accounts for the accumulation of resources for the payment of principal and interest of long-term debt.

Revenues for the Debt Service Fund decreased \$5,691 primarily due to a decrease in property tax revenues as a result of a decreasing secondary property tax rate. Expenditures for the Debt Service Fund decreased \$31,631 mainly from a decrease in principal payments. Please see Note 7 beginning on page 65 for more information on bond and certificate of participation details.

Issuance of refunding debt was \$13,685, an increase of \$4,880. The refunding consisted of \$13,685 for 2015 HURF bonds. The issuance was used to refund part of the remaining debt of the 2005 HURF bond series.

Payments to escrow agents increased to \$15,250, an increase of \$5,119 from \$10,131 in the prior year. These payments were deposited into the trust account and used to pay the defeasance costs for the partial refunding of the 2005 HURF bond series.

Transfers in decreased by \$6,650, mainly due to a decrease of \$15,350 from RWR COPs 2013A that was partially offset by \$4,060 from General Fund COPS 2014.

The resulting fund balance of \$8,424 reflects a \$576 increase from prior year.

Major Proprietary Fund

The County’s Regional Wastewater Reclamation Enterprise (RWR) Fund is a major enterprise fund.

A significant change in the Fund’s net position is the restatement of net position at July 1, 2014, due to the implementation of GASB Statement No. 68 *Accounting and Financial Reporting for Pension*, resulting in a decrease of \$39,705. Significant changes during the fiscal year that also reduced the fund’s net position included a loss of \$27,554 due to the closure of the Randolph Park Wastewater Reclamation Facility. Net transfers resulted in a decrease of \$7,189, and capitalized interest expense increased by \$5,558.

Operating revenues of \$159,959 represent a decrease of \$1,717 (1.1%) over the previous year, due to a decrease of \$941 in other revenues and a decrease of \$776 in charges for services.

Operating expenses of \$134,671 increased \$9,511 (7.6%) over the prior year, mainly due to an increase of \$4,372 for consultants and professional services, and an increase of \$3,478 for repair and maintenance.

The deficit in total nonoperating revenues increased \$28,333 primarily due to loss on disposal of capital assets resulting from the Randolph Park Reclamation Facility closure of \$27,554.

Transfers in decreased by \$22,753, mainly because the prior fiscal year included a cash transfer from the 2013 COPs. Transfers out decreased by \$15,564 as the prior fiscal year funded a debt service payment of \$34,645 representing the first principal payment of the 2013A COPs, and the current fiscal year transfers funded a debt service payment of \$20,728.

The increase in net position of \$2,211 together with the decrease resulting from the restatement of net position at July 1, 2014, of \$39,705, brings the total net position to \$723,537 at fiscal year-end.

Capital Assets and Debt Administration

Capital Assets

The County’s investment in capital assets consists of land, buildings and improvements, sewage conveyance systems, infrastructure, equipment, and construction in progress.

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

Governmental and Business-type Activities									
Capital Assets									
As of June 30, 2015 and 2014									
	Governmental Activities			Business-type Activities			Total		
	FY2015	FY2014	Variance	FY2015	FY2014	Variance	FY2015	FY2014	Variance
Land	\$ 521,049	\$ 499,163	\$ 21,886	\$ 13,994	\$ 12,630	\$ 1,364	\$ 535,043	\$ 511,793	\$ 23,250
Construction in progress	104,275	212,314	(108,039)	50,204	63,730	(13,526)	154,479	276,044	(121,565)
Buildings and improvements	593,714	478,182	115,532	624,068	651,642	(27,574)	1,217,782	1,129,824	87,958
Infrastructure	675,035	667,302	7,733				675,035	667,302	7,733
Sewage conveyance systems				457,524	439,754	17,770	457,524	439,754	17,770
Equipment	117,163	108,708	8,455	95,830	88,653	7,177	212,993	197,361	15,632
Total	\$ 2,011,236	\$ 1,965,669	\$ 45,567	\$ 1,241,620	\$ 1,256,409	\$ (14,789)	\$ 3,252,856	\$ 3,222,078	\$ 30,778

The County’s total capital assets increased \$30,778 (1.0%). The most significant changes were: buildings and improvements increased \$87,958 (7.8%), land increased \$23,250 (4.5 %), equipment increased \$15,632 (7.9%), and conveyance systems increased by \$17,770 (4.0%); these increases were partially offset by a decrease of \$121,565 (44.0%) in construction in progress.

Governmental activities

Capital assets of Governmental activities increased \$45,567 (2.3%), with the increase resulting largely from the following activity:

- Acquisition of Painted Hills for \$7,555.
- Purchase of land at Tucson Mountain Park for \$1,211.
- Acquisition of Stardust property for \$8,751.
- Completion of Roy Place building restoration project for \$1,060.
- Completion of tenant improvements at Administration East building, 4th floor, for \$1,051.
- Increase of \$7,493 in building and improvements assets resulting from capitalization of the Public Service Center and other buildings.
- Increase in machinery and equipment of \$8,455.

Business-type activities

Total capital assets decreased \$14,789 (1.2%), mainly due to a decrease in building and improvements of \$27,574, related to the closure of the Randolph Park Reclamation Facility. Construction in progress decreased \$13,526 (21.2%) due in part to the capitalization of \$3,667 for the Public Service garage, and \$9,799 capitalizations in RWR.

Sewage conveyance systems increased \$17,770, primarily due to the capitalization of \$6,286 for the Conveyance Rehabilitation Program, \$6,132 for North Rillito Interceptor Rehabilitation, and \$6,306 in the program Minor Rehabilitation Projects 14/15.

Equipment increase of \$7,177 is largely from the capitalization of \$12,539 for Regional Optimization Master Plan Supervisory Control and Data Acquisition, partially offset by a decrease of \$7,326 resulting from the disposal of equipment and machinery.

The County's infrastructure assets are recorded at historical cost and estimated historical cost in the government-wide financial statements. Additional information regarding the County's capital assets can be found in Note 5 of the financial statements on pages 61-62.

Long-term Debt

Significant, comparative long-term debt entered into during the last two fiscal years is presented below:

Long-Term Debt For the Years Ended June 30, 2015 and 2014		
	<u>2015</u>	<u>2014</u>
Bonds issued (at face value):		
General Obligation	\$ 15,000	\$ 10,000
Street and Highway Revenue	13,685	24,805
Sewer System Revenue Obligations		48,500
Certificates of Participation (COPs)	57,025	52,160
Installment note payable	11,500	239
Total	\$ 97,210	\$ 135,704

During the year, \$15,000 of general obligation bonds were issued. The \$15,000 of new debt issued in Series 2015 was for the purpose of funding various capital projects in the County. The County also issued \$13,685 of

transportation revenue bonds for a refunding transaction. This refunding resulted in an economic gain of \$848 and a reduction in debt service payments of \$857.

In addition, the County issued \$57,025 in Certificates of Participation Series 2015. The County intends to use the proceeds to expand and improve the existing sewer system facilities. The County may also use a portion of the funds for other capital projects.

During the year, the County acquired Stardust and Painted Hills properties with at a total installment purchase contracts payable of \$7,000 and \$4,500, respectively.

The most recent ratings for Pima County’s bonds, COPs and obligations are:

Credit Ratings				
	Standard & Poor's		Fitch Ratings	
	Rating	Date	Rating	Date
Certificates of Participation (COPs)	A+	Feb-2015	AA-	Feb-2015
General Obligation	AA-	Feb-2015	AA	Feb-2015
Street and Highway Revenue	AA	Feb-2015	AA	Feb-2015
Sewer Revenue Bonds	AA	Mar-2014	AA	Dec-2013
Sewer Revenue Obligations	AA-	Jan-2014	AA-	Dec-2013

The State of Arizona Constitution limits the amount of general obligation debt a governmental entity may issue to 6.0% of its net assessed valuation without voter approval. However, Pima County has voter approval for general obligation debt up to 15.0%. The current debt limitation for Pima County is \$1,136,985, which is significantly in excess of Pima County’s outstanding general obligation debt.

Additional information regarding the County’s debt can be found in Note 7 of the financial statements, on Pages 65-74.

Economic Factors and Next Year's Budget

Pima County is still contending with a slow, and at times, uneven recovery from the Great Recession. Like all governments in Arizona, Pima County has necessarily adjusted to reduced revenues and increased service demands during this time. The upcoming fiscal 2015-16 budget will be based largely on the County's response to a set of unique challenges from a variety of outside sources. Primary amongst these is the decision by the Arizona Legislature to balance the State Budget by transferring \$23.2 million of fiscal year 2015-16 State costs to Pima County. These additional costs imposed by the State cause significant uncertainties in the development of the County budget and will impact all of Pima County's existing service priorities and programs, including law enforcement, healthcare and economic development. Recognizing this, the budget that was adopted by the Board of Supervisors for fiscal year 2015-16 is primarily a "maintenance of effort" budget, which will sustain the County's existing service priorities. The following discussion identifies other significant activities that are expected to affect the County in fiscal 2015-16.

State Budget Cost Shifts

In attempting to balance the State Budget this year, the Governor and Legislature have accelerated cost transfers to the counties throughout the State. However, Pima County will experience the largest increase this year than any other county in the State. The proposed new cost transfers to the County presently enacted into law equal up to \$21.6 million. When added to last year's transfers, the total is \$104.4 million for fiscal year 2015-16, or nearly 31% of the primary property tax levy. Immediate impacts of these cost transfers to the County budget include a two-percent across-the-board reduction in all County expenditures, a \$5,000,000 reduction in funding for the Pavement Preservation Program and a primary property tax rate increase of \$0.1098. The additional property tax revenues from the rate increase are anticipated to offset \$8.1 million of State cost shifts to Pima County. However, the remaining \$4.7 million to \$13.5 million of these cost shifts must be absorbed within the County's fiscal year 2015-16 budget.

State Aid to Education Cost Shifts

A significant portion of the state cost transfers is the cost related to the State Aid to Education tax credit, which has been paid for by the State for the last 35 years. The County is currently mounting a legal challenge to this portion of the State budget. Although the County is hopeful that it will prevail in litigation in the future, an increase in the primary property tax rate of \$0.1098 and levy of \$8.1 million to partially offset the cost transfer has been adopted for fiscal year 2015-16. If the County prevails in its litigation, the primary property tax rate will be reduced next fiscal year.

Property Taxes

As previously mentioned, the fiscal year 2015-16 Adopted Budget relies on a \$0.1098 increase in the primary property tax rate for the General Government over the fiscal year 2014-15 tax rate. The Library District secondary property tax rate will increase by \$0.0800. Debt Service's secondary tax rate remains unchanged from fiscal year 2014-15 and the Regional Flood Control District secondary property tax rate increases by \$0.0100. The total property tax rate for Pima County (excluding the State mandated Fire District Assistance Tax) increased from \$5.7167 to 5.9165 per \$100 of net taxable value, a net increase of \$0.1998.

State Shared Revenues

State shared sales tax revenue is projected to increase by \$1.86 million in fiscal year 2015-16. This increase reflects a gradual recovery in the local economy and continued statewide economic growth.

Employee Benefits Costs

Over the years, Pima County has continued to change and upgrade its benefits package for employees. Over time, the cost to provide these benefits has steadily increased. As a comparison, the actual cost to the County for employee benefits in fiscal year 2003-04 totaled \$65 million whereas the budgeted benefit costs in fiscal year 2015-16 totals nearly \$139 million; resulting in an increase that is more than double the fiscal year 2003-04 amount. A significant portion of this increase is due to higher cost of employee medical insurance, retirement contributions

and other benefit costs. Fiscal year 2015-16 aggregate benefits will increase in excess of \$5 million over fiscal year 2014-15. The County will have to absorb these increases in the face of other budgetary challenges.

Rainy Day Funds

Maintaining a budget reserve has given the County a favorable bond rating which in turn has yielded substantial savings from lower interest payments on County bonds. The reserve has also enabled the County to minimize the negative fiscal impacts of a variety of unforeseen events over which the County has had little or no control. The General Fund Reserve for fiscal year 2015-16 totals \$30,256,247. This reserve represents 5.6% of projected revenues for fiscal year 2015-16 compared to the ending fund balance of 3.6% of revenue last fiscal year. The reserve has been increased to accommodate a worst-case scenario of State Budget cost shifts totaling \$21.6 million. If this reserve is not spent, it will represent the base ending fund balance for fiscal year 2015-16.

Requests for Information

This financial report is designed to provide a general overview of the County's finances. Any questions concerning the information provided in this report or requests for additional financial information should be addressed to the Finance and Risk Management Department, 130 W. Congress, 6th Floor, Tucson, AZ, 85701.

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Basic Financial Statements

PIMA COUNTY, ARIZONA
Statement of Net Position
June 30, 2015
(in thousands)

Exhibit A -1

	Primary Government			Component Unit SW Fair Commission
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 402,263	\$ 116,984	\$ 519,247	\$ 1,698
Property taxes receivable (net)	13,150		13,150	
Interest receivable	151	90	241	
Internal balances	(7,852)	7,852		
Due from other governments	49,471	416	49,887	
Accounts receivable (net)	9,975	19,245	29,220	
Inventories	2,158	2,383	4,541	32
Prepays	7,149	116	7,265	71
Restricted assets:				
Cash and cash equivalents	789	76,102	76,891	1,450
Loans receivable	1,543		1,543	
Capital assets not being depreciated:				
Land	521,049	13,994	535,043	
Construction in progress	104,275	50,204	154,479	
Capital assets being depreciated (net):				
Buildings and improvements	593,714	624,068	1,217,782	3,172
Sewage conveyance system		457,524	457,524	
Equipment	117,163	95,830	212,993	397
Infrastructure	675,035		675,035	
Total assets	2,490,033	1,464,808	3,954,841	6,820
Deferred outflows of resources				
Pension	119,381	5,626	125,007	
Deferred charge on refunding	2,858		2,858	
Total deferred outflows of resources	122,239	5,626	127,865	
Liabilities				
Accounts payable	42,483	17,758	60,241	203
Interest payable	3	277	280	
Contract retentions	2,742		2,742	
Employee compensation	22,225	2,023	24,248	
Due to other governments	21	5	26	
Deposits and rebates	908		908	40
Unearned revenue	4,119	1,594	5,713	53
Noncurrent liabilities:				
Due within one year	104,634	47,526	152,160	
Due in more than one year	1,324,554	650,087	1,974,641	40
Total liabilities	1,501,689	719,270	2,220,959	336
Deferred inflows of resources				
Pension	70,168	7,721	77,889	
Total deferred inflows of resources	70,168	7,721	77,889	
Net Position				
Net investment in capital assets	1,385,996	592,351	1,978,347	3,569
Restricted for:				
Facilities, justice, library, tax stabilization, and community development	60,285		60,285	
Highways and streets	8,039		8,039	
Debt service		36,683	36,683	
Capital projects	64,612	7,980	72,592	
Regional wastewater		19,419	19,419	
Healthcare	28,610		28,610	
Unrestricted (deficit)	(507,127)	87,010	(420,117)	2,915
Total net position	\$ 1,040,415	\$ 743,443	\$ 1,783,858	\$ 6,484

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2015
(in thousands)

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 259,734	\$ 27,974	\$ 30,208	\$ 828
Public safety	188,189	12,883	6,541	398
Highways and streets	85,618	6,136	58,864	37,665
Sanitation	(4,882)		1,161	
Health	38,219	12,894	10,105	156
Welfare	93,524	200	190	
Culture and recreation	62,981	3,144	963	3,386
Education and economic opportunity	35,051	577	18,830	137
Amortization - unallocated	(6,237)			
Interest on long-term debt	27,696			
Total governmental activities	779,893	63,808	126,862	42,570
Business-type activities:				
Regional Wastewater Reclamation	184,884	172,597	35	5,854
Development Services	6,888	6,324		
Parking Garages	1,814	2,271		
Total business-type activities	193,586	181,192	35	5,854
Total primary government	\$ 973,479	\$ 245,000	\$ 126,897	\$ 48,424
Component unit:				
Southwestern Fair Commission	5,743	5,959	120	
Total component unit	\$ 5,743	\$ 5,959	\$ 120	
General revenues:				
Property taxes, levied for general purposes				
Property taxes, levied for regional flood control district				
Property taxes, levied for library district				
Property taxes, levied for debt service				
Hotel/motel taxes, levied for sports facility and tourism				
Other taxes, levied for stadium district				
Unrestricted share of state sales tax				
Unrestricted share of state vehicle license tax				
Grants and contributions not restricted to specific programs				
Interest and penalties on delinquent taxes				
Investment earnings (loss)				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position at beginning of year, as restated				
Net position at end of year				

See accompanying notes to financial statements

**Net (Expense) Revenue and
Changes in Net Position**

Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	SW Fair	Commission
\$ (200,724)		\$ (200,724)		
(168,367)		(168,367)		
17,047		17,047		
6,043		6,043		
(15,064)		(15,064)		
(93,134)		(93,134)		
(55,488)		(55,488)		
(15,507)		(15,507)		
6,237		6,237		
(27,696)		(27,696)		
(546,653)		(546,653)		
	\$ (6,398)	(6,398)		
	(564)	(564)		
	457	457		
	(6,505)	(6,505)		
(546,653)	(6,505)	(553,158)		
				336
				\$ 336
317,682		317,682		
20,455		20,455		
32,771		32,771		
52,630		52,630		
6,155		6,155		
1,536		1,536		
105,522		105,522		
24,976		24,976		
4,562		4,562		
6,164		6,164		
1,931	903	2,834		(17)
16,889	549	17,438		83
(17,133)	17,133			
574,140	18,585	592,725		66
27,487	12,080	39,567		402
1,012,928	731,363	1,744,291		6,082
\$ 1,040,415	\$ 743,443	\$ 1,783,858	\$	6,484

Functions/Programs

Primary government:

Governmental activities:

- General government
- Public safety
- Highways and streets
- Sanitation
- Health
- Welfare
- Culture and recreation
- Education and economic opportunity
- Amortization - unallocated
- Interest on long-term debt

Total governmental activities

Business-type activities:

- Regional Wastewater Reclamation
- Development Services
- Parking Garages

Total business-type activities

Total primary government

Component unit:

- Southwestern Fair Commission

Total component unit

General revenues:

- Property taxes, levied for general purposes
- Property taxes, levied for regional flood control district
- Property taxes, levied for library district
- Property taxes, levied for debt service
- Hotel/motel taxes, levied for sports facility and tourism
- Other taxes, levied for stadium district
- Unrestricted share of state sales tax
- Unrestricted share of state vehicle license tax
- Grants and contributions not restricted to specific programs
- Interest and penalties on delinquent taxes
- Investment earnings (loss)
- Miscellaneous

Transfers

- Total general revenues and transfers

Change in net position

Net position at beginning of year, as restated

Net position at end of year

PIMA COUNTY, ARIZONA
Balance Sheet - Governmental Funds
June 30, 2015
(in thousands)

Exhibit A - 3

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 60,743	\$ 149,153	\$ 7,822	\$ 68,276	\$ 285,994
Property taxes receivable (net)	9,577		1,837	1,736	13,150
Interest receivable	34	23	34	36	127
Due from other funds	2,999	131		813	3,943
Due from other governments	20,932	8,983		19,478	49,393
Accounts receivable	1,938	1,698		3,728	7,364
Inventory				1,453	1,453
Prepaid expenditures	2,510			1,017	3,527
Loan receivable	1,543				1,543
Restricted cash and cash equivalents		744		45	789
Total assets	\$ 100,276	\$ 160,732	\$ 9,693	\$ 96,582	\$ 367,283
Liabilities, deferred inflows of resources and fund balances					
Liabilities:					
Accounts payable	\$ 13,269	\$ 12,991	\$ 1	\$ 12,194	\$ 38,455
Interest payable				3	3
Contract retentions		2,742			2,742
Employee compensation	16,041	285		5,465	21,791
Due to other funds	712	7,990		3,136	11,838
Due to other governments	7			10	17
Deposits and rebates	159	744		5	908
Unearned revenue	1,696	106		2,317	4,119
Total liabilities	31,884	24,858	1	23,130	79,873
Deferred inflows of resources:					
Unavailable revenue - intergovernmental	8,767	4,665		10,688	24,120
Unavailable revenue - property taxes	7,014		1,268	1,306	9,588
Unavailable revenue - other	486	1,374		469	2,329
Total deferred inflows of resources	16,267	6,039	1,268	12,463	36,037
Total liabilities and deferred inflows of resources	48,151	30,897	1,269	35,593	115,910
Fund balances					
Nonspendable	4,053			2,515	6,568
Restricted		126,827		53,155	179,982
Committed		3,065		6,320	9,385
Assigned	194		8,424	3,769	12,387
Unassigned	47,878	(57)		(4,770)	43,051
Total fund balances	52,125	129,835	8,424	60,989	251,373
Total liabilities, deferred inflows of resources and fund balances	\$ 100,276	\$ 160,732	\$ 9,693	\$ 96,582	\$ 367,283

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2015
(in thousands)

Exhibit A - 4

Fund balances - total governmental funds \$ 251,373

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 governmental funds.

Governmental capital assets	\$ 2,971,429	
Less accumulated depreciation	<u>(1,008,253)</u>	1,963,176

Long-term liabilities, such as pension liabilities and bonds payable are not due and payable
in the current period and, therefore, are not reported in the governmental funds.

Bonds payable	(510,068)	
Certificates of participation payable	(177,771)	
Leases and notes payable	(11,912)	
Compensated absences liability	(29,023)	
Landfill liability	(15,075)	
Pollution remediation liability	(294)	
Net pension liability	<u>(644,592)</u>	(1,388,735)

Deferred outflows and inflows of resources related to pensions and deferred charges on
debt refundings are applicable to future periods and, therefore are not reported
in the governmental funds.

Deferred outflows of resources related to pensions	118,285	
Deferred inflows of resources related to pensions	(68,663)	
Deferred outflows for bond refunding	<u>2,858</u>	52,480

Some receivables are not available to pay for current period expenditures
and, therefore, are reported as unavailable revenue in the governmental funds.

36,037

Internal service funds are used by management to charge the costs of certain
activities to individual funds. The assets, deferred outflow of resources, liabilities,
and deferred inflows of resources of the internal service funds are included in
governmental activities in the Statement of Net Position.

126,084

Net position of governmental activities

\$ 1,040,415

PIMA COUNTY, ARIZONA
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2015
(in thousands)

Exhibit A - 5

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 324,840		\$ 53,164	\$ 53,367	\$ 431,371
Licenses and permits	2,989			5,467	8,456
Intergovernmental	142,459	\$ 23,038	12	131,119	296,628
Charges for services	41,253	4,728		14,241	60,222
Fines and forfeits	3,789			5,720	9,509
Investment earnings	225	462	181	287	1,155
Miscellaneous	6,167	1,276	12	8,225	15,680
Total revenues	<u>521,722</u>	<u>29,504</u>	<u>53,369</u>	<u>218,426</u>	<u>823,021</u>
Expenditures:					
Current:					
General government	217,325			39,006	256,331
Public safety	138,723			22,761	161,484
Highways and streets				39,664	39,664
Sanitation	1,290			1,113	2,403
Health	3,527			34,260	37,787
Welfare	93,211			207	93,418
Culture and recreation	30,915			38,072	68,987
Education and economic opportunity	12,274			22,006	34,280
Capital outlay		100,788			100,788
Debt Service - principal	149		81,705	79	81,933
- interest	11		26,424	4	26,439
- miscellaneous			863		863
Total expenditures	<u>497,425</u>	<u>100,788</u>	<u>108,992</u>	<u>197,172</u>	<u>904,377</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24,297</u>	<u>(71,284)</u>	<u>(55,623)</u>	<u>21,254</u>	<u>(81,356)</u>
Other financing sources (uses):					
Installment note	11,500				11,500
Premium on bonds			5,949		5,949
Issuance of refunding debt			13,685		13,685
Payments to escrow agent			(15,250)		(15,250)
Face amount of long-term debt issued		72,025			72,025
Proceeds from sale of capital assets	15			104	119
Transfers in	9,533	31,335	54,839	25,790	121,497
Transfers (out)	(41,410)	(51,253)	(3,024)	(53,057)	(148,744)
Total other financing sources (uses)	<u>(20,362)</u>	<u>52,107</u>	<u>56,199</u>	<u>(27,163)</u>	<u>60,781</u>
Net change in fund balances	3,935	(19,177)	576	(5,909)	(20,575)
Fund balances at beginning of year, as restated	48,190	149,012	7,848	66,833	271,883
Changes in nonspendable fund balance:					
Change in inventory				50	50
Change in prepaids				15	15
Fund balances at end of year	<u>\$ 52,125</u>	<u>\$ 129,835</u>	<u>\$ 8,424</u>	<u>\$ 60,989</u>	<u>\$ 251,373</u>

See accompanying notes to financial statements

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2015
(in thousands)

Net change in fund balances - total governmental funds \$ (20,575)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	\$ 101,957	
Less current year depreciation	(69,046)	32,911

Debt proceeds provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of the principal of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Face amount of long-term debt issued	(72,025)	
Premium on bonds	(5,949)	
Proceeds from issuance of refunding bonds	(13,685)	
Debt service - principal payments	81,933	
Payments to escrow agent	15,250	
Installment note	(11,500)	
Amortization expense	6,237	
Deferred outflows - interest	(1,244)	(983)

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. In addition, collections of some revenues in the governmental funds exceeded revenues reported in the Statement of Activities.

Donations of capital assets	7,488	
Intergovernmental	7,154	
Property tax revenues	(1,668)	
Other	869	13,843

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 funds.

Change in compensated absences	1,271	
Change in landfill liability	7,696	
Pollution remediation liability	345	
Net book value of capital asset disposals	(1,169)	
Other	65	8,208

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.

Pension contributions	41,464	
Pension expense	(75,995)	(34,531)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The incorporation of the external activities of these funds, and the elimination of profit/loss generated by primary government customers results in net revenue (expense) for governmental activities.

28,614

Change in net position of governmental activities \$ 27,487

PIMA COUNTY, ARIZONA
Statement of Net Position - Proprietary Funds
June 30, 2015
(in thousands)

Exhibit A - 7

	Business-type Activities			Governmental Activities- Internal Service Funds
	Enterprise Funds			
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	
Assets				
Current assets:				
Cash and cash equivalents	\$ 110,741	\$ 6,243	\$ 116,984	\$ 116,269
Restricted cash and cash equivalents	27,014		27,014	
Interest receivable	86	4	90	24
Due from other funds	7,878		7,878	130
Due from other governments	410	6	416	78
Accounts receivable	18,941	304	19,245	2,611
Inventory	2,383		2,383	705
Prepaid expense	90	26	116	3,622
Total current assets	<u>167,543</u>	<u>6,583</u>	<u>174,126</u>	<u>123,439</u>
Noncurrent assets:				
Restricted cash and cash equivalents	49,088		49,088	
Loan receivable				10,000
Capital assets:				
Land	12,226	1,768	13,994	449
Buildings and improvements	739,850	27,608	767,458	18,969
Sewage conveyance system	751,093		751,093	
Equipment	139,942	1,580	141,522	49,250
Less accumulated depreciation	(472,540)	(10,111)	(482,651)	(23,955)
Construction in progress	50,201	3	50,204	3,347
Total capital assets (net)	<u>1,220,772</u>	<u>20,848</u>	<u>1,241,620</u>	<u>48,060</u>
Total noncurrent assets	<u>1,269,860</u>	<u>20,848</u>	<u>1,290,708</u>	<u>58,060</u>
Total assets	<u>1,437,403</u>	<u>27,431</u>	<u>1,464,834</u>	<u>181,499</u>
Deferred outflows of resources				
Pension	4,847	779	5,626	1,096
Total deferred outflows of resources	<u>4,847</u>	<u>779</u>	<u>5,626</u>	<u>1,096</u>
Liabilities				
Current liabilities:				
Accounts payable	17,363	395	17,758	4,028
Employee compensation	1,758	265	2,023	434
Interest payable	277		277	
Due to other funds	25	1	26	87
Due to other governments	5		5	4
Unearned revenue	1,594		1,594	
Current sewer revenue bonds and obligations payable	45,945		45,945	
Current portion of wastewater loans payable	1,581		1,581	
Current portion reported but unpaid losses				4,608
Current portion incurred but not reported losses				6,406
Total current liabilities	<u>68,548</u>	<u>661</u>	<u>69,209</u>	<u>15,567</u>
Noncurrent liabilities:				
Compensated absences payable	2,631	461	3,092	471
Loan payable				10,000
Contracts and notes	1,098		1,098	
Sewer revenue bonds and obligations payable	585,179		585,179	
Wastewater loans payable	16,564		16,564	
Reported but unpaid losses				11,628
Incurred but not reported losses				8,735
Net pension liability	38,041	6,113	44,154	8,605
Total noncurrent liabilities	<u>643,513</u>	<u>6,574</u>	<u>650,087</u>	<u>39,439</u>
Total liabilities	<u>712,061</u>	<u>7,235</u>	<u>719,296</u>	<u>55,006</u>
Deferred inflows of resources				
Pension	6,652	1,069	7,721	1,505
Total deferred inflows of resources	<u>6,652</u>	<u>1,069</u>	<u>7,721</u>	<u>1,505</u>
Net position				
Net investment in capital assets	571,503	20,848	592,351	48,060
Restricted for:				
Debt service	36,683		36,683	
Capital projects	7,980		7,980	
Healthcare				14,088
Regional wastewater reclamation	19,419		19,419	
Unrestricted	<u>87,952</u>	<u>(942)</u>	<u>87,010</u>	<u>63,936</u>
Total net position	<u>\$ 723,537</u>	<u>\$ 19,906</u>	<u>\$ 743,443</u>	<u>\$ 126,084</u>

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Revenues, Expenditures and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2015
(in thousands)

Exhibit A - 8

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	
Operating revenues:				
Charges for services	\$ 159,453	\$ 8,595	\$ 168,048	\$ 105,548
Other	506	43	549	2,426
Total net operating revenues	<u>159,959</u>	<u>8,638</u>	<u>168,597</u>	<u>107,974</u>
Operating expenses:				
Employee compensation	33,028	5,222	38,250	7,933
Operating supplies and services	7,248	70	7,318	8,437
Utilities	7,296		7,296	
Sludge and refuse disposal	1,628		1,628	
Repair and maintenance	9,745	104	9,849	1,568
Incurred losses				45,653
Insurance premiums				10,335
General and administrative	12,739	2,708	15,447	7,012
Consultants and professional services	11,739	377	12,116	4,743
Depreciation	51,248	221	51,469	4,749
Total operating expenses	<u>134,671</u>	<u>8,702</u>	<u>143,373</u>	<u>90,430</u>
Operating income (loss)	<u>25,288</u>	<u>(64)</u>	<u>25,224</u>	<u>17,544</u>
Nonoperating revenues (expenses):				
Intergovernmental revenue	499		499	
Investment earnings	874	29	903	767
Sewer connection fees	13,144		13,144	
Interest expense	(20,671)		(20,671)	
Gain/(loss) on disposal of capital assets	(29,542)		(29,542)	43
Total nonoperating revenues (expenses)	<u>(35,696)</u>	<u>29</u>	<u>(35,667)</u>	<u>810</u>
Income (loss) before contributions and transfers	(10,408)	(35)	(10,443)	18,354
Capital contributions	5,390		5,390	146
Transfers in	28,651	11,979	40,630	12,542
Transfers (out)	(21,422)	(2,075)	(23,497)	(2,428)
Change in net position	2,211	9,869	12,080	28,614
Net position at beginning of year, as restated	<u>721,326</u>	<u>10,037</u>	<u>731,363</u>	<u>97,470</u>
Net position at end of year	<u>\$ 723,537</u>	<u>\$ 19,906</u>	<u>\$ 743,443</u>	<u>\$ 126,084</u>

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2015
(in thousands)

Exhibit A - 9

	Business-Type Activities			Governmental Activities- Internal Service Funds
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	
Cash flows from operating activities:				
Cash received from other funds for goods and services provided				\$ 106,092
Cash received from customers for goods and services provided	\$ 158,144	\$ 8,489	\$ 166,633	
Cash received from miscellaneous operations	506		506	2,477
Cash payments to suppliers for goods and services	(38,008)	(1,440)	(39,448)	(30,222)
Cash payments to other funds for goods and services	(14,190)	(1,929)	(16,119)	(5,511)
Cash payments for incurred losses				(55,137)
Cash payments to employees for services	(32,812)	(5,190)	(38,002)	(7,261)
Net cash provided by (used for) operating activities	<u>73,640</u>	<u>(70)</u>	<u>73,570</u>	<u>10,438</u>
Cash flows from noncapital financing activities:				
Cash transfers in from other funds	28,651		28,651	12,121
Cash transfers out to other funds	(21,048)	(2,075)	(23,123)	(2,417)
Loans with other funds	(7,858)		(7,858)	(1)
Intergovernmental revenues	499		499	
Net cash provided by (used for) noncapital financing activities	<u>244</u>	<u>(2,075)</u>	<u>(1,831)</u>	<u>9,703</u>
Cash flows from capital and related financing activities:				
Principal paid on bonds and loans	(40,980)		(40,980)	
Interest paid on bonds and loans	(28,844)		(28,844)	
Sewer connection fees	12,480		12,480	
Proceeds from sale of capital assets				370
Transfers received for capital acquisition		11,979	11,979	
Purchase of capital assets	(56,651)	(11,979)	(68,630)	(11,464)
Net cash used for capital and related financing activities	<u>(113,995)</u>		<u>(113,995)</u>	<u>(11,094)</u>
Cash flows from investing activities:				
Interest received on cash and investments	982	34	1,016	815
Net cash provided by investing activities	<u>982</u>	<u>34</u>	<u>1,016</u>	<u>815</u>
Net increase (decrease) in cash and cash equivalents	(39,129)	(2,111)	(41,240)	9,862
Cash and cash equivalents at beginning of year	<u>225,972</u>	<u>8,354</u>	<u>234,326</u>	<u>106,407</u>
Cash and cash equivalents at end of year	<u>\$ 186,843</u>	<u>\$ 6,243</u>	<u>\$ 193,086</u>	<u>\$ 116,269</u>

(continued)

PIMA COUNTY, ARIZONA
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2015
(in thousands)

Exhibit A - 9.1

(continued)

	Business-Type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ 25,288	\$ (64)	\$ 25,224	\$ 17,544
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	51,248	221	51,469	4,749
Changes in assets and deferred outflows of resources:				
Decrease (increase) in assets:				
Accounts receivable	(902)	(149)	(1,051)	533
Due from other governments	(407)		(407)	63
Inventory and other assets	(505)		(505)	12
Prepaid expense	(36)	(6)	(42)	(2,469)
Decrease in deferred outflows of resources:				
Pension plans	(2,367)	(381)	(2,748)	(535)
Changes in liabilities and deferred inflows of resources:				
Increase (decrease) in liabilities:				
Accounts payable	(1,264)	(104)	(1,368)	(533)
Due to other funds		1	1	
Due to other governments	2		2	4
Reported but unpaid losses				(5,485)
Incurred but not reported losses				(3,999)
Net pension liability	(4,145)	(667)	(4,812)	(937)
Other liabilities	76	10	86	(14)
Increase in deferred inflows of resources:				
Pension plans	6,652	1,069	7,721	1,505
Net cash provided by (used for) operating activities	<u>\$ 73,640</u>	<u>\$ (70)</u>	<u>\$ 73,570</u>	<u>\$ 10,438</u>

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2015:

Regional Wastewater Reclamation Enterprise Fund received developer-built conveyance systems with an estimated fair value of \$5,143. These contributions were recorded as an increase in capital assets and capital contributions.

Regional Wastewater Reclamation Enterprise Fund retired capital assets with a net book value of \$29,542.

Regional Wastewater Reclamation Enterprise Fund transferred out assets with a net book value of \$374 to the County's Internal Service Funds.

Regional Wastewater Reclamation Enterprise Fund retired expired Sewer Credit Agreements totaling \$247. These transactions were recorded as a decrease in unearned revenue and an increase in capital contributions.

Other Enterprise Funds retired fully depreciated capital assets with an original cost of \$330.

Internal Service Funds had an exchange of unequal sized parcels of land. The parcel obtained in the exchange was valued at \$271. The parcel given up had a value of \$417.

Internal Service Funds received a transfer in of capital assets from Regional Wastewater Reclamation Fund with a net book value of \$374.

Internal Service Funds received capital contributions with a net book value of \$146 from General Government.

Internal Service Funds sold capital assets with a net book value of \$180 and donated a capital asset with a net book value of \$1.

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2015
(in thousands)

Exhibit A - 10

	Investment Trust Funds	Agency Funds
<u>Assets</u>		
Cash and cash equivalents	\$ 229,269	\$ 68,649
Interest receivable	62	
Due from other governments		163
Total assets	\$ 229,331	\$ 68,812
 <u>Liabilities</u>		
Employee compensation		\$ 104
Due to other governments		40,181
Deposits and rebates		28,527
Total liabilities		\$ 68,812
 <u>Net position</u>		
Held in trust for pool participants	\$ 229,331	

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2015
(in thousands)

Exhibit A - 11

	Investment Trust Funds
Additions	
Contributions from participants	\$ 2,268,651
Total contributions	2,268,651
Investment earnings	580
Total investment earnings	580
Total additions	2,269,231
Deductions	
Distributions to participants	2,184,552
Total deductions	2,184,552
Change in net position	84,679
Net position held in trust July 1, 2014	144,652
Net position held in trust June 30, 2015	\$ 229,331

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 1: Summary of Significant Accounting Policies

Pima County's accounting policies conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

For the year ended June 30, 2015, the County implemented the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, and GASB Statement No. 69, Government Combinations and Disposals of Governmental Operations. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits. GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The implementation of GASB Statement No. 69 had no impact on the County's fiscal year 2014-15 financial statements and therefore no additional note disclosures were required.

A. Reporting Entity

The County is a general purpose local government that is governed by a separately elected board of supervisors. The accompanying financial statements present the activities of the County (the primary government) and its component units.

Component units are legally separate entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are so intertwined with the County that they are in substance part of the County's operations. Component units should be blended in the County's financial statements when the component unit's governing body is substantively the same as the County's governing body and there is either a financial benefit or burden relationship between the County and the component unit or County management has operational responsibility for it; the component unit provides services entirely, or almost entirely, to the County; or the component unit's total debt outstanding is expected to be repaid entirely or almost entirely with the County's resources. Therefore, data from these units is combined with data of the County. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County. Each blended and discretely presented component unit discussed below has a June 30 year-end.

The following describes the County's component units:

The Pima County Stadium District, a legally separate entity, was created in 1991 when the Board of Supervisors adopted a resolution to create the Stadium District to manage Kino Sports Complex. The District is a tax-levying, public improvement district and political taxing subdivision of the state of Arizona. The Stadium District, in conjunction with Pima County government, maintains the fiscal resources of the entire complex including facilities, grounds, personnel and the various services provided at the venue. Kino Sports Complex, which covers 155 acres, is the largest professional sports and entertainment venue of its kind in Pima County. The facility hosts youth athletics, amateur and professional sports, concerts and community events on its fields. The County Board of Supervisors serves as the Board of Directors of the District. Acting in the capacity of the Board of Directors, the Pima County Board of Supervisors is able to impose its will on the District. The Board of Directors levies the car rental surcharge rates and the recreational vehicle (RV) park tax for the District. The District is reported as a special revenue fund (blended component unit) in these financial statements. Complete financial statements for the District can be obtained from the Pima County Department of Finance and Risk Management located at 130 West Congress Street, Tucson, Arizona 85701.

The Pima County Library District was established in 1986 when legislation allowed full taxing authority and the ability to enter into agreements with other jurisdictions for the provision of library services. The Library District provides and maintains library services for the County's residents. The Pima County Board of Supervisors is the

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

Board of Directors of the District. The Library District is reported as a special revenue fund (blended component unit) in these financial statements. Separate financial statements for the District are not available.

The Pima County Regional Flood Control District was established in 1978. The District is responsible for floodplain management activities for the unincorporated areas of Pima County (except national forests, parks, monuments and Native American Nations), the City of South Tucson, and the Town of Sahuarita. The Pima County Board of Supervisors is the Board of Directors for the Flood Control District. The Regional Flood Control District is reported as a special revenue fund (blended component unit) in these financial statements. Separate financial statements for the District are not available.

The Pima County Street Lighting Districts (SLDs) operate and maintain street lighting for specific regions in areas outside local city jurisdictions. The Pima County Board of Supervisors serves as the Board of Directors. SLDs are reported as a special revenue fund in these financial statements and meet substantively the same criteria as blended component units. Separate financial statements for the SLDs are not available.

The Southwestern Fair Commission, Inc. (SFC) is a nonprofit corporation which manages and maintains the fairgrounds owned by the County and conducts annual fair and other events at the fairgrounds. The Commission's members are appointed and can be removed at any time by the Pima County Board of Supervisors. Based on these factors, and because SFC does not provide services entirely, or almost entirely to the County, but rather to the general citizenry, SFC is reported as a separate component unit (discrete presentation) in these financial statements. Complete financial statements for SFC can be obtained from the Pima County Department of Finance and Risk Management located at 130 West Congress Street, Tucson, Arizona 85701.

Related Organization:

The Industrial Authority of Pima County (Authority) is a legally separate entity that was created to promote economic development and the development of affordable housing. The Authority fulfills its function through the issuance of tax-exempt bonds. The County Board of Supervisors appoints the Authority's Board of Directors. The Authority's operations are completely separate from the County and the County is not financially accountable for the Authority. Therefore, the financial activities of the Authority have not been included in the accompanying financial statements.

B. Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the County as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information's usefulness.

Government-wide statements - Provide information about the primary government (the County) and its component units. The statements include a statement of net position and a statement of activities. These statements report the overall government's financial activities except for fiduciary activities. The statements also distinguish between the governmental and business-type activities of the County and between the County and its discretely presented component units. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County does not allocate indirect expenses to programs or functions. Program revenues include:

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

- charges to customers or applicants for goods, services, or privileges provided;
- operating grants and contributions; and
- capital grants and contributions, including special assessments.

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes the County levies or imposes, are reported as general revenues.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double-counting of internal activities. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

Fund financial statements - Provide information about the County's funds, including fiduciary funds and blended component units. Separate statements are presented for the governmental, proprietary, and fiduciary fund categories. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Fiduciary funds are aggregated and reported by fund type.

Proprietary fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from transactions associated with the fund's principal activity. Accordingly, revenues, such as user charges, in which each party receives and gives up essentially equal values, are operating revenues. Other revenues result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues such as connection fees, intergovernmental revenues, along with investment earnings and revenues ancillary activities generate. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund revenues are primarily from property taxes and intergovernmental revenues.

The *Capital Projects Fund* accounts for financial resources to be used for the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. Capital Projects Fund revenues are primarily from intergovernmental, face amount of long-term debt and transfers in.

The *Debt Service Fund* accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Revenues are primarily from property taxes, proceeds from refunding debt, and transfers in.

The County reports the following major enterprise fund:

Regional Wastewater Reclamation (RWR) accounts for the management and operation of wastewater treatment and water pollution control programs. Revenues are primarily from charges for services and connection fees.

The County also reports the following fund types:

Internal Service Funds account for fleet maintenance and operation, insurance, printing services, and telecommunications services provided to the County's departments or to other governments on a cost-reimbursement basis. The County transitioned to a medical self-insurance model on July 1, 2013 that is funded by employee and employer premium rates.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

Investment Trust Funds account for pooled assets and individual investment accounts the County Treasurer holds and invests on behalf of other governmental entities.

Agency Funds account for assets the County holds as an agent for the State, cities, towns, and other parties.

C. Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The agency funds are custodial in nature and do not have a measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Under the terms of grant agreements, the County funds certain programs by a combination of grants and general revenues. Therefore, when program expenses are incurred, there are both restricted and unrestricted net position resources available to finance the program. The County applies grant resources to such programs before using general revenues.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. The County recognizes property taxes to be available if collected within 30 days. In addition, other taxes that are reported as intergovernmental revenues, i.e. state shared sales tax, highway user revenues and vehicle license tax, recreational vehicle taxes, car rental surcharges, and hotel excise taxes are also recognized if collected within 30 days. Grant funded intergovernmental revenues are considered available if collected within 60 days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, landfill closure and postclosure care costs, and pollution remediation obligations, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

D. Cash and Investments

For the statement of cash flows, the County's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the County Treasurer, investments in the State Treasurer's Local Government Investment Pool, and only those highly liquid investments with a maturity of 3 months or less when purchased.

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest-earning investment contracts with a remaining maturity of 1 year or less at the time of purchase are stated at amortized cost. All other investments are stated using the market approach at fair value.

E. Inventories and Prepaids

Inventories in the government-wide and proprietary funds' financial statements are recorded as assets when purchased and expensed when consumed.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

The County accounts for its inventories in the Health Fund using the purchase method. Inventories of the Health Fund consist of expendable supplies held for consumption and are recorded as expenditures at the time of purchase. Amounts on hand at year-end are shown on the balance sheet as an asset for informational purposes only and as nonspendable fund balance to indicate that they do not constitute “available spendable resources.” These inventories are stated at cost using the first-in, first-out method or average cost method.

The County accounts for its inventories in the OEM Radio System Fund using the purchases method. Inventories of the OEM Radio System Fund consist of spare parts for the fixed network equipment held for consumption and are recorded as expenditures at the time of purchase. These inventories are stated at cost using the first-in, first-out method or average cost method.

Inventories of the Transportation Fund are recorded as assets when purchased and expensed when used. They are valued at lower of cost or market, cost being determined using the moving average method.

Inventories of RWR, an enterprise fund, are valued at lower of cost or market, cost being determined using the moving average method.

Inventories of Internal Service Funds are valued at lower of cost or market, cost being determined using the moving average method.

Prepaid expenses/expenditures are accounted for using the consumption method, except for the School Reserve Fund reported as an Other Governmental Fund, which uses the purchase method.

F. Property Tax Calendar

The County levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

G. Capital Assets

Capital assets are reported at actual cost or estimated historical cost if historical records are not available. Donated assets are reported at fair market value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	All	N/A	N/A
Land improvements (Reported in buildings and improvements)	All	Straight Line	20 - 30 Years
Buildings and improvements	\$100	Straight Line	10 - 50 Years
Equipment	\$5	Straight Line	4 - 25 Years
Infrastructure/Sewer conveyance systems	\$100	Straight Line	10 - 50 Years
Intangible (Reported in land and infrastructure)	\$100	Straight Line	Varies
Software (Reported in equipment)	\$5,000	Straight Line	Varies

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

Discretely presented component unit:

The Southwestern Fair Commission, Inc. capital assets are reported at actual cost. Depreciation is calculated using the straight-line method over the assets' estimated useful life, which range from 3 to 40 years.

H. 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.

I. Fund Balance Classifications

The governmental funds' fund balances are reported separately within classifications based on a hierarchy of the constraints placed on those resources' use. 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.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form, such as inventories, or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are 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). Only the Board can remove or change the constraints placed on committed fund balances. This approval must be given at a regular supervisory meeting by taking the same type of action it employed to previously commit those amounts.

Assigned fund balances are resources constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Supervisors has authorized the County Administrator to make assignments of resources for a specific purpose. Modifications or rescissions of the constraints can also be removed by the same action that limited the funds.

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the County's policy to use restricted fund balance first. For the disbursement of unrestricted fund balances, the County will use committed amounts first, followed by assigned amounts, and lastly unassigned amounts.

J. Investment Earnings

Investment earnings are composed of interest, dividends, and net changes in the fair value of applicable investments.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

K. Compensated Absences

Compensated absences payable consists of vacation leave and a calculated amount of sick leave employees earned based on services already rendered.

Employees may accumulate up to 240 hours of vacation depending on years of service, but they forfeit any unused vacation hours in excess of the maximum amount at fiscal year-end. Upon terminating employment, the County pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide and proprietary funds' financial statements. A liability for these amounts is reported in the governmental funds' 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 1920 hours of sick leave. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but employees forfeit them upon terminating employment. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements. However, employees who have accumulated greater than 240 hours of sick leave and are eligible to retire will receive some benefits. An estimate of those retirement payouts is accrued as a liability in government-wide and proprietary funds' financial statements in Employee Compensation for the current portion and under Noncurrent Liabilities for the noncurrent portion. Employees who are eligible to retire from County service into the Arizona State Retirement System, Public Safety Personnel Retirement System, or Corrections Officer Retirement Plan may request sick leave be converted to annual leave on a predetermined conversion basis.

In addition, since vacation and sick leave used by employees within the first two pay periods after fiscal year-end is paid for with current financial resources, a compensated absences liability for these amounts is reported in the governmental funds' financial statements within Employee Compensation.

L. Pensions

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 2: Change in Accounting Principle and Correction of a Misstatement - Prior Period Adjustment.

Net Position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pensions Transition for Contributions Made Subsequent to the Measurement Date*. In addition, the School Reserve's governmental activities net position at July 1, 2014, has been restated for adjustments affecting the cumulative results of operations due to error in the prior year's financial statements.

	Governmental Activities	Business- type Activities	Major Enterprise Fund	Nonmajor Enterprise Funds	Nonmajor Governmental Funds	Internal Service Funds
Net position/fund balance as previously reported at June 30, 2014	\$ 1,582,370	\$ 777,448	\$ 761,031	\$ 16,417	\$ 66,854	\$ 106,451
Prior period adjustment						
Implementation of GASB 68:						
Net pension liability (measurement date as of June 30, 2013)	(609,604)	(48,964)	(42,185)	(6,779)		(9,542)
Deferred outflows - county contributions made during fiscal year 2014	40,183	2,879	2,480	399		561
Other:						
School Reserve reporting error	(21)				(21)	
Total prior period adjustment	(569,442)	(46,085)	(39,705)	(6,380)	(21)	(8,981)
Net position/fund balance as restated, July 1, 2014	<u>\$ 1,012,928</u>	<u>\$ 731,363</u>	<u>\$ 721,326</u>	<u>\$ 10,037</u>	<u>\$ 66,833</u>	<u>\$ 97,470</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 3: Cash and Investments

Primary Government

Arizona Revised Statutes (A.R.S.) authorize the County 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, sponsored corporations, or instrumentalities; specified state and local government bonds, notes, and other evidences of indebtedness; interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; specified commercial paper issued by corporations organized and doing business in the United States; specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars; and certain open-end and closed-end mutual funds, including exchange traded funds. In addition, the County Treasurer may invest trust funds in certain fixed income securities of corporations doing business in the United States or District of Columbia.

Credit risk—The State statutes have the following requirements for credit risk:

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
2. Corporate bonds, debentures, notes, and other evidence of indebtedness that are denominated in United States dollars must be rated "A" or better by at least two nationally recognized rating agencies at the time of purchase.
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 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.

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. Investments in repurchase agreements must have a maximum maturity of 180 days.

Foreign currency risk—Statutes do not allow foreign investments unless the investment is denominated in United States dollars.

Deposits—At June 30, 2015, the carrying amount of the County's deposits was \$76,765, and the bank balance was \$56,588.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 3: Cash and Investments (continued)

Custodial credit risk—Custodial credit risk is the risk that the County will not be able to recover its deposits if a financial institution fails. The County does not have a formal policy with respect to custodial credit risk. As of June 30, 2015, \$3,568 of the County's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments—At June 30, 2015, the County's investments consisted of \$344,840 invested in marketable securities and \$472,404 invested in the State Treasurer's Investment Pool. Cash from the County and from externally legally separate governments are pooled to purchase the investments in marketable securities and the State Treasurer's Pool. The State Board of Investment provides oversight for the State Treasurer's pools. The fair value of a participant's position in the pool approximates the value of that participant's pool shares and the participant's shares are not identified with specific investments.

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.

At June 30, 2015, credit risk for the County's investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
Commercial paper	A- 1/P1	S&P / Moody's	\$ 14,985
Corporate bonds	BBB-/Baa3	S&P / Moody's	232,797
Municipal bonds	Unrated		5,818
Federal Farm Credit Bank	AA+/Aaa	S&P / Moody's	24,053
Federal Home Loan Bank	AA+/Aaa	S&P / Moody's	33,089
Money market mutual fund	AAAm/Aaa-mf	S&P / Moody's	29,088
		Marketable securities	<u>339,830</u>
State Treasurer Investment Pool 5	AAAf/S1+	S&P	248,520
State Treasurer Investment Pool 500	Unrated		101,273
State Treasurer Investment Pool 7	Unrated		122,611
		State Treasurer's Investment Pool	<u>472,404</u>
Total			<u><u>\$ 812,234</u></u>

Custodial credit risk—For an investment, custodial risk is the risk that, in the event of the counterparty's failure, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no formal policy with respect to custodial credit risk. Of the County's \$817,244 of investments, \$315,752, consisting of the commercial paper, corporate bonds, municipal bonds, Federal Farm Credit Bank, Federal Home Loan Bank, and U.S. Treasury notes, is uninsured and held by a counterparty in the County's name in book entry form.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 3: Cash and Investments (continued)

Concentration of credit risk—The County has no formal policy with respect to limiting the amount the Treasurer may invest in any one issuer. The County’s exposure as of June 30, 2015 is less than 5% per issuer.

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.

As of June 30, 2015, the County had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (Years)</u>
State Treasurer Investment Pool 5	\$ 248,520	0.15
State Treasurer Investment Pool 500	101,273	4.41
State Treasurer Investment Pool 7	122,611	0.10
Commercial paper	14,985	0.41
Corporate bonds	232,797	1.48
Municipal bonds	5,818	2.03
Federal Farm Credit Bank	24,053	1.13
Federal Home Loan Bank	33,089	2.12
U.S. Treasury Notes	5,010	2.03
Money market mutual fund	29,088	0.11
Total	<u>\$ 817,244</u>	

A reconciliation of cash, deposits, and investments to amounts shown on the Statements of Net Position follows:

	<u>Cash on Hand</u>	<u>Amount of Deposits</u>	<u>Amount of Investments</u>	<u>Total</u>
Cash, deposits, and investments:	\$ 47	\$ 76,765	\$ 817,244	\$ 894,056

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Investment Trust Funds</u>	<u>Agency Funds</u>	<u>Totals</u>
Statement of Net Position:					
Cash and cash equivalents	\$ 402,263	\$ 116,984	\$ 229,269	\$ 68,649	\$ 817,165
Restricted cash and cash equivalents	789	76,102			76,891
Total	<u>\$ 403,052</u>	<u>\$ 193,086</u>	<u>\$ 229,269</u>	<u>\$ 68,649</u>	<u>\$ 894,056</u>

County Treasurer’s Investment Pool—Arizona Revised Statutes require community colleges, school districts, and other local governments to deposit certain public monies with the County Treasurer. The County Treasurer has a fiduciary responsibility to administer those and the County monies under her stewardship. The County Treasurer invests, on a pool basis, all monies not specifically invested for a fund or program. In addition, the County Treasurer determines the fair value of those pooled investments annually at June 30. The County Treasurer’s Investment Pool is not registered with the Securities and Exchange Commission as an investment

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 3: Cash and Investments (continued)

company and there is no regulatory oversight of its operations. The structure of the Pool does not provide for shares and the County has not provided or obtained any legally binding guarantees to support the value of the participants' investments. The County Treasurer allocates interest earnings to each of the Pool's participants. Substantially, all deposits and investments of the County's primary government are included in the County Treasurer's investment pool. Therefore, the deposit and investment risks of the Treasurer's investment pool are substantially the same as the County's deposit and investment risks disclosed above.

The Pool's assets consist of the following:

	<u>Principal</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Fair Value</u>
Commercial paper	\$ 15,000	0.00%	10/15-12/15	\$ 14,985
Corporate bonds	225,728	0.40-7.13%	09/15-12/18	232,797
Municipal bonds	5,710	0.95-1.50%	07/17	5,818
Federal Farm Credit Bank	24,000	0.35-0.80%	11/15-2/17	24,053
Federal Home Loan Bank	33,000	0.28-2.00%	12/15-04/19	33,089
U.S. Treasury Notes	5,000	0.75%	06/17	5,010
State Treasurer Investment Pool 5	156,743	N/A	N/A	156,743
Deposits	45,467	N/A	N/A	45,467
Interest receivable	62	N/A	N/A	62
Total assets				<u><u>\$ 518,024</u></u>

A condensed statement of the investment pool's net position and changes in net position follows:

<u>Statement of Net Position</u>	
Assets held in trust for:	
Internal participants	\$ 417,481
External participants	100,543
Total assets	<u>518,024</u>
Total liabilities	
Total net position held in trust	<u><u>\$ 518,024</u></u>
 <u>Statement of Changes in Net Position</u>	
Total additions	\$ 5,866,075
Total deductions	<u>(5,849,328)</u>
Net increase	16,747
Net position held in trust:	
July 1, 2014	<u>501,277</u>
June 30, 2015	<u><u>\$ 518,024</u></u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 4: Fund Balance Classification of the Governmental Funds

The table below details the fund balance categories and classifications:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>CAFR Total</u>
Fund Balance:					
Nonspendable:					
Inventory				\$ 1,453	\$ 1,453
Prepaid expenditures	\$ 2,510			1,017	3,527
Loan receivable	1,543				1,543
Permanent fund principal				45	45
Total nonspendable	<u>4,053</u>			<u>2,515</u>	<u>6,568</u>
Restricted for:					
Flood Control District		\$ 16,406		8,098	24,504
Health				5,584	5,584
Judicial activities				20,028	20,028
Justice Court /Public Service Center		8,191			8,191
Law enforcement				2,810	2,810
Library District				6,517	6,517
Pima animal care		4,009			4,009
Sanitation		31,368			31,368
School reserve				493	493
Streets and highways		44,773		6,816	51,589
Waste Tire				1,435	1,435
Other purposes		22,080		1,374	23,454
Total restricted		<u>126,827</u>		<u>53,155</u>	<u>179,982</u>
Committed to:					
Judicial activities				124	124
Parks and recreation		10		1,236	1,246
School reserve				283	283
Sports promotion (Stadium)				1,213	1,213
Other purposes		3,055		3,464	6,519
Total committed		<u>3,065</u>		<u>6,320</u>	<u>9,385</u>
Assigned to:					
Debt service reserve			\$ 8,424		8,424
Health				1,665	1,665
Law enforcement	190			1,368	1,558
Parks and recreation	4				4
School reserve				562	562
Other purposes				174	174
Total assigned	<u>194</u>		<u>8,424</u>	<u>3,769</u>	<u>12,387</u>
Unassigned:					
	47,878	(57)		(4,770)	43,051
Total Fund Balance	<u>\$ 52,125</u>	<u>\$ 129,835</u>	<u>\$ 8,424</u>	<u>\$ 60,989</u>	<u>\$ 251,373</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 499,163	\$ 22,392	\$ (506)	\$ 521,049
Construction in progress	212,314	85,901	(193,940)	104,275
Total capital assets not being depreciated	<u>711,477</u>	<u>108,293</u>	<u>(194,446)</u>	<u>625,324</u>
Capital assets being depreciated:				
Buildings and improvements	693,391	136,128	(283)	829,236
Infrastructure	1,332,681	46,457	(1,812)	1,377,326
Equipment	194,395	24,191	(7,028)	211,558
Total capital assets being depreciated	<u>2,220,467</u>	<u>206,776</u>	<u>(9,123)</u>	<u>2,418,120</u>
Less accumulated depreciation for:				
Buildings and improvements	(215,209)	(20,455)	142	(235,522)
Infrastructure	(665,379)	(38,305)	1,393	(702,291)
Equipment	(85,687)	(15,035)	6,327	(94,395)
Total accumulated depreciation	<u>(966,275)</u>	<u>(73,795)</u>	<u>7,862</u>	<u>(1,032,208)</u>
Total capital assets being depreciated, net	<u>1,254,192</u>	<u>132,981</u>	<u>(1,261)</u>	<u>1,385,912</u>
Governmental activities capital assets, net	<u>\$ 1,965,669</u>	<u>\$ 241,274</u>	<u>\$ (195,707)</u>	<u>\$ 2,011,236</u>
	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 12,630	\$ 1,364		\$ 13,994
Construction in progress	63,730	63,494	\$ (77,020)	50,204
Total capital assets not being depreciated	<u>76,360</u>	<u>64,858</u>	<u>(77,020)</u>	<u>64,198</u>
Capital assets being depreciated:				
Buildings and improvements*	851,787	28,346	(112,675)	767,458
Sewage conveyance systems	721,515	33,117	(3,539)	751,093
Equipment	132,469	16,922	(7,869)	141,522
Total capital assets being depreciated	<u>1,705,771</u>	<u>78,385</u>	<u>(124,083)</u>	<u>1,660,073</u>
Less accumulated depreciation for:				
Buildings and improvements	(200,145)	(28,270)	85,025	(143,390)
Sewage conveyance systems	(281,761)	(13,980)	2,172	(293,569)
Equipment	(43,816)	(9,219)	7,343	(45,692)
Total accumulated depreciation	<u>(525,722)</u>	<u>(51,469)</u>	<u>94,540</u>	<u>(482,651)</u>
Total capital assets being depreciated, net	<u>1,180,049</u>	<u>26,916</u>	<u>(29,543)</u>	<u>1,177,422</u>
Business-type activities capital assets, net	<u>\$ 1,256,409</u>	<u>\$ 91,774</u>	<u>\$ (106,563)</u>	<u>\$ 1,241,620</u>

* The Regional Wastewater Reclamation Enterprise Fund closed the Randolph Park Wastewater Reclamation Facility during the fiscal year with a net book value of \$27,554.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 5: Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 12,459
Public safety	13,463
Highways and streets	34,475
Sanitation	377
Health	571
Welfare	92
Culture and recreation	6,758
Education and economic opportunity	851
Internal service funds	4,749
Total governmental activities depreciation expense	<u>\$ 73,795</u>
Business-type activities:	
Parking Garages	\$ 221
Regional Wastewater Reclamation Department	51,248
Total business-type activities depreciation expense	<u>\$ 51,469</u>

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Discretely presented component units:				
Southwestern Fair Commission (SFC):				
Capital assets being depreciated:				
Buildings and improvements	\$ 6,465	\$ 665		\$ 7,130
Equipment	2,631	106		2,737
Total capital assets being depreciated	<u>9,096</u>	<u>771</u>		<u>9,867</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,643)	(315)		(3,958)
Equipment	(2,186)	(154)		(2,340)
Total accumulated depreciation	<u>(5,829)</u>	<u>(469)</u>		<u>(6,298)</u>
Total capital assets being depreciated, net	<u>3,267</u>	<u>302</u>		<u>3,569</u>
SFC capital assets, net	<u>\$ 3,267</u>	<u>\$ 302</u>		<u>\$ 3,569</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 6: Claims, Judgments and Risk Management

Self-Insurance Trust Fund (SIT Fund)

The SIT Fund, an internal service fund, accounts for the financing of the insured risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; medical malpractice; environmental claims; and natural disasters. The SIT Fund is liable for any single general or automobile liability claim up to \$2,500 per occurrence, any workers' compensation claim up to \$1,000 per occurrence, and any single medical malpractice claim up to \$1,000 per occurrence or any medical malpractice claims in aggregate up to \$5,000 in any policy year. The County purchases commercial insurance for claims in excess of coverage provided by the SIT Fund. Settled claims have not exceeded insurance coverage in any of the last 3 fiscal years.

Payment of unemployment claims is fully self-funded. Payment of environmental claims is generally self-funded, although some claims filed could result in past insurers being liable for such losses.

All of the County's departments participate in the SIT Fund. With the exception of environmental and unemployment losses, charges are based on actuarial estimates of the amounts needed to pay prior- and current-year claims. Charges for environmental losses are based on historical experience. Charges for unemployment losses are based on actual claims paid.

Claims liabilities at June 30, 2015, for each insurable area are as follows:

Auto liability	\$	213
General liability		5,405
Workers' compensation		19,955
Medical malpractice		104
Environmental liability		1,500
		\$ 27,177

The above amounts, excluding environmental and unemployment, are reported at their present value using an expected future investment yield assumption of 2 percent.

Changes in the unpaid claims liability reported in the SIT Fund are as follows:

Year	Balance July 1	Current-Year Claims and Changes in Estimates	Claims Payments	Balance June 30
2013-14	35,768	4,851	(6,458)	34,161
2014-15	34,161	(470)*	(6,514)	27,177

*This reduction is due to a decrease in the actuarial estimate for unpaid claims, which was greater than actual claims during the fiscal year ended June 30, 2015.

Health Benefits Self-Insurance Trust Fund (HBT Fund)

During fiscal year 2013-14, the County created the HBT Fund, an internal service fund, to account for the financing of the County's self-insured medical/pharmacy plan for employees and their dependents. The HBT Fund is responsible for collecting employer and employee premiums through payroll deductions and reimbursing Aetna, acting as a third-party administrator, for the payment of claims. The plan consists of two plan options, a High Deductible Health Plan and a Preferred Provider Organization Plan. The County purchases commercial stop-loss insurance coverage for claims in excess of coverage provided by the HBT Fund. Settled claims have not exceeded insurance coverage during the past 2 fiscal years.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 6: Claims, Judgments and Risk Management (continued)

Claim liabilities are computed using a combination of two actuarial methods: the completion factor approach and the exposure approach. Accrued actuarial liabilities for the HBT Fund at June 30, 2015 for each plan option are as follows:

High-Deductible Health Plan:	
Medical	\$ 1,805
Pharmacy	675
Preferred Provider Organization Plan:	
Medical	1,196
Pharmacy	524
	\$ 4,200

Changes in the unpaid claims liabilities reported in the HBT Fund are as follows:

Year	Balance July 1	Current-Year Claims and Changes in Estimates	Claims Payments	Balance June 30
2013-14*		\$ 47,161	\$ (40,461)	\$ 6,700
2014-15	\$ 6,700	46,123	(48,623)	4,200

* The HBT Fund began in fiscal year 2013-14

Litigation

Pima County is a defendant in a number of court actions. In the opinion of County management, the final disposition of these actions, if unfavorable, will not have a material effect upon the County's financial statements.

Pollution Remediation

The County has estimated and reported an environmental liability of \$294 in the government-wide financial statements for governmental activities (in noncurrent liabilities). Remediation efforts are currently underway at one County site: El Camino del Cerro.

Remediation efforts continue at the El Camino del Cerro site which is approximately bordered by the Santa Cruz River on the west, Interstate 10 on the east and El Camino del Cerro Road on the south. The groundwater contamination is suggested to resonate from the municipal and solid waste landfill operated on the site from 1973 to 1977.

The estimated liability was calculated based upon the expected future outlays associated with the estimate of one pump-and-treat system for one year. There is potential for changes due to increased costs associated with sewage disposal costs, construction costs for extraction and injection wells, and/or changes in the estimated extent of contamination.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 7: Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2015.

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due within 1 year
Governmental activities:					
General obligation bonds	\$ 407,275	\$ 15,000	\$ 38,340	\$ 383,935	\$ 39,315
Unamortized premium/discount	8,731	731	2,099	7,363	1,848
Total general obligation bonds	<u>416,006</u>	<u>15,731</u>	<u>40,439</u>	<u>391,298</u>	<u>41,163</u>
Transportation revenue bonds	128,825	13,685	28,640	113,870	13,210
Unamortized premium/discount	4,256	1,750	1,106	4,900	1,599
Total transportation revenue bonds	<u>133,081</u>	<u>15,435</u>	<u>29,746</u>	<u>118,770</u>	<u>14,809</u>
Certificates of participation	138,900	57,025	29,680	166,245	31,240
Unamortized premium/discount	10,803	3,468	2,745	11,526	3,228
Total certificates of participation	<u>149,703</u>	<u>60,493</u>	<u>32,425</u>	<u>177,771</u>	<u>34,468</u>
Installment note payable	640	11,500	228	11,912	3,180
Total installment note payable	<u>640</u>	<u>11,500</u>	<u>228</u>	<u>11,912</u>	<u>3,180</u>
Net pension liabilities *	609,604	80,663	37,070	653,197	
Reported but unpaid losses (Note 6)	21,721	8	5,493	16,236	4,608
Incurred but not reported losses (Note 6)	19,140	46,115	50,114	15,141	6,406
Landfill closure and post-closure care costs (Note 9)	22,771		7,696 **	15,075	
Pollution remediation (Note 6)	639		345	294	
Compensated absences payable	30,842		1,348	29,494	
Total governmental activities long-term liabilities	<u>\$ 1,404,147</u>	<u>\$ 229,945</u>	<u>\$ 204,904</u>	<u>\$ 1,429,188</u>	<u>\$ 104,634</u>

*There was a restatement of net position as a result of the implementation of GASB Statement No.68 (see Note 2).

** This reduction in landfill closure and post-closure costs was due to a change in actuarial estimate associated with the closure of the Tangerine landfill. This reduction in the estimate results in negative Sanitation expenses on the government-wide Statement of Activities (see Exhibit A-2).

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 7: Long-Term Liabilities (continued)

	Balance			Balance	Due within
	July 1, 2014	Additions	Reductions	June 30, 2015	1 year
Business-type activities:					
Sewer revenue bonds	\$ 137,650		\$ 17,555	\$ 120,095	\$ 15,950
Unamortized premium/discount	781		515	266	259
Total revenue bonds payable	<u>138,431</u>		<u>18,070</u>	<u>120,361</u>	<u>16,209</u>
Sewer revenue obligations	494,130		21,890	472,240	22,740
Unamortized premium/discount	46,158		7,635	38,523	6,996
Total revenue obligations payable	<u>540,288</u>		<u>29,525</u>	<u>510,763</u>	<u>29,736</u>
Regional Wastewater Reclamation					
Loans payable	19,680		1,535	18,145	1,581
Total loans payable	<u>19,680</u>		<u>1,535</u>	<u>18,145</u>	<u>1,581</u>
Net pension liabilities *	48,964		4,810	44,154	
Contracts and notes	7,942	\$ 9,344	16,188	1,098	
Compensated absences payable	3,175		83	3,092	
Total business-type activities long-term liabilities	<u>\$ 758,480</u>	<u>\$ 9,344</u>	<u>\$ 70,211</u>	<u>\$ 697,613</u>	<u>\$ 47,526</u>

* There was a restatement of net position as a result of the implementation of GASB Statement No.68 (see Note 2).

The County's debt consists of various issues of general obligation, HURF revenue, certificates of participation, sewer revenue bonds, loans, and obligations bonds that are generally callable with interest payable semiannually. Bond proceeds primarily pay for acquiring or constructing capital facilities. Bonds have also been issued to advance-refund previously issued bonds. The County repays general obligation bonds from voter-approved property taxes. HURF revenue bonds are repaid from net highway user revenues in the Transportation fund. Certificates of participation are repaid from General fund and other various funds' revenues. Sewer revenue bonds, loans, and obligations are repaid from the charges for services in the Regional Wastewater Reclamation fund.

GENERAL OBLIGATION BONDS OUTSTANDING

Governmental Activities

(Payments made from property tax revenues of the Debt Service Fund)

General obligation bonds payable at June 30, 2015, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, \$1,642 from the May 20, 1997, \$5,610 from the May 18, 2004, \$475 from the May 16, 2006, and \$17,954 from November 4, 2014 bond elections remain unissued.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 7: Long-Term Liabilities (continued)

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Call Date</u>	<u>Outstanding June 30, 2015</u>
Series of 2007	\$ 95,000	3.00 - 4.50%	2016-21	July 1, 2017	\$ 41,800
Series of 2008	100,000	4.00%	2016-22	July 1, 2018	58,500
Series of 2009	75,000	3.25 - 4.13%	2016-23	July 1, 2019	34,185
Series of 2009A	90,000	3.25 - 4.00%	2016-24	July 1, 2019	57,890
Series of 2009A Refunding	23,535	3.25%	2016		120
Series of 2011	75,000	2.25 - 5.00%	2016-26	July 1, 2021	41,210
Series of 2012A	60,000	2.00 - 4.00%	2016-27	July 1, 2022	41,500
Series of 2012B Refunding	16,225	2.00 - 3.00%	2016-17		8,055
Series of 2013A	50,000	1.75 - 4.00%	2016-28	July 1, 2023	44,115
Series of 2013B Refunding	38,575	3.00 - 4.00%	2016-20		34,085
Series of 2014	10,000	1.00 - 5.00%	2016-28	July 1, 2023	9,000
Series of 2015	15,000	2.00 - 4.00%	2016-29	July 1, 2025	13,475
G.O. bonds outstanding					383,935
Plus unamortized premium/discount:					7,363
		Total G.O. bonds outstanding			<u>\$ 391,298</u>

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2015.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 39,315	\$ 14,017
2017	41,445	12,802
2018	43,005	11,445
2019	40,475	9,873
2020	43,450	8,461
2021 - 2025	145,235	20,547
2026 - 2029	31,010	2,108
Total	<u>\$ 383,935</u>	<u>\$ 79,253</u>

REFUNDED GENERAL OBLIGATION BONDS

In prior years, the County defeased \$1,200 of General Obligation Bonds, Series 2007 with County funds. County funds were placed in an irrevocable trust to provide for future debt service payments of the defeased debt. Accordingly, the trust account assets and liability for the defeased bonds are not included in the County's financial statements. At June 30, 2015, \$1,200 of outstanding bonds are considered defeased.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 7: Long-Term Liabilities (continued)

TRANSPORTATION BONDS PAYABLE

Governmental Activities

(Payments made from street and highway revenues)

Pima County transportation revenue bonds were issued to provide monies to construct improvements to the County's streets and highways. Of the total amount originally authorized, \$73,375 from the November 4, 1997 bond election remains unissued.

During fiscal year 2014-15, the County defeased \$14,955 of Transportation Bonds, Series 2005, by issuing \$13,685 of Transportation Bonds that have an average life of 3.84 years and an average interest rate of 4.92%. This refunding transaction resulted in an economic gain of \$848 and a reduction in debt service between the refunding debt and the refunded debt of \$857. The proceeds of the new bonds were placed in an irrevocable trust to provide for future debt service payments of the refunded debt. Accordingly, the trust account assets and liability for the defeased bonds are not included in the County's financial statements.

The following table presents amounts outstanding by issue.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Call Date</u>	<u>Outstanding June 30, 2015</u>
Series of 2007	\$ 21,000	3.25 - 4.75%	2016-22	July 1, 2017	\$ 13,315
Series of 2008	25,000	3.50 - 4.50%	2016-22	July 1, 2018	18,285
Series of 2009	15,000	3.00 - 4.00%	2016-24	July 1, 2019	13,000
Series of 2009 Refunding	8,420	3.00 - 4.00%	2016-24	July 1, 2019	6,870
Series of 2012	18,425	3.00 - 5.00%	2016-27	July 1, 2022	15,565
Series of 2012 Refunding	14,520	4.00 - 5.00%	2016-18		9,120
Series of 2014	16,000	3.00 - 5.00%	2016-28	July 1, 2023	15,225
Series of 2014 Refunding	8,805	5.00%	2017-18		8,805
Series of 2015 Refunding	13,685	4.00 - 5.00%	2016-20		13,685
Transportation bonds outstanding					113,870
Plus unamortized premium/discount:					4,900
Total transportation bonds outstanding					<u>\$ 118,770</u>

The following schedule details transportation bond debt service requirements to maturity at June 30, 2015.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 13,210	\$ 4,711
2017	14,585	4,146
2018	15,245	3,497
2019	14,160	2,825
2020	14,875	2,204
2021 - 2025	34,485	4,353
2026 - 2028	7,310	423
Total	<u>\$ 113,870</u>	<u>\$ 22,159</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 7: Long-Term Liabilities (continued)

Pima County has pledged future street and highway revenues, to repay \$113,870 in transportation revenue bonds issued between 2007 and 2015. Proceeds from the bonds provide financing for construction of various highways and streets within Pima County. The bonds are payable from transportation revenues and are payable through 2028. Total principal and interest remaining to be paid on the bonds is \$136,029. It is expected that approximately 35 percent of revenues will be used to pay annual principal and interest on the bonds. Prior year street and highway revenues are required to be greater than two times the maximum annual debt service payment. Principal and interest paid for bonds in the current year, the maximum principal and interest to be paid in any one future year, and total street and highway revenues for the prior fiscal year were \$18,722, \$18,742 and \$49,212, respectively.

CERTIFICATES OF PARTICIPATION

Governmental Activities

(Payments made from General Fund revenues)

Certificates of Participation represent proportionate interests in semiannual lease payments. The County's obligation to make lease payments is subject to annual appropriations being made by the County for that purpose. On May 1, 2007, the County issued Certificates of Participation Series 2007A for \$28,765 to finance the acquisition of and improvements to a 22-story office tower located in downtown Tucson and to acquire and construct replacement facilities for the Pima County Community Services Department.

On February 4, 2010, the County issued Certificates of Participation Series 2010 for \$20,000 to finance the replacement computer enterprise system composed of servers and other hardware, computer terminals, software and system training. The new enterprise system will serve the County with finance, budget, procurement, human resources, and material management systems.

On May 22, 2013, the County issued Certificates of Participation Series 2013A for \$80,175. The County intends to use \$60,000 of the proceeds from that issue for projects related to its sewer system. Although no sewer revenues are pledged for the repayment of the Certificates, the County intends to transfer available cash from the Regional Wastewater Reclamation Fund to repay that portion of the proceeds actually used for sewer projects. The County also issued \$12,705 of Refunding Certificates of Participation, Series 2013B. The Certificates were issued with a premium of \$1,260 and the proceeds were used to refund and redeem \$1,220 of Certificates of Participation, Series 1999, and \$12,335 of Certificates of Participation, Series 2003, previously reported by the County as a jail capital lease.

On February 12, 2014, the County issued Certificates of Participation Series 2014 for \$52,160 to finance the costs of completing the Public Service Center and Office Tower. The County may also use a portion of the funds for other capital projects.

On April 15, 2015, the County issued Certificates of Participation Series 2015 for \$57,025 to expand and improve the County's existing sewer system facilities. The County may also use a portion of the funds for other capital projects.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details outstanding Certificates of Participation payable at June 30, 2015.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Call Date</u>	<u>Outstanding June 30, 2015</u>
Series of 2007A	\$ 28,765	5.00%	2016-22	July 1, 2017	\$ 16,835
Series of 2010	20,000	4.00 - 5.25%	2016-19		9,830
Series of 2013A	80,175	5.00%	2016-23		24,195
Series of 2013B Refunding	12,705	5.00%	2016-18		7,955
Series of 2014	52,160	4.00 - 5.00%	2016-29	December 1, 2023	50,405
Series of 2015	57,025	1.00 - 5.00%	2016-19		57,025
Certificates of participation outstanding					166,245
Plus unamortized premium/discount:					11,526
Total certificates of participation outstanding					<u>\$ 177,771</u>

The following schedule details debt service requirements to maturity for the County's Certificates of Participation payable at June 30, 2015.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 31,240	\$ 7,044
2017	26,955	5,910
2018	27,615	4,784
2019	22,695	3,557
2020	8,505	2,737
2021 - 2025	31,105	7,891
2026 - 2029	18,130	1,869
Total	<u>\$ 166,245</u>	<u>\$ 33,792</u>

INSTALLMENT NOTE PAYABLE

Governmental Activities

In prior years, the County acquired tasers and computer equipment under contract agreements at a total purchase price of \$764 and \$239, respectively. During fiscal year 2014-15, the County acquired Stardust and Painted Hills properties under contract agreements at a total purchase price of \$8,750 with a down payment of \$1,750, and at a total purchase price of \$7,500 with a down payment of \$3,000, respectively. The following schedule details debt service requirements to maturity for the County's installment note payable at June 30, 2015.

<u>Year Ending June 30,</u>	<u>Equipment</u>		<u>Land</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 234	\$ 10	\$ 2,946*	\$ 679
2017	178	4	2,216	506
2018			2,347	376
2019			2,423	237
2020			1,568	94
	<u>\$ 412</u>	<u>\$ 14</u>	<u>\$ 11,500</u>	<u>\$ 1,892</u>

* In September of 2015, the County made an additional payment of \$902 on the installment note for the Painted Hills property.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 7: Long-Term Liabilities (continued)

SEWER REVENUE BONDS, OBLIGATIONS, AND LOANS

Business-type Activities

(Payments made from user charges received in the RWR)

Pima County sewer revenue bonds, as presented below, were issued to provide monies to construct improvements to the County's Regional Wastewater Reclamation system and for the defeasance of prior sewer revenue bonds. As of June 30, 2015, the County has issued the total amounts originally authorized from the May 20, 1997 and May 18, 2004 bond elections.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Call Date</u>	<u>Outstanding June 30, 2015</u>
Series of 2007	\$ 50,000	4.00 - 5.00%	2016-26	July 1, 2017	\$ 32,535
Series of 2008	75,000	4.00 - 5.00%	2016-23	July 1, 2018	68,945
Series of 2009	18,940	3.50 - 4.25%	2016-24	July 1, 2019	13,385
Series of 2011 Refunding	43,625	3.00 - 5.00%	2016		5,230
Sewer revenue bonds outstanding					<u>120,095</u>
Plus unamortized premium/discount:					266
Total sewer revenue bonds outstanding					<u>\$ 120,361</u>

The following schedule details sewer revenue bond debt service requirements to maturity at June 30, 2015.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 15,950	\$ 5,057
2017	11,250	4,354
2018	11,810	3,886
2019	12,405	3,414
2020	13,025	2,914
2021 - 2025	51,925	5,983
2026	3,730	149
Total	<u>\$ 120,095</u>	<u>\$ 25,757</u>

On June 17, 2010, Pima County entered into an agreement, whereby future revenues were pledged, that provided monies to be used primarily to pay a portion of the capital project costs associated with the construction, expansion and improvement of sewer treatment facilities and conveyance systems for the county-wide sewer system, including the Agua Nueva (previously known as Roger Road) and Tres Rios (previously known as Ina Road) Wastewater Reclamation Facilities. In December 2011, the County issued Sewer Revenue Obligations Series 2011B for \$189,160 to provide additional funding for the construction and improvements of the County's wastewater conveyance systems and treatment facilities.

In December 2012, the County issued Sewer Revenue Obligations Series 2012A for \$128,795. The net proceeds of the issuance were used primarily to pay a portion of the costs of the construction, expansion and improvement of sewer treatment facilities and conveyance systems for the System, including the Agua Nueva and Tres Rios Wastewater Reclamation Facilities.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 7: Long-Term Liabilities (continued)

In February 2014, the County issued Sewer Revenue Obligations Series 2014 for \$48,500. The net proceeds of the issuance were used primarily to pay a portion of the costs of the construction, expansion and improvement of sewer treatment facilities and conveyance systems for the System.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Call Date</u>	<u>Outstanding June 30, 2015</u>
Series of 2010	\$ 165,000	3.00 - 5.00%	2016-25	July 1, 2020	\$ 161,000
Series of 2011B	189,160	5.00%	2016-26	July 1, 2021	154,120
Series of 2012A	128,795	1.75 - 5.00%	2016-27	July 1, 2022	111,185
Series of 2014	48,500	4.00 - 5.00%	2016-28	July 1, 2023	45,935
Sewer revenue obligations outstanding					<u>472,240</u>
Plus unamortized premium/discount:					38,523
Total sewer revenue obligations outstanding					<u><u>\$ 510,763</u></u>

The following schedule details sewer revenue obligation debt service requirements to maturity at June 30, 2015.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 22,740	\$ 22,967
2017	36,170	21,989
2018	37,795	20,366
2019	39,615	18,548
2020	41,585	16,571
2021 - 2025	240,345	50,461
2026 - 2028	53,990	3,976
Total	<u>\$ 472,240</u>	<u>\$ 154,878</u>

In prior years, the Regional Wastewater Reclamation Enterprise Fund entered into various loan agreements (used for construction and improvement of wastewater treatment facilities). In October 2009 the County entered into an additional loan agreement for the funding of construction of wastewater treatment facilities. Interest is payable semiannually and is calculated based on the principal amount of the loan outstanding during such period.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rate</u>	<u>Maturities</u>	<u>Outstanding June 30, 2015</u>
2004 Loans payable	\$ 19,967	1.81%	2016-24	\$ 12,493
2009 Loans payable	8,002	0.96%	2016-24	5,652
Total loans payable				<u><u>\$ 18,145</u></u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details loans payable debt service requirements to maturity at June 30, 2015.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,581	\$ 529
2017	1,629	480
2018	1,679	430
2019	1,730	378
2020	1,783	324
2021 - 2024	9,743	759
Total	<u>\$ 18,145</u>	<u>\$ 2,900</u>

Pima County has pledged future user charges, net of specified operating expenses, to repay \$120,095 in sewer revenue bonds issued between 2007 and 2011, \$18,145 in sewer revenue loans issued between 2004 and 2009, and \$472,240 in sewer revenue obligations issued between 2010 and 2014. Proceeds from the bonds, loans and obligations provided financing for construction of various treatment facilities and sewer infrastructure within Pima County. The bonds, loans and obligations are payable from net sewer revenues and are payable through fiscal year 2028. It is expected that approximately 71 percent of net revenues will be used to pay annual principal and interest payments on the bonds and obligations and approximately 2 percent of net revenues will be used to pay annual principal and interest on the loans. Total principal and interest remaining to be paid on the bonds, loans and obligations are \$145,852, \$21,045, and \$627,118, respectively. Principal and interest paid for loans, bonds and obligations in the current year, and total customer net revenues were \$2,134, \$69,198, and \$94,739, respectively.

All sewer revenue bonds were issued and the loan agreements were executed with a first lien on the pledge of the RWR net revenues and have restrictive covenants, primarily related to minimum utility rates and limitations on future bond issues. The bond covenants also require the RWR to either maintain a surety bond guaranteeing the payment of annual debt service or to maintain in the Bond Reserve Account monies in amounts set by each debt issue. At June 30, 2015, the RWR met the requirements of the debt covenants, including maintaining a surety bond. The County is also authorized to issue for the RWR additional parity bonds or revenue obligations if certain conditions are met, primarily that net revenues for parity bonds and pledged revenues for revenue obligations for the fiscal year immediately preceding issuance of the new debt exceed 120 percent of the maximum annual debt service requirements immediately after such issuance.

CONTRACTS AND NOTES

Business-type Activities

(Payments made from restricted assets in the RWR)

Contracts and notes consist of contract retentions for several construction projects. Generally, interest is not accrued and the timing of payments is based on completion of the related construction projects.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 7: Long-Term Liabilities (continued)

LEGAL DEBT MARGIN
County General Obligation Bonds

General obligation debt may not exceed 6 percent of the value of the County's taxable property as of the latest assessment. However, with voter approval, debt may be incurred up to 15 percent of the value of taxable property. Pima County has received voter approval for all general obligation debt. The legal debt margin at June 30, 2015, is as follows:

Net assessed valuation		\$ 7,579,899
<u>Debt limit (15% of net assessed valuation):</u>		<u>\$ 1,136,985</u>
<u>Less amount of debt applicable to debt limit:</u>		
General obligation bonds outstanding	\$ 383,935	
Less fund balance in debt service fund available for payment of general obligation bond principal	<u>(6,037)</u>	<u>377,898</u>
Legal debt margin available		<u><u>\$ 759,087</u></u>

Note 8: Short-Term Liabilities

LINE OF CREDIT

The County maintains a revolving line of credit with Bank of America National Trust and Savings Association to meet its short-term cash needs. At June 30, 2015, the County had an outstanding balance of \$0. Advances on the line of credit are payable on demand. The credit line is secured by the County's general taxing authority.

	<u>July 1, 2014</u>			<u>June 30, 2015</u>
	<u>Balance</u>	<u>Draws</u>	<u>Repayments</u>	<u>Balance</u>
Line of credit	\$0	\$50,000	\$50,000	\$0

PIMA COUNTY, ARIZONA
Notes to Financial Statements
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(in thousands)

Note 9: Landfill Liabilities

Solid Waste Landfill Closure and Post-Closure Care Costs:

State and Federal laws and regulations require the County to place a final cover on its solid waste landfill sites when these sites stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after their closure. Although closure and post-closure care costs will not be paid until near or after the date the landfills stop accepting waste, the County records a portion of these closure and post-closure care costs as a long-term liability in each period, based on landfill capacity used as of each balance sheet date. The \$15,075 reported as landfill closure and post-closure care long-term liability within the governmental activities represents the cumulative amount reported to date, based on the percentage used of each landfill's total estimated capacity. The County will recognize the remaining estimated cost of closure and post-closure care of \$4,408 as the remaining estimated capacities are used. These amounts are based on what it would cost to perform all closure and post-closure care in the fiscal year ended June 30, 2015; actual costs may change due to inflation, changes in technology, or changes in regulations.

Landfill Site	Capacity Used June 30, 2015	Estimated Remaining Service Life
Ajo	74%	36 Years
Sahuarita	58%	27 Years
*Tangerine	98%	1 Year

*The Tangerine Landfill stopped accepting waste from the public on December 1, 2013 but remains open for internal County waste disposal needs until its remaining capacity is fully used.

The County plans to fund the estimated closure and post-closure care costs with proceeds of general obligation bonds.

According to State and Federal laws and regulations, the County must comply with the local government financial test requirements that ensure the County can meet the costs of landfill closure, post-closure, and corrective action when needed. The County is in compliance with these requirements. The Ina Road Landfill facility is closed to municipal solid waste and only receives green waste and construction debris. It is not subject to the closure and post-closure cost requirements referred to above. Pima County estimates that it will cost approximately \$11,121 when closure occurs and plans to fund the costs with proceeds of general obligation bonds. At this time, there is no closure date available.

On June 1, 2013 Tucson Recycling and Waste Services was contracted to operate the Landfill and Transfer Station operations on behalf of Pima County in an agency capacity. The closure and post-closure costs remain the liability of Pima County.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 10 - Pensions and Other Postemployment Benefits

The County contributes to the Arizona State Retirement System (ASRS), the Corrections Officer Retirement Plan - Detention Officers (CORP), the Corrections Officer Retirement Plan - Administrative Office of the Courts (CORP AOC), the Public Safety Personnel Retirement System (PSPRS), consisting of Pima County Sheriffs and Pima County - County Attorney Investigators, and the Elected Officials Retirement Plan (EORP), all component units of the State of Arizona.

At June 30, 2015, the County reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-Type Activities	Total
Net pension liabilities	\$ 653,197	\$ 44,154	\$ 697,351
Deferred outflows of resources	119,381	5,626	125,007
Deferred inflows of resources	70,168	7,721	77,889
Pension expense	81,256	3,099	84,355

The County's accrued payroll and employee benefits includes \$2,375 of outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2015. Also, the County reported \$80,652 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

The ASRS, CORP, CORP AOC, PSPRS - Pima County Sheriffs, and EORP plans are described below. The PSPRS, Pima County - County Attorney Investigators is not described due to its relative insignificance to the County's financial statements.

A. Arizona State Retirement System

Plan description—County employees not covered by the other pension plans described below 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. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its Web site at www.azasrs.gov.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

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:

ASRS	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 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 survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions—In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2015, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.6 percent (11.48 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and the County was required by statute to contribute at the actuarially determined rate of 11.6 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll. In addition, the County was required by statute to contribute at the actuarially determined rate of 9.57 percent (9.31 percent for retirement, 0.20 percent for health insurance premium benefit, and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked for the County in positions that would typically be filled by an employee who contributes to the ASRS. The County's contributions to the pension plan for the year ended June 30, 2015, were \$25,218. The County's contributions for the current and 2 preceding years for OPEB, all of which were equal to the required contributions, were as follows:

ASRS	Health Benefit Supplement Fund	Long-Term Disability Fund
<u>Year ended June 30</u>		
2015	\$ 1,363	\$ 277
2014	1,387	555
2013	1,452	536

During fiscal year 2015, the County paid for ASRS pension and OPEB contributions as follows: 60 percent from the General Fund, 10 percent from major funds, and 30 percent from other funds.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

Pension liability—At June 30, 2015, the County reported a liability of \$379,139 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The County's proportion of the net pension liability was based on the County's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2014. The County's proportion measured as of June 30, 2014, was 2.56 percent, which was an increase of 0.03 from its proportion measured as of June 30, 2013.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2015, the County recognized pension expense for ASRS of \$26,439. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,269	
Net difference between projected and actual earnings on pension plan investments		\$ 66,300
Changes in proportion and differences between county contributions and proportionate share of contributions	3,803	378
County contributions subsequent to the measurement date	25,218	
Total	\$ 48,290	\$ 66,678

The \$25,218 reported as deferred outflows of resources related to ASRS pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. 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	
2016	\$ (6,708)
2017	(6,708)
2018	(13,615)
2019	(16,575)

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

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

ASRS	
Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3–6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

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

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

Discount Rate—The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

Sensitivity of the County's proportionate share of the ASRS net pension liability to changes in the discount rate—The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

ASRS	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
County's proportionate share of the net pension liability	\$ 479,213	\$ 379,139	\$ 324,845

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

B. Public Safety Personnel Retirement System and Corrections Officer Retirement Plan

Plan descriptions—County sheriff employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan (agent plans). A seven-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

County detention officers and Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP). The CORP administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan for county detention officers (agent plans), and a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan for AOC officers (cost-sharing plans). The PSPRS Board of Trustees and the participating local boards govern CORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

The PSPRS and CORP issue publicly available financial reports that include their financial statements and required supplementary information. The reports are available on the PSPRS Web site at www.psprs.com.

Benefits provided—The PSPRS and CORP provide retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

PSPRS	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Retirement and Disability		
Years of service and age required to receive benefit	20 years any age 15 years age 62	25 years age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
PSPRS		
Benefit percent		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor Benefit		
Retired Members	80% to 100% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	
CORP		
	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Retirement and Disability		
Years of service and age required to receive benefit	Sum of years and age equals 80 20 years any age 10 years age 62	25 years age 52.5 10 years age 62
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
Benefit percent		
Normal Retirement	2.0% to 2.5% per year of credited service, not to exceed 80%	
Accidental Disability Retirement	50% or normal retirement if more than 20 years of credited service	50% or normal retirement if more than 25 years of credited service
Total and Permanent Disability Retirement	50% or normal retirement if more than 25 years of credited service	

PIMA COUNTY, ARIZONA
Notes to Financial Statements
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(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

CORP	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Ordinary Disability Retirement	2.5% per year of credited service or normal retirement, whichever is greater	
Survivor Benefit		
Retired Members	80% of retired member's pension benefit	
Active Members	40% of average monthly compensation or 100% of average monthly compensation if death was the result of injuries received on the job. If there is no surviving spouse or eligible children, the beneficiary is entitled to 2 times the member's contributions.	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earnings. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Employees covered by benefit terms—At June 30, 2015, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Sheriff	CORP Detention
Inactive employees or beneficiaries currently receiving benefits	360	176
Inactive employees entitled to but not yet receiving benefits	91	85
Active employees	491	461
Total	<u>942</u>	<u>722</u>

Contributions and annual OPEB cost—State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP pension and health insurance premium benefits. As allowed by statute, the County contributed 3.65 percent of the PSPRS members' required contribution. 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. Contributions rates for the year ended June 30, 2015, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Sheriff	CORP Detention	CORP AOC
Active members—Pension	7.40%	8.41%	8.41%
County			
Pension	40.11%	16.53%	14.88%
Health insurance premium benefit	1.81%	1.23%	1.24%

In addition, the County was required by statute to contribute at the actuarially determined rate of 19.65 percent for the PSPRS and 7.34 percent for the CORP of annual covered payroll of retired members who worked for the County in positions that would typically be filled by an employee who contributes to the PSPRS or CORP.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

For the agent plans, the County's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2015, were:

	<u>PSPRS Sheriff</u>	<u>CORP Detention</u>
Pension Contributions made	\$ 12,612	\$ 3,441
Health Insurance Premium Benefit		
Annual OPEB cost	608	264
Contributions made	608	264

Contributions to the CORP AOC pension plan for the year ended June 30, 2015, were \$2,062. The County's contributions for the current and 2 preceding years for the CORP AOC OPEB, all of which were equal to the required contributions, were as follows:

CORP AOC	Health Insurance
<u>Year ended June 30</u>	<u>Fund</u>
2015	\$ 172
2014	151
2013	169

During fiscal year 2015, the County paid for PSPRS and CORP pension and OPEB contributions as follows: 98 percent from the General Fund and 2 percent from other nonmajor funds.

Pension liability—At June 30, 2015, the County reported the following net pension liabilities:

	<u>Net Pension Liability</u>
PSPRS Sheriff	\$ 184,979
CORP Detention	51,973
CORP AOC (County's proportionate share)	27,888

The net pension liabilities were measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liabilities as of June 30, 2014, reflect the following changes of benefit terms and actuarial assumptions.

- In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, the plans changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases.
- The wage growth actuarial assumption was decreased from 4.5 percent to 4.0 percent.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

Pension actuarial assumptions—The significant actuarial assumptions used to measure the total pension liability are as follows:

PSPRS and CORP—Pension

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Discount rate	7.85%
Projected salary increases	4.0%–8.0% for PSPRS and 4.0%–7.25% for CORP
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table (adjusted by 105% for both males and females)

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on PSPRS and CORP pension plan investments was determined to be 7.85 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 expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

PSPRS and CORP <u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Short term investments	2%	3.25%
Absolute return	4%	6.75%
Risk parity	4%	6.04%
Fixed income	7%	4.75%
Real assets	8%	5.96%
GTAA	10%	5.73%
Private equity	11%	9.50%
Real estate	11%	6.50%
Credit opportunities	13%	8.00%
Non-U.S. equity	14%	8.63%
U.S. equity	<u>16%</u>	7.60%
Total	<u>100%</u>	

Pension discount rates—The following discount rates were used to measure the total pension liabilities:

	<u>PSPRS Sheriff</u>	<u>CORP Detention</u>	<u>CORP AOC</u>
Discount rates	7.85%	7.85%	7.85%

PIMA COUNTY, ARIZONA
Notes to Financial Statements
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(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

The projection of cash flows used to determine the PSPRS and CORP discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

PSPRS - Sheriff

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 274,018	\$ 126,625	\$ 147,393
Changes for the year:			
Service cost	6,346		6,346
Interest on the total pension liability	21,060		21,060
Changes of benefit terms	7,336		7,336
Differences between expected and actual experience in the measurement of the pension liability	(462)		(462)
Changes of assumptions or other inputs	34,338		34,338
Contributions—employer		11,691	(11,691)
Contributions—employee		2,351	(2,351)
Net investment income		17,221	(17,221)
Benefit payments, including refunds of employee contributions	(17,811)	(17,811)	
Administrative expense		(139)	139
Other changes		(92)	92
Net changes	50,807	13,221	37,586
Balances at June 30, 2015	\$ 324,825	\$ 139,846	\$ 184,979

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

CORP - Detention	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 86,428	\$ 44,686	\$ 41,742
Changes for the year:			
Service cost	2,852		2,852
Interest on the total pension liability	6,623		6,623
Changes of benefit terms	1,459		1,459
Differences between expected and actual experience in the measurement of the pension liability	(609)		(609)
Changes of assumptions or other inputs	10,555		10,555
Contributions—employer		2,970	(2,970)
Contributions—employee		1,686	(1,686)
Net investment income		6,030	(6,030)
Benefit payments, including refunds of employee contributions	(6,975)	(6,975)	
Administrative expense		(48)	48
Other changes		11	(11)
Net changes	13,905	3,674	10,231
Balances at June 30, 2015	\$ 100,333	\$ 48,360	\$ 51,973

The County's proportion of the CORP AOC net pension liability as of June 30, 2013 and 2014 was based on the County's actual contributions to the plan relative to the total of all participating counties' actual contributions for the year ended June 30, 2014. The County's proportion measured as of June 30, 2013 and 2014 was 12.43 percent.

Sensitivity of the County's net pension liability to changes in the discount rate—The following table presents the County's net pension liabilities calculated using the discount rates noted above, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
PSPRS Sheriff			
Rate	6.85%	7.85%	8.85%
Net pension liability	\$ 222,343	\$ 184,979	\$ 153,640
CORP Detention			
Rate	6.85%	7.85%	8.85%
Net pension liability	\$ 64,884	\$ 51,973	\$ 41,274
CORP AOC			
Rate	6.85%	7.85%	8.85%
County's proportionate share of the net pension liability	\$ 36,826	\$ 27,888	\$ 20,462

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

Pension plan fiduciary net position—Detailed information about the pension plans’ fiduciary net position is available in the separately issued PSPRS and CORP financial reports.

Pension expense—For the year ended June 30, 2015, the County recognized the following pension expense:

	<u>Pension Expense</u>
PSPRS Sheriff	\$ 26,929
CORP Detention	7,060
CORP AOC (County’s proportionate share)	3,732

Pension deferred outflows/inflows of resources—At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
PSPRS - Sheriff		
Differences between expected and actual experience		\$ 383
Changes of assumptions or other inputs	\$ 28,475	
Net difference between projected and actual earnings on pension plan investments		5,744
County contributions subsequent to the measurement date	12,612	
Total	\$ 41,087	\$ 6,127
CORP - Detention		
Differences between expected and actual experience		\$ 498
Changes of assumptions or other inputs	\$ 8,641	
Net difference between projected and actual earnings on pension plan investments		2,001
County contributions subsequent to the measurement date	3,441	
Total	\$ 12,082	\$ 2,499
CORP - AOC		
Differences between expected and actual experience	\$ 1,324	
Changes of assumptions or other inputs	4,097	
Net difference between projected and actual earnings on pension plan investments		\$ 1,544
County contributions subsequent to the measurement date	2,062	
Total	\$ 7,483	\$ 1,544

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

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

Year ending June 30	PSPRS Sheriff	CORP Detention	CORP AOC
2016	\$ 4,348	\$ 1,303	\$ 798
2017	4,348	1,303	798
2018	4,348	1,303	798
2019	4,348	1,303	798
2020	4,956	930	685

Agent plan OPEB actuarial assumptions—The health insurance premium benefit contribution requirements for the year ended June 30, 2015, were established by the June 30, 2013, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the reported amounts' value and assumptions about the probability of events in the future. Amounts determined regarding the plans' funded status and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress for the health insurance premium benefit presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on (1) the plans as the County and plans' members understand them and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the County and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all PSPRS and CORP plans and related benefits (unless noted), and the following actuarial methods and assumptions were used to establish the fiscal year 2015 contribution requirements:

PSPRS and CORP—OPEB Contribution Requirements

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.5%–8.5% for PSPRS and 4.5%–7.75% for CORP
Wage growth	4.5% for PSPRS and CORP

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

Agent plan OPEB trend information—Annual OPEB cost information for the health insurance premium benefit for the current and 2 preceding years follows for each of the agent plans:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
PSPRS Sheriff			
2015	\$ 608	100%	
2014	563	100%	
2013	591	64%	\$ 215
CORP Detention			
2015	\$ 264	100%	
2014	252	100%	
2013	264	54%	\$ 121

Agent plan OPEB funded status—The health insurance premium benefit plans' funded status as of the most recent valuation date, June 30, 2014, along with the actuarial assumptions and methods used in those valuations follow.

	PSPRS Sheriff	CORP Detention
Actuarial value of assets (a)	\$ 7,549	\$ 3,248
Actuarial accrued liability (b)	7,337	3,122
Unfunded actuarial accrued liability (funding excess) (b) – (a)	\$ (212)	\$ (126)
Funded ratio (a)/(b)	102.9%	104.0%
Annual covered payroll (c)	\$ 31,544	\$ 19,765
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (b) – (a) / (c)	(0.7)%	(0.6)%

The actuarial methods and assumptions used are the same for all the PSPRS and CORP health insurance premium benefit plans (unless noted), and for the most recent valuation date are as follows:

PSPRS and CORP—OPEB Funded Status

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	22 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4%–8% for PSPRS and 4%–7.25% for CORP
Wage growth	4% for PSPRS and CORP

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

C. Elected Officials Retirement Plan

Plan description—Elected officials and judges participate in the Elected Officials Retirement Plan (EORP). EORP administers a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan for elected officials and judges who were members of the plan on December 31, 2013. This plan was closed to new members as of January 1, 2014. The PSPRS Board of Trustees governs the EORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. The EORP issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on PSPRS’s Web site at www.psprs.com.

Benefits provided—The EORP provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average yearly compensation, and service credit as follows:

EORP	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Retirement and Disability		
Years of service and age required to receive benefit	20 years any age 10 years age 62 5 years age 65 5 years any age* any years and age if disabled	10 years age 62 5 years age 65 any years and age if disabled
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
Benefit percent		
Normal Retirement	4% per year of service, not to exceed 80%	3% per year of service, not to exceed 75%
Disability Retirement	80% with 10 or more years of service 40% with 5 to 10 years of service 20% with less than 5 years of service	75% with 10 or more years of service 37.5% with 5 to 10 years of service 18.75% with less than 5 years of service
Survivor Benefit		
Retired Members	75% of retired member’s benefit	50% of retired member’s benefit
Active Members and Other Inactive Members	75% of disability retirement benefit	50% of disability retirement benefit

* With reduced benefits of 0.25% for each month early retirement precedes the member’s normal retirement age, with a maximum reduction of 30%.

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

Contributions—State statutes establish active member and employer contribution requirements. Statute also appropriates \$5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2015, active EORP members were required by statute to contribute 13 percent of the members' annual covered payroll, and the County was required to contribute 23.5 percent of active EORP members' annual covered payroll. In addition, the County was required by statute to contribute 23.5 percent of annual covered payroll of retired members who worked for the County in positions that would typically be filled by an employee who contributes to the EORP. The County's contributions to the pension plan for the year ended June 30, 2015, were \$1,502. No OPEB contributions were required or made for the year ended June 30, 2015. The County's contributions for the current and 2 preceding years for OPEB, all of which were equal to the required contributions, were as follows:

EORP	Health Insurance
<u>Year ended June 30</u>	<u>Fund</u>
2015	
2014	\$ 54
2013	122

During fiscal year 2015, the County paid for EORP pension contributions as follows: 100 percent from the General Fund.

Pension liability—At June 30, 2015, the County reported a liability for its proportionate share of the EORP's net pension liability that reflected a reduction for the County's proportionate share of the State's appropriation for EORP. The amount the County recognized as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the County were as follows:

County's proportionate share of the EORP net pension liability	\$ 51,259
State's proportionate share of the EORP net pension liability associated with the County	15,717
Total	<u>\$ 66,976</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, for the June 30, 2014, actuarial valuation, the plan changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases.

The County's proportion of the net pension liability as of June 30, 2013 and 2014 was based on the County's actual contributions to the plan relative to the total of all participating employers' actual contributions for the year ended June 30, 2014. The County's proportion measured as of June 30, 2013 and 2014 was 7.64 percent.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2015, the County recognized pension expense for EORP of \$19,852 and revenue of \$4,658 for the County's proportionate share of the State's appropriation to EORP.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

EORP	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 225	
Changes of assumptions or other inputs	13,872	
Net difference between projected and actual earnings on pension plan investments		\$ 972
County contributions subsequent to the measurement date	1,502	
Total	\$ 15,599	\$ 972

The \$1,502 reported as deferred outflows of resources related to EORP pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized in pension expense as follows:

<u>Year ending June 30</u>	
2016	\$ 7,876
2017	5,736
2018	(243)
2019	(244)

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

EORP	
Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	7.85%
Projected salary increases	4.25%
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table projected to 2025 with projection scale AA

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 10 - Pensions and Other Postemployment Benefits (continued)

The long-term expected rate of return on EORP pension plan investments was determined to be 7.85 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 expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

EORP	Target	Long-Term
<u>Asset Class</u>	<u>Allocation</u>	<u>Expected Real Rate</u>
<u>of Return</u>		
Short term investments	2%	3.25%
Absolute return	4%	6.75%
Risk parity	4%	6.04%
Fixed income	7%	4.75%
Real assets	8%	5.96%
GTAA	10%	5.73%
Private equity	11%	9.50%
Real estate	11%	6.50%
Credit opportunities	13%	8.00%
Non-U.S. equity	14%	8.63%
U.S. equity	<u>16%</u>	7.60%
Total	<u>100%</u>	

Discount rate—At June 30, 2014, the discount rate used to measure the EORP total pension liability was 5.67 percent, which was a decrease of 2.18 from the discount rate used as of June 30, 2013. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the statutorily set rates, and state contributions will be made as currently required by statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Therefore, to determine the total pension liability for the plan, the long-term expected rate of return on pension plan investments of 7.85 percent was applied to periods of projected benefit payments through the year ended June 30, 2030. A municipal bond rate of 4.29 percent obtained from the 20-year Bond Buyer Index, as published by the Federal Reserve as of June 30, 2014, was applied to periods of projected benefit payments after June 30, 2030.

Sensitivity of the County’s proportionate share of the EORP net pension liability to changes in the discount rate—The following table presents the County’s proportionate share of the net pension liability calculated using the discount rate of 5.67 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.67 percent) or 1 percentage point higher (6.67 percent) than the current rate:

EORP	1% Decrease	Current Discount Rate	1% Increase
	<u>(4.67%)</u>	<u>(5.67%)</u>	<u>(6.67%)</u>
County’s proportionate share of the net pension liability	\$ 59,841	\$ 51,259	\$ 44,013

Pension Plan Fiduciary Net Position—Detailed information about the pension plan’s fiduciary net position is available in the separately issued EORP financial report.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 11: Due from Other Governments

Governmental activities:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Total Governmental Activities</u>
Federal government:					
Grants and contributions	\$ 103		\$ 2,689		\$ 2,792
State of Arizona:					
Taxes and shared revenues	19,443	\$ 3,186	5,005		27,634
Grants and contributions			10,250	\$ 2	10,252
Cities:					
Reimbursement for services	1,280	907	1,469	76	3,732
Other governments:					
Reimbursement for services	106	4,890	65		5,061
Total due from other governments fund based statements	<u>\$ 20,932</u>	<u>\$ 8,983</u>	<u>\$ 19,478</u>	<u>\$ 78</u>	<u>\$ 49,471</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 12: Interfund Transactions

A. Interfund Assets/Liabilities

Due from / Due to Other Funds are used to record loans or unpaid operating transfers between funds.

Amounts recorded as due to:

Amounts recorded as due from:	<i>General</i>	<i>Capital Projects</i>	<i>Other Governmental</i>	<i>Regional Wastewater Reclamation</i>	<i>Other Enterprise</i>	<i>Internal Services</i>	<i>Total</i>
General	\$ 48		\$ 2,951				\$ 2,999
Capital Projects			130	\$ 1			131
Other Governmental	\$ 712	46	55				813
Regional Wastewater Reclamation		7,878					7,878
Internal Services		18		24	\$ 1	\$ 87	130
Total	\$ 712	\$ 7,990	\$ 3,136	\$ 25	\$ 1	\$ 87	\$ 11,951

B. Transfers

Transfers are used to record transactions between individual funds to subsidize their operations and fund debt service payments and capital construction projects.

Amounts recorded as transfers out:

Amounts recorded as transfers in:	<i>General</i>	<i>Capital Projects</i>	<i>Debt service</i>	<i>Other Governmental</i>	<i>Regional Wastewater Reclamation</i>	<i>Other Enterprise</i>	<i>Internal Services</i>	<i>Total</i>
General	\$ 4,442			\$ 4,906	\$ 185			\$ 9,533
Capital Projects	\$ 341		\$ 3,024	27,707		\$ 56	\$ 207	31,335
Debt Service	11,918	78		18,875	20,728	1,019	2,221	54,839
Other Governmental	23,034	52		1,569	135	1,000		25,790
Regional Wastewater Reclamation		28,651						28,651
Other Enterprise		11,979						11,979
Internal Service	6,117	6,051			374			12,542
Total	\$ 41,410	\$ 51,253	\$ 3,024	\$ 53,057	\$ 21,422	\$ 2,075	\$ 2,428	\$ 174,669

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2015
(in thousands)

Note 13: Construction and Other Significant Commitments

At June 30, 2015, Pima County had the following major contractual commitments related to Community Services, Facilities Management, General Government, Stadium District, Natural Resources, Parks and Recreation, Regional Wastewater Reclamation and Transportation.

Community Services

At June 30, 2015, the Pima County Community Services Department had contractual commitments related to service contracts of \$5,057. Funding for these expenditures will be provided from reimbursements on intergovernmental grant awards, including federal and state entities.

Facilities Management

At June 30, 2015, the Pima County Facilities Management Department had construction contractual commitments of \$3,554 and other contractual commitments related to service contracts of \$4,297. Funding for these expenditures will be provided from general fund revenues and general obligation bonds.

General Government

At June 30, 2015, Pima County had contractual commitments related to service contracts for the Office of Medical Services of \$18,574. Procurement had construction contractual commitments of \$10,221. Information Technology had commitments related to service contracts of \$7,779. Funding for these expenditures will be provided from general fund revenues, the OEM Radio System special revenue fund and general obligation bonds.

Stadium District

At June 30, 2015, the Pima County Stadium District had contractual commitments related to service contracts of \$8,546. Funding for these expenditures will be provided from general fund revenues and various taxes, such as Hotel/Motel tax revenue.

Natural Resources, Parks and Recreation

At June 30, 2015, the Pima County Natural Resources, Parks and Recreation Department had construction contractual commitments of \$2,199 and other contractual commitments related to service contracts of \$14,103. Funding for these expenditures will be provided from general fund revenues.

Regional Wastewater Reclamation

At June 30, 2015, the Regional Wastewater Reclamation Enterprise fund had construction contractual commitments of \$24,596 and other contractual commitments related to service contracts of \$14,232. Funding for these expenses will be primarily from Sewer Revenue Bonds and sewer user fees.

Transportation

At June 30, 2015, the Pima County Transportation Department had construction contractual commitments of \$46,857 and other contractual commitments related to service contracts of \$21,633. Funding for these expenditures will be primarily provided from Transportation Revenue Bonds, federal grants funding and Highway User Tax Revenue, which is the primary source of revenue for the Transportation Department.

Note 14: Deficit Fund Balances/Net Position

The Stadium District and Other Grants – Special Revenue Fund had deficit fund balances at June 30, 2015 of \$952 and \$2,520 respectively. In addition, the Development Services Enterprise Fund had a deficit net position at June 30, 2015 of \$3,379. The deficits can be eliminated in the future through normal operations.



Required Supplementary Information

Other Than Management's Discussion & Analysis

PIMA COUNTY, ARIZONA

Exhibit B - 1

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - General Fund
For the Year Ended June 30, 2015
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 325,729	\$ 325,729	\$ 324,840	\$ (889)
Licenses and permits	2,977	2,977	2,989	12
Intergovernmental	141,162	141,162	142,459	1,297
Charges for services	41,971	41,971	41,253	(718)
Fines and forfeits	4,495	4,495	3,789	(706)
Investment earnings	281	281	225	(56)
Miscellaneous	5,358	5,358	6,167	809
Total revenues	<u>521,973</u>	<u>521,973</u>	<u>521,722</u>	<u>(251)</u>
Expenditures:				
General government				
Assessor	8,987	8,987	8,193	794
Board of Supervisors	2,026	2,026	1,792	234
Clerk of Superior Court	10,829	10,829	11,138	(309)
Constables	1,186	1,186	1,217	(31)
County Administration	84,870	84,870	53,712	31,158
County Attorney	22,472	22,472	22,380	92
Justice Courts	8,283	8,283	7,977	306
Juvenile Courts	23,286	23,286	22,953	333
Justice & Law Enforcement	29,500	29,500	32,187	(2,687)
Public Works (Facilities Management)	18,438	18,438	18,007	431
Recorder	4,325	4,325	3,961	364
Superior Court	29,849	29,849	29,961	(112)
Superior Court Mandated Services	1,809	1,809	1,484	325
Treasurer	2,570	2,570	2,363	207
Public safety				
Sheriff	136,816	136,816	138,666	(1,850)
Office of Emergency Management & Homeland Security	607	607	57	550
Sanitation				
Environmental Quality	1,366	1,366	1,290	76
Health				
Forensic Science Center	3,603	3,603	3,527	76
Welfare				
County Admin - Welfare	57,219	57,219	56,415	804
Office of Medical Services	42,147	42,147	36,796	5,351
Culture and recreation				
County Admin - Culture and recreation			13,252	(13,252)
Public Works (Parks and Recreation)	18,215	18,215	17,663	552
Education and economic opportunity				
Community & Economic Development	11,495	11,495	10,810	685
School Superintendent	1,504	1,504	1,464	40
Debt Service - principal			149	(149)
- interest			11	(11)
Total expenditures	<u>521,402</u>	<u>521,402</u>	<u>497,425</u>	<u>23,977</u>
Excess of revenues over expenditures	571	571	24,297	23,726
Other financing sources (uses):				
Installment note			11,500	11,500
Proceeds from sale of capital assets			15	15
Transfers in	7,839	7,839	9,533	1,694
Transfers (out)	(40,884)	(40,884)	(41,410)	(526)
Total other financing (uses)	<u>(33,045)</u>	<u>(33,045)</u>	<u>(20,362)</u>	<u>12,683</u>
Net change in fund balances	(32,474)	(32,474)	3,935	36,409
Fund balances at beginning of year	32,474	32,474	48,190	15,716
Fund balances at end of year	<u>\$</u>	<u>\$</u>	<u>\$ 52,125</u>	<u>\$ 52,125</u>

PIMA COUNTY, ARIZONA
Notes to Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - General Fund
June 30, 2015
(in thousands)

Exhibit B - 1

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. With the exception of the General Fund, Other Special Revenue, and Other Special Revenue – Grants, each fund includes only one department.

Note 2 – Expenditures in Excess of Appropriations

For the year ended June 30, 2015, expenditures for the following departments in the General Fund exceeded final budget amounts at the department level (the legal level of budgetary control) as follows:

Function/Department	Excess
General government:	
Clerk of Superior Court	\$ 309
Constables	31
Justice & Law Enforcement	2,687
Superior Court	<u>112</u>
Total general government	<u><u>3,139</u></u>
Public safety:	
Sheriff	<u>1,850</u>
Total public safety	<u><u>1,850</u></u>
Culture and recreation:	
County Admin - Culture and recreation	<u>13,252</u>
Total culture and recreation	<u><u>13,252</u></u>
Debt Service - principal	
- interest	<u>149</u>
Total debt service	<u><u>\$ 11</u></u>
	<u><u>\$ 160</u></u>

These expenditures were funded by greater than anticipated revenues and unspent appropriations.

PIMA COUNTY, ARIZONA
Schedule of the County's Proportionate Share of the Net Pension Liability
Cost-Sharing Pension Plans
June 30, 2015
(in thousands)

	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	2014 through 2006
Arizona State Retirement System		
County's proportion of the net pension liability	2.56%	Information
County's proportionate share of the net pension liability	\$ 379,139	not available
County's covered-employee payroll	\$ 230,597	
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	164.4%	
Plan fiduciary net position as a percentage of the total pension liability	69.49%	

	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	2014 through 2006
Corrections Officer Retirement Plan—Administrative Office of the Courts		
County's proportion of the net pension liability	12.43%	Information
County's proportionate share of the net pension liability	\$ 27,888	not available
County's covered-employee payroll	\$ 13,344	
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	209.0%	
Plan fiduciary net position as a percentage of the total pension liability	58.59%	

	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	2014 through 2006
Elected Officials Retirement Plan		
County's proportion of the net pension liability	7.64%	Information
County's proportionate share of the net pension liability	\$ 51,259	not available
State's proportionate share of the net pension liability associated with the County	\$ 15,717	
Total	<u>\$ 66,976</u>	
County's covered-employee payroll	\$ 6,974	
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	735.0%	
Plan fiduciary net position as a percentage of the total pension liability	31.91%	

PIMA COUNTY, ARIZONA
Schedule of Changes in the County's
Net Pension Liability and Related Ratios
Agent Pension Plans
June 30, 2015
(in thousands)

B - 2

Public Safety Personnel Retirement System - Sheriff	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	2014 through 2006
Total pension liability		Information
Service cost	\$ 6,346	not available
Interest on the total pension liability	21,060	
Changes of benefit terms	7,336	
Differences between expected and actual experience in the measurement of the pension liability	(462)	
Changes of assumptions or other inputs	34,338	
Benefit payments, including refunds of employee contributions	(17,811)	
Net change in total pension liability	50,807	
Total pension liability—beginning	274,018	
Total pension liability—ending (a)	\$ 324,825	
 Plan fiduciary net position		
Contributions—employer	\$ 11,691	
Contributions—employee	2,351	
Net investment income	17,221	
Benefit payments, including refunds of employee contributions	(17,811)	
Administrative expense	(139)	
Other changes	(92)	
Net change in plan fiduciary net position	13,221	
Plan fiduciary net position—beginning	126,625	
Plan fiduciary net position—ending (b)	\$ 139,846	
 County's net pension liability —ending (a) – (b)	\$ 184,979	
 Plan fiduciary net position as a percentage of the total pension liability	43.05%	
 Covered-employee payroll	\$ 31,767	
 County's net pension liability as a percentage of covered-employee payroll	582.30%	

PIMA COUNTY, ARIZONA
Schedule of Changes in the County's
Net Pension Liability and Related Ratios
Agent Pension Plans
June 30, 2015
(in thousands)

B - 2

Corrections Officer Retirement Plan - Detention	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	2014 through 2006
Total pension liability		Information
Service cost	\$ 2,852	not available
Interest on the total pension liability	6,623	
Changes of benefit terms	1,459	
Differences between expected and actual experience in the measurement of the pension liability	(609)	
Changes of assumptions or other inputs	10,555	
Benefit payments, including refunds of employee contributions	(6,975)	
Net change in total pension liability	13,905	
Total pension liability—beginning	86,428	
Total pension liability—ending (a)	\$ 100,333	
 Plan fiduciary net position		
Contributions—employer	\$ 2,970	
Contributions—employee	1,686	
Net investment income	6,030	
Benefit payments, including refunds of employee contributions	(6,975)	
Administrative expense	(48)	
Other changes	11	
Net change in plan fiduciary net position	3,674	
Plan fiduciary net position—beginning	44,686	
Plan fiduciary net position—ending (b)	\$ 48,360	
 County's net pension liability —ending (a) – (b)	\$ 51,973	
 Plan fiduciary net position as a percentage of the total pension liability	48.20%	
 Covered-employee payroll	\$ 20,051	
 County's net pension liability as a percentage of covered-employee payroll	259.20%	

PIMA COUNTY, ARIZONA
Schedule of County Pension Contributions
June 30, 2015
(in thousands)

B - 2

Arizona State Retirement System	Reporting Fiscal Year		2013 through 2006 Information not available
	2015	2014	
Statutorily required contribution	\$ 25,218	\$ 24,600	
County's contributions in relation to the statutorily required contribution	25,218	24,600	
County's contribution deficiency (excess)	\$	\$	
County's covered-employee payroll	\$ 230,963	\$ 230,597	
County's contributions as a percentage of covered-employee payroll	10.9%	10.7%	
Corrections Officer Retirement Plan—Administrative Office of the Courts	Reporting Fiscal Year		2013 through 2006 Information not available
	2015	2014	
Statutorily required contribution	\$ 2,062	\$ 1,933	
County's contributions in relation to the statutorily required contribution	2,062	1,933	
County's contribution deficiency (excess)	\$	\$	
County's covered-employee payroll	\$ 13,857	\$ 13,344	
County's contributions as a percentage of covered-employee payroll	14.9%	14.5%	
Elected Officials Retirement Plan	Reporting Fiscal Year		2013 through 2006 Information not available
	2015	2014	
Statutorily required contribution	\$ 1,502	\$ 1,629	
County's contributions in relation to the statutorily required contribution	1,502	1,629	
County's contribution deficiency (excess)	\$	\$	
County's covered-employee payroll	\$ 6,433	\$ 6,974	
County's contributions as a percentage of covered-employee payroll	23.4%	23.4%	
Public Safety Personnel Retirement System - Sheriff	Reporting Fiscal Year		2013 through 2006 Information not available
	2015	2014	
Actuarially determined contribution	\$ 12,612	\$ 11,691	
County's contributions in relation to the actuarially determined contribution	12,612	11,691	
County's contribution deficiency (excess)	\$	\$	
County's covered-employee payroll	\$ 31,443	\$ 31,767	
County's contributions as a percentage of covered-employee payroll	40.1%	36.8%	

PIMA COUNTY, ARIZONA
Notes to Pension Plan Schedules
June 30, 2015
(in thousands)

Corrections Officer Retirement Plan - Detention	Reporting Fiscal Year		2013 through 2006 Information not available
	2015	2014	
Actuarially determined contribution	\$ 3,441	\$ 2,970	
County's contributions in relation to the actuarially determined contribution	3,441	2,970	
County's contribution deficiency (excess)	\$	\$	
County's covered-employee payroll	\$ 20,816	\$ 20,051	
County's contributions as a percentage of covered-employee payroll	16.5%	14.8%	

Note 1 – Actuarially Determined Contribution Rates

Actuarial determined contribution rates for PSPRS and CORP are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period as of the 2013 actuarial valuation	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%
Projected salary increases	In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5% for PSPRS and from 5.0%–8.25% to 4.5%–7.75% for CORP
Wage growth	In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS and CORP
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	RP-2000 mortality table (adjusted by 105% for both males and females)

PIMA COUNTY, ARIZONA
Schedule of Agent OPEB Plans' Funding Progress
June 30, 2015
(in thousands)

Health Insurance Premium Benefit

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded actuarial accrued liability (UAAL) (funding excess) (b) – (a)	Funded ratio (a)/(b)	Annual covered payroll (c)	UAAL (funding excess) as a percentage of covered payroll (b) – (a)/c)
PSPRS Sheriff						
6/30/14	\$ 7,549	\$ 7,337	\$ (212)	102.9%	\$ 31,544	(0.7)%
6/30/13		7,460	7,460	0.0%	30,768	24.3%
6/30/12		7,325	7,325	0.0%	31,920	23.0%
CORP Detention						
6/30/14	\$ 3,248	\$ 3,122	\$ (126)	104.0%	\$ 19,765	(0.6)%
6/30/13		3,195	3,195	0.0%	19,665	16.3%
6/30/12		3,161	3,161	0.0%	21,743	14.5%

Note 1 – Factors That Affect the Identification of Trends

Beginning in fiscal year 2014, PSPRS and CORP established separate funds for pension benefits and health insurance premium benefits. Previously, the plans recorded both pension and health insurance premium contributions in the same Pension Fund. During fiscal year 2014, the plans transferred prior-year health insurance premium benefit contributions that exceeded benefit payments from each plan's Pension Fund to the new Health Insurance Fund.



Combining Statements and Other Schedules

Other (Nonmajor) Governmental Funds

OTHER GOVERNMENTAL FUNDS (Nonmajor)

Transportation Fund - to account for administrative and operating costs, as well as resources transferred to the Capital Projects Fund for construction of highways and streets. Financing is provided primarily from the County share of gasoline and vehicle license taxes collected by the State.

Health Fund - to account for resources used to finance activities involved in the conservation and improvement of public health and animal care. Major sources of funding include Federal and State grants, charges for services provided, and operating transfers from the General Fund.

Regional Flood Control District Fund - to account for amounts expended to protect persons and property from floodwaters. Revenues are provided by secondary taxes on real property and government grants. The Regional Flood Control District is a blended component unit of Pima County.

Other Special Revenue Fund - to account for resources specifically identified to be expended for the various other programs of the County. These include various probation programs, consumer protection programs, family support, antiracketeering programs, law library, etc. Revenues are provided by fines, intergovernmental revenues, fees and forfeitures, and charges for services.

Other Special Revenue Grants Fund - to account for Federal and State grants received by the County not required to be accounted for in a separate fund. Each grant has a specific project objective and the grant funds must be used for a stated purpose.

Office of Emergency Management's Radio System Special Revenue Fund - to account for the design, procurement and deployment of a regional public safety voice communications network to serve public and non-profit entities responsible for providing public safety and emergency management services to the Pima County populace.

School Reserve Fund - to account for Federal and State grants received by the Superintendent of Schools. Each grant has a specific project objective and the grant funds must be used for a stated purpose.

Environmental Quality Fund - to account for resources specifically identified to be expended for protection of water, air, and land from pollutants. Revenues are provided by fines, fees and forfeitures, licenses, permits, and Federal and State grants.

Waste Tire Fund - to account for the state shared revenue tax for the tire recycling program.

Library District Fund - to account for the resources used for management and operation of the Library District. Revenues are provided primarily by secondary taxes on real property. The Library District is a blended component unit of Pima County.

Stadium District Fund - to account for resources specifically identified to be expended for the Stadium District. Revenues are provided by the car rental, hotel/motel bed and recreation vehicle park taxes, and charges for services provided. The Stadium District is a blended component unit of Pima County.

Street Lighting District (SLDs) Fund - to account for financial activity related to street lighting in unincorporated Pima County. The SLDs are a blended component unit of Pima County.

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PIMA COUNTY, ARIZONA
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2015
(in thousands)

	Special Revenue Funds					OEM Radio System
	Transportation	Health	Regional Flood Control District	Other	Other Grants	
Assets						
Cash and cash equivalents	\$ 7,146	\$ 4,356	\$ 9,158	\$ 32,524		\$ 1,499
Property taxes receivable (net)			638			
Interest receivable	3	2	5	16	\$ 1	1
Due from other funds	27	359		76	237	
Due from other governments	4,376	1,311	16	239	12,839	
Accounts receivable	154	198	24	762	1,879	
Inventory	1,162	110				181
Prepaid expenditures	33	6	26	201	20	4
Restricted cash equivalents						
Total assets	<u>\$ 12,901</u>	<u>\$ 6,342</u>	<u>\$ 9,867</u>	<u>\$ 33,818</u>	<u>\$ 14,976</u>	<u>\$ 1,685</u>
Liabilities, deferred inflows of resources and fund balances						
Liabilities:						
Accounts payable	\$ 3,795	\$ 567	\$ 734	\$ 1,727	\$ 3,802	\$ 135
Interest payable					2	
Employee compensation	947	822	478	1,155	790	57
Due to other funds	2		27	217	1,991	
Due to other governments	3			6	1	
Deposits and rebates	2		2	1		
Unearned revenue	8		5	1,229	978	89
Total liabilities	<u>4,757</u>	<u>1,389</u>	<u>1,246</u>	<u>4,335</u>	<u>7,564</u>	<u>281</u>
Deferred inflows of resources:						
Unavailable revenue - intergovernmental		576	24	61	9,890	
Unavailable revenue - property taxes			461			
Unavailable revenue - other	133	66	12	70	42	
Total deferred inflows of resources	<u>133</u>	<u>642</u>	<u>497</u>	<u>131</u>	<u>9,932</u>	
Total liabilities and deferred inflows of resources	<u>4,890</u>	<u>2,031</u>	<u>1,743</u>	<u>4,466</u>	<u>17,496</u>	<u>281</u>
Fund balances						
Nonspendable	1,195	116	26	201	20	185
Restricted	6,816	4,195	8,098	24,004	58	
Committed				4,824		
Assigned				323		1,219
Unassigned					(2,598)	
Total fund balances	<u>8,011</u>	<u>4,311</u>	<u>8,124</u>	<u>29,352</u>	<u>(2,520)</u>	<u>1,404</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,901</u>	<u>\$ 6,342</u>	<u>\$ 9,867</u>	<u>\$ 33,818</u>	<u>\$ 14,976</u>	<u>\$ 1,685</u>

Special Revenue Funds						Total Other Governmental Funds
School Reserve	Environmental Quality	Waste Tire	Library District	Stadium District	Street Lighting Districts	
\$ 1,297	\$ 3,111	\$ 1,403	\$ 7,618		\$ 164	\$ 68,276
	2	1	1,096		2	1,736
			4	\$ 1		36
			26	88		813
155	3	286	3	250		19,478
19	80		477	135		3,728
						1,453
15			705	7		1,017
			45			45
<u>\$ 1,486</u>	<u>\$ 3,196</u>	<u>\$ 1,690</u>	<u>\$ 9,974</u>	<u>\$ 481</u>	<u>\$ 166</u>	<u>\$ 96,582</u>
\$ 78	\$ 16	\$ 255	\$ 908	\$ 165	\$ 12	\$ 12,194
				1		3
54	97		934	131		5,465
				899		3,136
						10
						5
<u>1</u>	<u>2</u>	<u></u>	<u>3</u>	<u>2</u>	<u></u>	<u>2,317</u>
<u>133</u>	<u>115</u>	<u>255</u>	<u>1,845</u>	<u>1,198</u>	<u>12</u>	<u>23,130</u>
			17	120		10,688
			845			1,306
	31			115		469
	31		862	235		12,463
<u>133</u>	<u>146</u>	<u>255</u>	<u>2,707</u>	<u>1,433</u>	<u>12</u>	<u>35,593</u>
15			750	7		2,515
493	1,385	1,435	6,517		154	53,155
283				1,213		6,320
562	1,665					3,769
				(2,172)		(4,770)
<u>1,353</u>	<u>3,050</u>	<u>1,435</u>	<u>7,267</u>	<u>(952)</u>	<u>154</u>	<u>60,989</u>
<u>\$ 1,486</u>	<u>\$ 3,196</u>	<u>\$ 1,690</u>	<u>\$ 9,974</u>	<u>\$ 481</u>	<u>\$ 166</u>	<u>\$ 96,582</u>

PIMA COUNTY, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Nonmajor Governmental Funds
For the Year Ended June 30, 2015
(in thousands)

	Special Revenue Funds					OEM Radio System
	Transportation	Health	Regional Flood Control District	Other	Other Grants	
Revenues:						
Property taxes			\$ 20,545			
Licenses and permits	\$ 1,160	\$ 2,167	2			
Intergovernmental	53,422	5,147	52	\$ 21,104	\$ 46,646	
Charges for services	245	2,228	246	7,496		\$ 2,610
Fines and forfeits		114		5,048		
Investment earnings	31	13	48	140	7	6
Miscellaneous	608	1,008	79	4,710	932	57
Total revenues	55,466	10,677	20,972	38,498	47,585	2,673
Expenditures:						
General government				33,933	4,915	
Public safety			14,260	1,053	5,670	1,778
Highways and streets	39,022				642	
Sanitation						
Health		21,116		23	10,672	
Welfare					207	
Culture and recreation				420	64	
Education and economic opportunity				2,620	17,206	
Debt service - principal				79		
- interest				4		
Total expenditures	39,022	21,116	14,260	38,132	39,376	1,778
Excess (deficiency) of revenues over (under) expenditures	16,444	(10,439)	6,712	366	8,209	895
Other financing sources (uses):						
Proceeds from sale of capital assets	26			3		
Transfers in	3,121	12,758	1	2,146	1,605	1
Transfers (out)	(22,450)	(684)	(10,291)	(4,071)	(11,302)	
Total other financing sources (uses)	(19,303)	12,074	(10,290)	(1,922)	(9,697)	1
Net change in fund balances	(2,859)	1,635	(3,578)	(1,556)	(1,488)	896
Fund balances at beginning of year, as restated	10,870	2,626	11,702	30,908	(1,032)	508
Change in inventory		50				
Change in prepaids						
Fund balance at end of year	\$ 8,011	\$ 4,311	\$ 8,124	\$ 29,352	\$ (2,520)	\$ 1,404

Special Revenue Funds						Total Other Governmental Funds
School Reserve	Environmental Quality	Waste Tire	Library District	Stadium District	Street Lighting Districts	
			\$ 32,691		\$ 131	\$ 53,367
\$ 1,845	\$ 2,138	\$ 1,161	221	\$ 1,521		5,467
			458	958		131,119
	1		557			14,241
	13	5	18	5	1	5,720
	13		816	2		287
<u>1,845</u>	<u>2,165</u>	<u>1,166</u>	<u>34,761</u>	<u>2,486</u>	<u>132</u>	<u>8,225</u>
						218,426
					158	39,006
						22,761
						39,664
		1,113				1,113
	2,449					34,260
						207
2,180			32,898	4,690		38,072
						22,006
						79
						4
<u>2,180</u>	<u>2,449</u>	<u>1,113</u>	<u>32,898</u>	<u>4,690</u>	<u>158</u>	<u>197,172</u>
(335)	(284)	53	1,863	(2,204)	(26)	21,254
		75				104
	649			5,509		25,790
	(112)	(379)	(889)	(2,879)		(53,057)
	537	(304)	(889)	2,630		(27,163)
(335)	253	(251)	974	426	(26)	(5,909)
1,673	2,797	1,686	6,293	(1,378)	180	66,833
15						50
						15
<u>\$ 1,353</u>	<u>\$ 3,050</u>	<u>\$ 1,435</u>	<u>\$ 7,267</u>	<u>\$ (952)</u>	<u>\$ 154</u>	<u>\$ 60,989</u>

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Combining Statements and Other Schedules

Schedule of Revenues, Expenditures and Changes in
Fund Balance

Budget and Actual - Other Governmental Funds

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Capital Projects Fund
For the Year Ended June 30, 2015
(in thousands)

Exhibit C - 3

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Intergovernmental	\$ 27,028	\$ 23,038	\$ (3,990)
Charges for services	3,003	4,728	1,725
Investment earnings	243	462	219
Miscellaneous	481	1,276	795
Total revenues	<u>30,755</u>	<u>29,504</u>	<u>(1,251)</u>
Expenditures:			
Capital outlay	<u>145,816</u>	<u>100,788</u>	<u>45,028</u>
Total expenditures	<u>145,816</u>	<u>100,788</u>	<u>45,028</u>
Deficiency of revenues under expenditures	<u>(115,061)</u>	<u>(71,284)</u>	<u>43,777</u>
Other financing sources (uses):			
Face amount of long-term debt issued	78,681	72,025	(6,656)
Transfers in	41,312	31,335	(9,977)
Transfers (out)	<u>(69,824)</u>	<u>(51,253)</u>	<u>18,571</u>
Total other financing sources	<u>50,169</u>	<u>52,107</u>	<u>1,938</u>
Net change in fund balance	(64,892)	(19,177)	45,715
Fund balance at beginning of year	129,795	149,012	19,217
Fund balance at end of year	<u>\$ 64,903</u>	<u>\$ 129,835</u>	<u>\$ 64,932</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Debt Service Fund
For the Year Ended June 30, 2015
(in thousands)

Exhibit C - 4

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Property taxes	\$ 52,916	\$ 53,164	\$ 248
Intergovernmental		12	12
Investment earnings		181	181
Miscellaneous		12	12
Total revenues	<u>52,916</u>	<u>53,369</u>	<u>453</u>
Expenditures:			
Debt service - principal	85,085	81,705	3,380
- interest	29,847	26,424	3,423
- miscellaneous	22	863	(841)
Total expenditures	<u>114,954</u>	<u>108,992</u>	<u>5,962</u>
Deficiency of revenues under expenditures	<u>(62,038)</u>	<u>(55,623)</u>	<u>6,415</u>
Other financing sources (uses):			
Premium on bonds		5,949	5,949
Issuance of refunding debt		13,685	13,685
Payments to escrow agent		(15,250)	(15,250)
Transfers in	62,828	54,839	(7,989)
Transfers (out)		(3,024)	(3,024)
Total other financing sources	<u>62,828</u>	<u>56,199</u>	<u>(6,629)</u>
Net change in fund balance	790	576	(214)
Fund balance at beginning of year	<u>3,641</u>	<u>7,848</u>	<u>4,207</u>
Fund balance at end of year	<u>\$ 4,431</u>	<u>\$ 8,424</u>	<u>\$ 3,993</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Transportation - Special Revenue Fund
For the Year Ended June 30, 2015
(in thousands)

Exhibit C - 5

	Budget	Actual	Variance
Revenues:			
Licenses and permits	\$ 1,119	\$ 1,160	\$ 41
Intergovernmental	49,323	53,422	4,099
Charges for services	172	245	73
Investment earnings	80	31	(49)
Miscellaneous	284	608	324
Total revenues	50,978	55,466	4,488
Expenditures:			
Highways and streets	39,182	39,022	160
Total expenditures	39,182	39,022	160
Excess of revenues over expenditures	11,796	16,444	4,648
Other financing sources (uses):			
Proceeds from sale of capital assets		26	26
Transfers in	5,121	3,121	(2,000)
Transfers (out)	(25,043)	(22,450)	2,593
Total other financing uses	(19,922)	(19,303)	619
Net change in fund balance	(8,126)	(2,859)	5,267
Fund balance at beginning of year	10,120	10,870	750
Fund balance at end of year	\$ 1,994	\$ 8,011	\$ 6,017

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Health - Special Revenue Fund
For the Year Ended June 30, 2015
(in thousands)

Exhibit C - 6

	Budget	Actual	Variance
Revenues:			
Licenses and permits	\$ 2,211	\$ 2,167	\$ (44)
Intergovernmental	4,515	5,147	632
Charges for services	2,956	2,228	(728)
Fines and forfeits	125	114	(11)
Investment earnings		13	13
Miscellaneous	580	1,008	428
Total revenues	<u>10,387</u>	<u>10,677</u>	<u>290</u>
Expenditures:			
Health	21,923	21,116	807
Total expenditures	<u>21,923</u>	<u>21,116</u>	<u>807</u>
Deficiency of revenues under expenditures	<u>(11,536)</u>	<u>(10,439)</u>	<u>1,097</u>
Other financing sources (uses):			
Transfers in	12,418	12,758	340
Transfers (out)	(1,383)	(684)	699
Total other financing sources	<u>11,035</u>	<u>12,074</u>	<u>1,039</u>
Net change in fund balance	(501)	1,635	2,136
Fund balance at beginning of year	1,955	2,626	671
Change in inventory		50	50
Fund balance at end of year	<u>\$ 1,454</u>	<u>\$ 4,311</u>	<u>\$ 2,857</u>

Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual
 Regional Flood Control District - Special Revenue Fund
 For the Year Ended June 30, 2015
 (in thousands)

	Budget	Actual	Variance
Revenues:			
Property taxes	\$ 20,470	\$ 20,545	\$ 75
Licenses and permits	1	2	1
Intergovernmental	40	52	12
Charges for services	3,070	246	(2,824)
Investment earnings	35	48	13
Miscellaneous	55	79	24
Total revenues	23,671	20,972	(2,699)
Expenditures:			
Flood Control	16,971	14,260	2,711
Total expenditures	16,971	14,260	2,711
Excess of revenues over expenditures	6,700	6,712	12
Other financing sources (uses):			
Transfers in		1	1
Transfers (out)	(10,424)	(10,291)	133
Total other financing uses	(10,424)	(10,290)	134
Net change in fund balance	(3,724)	(3,578)	146
Fund balance at beginning of year	7,390	11,702	4,312
Fund balance at end of year	\$ 3,666	\$ 8,124	\$ 4,458

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Other - Special Revenue Fund
For the Year Ended June 30, 2015
(in thousands)

Exhibit C - 8

	Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 23,980	\$ 21,104	\$ (2,876)
Charges for services	7,392	7,496	104
Fines and forfeits	2,739	5,048	2,309
Investment earnings	240	140	(100)
Miscellaneous	6,701	4,710	(1,991)
Total revenues	<u>41,052</u>	<u>38,498</u>	<u>(2,554)</u>
Expenditures:			
General government	43,233	33,933	9,300
Public safety	5,014	1,053	3,961
Health	31	23	8
Culture and recreation	936	420	516
Education and economic opportunity	3,247	2,620	627
Debt service - principal		79	(79)
- interest		4	(4)
Total expenditures	<u>52,461</u>	<u>38,132</u>	<u>14,329</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,409)</u>	<u>366</u>	<u>11,775</u>
Other financing sources (uses):			
Proceeds from sale of capital assets		3	3
Transfers in	1,861	2,146	285
Transfers (out)	(2,809)	(4,071)	(1,262)
Total other financing uses	<u>(948)</u>	<u>(1,922)</u>	<u>(974)</u>
Net change in fund balance	(12,357)	(1,556)	10,801
Fund balance at beginning of year	<u>25,557</u>	<u>30,908</u>	<u>5,351</u>
Fund balance at end of year	<u>\$ 13,200</u>	<u>\$ 29,352</u>	<u>\$ 16,152</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Other Grants - Special Revenue Fund
For the Year Ended June 30, 2015
(in thousands)

Exhibit C - 9

	Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 67,788	\$ 46,646	\$ (21,142)
Investment earnings	9	7	(2)
Miscellaneous	1,593	932	(661)
Total revenues	<u>69,390</u>	<u>47,585</u>	<u>(21,805)</u>
Expenditures:			
County Administration		14	(14)
Clerk of the Superior Court	35		35
Community Development	5,540	4,374	1,166
Community Services	14,079	12,832	1,247
County Attorney	2,669	2,857	(188)
Elections	61		61
Environmental Quality	812	829	(17)
Finance	25	14	11
Flood Control	126	96	30
Health	9,886	9,842	44
Justice Court	146	65	81
Juvenile Court	1,166	964	202
Office of Emergency Management	1,690	1,255	435
Office of Medical Services	117	207	(90)
Office of Sustainability and Conservation		14	(14)
Natural Resources, Parks and Recreation	91	64	27
Recorder	90	67	23
Sheriff	8,698	4,320	4,378
Superior Court	923	920	3
Transportation	5,460	642	4,818
Total expenditures	<u>51,614</u>	<u>39,376</u>	<u>12,238</u>
Excess of revenues over expenditures	<u>17,776</u>	<u>8,209</u>	<u>(9,567)</u>
Other financing sources (uses):			
Transfers in	1,512	1,605	93
Transfers (out)	(19,172)	(11,302)	7,870
Total other financing uses	<u>(17,660)</u>	<u>(9,697)</u>	<u>7,963</u>
Net change in fund balance	116	(1,488)	(1,604)
Fund balance at beginning of year	3,949	(1,032)	(4,981)
Fund balance at end of year	<u>\$ 4,065</u>	<u>\$ (2,520)</u>	<u>\$ (6,585)</u>

Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual
 Office of Emergency Management's Radio System - Special Revenue Fund
 For the Year Ended June 30, 2015
 (in thousands)

	Budget	Actual	Variance
Revenues:			
Charges for services	\$ 2,579	\$ 2,610	\$ 31
Investment earnings		6	6
Miscellaneous	31	57	26
Total revenues	<u>2,610</u>	<u>2,673</u>	<u>63</u>
Expenditures:			
Public safety	2,437	1,778	659
Total expenditures	<u>2,437</u>	<u>1,778</u>	<u>659</u>
Excess of revenues over expenditures	<u>173</u>	<u>895</u>	<u>722</u>
Other financing sources:			
Transfers in		1	1
Total other financing sources		<u>1</u>	<u>1</u>
Net change in fund balance	173	896	723
Fund balance at beginning of year	318	508	190
Fund balance at end of year	<u>\$ 491</u>	<u>\$ 1,404</u>	<u>\$ 913</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
School Reserve - Special Revenue Fund
For the Year Ended June 30, 2015
(in thousands)

Exhibit C - 11

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Intergovernmental	\$ 2,150	\$ 1,845	\$ (305)
Total revenues	<u>2,150</u>	<u>1,845</u>	<u>(305)</u>
Expenditures:			
School Reserve grants	2,150	2,180	(30)
Total expenditures	<u>2,150</u>	<u>2,180</u>	<u>(30)</u>
Deficiency of revenues under expenditures		(335)	(335)
Net change in fund balance		(335)	(335)
Fund balance at beginning of year	1,869	1,673	(196)
Change in prepaid expenditures		15	15
Fund balance at end of year	<u>\$ 1,869</u>	<u>\$ 1,353</u>	<u>\$ (516)</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Environmental Quality - Special Revenue Fund
For the Year Ended June 30, 2015
(in thousands)

Exhibit C - 12

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Licenses and permits	\$ 2,366	\$ 2,138	\$ (228)
Intergovernmental	16		(16)
Fines and forfeits		1	1
Investment earnings	15	13	(2)
Miscellaneous	18	13	(5)
Total revenues	<u>2,415</u>	<u>2,165</u>	<u>(250)</u>
Expenditures:			
Environmental Quality	3,467	2,449	1,018
Total expenditures	<u>3,467</u>	<u>2,449</u>	<u>1,018</u>
Deficiency of revenues under expenditures	<u>(1,052)</u>	<u>(284)</u>	<u>768</u>
Other financing sources (uses):			
Transfers in	649	649	
Transfers (out)	(51)	(112)	(61)
Total other financing sources	<u>598</u>	<u>537</u>	<u>(61)</u>
Net change in fund balance	(454)	253	707
Fund balance at beginning of year	988	2,797	1,809
Fund balance at end of year	<u>\$ 534</u>	<u>\$ 3,050</u>	<u>\$ 2,516</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Waste Tire - Special Revenue Fund
For the Year Ended June 30, 2015
(in thousands)

Exhibit C - 13

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Intergovernmental	\$ 1,100	\$ 1,161	\$ 61
Investment earnings	8	5	(3)
Total revenues	<u>1,108</u>	<u>1,166</u>	<u>58</u>
Expenditures:			
Sanitation	<u>1,223</u>	<u>1,113</u>	<u>110</u>
Total expenditures	<u>1,223</u>	<u>1,113</u>	<u>110</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(115)</u>	<u>53</u>	<u>168</u>
Other financing sources (uses):			
Proceeds from sale of capital assets		75	75
Transfers (out)		<u>(379)</u>	<u>(379)</u>
Total other financing uses		<u>(304)</u>	<u>(304)</u>
Net change in fund balance	(115)	(251)	(136)
Fund balance at beginning of year	1,100	1,686	586
Fund balance at end of year	<u>\$ 985</u>	<u>\$ 1,435</u>	<u>\$ 450</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Library District - Special Revenue Fund
For the Year Ended June 30, 2015
(in thousands)

Exhibit C - 14

	Budget	Actual	Variance
Revenues:			
Property taxes	\$ 32,667	\$ 32,691	\$ 24
Intergovernmental	655	221	(434)
Charges for services		458	458
Fines and forfeits	600	557	(43)
Investment earnings	50	18	(32)
Miscellaneous	510	816	306
Total revenues	<u>34,482</u>	<u>34,761</u>	<u>279</u>
Expenditures:			
Culture and recreation	37,773	32,898	4,875
Total expenditures	<u>37,773</u>	<u>32,898</u>	<u>4,875</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,291)</u>	<u>1,863</u>	<u>5,154</u>
Other financing uses :			
Transfers (out)	(1,061)	(889)	172
Total other financing uses	<u>(1,061)</u>	<u>(889)</u>	<u>172</u>
Net change in fund balance	(4,352)	974	5,326
Fund balance at beginning of year	4,527	6,293	1,766
Fund balance at end of year	<u>\$ 175</u>	<u>\$ 7,267</u>	<u>\$ 7,092</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Stadium District - Special Revenue Fund
For the Year Ended June 30, 2015
(in thousands)

Exhibit C - 15

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Intergovernmental	\$ 1,590	\$ 1,521	\$ (69)
Charges for services	1,045	958	(87)
Investment earnings	21	5	(16)
Miscellaneous		2	2
Total revenues	<u>2,656</u>	<u>2,486</u>	<u>(170)</u>
Expenditures:			
Culture and recreation	<u>5,253</u>	<u>4,690</u>	<u>563</u>
Total expenditures	<u>5,253</u>	<u>4,690</u>	<u>563</u>
Deficiency of revenues under expenditures	<u>(2,597)</u>	<u>(2,204)</u>	<u>393</u>
Other financing sources (uses):			
Transfers in	5,721	5,509	(212)
Transfers (out)	<u>(2,867)</u>	<u>(2,879)</u>	<u>(12)</u>
Total other financing sources	<u>2,854</u>	<u>2,630</u>	<u>(224)</u>
Net change in fund balance	257	426	169
Fund balance at beginning of year	(1,756)	(1,378)	378
Fund balance at end of year	<u>\$ (1,499)</u>	<u>\$ (952)</u>	<u>\$ 547</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Street Lighting Districts
For the Year Ended June 30, 2015
(in thousands)

Exhibit C - 16

	Budget	Actual	Variance
Revenues:			
Property taxes	\$ 130	\$ 131	\$ 1
Investment earnings		1	1
Total revenues	130	132	2
Expenditures:			
General government	173	158	15
Total expenditures	173	158	15
Deficiency of revenues under expenditures	(43)	(26)	17
Net change in fund balance	(43)	(26)	17
Fund balance at beginning of year		180	180
Fund balance at end of year	\$ (43)	\$ 154	\$ 197



Combining Statements and Other Schedules

Other (Nonmajor) Enterprise Funds

Other (Nonmajor) Enterprise Funds

Development Services - to account for the operations of providing zoning permits, enforcing ordinances in compliance with state statutes, and administering uniform building codes.

Parking Garages - to account for the management and operation of seven public parking garages located in downtown Tucson.

PIMA COUNTY, ARIZONA
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2015
(in thousands)

Exhibit C - 17

	Development Services	Parking Garages	Total Nonmajor Enterprise Funds
Assets			
Current assets:			
Cash and cash equivalents	\$ 3,264	\$ 2,979	\$ 6,243
Interest receivable	2	2	4
Due from other governments		6	6
Accounts receivable	238	66	304
Prepaid expense	23	3	26
Total current assets	3,527	3,056	6,583
Noncurrent assets:			
Capital assets:			
Land		1,768	1,768
Buildings and improvements		27,608	27,608
Equipment	309	1,271	1,580
Construction in progress		3	3
Less accumulated depreciation	(309)	(9,802)	(10,111)
Total capital assets (net of accumulated depreciation)		20,848	20,848
Total noncurrent assets		20,848	20,848
Total assets	3,527	23,904	27,431
Deferred outflows of resources			
Deferred outflows related to pensions	745	34	779
Total deferred outflows of resources	745	34	779
Liabilities			
Current liabilities:			
Accounts payable	78	317	395
Employee compensation	249	16	265
Due to other funds	1		1
Total current liabilities	328	333	661
Noncurrent liabilities:			
Compensated absences payable	451	10	461
Net pension liability	5,849	264	6,113
Total noncurrent liabilities	6,300	274	6,574
Total liabilities	6,628	607	7,235
Deferred inflows of resources			
Deferred inflows related to pensions	1,023	46	1,069
Total deferred inflows of resources	1,023	46	1,069
Net position			
Net investment in capital assets		20,848	20,848
Unrestricted	(3,379)	2,437	(942)
Total net position	\$ (3,379)	\$ 23,285	\$ 19,906

PIMA COUNTY, ARIZONA
Combining Statement of Revenues, Expenses and
Changes in Fund Net Position
Nonmajor Enterprise Fund
For the Year Ended June 30, 2015
(in thousands)

Exhibit C - 18

	Development Services	Parking Garages	Total Nonmajor Enterprise Funds
Operating revenues:			
Charges for services	\$ 6,324	\$ 2,271	\$ 8,595
Other	38	5	43
Total net operating revenues	<u>6,362</u>	<u>2,276</u>	<u>8,638</u>
Operating expenses:			
Employee compensation	4,879	343	5,222
Operating supplies and services	37	33	70
Repair and maintenance	21	83	104
General and administrative	1,589	1,119	2,708
Consultants and professional services	362	15	377
Depreciation		221	221
Total operating expenses	<u>6,888</u>	<u>1,814</u>	<u>8,702</u>
Operating income (loss)	<u>(526)</u>	<u>462</u>	<u>(64)</u>
Nonoperating revenues:			
Investment earnings	15	14	29
Total nonoperating revenues	<u>15</u>	<u>14</u>	<u>29</u>
Income (loss) before transfers	(511)	476	(35)
Transfers in		11,979	11,979
Transfers (out)	(71)	(2,004)	(2,075)
Change in net position	(582)	10,451	9,869
Net position at beginning of year, as restated	(2,797)	12,834	10,037
Net position at end of year	<u>\$ (3,379)</u>	<u>\$ 23,285</u>	<u>\$ 19,906</u>

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2015
(in thousands)

Exhibit C - 19

	Development Services	Parking Garages	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Cash received from customers for goods and services provided	\$ 6,221	\$ 2,268	\$ 8,489
Cash payments to suppliers for goods and services	(151)	(1,289)	(1,440)
Cash payments to other funds for goods and services	(1,924)	(5)	(1,929)
Cash payments to employees for services	(4,851)	(339)	(5,190)
Net cash provided by (used for) operating activities	(705)	635	(70)
Cash flows from noncapital financing activities:			
Cash transfers out to other funds	(71)	(2,004)	(2,075)
Net cash used for noncapital financing activities	(71)	(2,004)	(2,075)
Cash flows from capital and related financing activities:			
Transfers received for capital acquisition		11,979	11,979
Purchase of capital assets		(11,979)	(11,979)
Net cash used for capital and related financing activities			
Cash flows from investing activities:			
Interest received on cash and investments	17	17	34
Net cash provided by investing activities	17	17	34
Net decrease in cash and cash equivalents	(759)	(1,352)	(2,111)
Cash and cash equivalents at beginning of year	4,023	4,331	8,354
Cash and cash equivalents at end of year	\$ 3,264	\$ 2,979	\$ 6,243

(continued)

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2015
(in thousands)

Exhibit C - 19.1

(continued)

	Development Services	Parking Garages	Total Nonmajor Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ (526)	\$ 462	\$ (64)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization		221	221
Changes in assets and deferred outflows of resources:			
Decrease (increase) in assets:			
Accounts receivable	(141)	(8)	(149)
Prepaid expenses	(7)	1	(6)
Decrease in deferred outflows of resources:			
Pension plans	(364)	(17)	(381)
Changes in liabilities and deferred inflows of resources:			
Increase (decrease) in liabilities:			
Accounts payable	(60)	(44)	(104)
Due to other funds	1		1
Net pension liability	(637)	(30)	(667)
Other liabilities	6	4	10
Increase in deferred inflows of resources:			
Pension plans	1,023	46	1,069
Net cash provided by (used for) operating activities	\$ (705)	\$ 635	\$ (70)

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2015:

Development Services Fund retired fully depreciated capital assets with an original cost of \$330.



Combining Statements and Other Schedules

Internal Service Funds

Internal Service Funds

Self Insurance Trust Fund - to account for the risk management function of the County. The Fund provides self insurance coverage to the County for medical malpractice, workers' compensation, unemployment, general liability, environmental liability, and property damage as well as acquiring coverage for other risks.

Fleet Services - to account for the acquisition, operation, and maintenance of fleet services equipment provided to County departments.

Health Benefit Trust Fund - to account for health care and health-related benefits. The Fund is responsible for collecting employer and employee premiums through payroll deductions, and for the payment of claims. The premiums collected include amounts paid for medical, dental, vision, short-term disability and life insurance coverages.

Other Internal Service - to account for the provision of printing, technology infrastructure, telecommunication services, and procurement of software and hardware resources utilized by County departments.

PIMA COUNTY, ARIZONA
Combining Statement of Net Position
Internal Service Funds
June 30, 2015
(in thousands)

Exhibit C - 20

	Self- Insurance Trust	Fleet Services	Health Benefit Trust	Other Internal Service	Total Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	\$ 60,531	\$ 23,918	\$ 27,155	\$ 4,665	\$ 116,269
Interest receivable	6	6	9	3	24
Due from other funds	40	18	47	25	130
Due from other governments		76		2	78
Accounts receivable	236	28	2,329	18	2,611
Inventory		440		265	705
Prepaid expense	719	21		2,882	3,622
Total current assets	<u>61,532</u>	<u>24,507</u>	<u>29,540</u>	<u>7,860</u>	<u>123,439</u>
Noncurrent assets:					
Loan receivable	10,000				10,000
Capital assets:					
Land	449				449
Buildings and improvements		18,745		224	18,969
Equipment	168	40,787		8,295	49,250
Less accumulated depreciation	(163)	(17,581)		(6,211)	(23,955)
Construction in progress		256		3,091	3,347
Total capital assets (net)	<u>454</u>	<u>42,207</u>		<u>5,399</u>	<u>48,060</u>
Total noncurrent assets	<u>10,454</u>	<u>42,207</u>		<u>5,399</u>	<u>58,060</u>
Total assets	<u>71,986</u>	<u>66,714</u>	<u>29,540</u>	<u>13,259</u>	<u>181,499</u>
Deferred outflows of resources					
Deferred outflows related to pensions	226	447	120	303	1,096
Total deferred outflows of resources	<u>226</u>	<u>447</u>	<u>120</u>	<u>303</u>	<u>1,096</u>
Liabilities					
Current liabilities:					
Accounts payable	527	1,654	129	1,718	4,028
Employee compensation	80	170	43	141	434
Due to other funds	47		40		87
Due to other governments		4			4
Current portion reported but unpaid losses	4,234		374		4,608
Current portion incurred but not reported losses	2,622		3,784		6,406
Total current liabilities	<u>7,510</u>	<u>1,828</u>	<u>4,370</u>	<u>1,859</u>	<u>15,567</u>
Noncurrent liabilities:					
Compensated absences payable	62	246	52	111	471
Loan payable			10,000		10,000
Reported but unpaid losses	11,624		4		11,628
Incurred but not reported losses	8,697		38		8,735
Net pension liability	1,774	3,510	943	2,378	8,605
Total noncurrent liabilities	<u>22,157</u>	<u>3,756</u>	<u>11,037</u>	<u>2,489</u>	<u>39,439</u>
Total liabilities	<u>29,667</u>	<u>5,584</u>	<u>15,407</u>	<u>4,348</u>	<u>55,006</u>
Deferred inflows of resources					
Deferred inflows related to pensions	310	614	165	416	1,505
Total deferred inflows of resources	<u>310</u>	<u>614</u>	<u>165</u>	<u>416</u>	<u>1,505</u>
Net position					
Net investment in capital assets	454	42,207		5,399	48,060
Restricted for: Healthcare			14,088		14,088
Unrestricted	41,781	18,756		3,399	63,936
Total net position	<u>\$ 42,235</u>	<u>\$ 60,963</u>	<u>\$ 14,088</u>	<u>\$ 8,798</u>	<u>\$ 126,084</u>

PIMA COUNTY, ARIZONA
Combining Statement of Revenues, Expenses and
Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2015
(in thousands)

Exhibit C - 21

	Self- Insurance Trust	Fleet Services	Health Benefit Trust	Other Internal Service	Total Internal Service Funds
Operating revenues:					
Charges for services	\$ 17,138	\$ 20,631	\$ 61,874	\$ 5,905	\$ 105,548
Other	58	106	2,158	104	2,426
Total operating revenues	<u>17,196</u>	<u>20,737</u>	<u>64,032</u>	<u>6,009</u>	<u>107,974</u>
Operating expenses:					
Employee compensation	2,068	3,101	834	1,930	7,933
Operating supplies and services	338	6,465	4	1,630	8,437
Incurred losses	(470)		46,123		45,653
Insurance premiums	3,935	1,098	5,281	21	10,335
General and administrative	918	1,755	1,392	2,947	7,012
Repair and maintenance	361	931		276	1,568
Consultants and professional services	734	35	2,936	1,038	4,743
Depreciation	2	4,289		458	4,749
Total operating expenses	<u>7,886</u>	<u>17,674</u>	<u>56,570</u>	<u>8,300</u>	<u>90,430</u>
Operating income (loss)	<u>9,310</u>	<u>3,063</u>	<u>7,462</u>	<u>(2,291)</u>	<u>17,544</u>
Nonoperating revenues:					
Investment earnings	531	149	73	14	767
Gain on disposal of capital assets	27	16			43
Total nonoperating revenues	<u>558</u>	<u>165</u>	<u>73</u>	<u>14</u>	<u>810</u>
Income (loss) before transfers	9,868	3,228	7,535	(2,277)	18,354
Capital contributions		146			146
Transfers in		6,333		6,209	12,542
Transfers (out)	(29)	(2,177)		(222)	(2,428)
Change in net position	9,839	7,530	7,535	3,710	28,614
Net position at beginning of year, as restated	<u>32,396</u>	<u>53,433</u>	<u>6,553</u>	<u>5,088</u>	<u>97,470</u>
Net position at end of year	<u>\$ 42,235</u>	<u>\$ 60,963</u>	<u>\$ 14,088</u>	<u>\$ 8,798</u>	<u>\$ 126,084</u>

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2015
(in thousands)

Exhibit C - 22

	Self- Insurance Trust	Fleet Services	Health Benefit Trust	Other Internal Service	Total Internal Service Funds
Cash flows from operating activities:					
Cash received from other funds for goods and services provided	\$ 17,164	\$ 20,631	\$ 62,392	\$ 5,905	\$ 106,092
Cash received from miscellaneous operations	58	167	2,158	94	2,477
Cash payments to suppliers for goods and services	(4,927)	(9,444)	(8,997)	(6,854)	(30,222)
Cash payments to other funds for goods and services	(1,588)	(2,644)	(640)	(639)	(5,511)
Cash payments for incurred losses	(6,514)		(48,623)		(55,137)
Cash payments to employees for services	(1,413)	(3,084)	(804)	(1,960)	(7,261)
Net cash provided by (used for) operating activities	<u>2,780</u>	<u>5,626</u>	<u>5,486</u>	<u>(3,454)</u>	<u>10,438</u>
Cash flows from noncapital financing activities:					
Cash transfers in from other funds		5,959	(47)	6,209	12,121
Cash transfers out to other funds	(29)	(2,177)	11	(222)	(2,417)
Loans with other funds		24		(25)	(1)
Net cash provided by (used for) noncapital financing activities	<u>(29)</u>	<u>3,806</u>	<u>(36)</u>	<u>5,962</u>	<u>9,703</u>
Cash flows from capital and related financing activities:					
Proceeds from sale of capital assets	173	197			370
Purchase of capital assets	(3)	(10,524)		(937)	(11,464)
Net cash provided by (used for) capital and related financing activities	<u>170</u>	<u>(10,327)</u>		<u>(937)</u>	<u>(11,094)</u>
Cash flows from investing activities:					
Interest received on cash and investments	571	153	77	14	815
Net cash provided by investing activities	<u>571</u>	<u>153</u>	<u>77</u>	<u>14</u>	<u>815</u>
Net increase (decrease) in cash and cash equivalents	3,492	(742)	5,527	1,585	9,862
Cash and cash equivalents at beginning of year	<u>57,039</u>	<u>24,660</u>	<u>21,628</u>	<u>3,080</u>	<u>106,407</u>
Cash and cash equivalents at end of year	<u>\$ 60,531</u>	<u>\$ 23,918</u>	<u>\$ 27,155</u>	<u>\$ 4,665</u>	<u>\$ 116,269</u>

(continued)

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2015
(in thousands)

Exhibit C - 22.1

(continued)

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	Self- Insurance Trust	Fleet Services	Health Benefit Trust	Other Internal Service	Total Internal Service Funds
	\$ 9,310	\$ 3,063	\$ 7,462	\$ (2,291)	\$ 17,544
Operating income (loss)					
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:					
Depreciation and amortization	2	4,289		458	4,749
Changes in assets and deferred outflows of resources:					
Decrease (increase) in assets:					
Accounts receivable	27	(4)	518	(8)	533
Due from other governments		65		(2)	63
Inventory		90		(78)	12
Prepaid expenses	364	(20)		(2,813)	(2,469)
Decrease in deferred outflows of resources:					
Pension plans	(111)	(218)	(59)	(147)	(535)
Changes in liabilities and deferred inflows of resources:					
Increase (decrease) in liabilities:					
Accounts payable	39	(1,878)	(4)	1,310	(533)
Due to other governments		4			4
Reported but unpaid losses	(5,263)		(222)		(5,485)
Incurred but not reported losses	(1,721)		(2,278)		(3,999)
Net pension liability	(193)	(382)	(103)	(259)	(937)
Other liabilities	16	3	7	(40)	(14)
Increase in deferred inflows of resources:					
Pension plans	310	614	165	416	1,505
Net cash provided by (used for) operating activities	\$ 2,780	\$ 5,626	\$ 5,486	\$ (3,454)	\$ 10,438

Noncash investing, capital, and financing activities during the year ended June 30, 2015:

Self-Insurance Trust Fund had an exchange of unequal sized parcels of land. The parcel obtained in the exchange was valued at \$271. The parcel given up had a value of \$417.

Fleet Services Fund received capital contributions with a value of \$146 from General Government.

Fleet Services Fund received a transfer in of capital assets from Regional Wastewater Reclamation with a net book value of \$374.

Fleet Services Fund sold capital assets with a net book value of \$180 and donated a capital asset with a net book value of \$1.



Combining Statements and Other Schedules

Fiduciary Funds

PIMA COUNTY, ARIZONA
Combining Statement of Fiduciary Net Position
Investment Trust Funds
June 30, 2015
(in thousands)

Exhibit C - 23

	Treasurer's Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 100,481	\$ 128,788	\$ 229,269
Interest receivable	62		62
Total assets	100,543	128,788	229,331
<u>Liabilities</u>			
Total liabilities			
<u>Net Position</u>			
Held in trust for pool participants	\$ 100,543	\$ 128,788	\$ 229,331

PIMA COUNTY, ARIZONA
Combining Statement of Changes in Fiduciary Net Position
Investment Trust Funds
For the Year Ended June 30, 2015
(in thousands)

Exhibit C - 24

	Treasurer's Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
Additions			
Contributions from participants	\$ 2,108,825	\$ 159,826	\$ 2,268,651
Total contributions	<u>2,108,825</u>	<u>159,826</u>	<u>2,268,651</u>
Investment earnings:	572	8	580
Total investment earnings	<u>572</u>	<u>8</u>	<u>580</u>
Total additions	<u>2,109,397</u>	<u>159,834</u>	<u>2,269,231</u>
Deductions			
Distributions to participants	2,084,553	99,999	2,184,552
Total deductions	<u>2,084,553</u>	<u>99,999</u>	<u>2,184,552</u>
Change in net position	24,844	59,835	84,679
Net position held in trust July 1, 2014	75,699	68,953	144,652
Net position held in trust June 30, 2015	<u>\$ 100,543</u>	<u>\$ 128,788</u>	<u>\$ 229,331</u>

PIMA COUNTY, ARIZONA
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2015
(in thousands)

Exhibit C - 25

	Payroll Clearing	Treasurer's Clearing	Other	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 104	\$ 3,977	\$ 64,568	\$ 68,649
Due from other governments		163		163
Total assets	104	4,140	64,568	68,812
<u>Liabilities</u>				
Employee compensation	104			104
Due to other governments			40,181	40,181
Deposits and rebates		4,140	24,387	28,527
Total liabilities	104	4,140	64,568	68,812

PIMA COUNTY, ARIZONA
Combining Statement of Changes in Fiduciary Net Position
Agency Funds
For the Year Ended June 30, 2015
(in thousands)

Exhibit C - 26

	Balance 6/30/2014	Additions	Deductions	Balance 6/30/2015
Payroll Clearing				
Assets				
Cash and cash equivalents	\$ 115	\$ 615,913	\$ 615,924	\$ 104
Total assets	<u>115</u>	<u>615,913</u>	<u>615,924</u>	<u>104</u>
Liabilities				
Employee compensation	115	615,913	615,924	104
Total liabilities	<u>115</u>	<u>615,913</u>	<u>615,924</u>	<u>104</u>
Treasurer's Clearing				
Assets				
Cash and cash equivalents	2,518	2,001,239	1,999,780	3,977
Due from other governments	1,174		1,011	163
Total assets	<u>3,692</u>	<u>2,001,239</u>	<u>2,000,791</u>	<u>4,140</u>
Liabilities				
Due to other governments		1,113,076	1,113,076	
Deposits and rebates	3,692	888,163	887,715	4,140
Total liabilities	<u>3,692</u>	<u>2,001,239</u>	<u>2,000,791</u>	<u>4,140</u>
Other				
Assets				
Cash and cash equivalents	66,257	223,330	225,019	64,568
Total assets	<u>66,257</u>	<u>223,330</u>	<u>225,019</u>	<u>64,568</u>
Liabilities				
Due to other governments	37,894	171,532	169,245	40,181
Deposits and rebates	28,363	51,798	55,774	24,387
Total liabilities	<u>66,257</u>	<u>223,330</u>	<u>225,019</u>	<u>64,568</u>
Totals - All Agency Funds				
Assets				
Cash and cash equivalents	68,890	2,840,482	2,840,723	68,649
Due from other governments	1,174		1,011	163
Total assets	<u>70,064</u>	<u>2,840,482</u>	<u>2,841,734</u>	<u>68,812</u>
Liabilities				
Employee compensation	115	615,913	615,924	104
Due to other governments	37,894	1,284,608	1,282,321	40,181
Deposits and rebates	32,055	939,961	943,489	28,527
Total liabilities	<u>\$ 70,064</u>	<u>\$ 2,840,482</u>	<u>\$ 2,841,734</u>	<u>\$ 68,812</u>

PIMA COUNTY
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015

INTRODUCTORY SECTION

FINANCIAL SECTION

STATISTICAL SECTION

Financial Trends Information

Revenue Capacity Information

Debt Capacity Information

Demographic and Economic Information

Operating Information

STATISTICAL SECTION

FINANCIAL TRENDS:

The financial trends schedules are intended to provide users with information to assist them in understanding and assessing how a government's financial position has changed over time. Financial trends information is considered to be a primary source of the historical perspective that helps users comprehend the direction in which a government's economic condition is heading. It also serves the purpose of giving users a form of information that is among their most highly valued, comparative information over time.

PIMA COUNTY, ARIZONA
 Net Position by component
 Last Ten Fiscal Years
 (in thousands)
 (accrual basis of accounting)

Exhibit D - 1

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 761,130	\$ 774,000	\$ 882,424	\$ 972,346	\$ 1,048,821	\$ 1,136,033	\$ 1,245,227	\$ 1,308,057	\$ 1,354,456	\$ 1,385,996
Restricted for:										
Special revenue	53,384	63,014	71,618	78,080	64,991	64,446	103,592	100,423	61,936	60,285
Highways and streets	21,353	16,734	17,390	21,349	25,749	32,906	32,322	27,033	10,988	8,039
Debt service	7,934	8,980	13,612	44,566						
Capital projects	77,088	90,467	80,922	59,945	57,939	60,381	30,224	9,853	66,885	64,612
Healthcare					3,405	4,074	1,360	1,163	3,591	28,610
Unrestricted (deficit)	38,464	46,256	53,778	34,850	149,966	164,606	157,315	145,618	84,514	(507,127)
Total governmental activities net position	<u>\$ 959,353</u>	<u>\$ 999,451</u>	<u>\$ 1,119,744</u>	<u>\$ 1,211,136</u>	<u>\$ 1,350,871</u>	<u>\$ 1,462,446</u>	<u>\$ 1,570,040</u>	<u>\$ 1,592,147</u>	<u>\$ 1,582,370</u>	<u>\$ 1,040,415</u>
Business-type activities										
Net investment in capital assets	466,257	476,950	482,822	539,718	550,540	575,525	564,561	531,945	586,868	592,351
Restricted for:										
Debt service	438	574	791	819	13,454	12,567	22,538	29,100	31,615	36,683
Capital projects		35,480	37,925	14,479	11,623	24,236	31,680	42,841	22,720	7,980
Regional Wastewater	48,379	38,628	5,956	5,883	16,110	17,161	18,449	17,785	18,820	19,419
Healthcare	5,464	9,985	13,732	9,017	15,943	23,562				
Unrestricted	15,284	10,845	56,397	34,477	29,914	33,448	66,470	101,759	117,425	87,010
Total business-type activities net position	<u>\$ 535,822</u>	<u>\$ 572,462</u>	<u>\$ 597,623</u>	<u>\$ 604,393</u>	<u>\$ 637,584</u>	<u>\$ 686,499</u>	<u>\$ 703,698</u>	<u>\$ 723,430</u>	<u>\$ 777,448</u>	<u>\$ 743,443</u>
Primary government										
Net investment in capital assets	1,227,387	1,250,950	1,365,246	1,512,064	1,599,361	1,711,558	1,809,788	1,840,002	1,941,324	1,978,347
Restricted for:										
Facilities, justice, library, tax stabilization and community development			71,618	78,080	64,991	64,446	103,592	100,423	61,936	60,285
Special Revenue	53,384	63,014								
Highways and streets	21,353	16,734	17,390	21,349	25,749	32,906	32,322	27,033	10,988	8,039
Debt service	8,372	9,554	14,403	45,385	13,454	12,567	22,538	29,100	31,615	36,683
Capital projects	77,088	125,947	118,847	74,424	69,562	84,617	61,904	52,694	89,605	72,592
Regional Wastewater	48,379	38,628	5,956	5,883	16,110	17,161	18,449	17,785	18,820	19,419
Healthcare	5,464	9,985	13,732	9,017	19,348	27,636	1,360	1,163	3,591	28,610
Unrestricted (deficit)	53,748	57,101	110,175	69,327	179,880	198,054	223,785	247,377	201,939	(420,117)
Total primary government net position	<u>\$ 1,495,175</u>	<u>\$ 1,571,913</u>	<u>\$ 1,717,367</u>	<u>\$ 1,815,529</u>	<u>\$ 1,988,455</u>	<u>\$ 2,148,945</u>	<u>\$ 2,273,738</u>	<u>\$ 2,315,577</u>	<u>\$ 2,359,818</u>	<u>\$ 1,783,858</u>

Note:
 Due to the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, in fiscal year 2015, net position for the year ended June 30, 2014 was restated, however this change was not reflected in this schedule.

Source:
 Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA
Changes in Net Position
Last Ten Fiscal Years
(in thousands)
(accrual basis of accounting)

Exhibit D - 2

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 208,293	\$ 223,266	\$ 239,399	\$ 212,196	\$ 218,504	\$ 218,843	\$ 223,005	\$ 233,984	\$ 230,742	\$ 259,734
Public safety	132,583	148,831	165,715	149,253	145,697	146,395	150,349	166,476	188,782	188,189
Highways and streets	70,392	92,985	88,488	79,251	68,691	73,348	80,087	80,087	93,675	85,618
Sanitation	7,258	9,623	9,658	7,434	6,669	6,208	7,224	6,409	4,252	(4,882)
Health	32,043	33,800	36,977	31,541	33,086	36,475	47,248	36,540	36,085	38,219
Welfare	103,085	97,154	106,546	115,513	87,107	90,521	94,409	95,428	93,224	93,524
Culture and recreation	34,510	55,482	60,616	60,520	61,642	67,063	61,900	65,341	63,961	62,981
Education and economic opportunity	39,517	42,483	47,296	46,770	52,023	56,626	55,126	49,924	35,756	35,051
Amortization-unallocated	165	168	138	(235)	428	(2,625)	805	(286)	(5,758)	(6,237)
Interest on long-term debt	19,463	18,924	22,860	26,780	26,403	26,078	24,776	23,915	27,994	27,696
Total governmental activities expenses	<u>647,309</u>	<u>722,716</u>	<u>777,693</u>	<u>729,023</u>	<u>700,250</u>	<u>718,932</u>	<u>734,025</u>	<u>757,818</u>	<u>768,713</u>	<u>779,893</u>
Business-type activities:										
Regional Wastewater Reclamation	82,701	98,222	106,803	105,139	110,618	113,495	117,774	144,085	145,117	184,884
Pima Health System & Services	256,583	261,859	295,494	224,959	204,619	200,305	58,773			
Development Services	14,422	15,400	14,750	9,992	7,924	6,982	6,912	7,231	6,796	6,888
Parking Garages	1,479	1,579	1,877	1,696	1,906	1,538	1,988	1,825	1,877	1,814
Total business-type activities expenses	<u>355,185</u>	<u>377,060</u>	<u>418,924</u>	<u>341,786</u>	<u>325,067</u>	<u>322,320</u>	<u>185,447</u>	<u>153,141</u>	<u>153,790</u>	<u>193,586</u>
Total primary government expenses	<u>\$ 1,002,494</u>	<u>\$ 1,099,776</u>	<u>\$ 1,196,617</u>	<u>\$ 1,070,809</u>	<u>\$ 1,025,317</u>	<u>\$ 1,041,252</u>	<u>\$ 919,472</u>	<u>\$ 910,959</u>	<u>\$ 922,503</u>	<u>\$ 973,479</u>
Program revenues										
Governmental activities:										
Charges for services										
General government	26,033	26,663	25,502	26,283	31,050	27,802	30,444	28,910	27,355	27,974
Public safety	8,136	9,797	9,550	10,386	10,218	9,034	12,047	10,238	14,846	12,883
Highways and streets	21,617	11,732	9,316	4,616	5,317	4,891	5,059	6,511	6,307	6,136
Sanitation	4,531	4,747	5,930	4,668	3,378	3,699	3,487	3,577	31	31
Health	9,693	10,270	9,965	10,488	11,003	11,436	12,605	12,495	13,259	12,894
Welfare								320	80	200
Culture and recreation	1,797	2,991	3,031	2,754	2,532	2,191	2,254	2,865	2,548	3,144
Education and economic opportunity	314	698	716	691	749	1,024	1,008	1,544	430	577
Operating grants and contributions	133,113	139,324	144,479	131,361	142,840	136,472	143,388	116,121	113,129	126,862
Capital grants and contributions	12,188	15,085	48,672	68,535	65,820	65,030	47,528	59,298	54,583	42,570
Subtotal governmental activities program revenues	<u>\$ 217,422</u>	<u>\$ 221,307</u>	<u>\$ 257,161</u>	<u>\$ 259,782</u>	<u>\$ 272,907</u>	<u>\$ 261,579</u>	<u>\$ 257,820</u>	<u>\$ 241,879</u>	<u>\$ 232,568</u>	<u>\$ 233,240</u>

(continued)

Source:
Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA
Changes in Net Position
Last Ten Fiscal Years
(in thousands)
(accrual basis of accounting)

Exhibit D - 2

(continued)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program revenues										
Business-type activities:										
Charges for services										
Regional Wastewater Reclamation	\$ 104,501	\$ 106,266	\$ 106,448	\$ 105,162	\$ 127,889	\$ 148,010	\$ 154,601	\$ 156,573	\$ 171,650	\$ 172,597
Pima Health System & Services	253,748	257,142	291,980	216,108	205,176	207,652	58,722			
Development Services	17,140	11,239	8,992	5,654	5,886	5,688	6,073	6,519	7,553	6,324
Parking Garages	1,485	1,548	1,720	1,676	1,985	2,071	2,083	2,073	2,362	2,271
Operating grants and contributions	4,997	5,174	4,806	4,626	4,421	4,691	1,275			35
Capital grants and contributions	449	803	22,952	14,916	9,319	4,192	2,676	3,914	6,807	5,854
Total business-type activities program revenues	<u>382,320</u>	<u>382,172</u>	<u>436,898</u>	<u>348,142</u>	<u>354,676</u>	<u>372,304</u>	<u>225,430</u>	<u>169,079</u>	<u>188,372</u>	<u>187,081</u>
Total primary government program revenues	<u>599,742</u>	<u>603,479</u>	<u>694,059</u>	<u>607,924</u>	<u>627,583</u>	<u>633,883</u>	<u>483,250</u>	<u>410,958</u>	<u>420,940</u>	<u>420,321</u>
Net (expense) revenue										
Governmental activities	(429,887)	(501,409)	(520,532)	(469,241)	(427,343)	(457,353)	(476,205)	(515,939)	(536,145)	(546,653)
Business-type activities	27,135	5,112	17,974	6,356	29,609	49,984	39,983	15,938	34,582	(6,505)
Total governmental activities net expense	<u>(402,752)</u>	<u>(496,297)</u>	<u>(502,558)</u>	<u>(462,885)</u>	<u>(397,734)</u>	<u>(407,369)</u>	<u>(436,222)</u>	<u>(500,001)</u>	<u>(501,563)</u>	<u>(553,158)</u>
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	316,170	343,525	377,810	393,255	416,500	416,985	394,963	383,508	378,032	423,538
Hotel/motel taxes	6,856	8,715	8,176	6,591	5,688	5,591	6,285	6,076	6,262	6,155
Other taxes levied for stadium district	1,808	1,884	1,952	1,534	1,515	1,538	1,608	1,524	1,509	1,536
Shared sales tax	103,158	106,985	103,171	89,177	84,767	88,631	93,123	97,685	101,605	105,522
Shared vehicle licenses	25,894	26,967	27,166	25,869	24,203	23,173	23,537	22,043	23,899	24,976
Unrestricted grants and contributions	7,975	9,468	7,748	5,741	4,081	4,527	4,268	3,207	5,035	4,562
Interest and penalties on delinquent taxes	5,683	5,149	6,365	6,123	7,940	8,125	8,235	7,439	6,976	6,164
Investment earnings	12,942	16,439	16,326	5,875	5,266	2,153	3,416	2,627	2,955	1,931
Miscellaneous	12,828	16,309	15,416	21,323	16,579	13,555	22,676	21,267	16,810	16,889
Capital contributions	247	5,051								
Gain on sale of capital assets	323			1,140						
Transfers	(134)	721	113	4,005	538	4,650	25,688	(7,330)	(16,715)	(17,133)
Total governmental activities	<u>493,750</u>	<u>541,213</u>	<u>564,243</u>	<u>560,633</u>	<u>567,077</u>	<u>568,928</u>	<u>583,799</u>	<u>538,046</u>	<u>526,368</u>	<u>574,140</u>
Business-type activities:										
Investment earnings	3,849	5,510	6,721	2,025	1,236	900	1,001	1,017	1,237	903
Miscellaneous	1,348	1,522	1,286	2,394	2,884	2,681	1,903	580	1,484	549
Capital contributions	14,607									
Transfers	134	(721)	(113)	(4,005)	(538)	(4,650)	(25,688)	7,330	16,715	17,133
Total business-type activities	<u>19,938</u>	<u>6,311</u>	<u>7,894</u>	<u>414</u>	<u>3,582</u>	<u>(1,069)</u>	<u>(22,784)</u>	<u>8,927</u>	<u>19,436</u>	<u>18,585</u>
Total primary government	<u>513,688</u>	<u>547,524</u>	<u>572,137</u>	<u>561,047</u>	<u>570,659</u>	<u>567,859</u>	<u>561,015</u>	<u>546,973</u>	<u>545,804</u>	<u>592,725</u>
Change in net position:										
Governmental activities	63,863	39,804	43,711	91,392	139,734	111,575	107,594	22,107	(9,777)	27,487
Business-type activities	47,073	11,423	25,868	6,770	33,191	48,915	17,199	24,865	54,018	12,080
Total primary government	<u>\$ 110,936</u>	<u>\$ 51,227</u>	<u>\$ 69,579</u>	<u>\$ 98,162</u>	<u>\$ 172,925</u>	<u>\$ 160,490</u>	<u>\$ 124,793</u>	<u>\$ 46,972</u>	<u>\$ 44,241</u>	<u>\$ 39,567</u>

Source:

Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA
Fund Balance - Governmental Funds
Last Ten Fiscal Years
(in thousands)
(modified accrual basis of accounting)

Exhibit D - 3

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 5,152	\$ 8,889	\$ 5,415	\$ 4,363						
Unreserved	46,423	48,671	64,974	35,803						
Nonspendable ¹					\$ 4,089	\$ 3,315	\$ 2,720	\$ 3,848	\$ 5,278	\$ 4,053
Restricted					522	336	333			
Committed										
Assigned					3,093	357	118	158	181	194
Unassigned					73,837	73,547	77,596	56,526	42,731	47,878
Total General Fund	<u>51,575</u>	<u>57,560</u>	<u>70,389</u>	<u>40,166</u>	<u>81,541</u>	<u>77,555</u>	<u>80,767</u>	<u>60,532</u>	<u>48,190</u>	<u>52,125</u>
All other governmental funds										
Reserved	11,784	13,999	17,094	39,139						
Unreserved, reported in:										
Special revenue funds	66,167	69,773	77,451	86,121						
Nonspendable ¹					2,011	2,011	1,550	1,939	1,894	2,515
Restricted					82,957	94,567	105,468	76,570	60,984	53,155
Committed					15,305	37,978	10,264	7,746	6,308	6,320
Assigned					3,221	4,368	16,682	23,784	4,204	3,769
Unassigned					(5,793)	(9,180)	(9,013)	(8,385)	(6,536)	(4,770)
Capital projects funds	84,472	89,328	152,643	126,821						
Nonspendable ¹					18	12				
Restricted					124,830	112,668	157,688	187,855	145,256	126,827
Committed					1,487	6,639	7,234	6,958	3,836	3,065
Assigned					52					
Unassigned					(227)	(791)	(3,553)	(83)	(80)	(57)
Debt service: Assigned					40,868	35,903	28,298	25,640	7,848	8,424
Total other governmental funds	<u>\$ 162,423</u>	<u>\$ 173,100</u>	<u>\$ 247,188</u>	<u>\$ 252,081</u>	<u>\$ 264,729</u>	<u>\$ 284,175</u>	<u>\$ 314,618</u>	<u>\$ 322,024</u>	<u>\$ 223,714</u>	<u>\$ 199,248</u>

Note:

¹ Due to implementation of GASB 54 in FY 2009-10 categories regarding fund balances have been redefined. See Note 1, page 53 for details. See Note 4, page 60 for purpose details.

Source:

Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA
 Changes in Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 (in thousands)
 (modified accrual basis of accounting)

Exhibit D - 4

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 321,474	\$ 348,700	\$ 381,862	\$ 396,241	\$ 423,443	\$ 421,623	\$ 407,711	\$ 391,630	\$ 385,829	\$ 431,371
Special assessments	215	521	556	441	536	330	245			
Licenses and permits	7,452	7,132	7,710	6,989	7,791	8,494	8,155	8,371	8,275	8,456
Intergovernmental	291,059	303,392	312,634	292,236	296,004	308,219	327,939	301,223	292,082	296,628
Charges for services	63,582	63,508	58,890	55,346	60,376	54,491	56,881	53,521	57,826	60,222
Fines and forfeits	6,014	6,550	6,480	6,283	6,443	6,786	10,249	9,904	8,652	9,509
Investment earnings	11,382	13,988	14,218	5,335	4,612	1,723	2,286	2,282	1,737	1,155
Miscellaneous	13,165	17,544	21,752	22,414	17,442	14,162	24,796	22,182	17,464	15,680
Total revenues	714,343	761,335	804,102	785,285	818,647	815,828	838,262	789,113	771,865	823,021
Expenditures										
General government	203,881	222,434	237,640	222,309	221,144	223,611	236,020	238,582	247,507	256,331
Public safety	121,229	132,930	149,475	144,617	136,744	136,709	145,711	152,373	157,572	161,484
Highways and streets	39,394	42,683	43,741	38,132	34,274	34,614	33,651	35,866	37,772	39,664
Sanitation	6,271	6,766	8,310	6,666	5,637	5,375	6,317	5,328	2,521	2,403
Health	30,038	32,311	34,352	31,626	32,737	36,511	46,672	35,581	35,357	37,787
Welfare	103,034	97,168	106,607	115,481	87,089	90,572	94,360	95,339	93,193	93,418
Culture and recreation	28,561	45,197	50,509	51,657	50,198	49,986	52,103	55,691	56,745	68,987
Education and economic opportunity	37,918	38,474	42,286	42,299	48,402	50,432	47,798	44,299	34,196	34,280
Capital outlay	121,007	202,659	139,539	146,334	162,306	153,203	149,612	174,976	135,746	100,788
Debt service - principal	50,547	53,733	59,719	100,384	87,307	76,361	78,688	68,342	113,337	81,933
- interest	19,448	18,965	22,639	26,849	26,414	26,086	24,762	23,904	26,777	26,439
- miscellaneous	15	12	330	24	433	21	1,179	1,654	1,030	863
Total expenditures	761,343	893,332	895,147	926,378	892,685	883,481	916,873	931,935	941,753	904,377
Deficiency of revenues under expenditures	(47,000)	(131,997)	(91,045)	(141,093)	(74,038)	(67,653)	(78,611)	(142,822)	(169,888)	(81,356)
Other financing sources (uses):										
Issuance of refunding debts					31,955		30,745	51,280	8,805	13,685
Premium on bonds		1,429	1,964	675	1,909	3,276	7,349	11,959	9,488	5,949
Payments to escrow agents					(32,361)		(33,013)	(55,423)	(10,131)	(15,250)
Capital leases/Installment notes	231		312				894	764	239	11,500
Proceeds from sale of capital assets	416	1,426	27	876	1,118	59	1,938	31	360	119
Face amount of long-term debt	4,836	146,320	175,000	109,400	125,000	75,000	78,425	130,175	78,160	72,025
Transfers in	59,948	86,089	128,406	171,186	98,800	109,715	141,924	113,227	162,683	121,497
Transfers (out)	(56,263)	(86,688)	(127,692)	(166,319)	(98,355)	(105,007)	(115,914)	(122,244)	(190,140)	(148,744)
Total other financing sources (uses)	9,168	148,576	178,017	115,818	128,066	83,043	112,348	129,769	59,464	60,781
Change in reserves - net	(177)	(211)	(55)	(55)		70	(27)			
Net change in fund balances	\$ (38,009)	\$ 16,368	\$ 86,917	\$ (25,330)	\$ 54,028	\$ 15,460	\$ 33,710	\$ (13,053)	\$ (110,424)	\$ (20,575)
Debt service as a percentage of noncapital expend	10.90%	9.88%	10.43%	15.88%	15.24%	13.54%	13.35%	11.67%	16.44%	13.51%

Source:
 Pima County Finance & Risk Management

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STATISTICAL SECTION

REVENUE CAPACITY:

The revenue capacity information is intended to assist users to understand and assess the factors affecting a government's ability to generate its own-source revenues. The presentation here is not limited to property tax revenues, but certain other revenues are presented to comply with debt disclosure requirements, e.g., hotel taxes, car rental and RV taxes, and street and highway revenues.

PIMA COUNTY, ARIZONA
 Taxable Assessed Value and Estimated Actual Value of Property
 Last Ten Tax Years
 (in thousands)

Exhibit D - 5

Tax Year	Commercial Property	Residential Property	Vacant Land	Other	Taxable Assessed Value	Total Direct Tax Rate	Estimated Limited Value	Assessed Value as a Percentage of Limited Value
2006	\$ 2,001,137	\$ 4,076,600	\$ 359,662	\$ 29,803	\$ 6,467,202	5.3406	\$ 56,437,790	11.46%
2007	2,204,072	4,689,972	428,486	30,802	7,353,332	5.0674	64,347,659	11.43%
2008	2,358,259	5,352,916	493,055	35,442	8,239,672	4.6702	73,122,499	11.27%
2009	2,568,203	5,853,947	525,779	37,783	8,985,712	4.5917	80,593,121	11.15%
2010	2,473,320	5,889,572	536,958	39,797	8,939,647	4.6798	82,348,215	10.86%
2011	2,436,692	5,332,608	500,836	39,984	8,310,120	4.8491	78,036,208	10.65%
2012	2,514,310	5,036,810	472,558	50,260	8,073,938	4.8520	76,085,641	10.61%
2013	2,375,969	4,701,881	429,967	51,312	7,559,129	5.1309	73,262,703	10.32%
2014	2,308,924	4,752,612	407,857	49,090	7,518,482	5.7639	74,402,882	10.11%
2015	2,230,175	4,952,757	385,043	52,386	7,620,361	5.9632	76,489,654	9.96%

Notes:

Property in Pima County is assessed annually with values being set by either the County Assessor or the Arizona Department of Revenue. The values are the basis for Primary Taxes and annual changes therein are restricted by the State Constitution. Assessment ratios are set by the legislature for individual property types. The taxable assessed value is arrived at by multiplying an assessment ratio that has varied from ten percent for residential property to twenty-five percent for commercial property. Tax rates are per \$100 of assessed value.

Source:

Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA
Direct and Overlapping Property Tax Rates
(per \$100 of assessed value)

Exhibit D - 6

County Direct Rates						
Tax Year	County Primary	County Secondary	Flood Control District ¹	County Library District	Fire District Assistance	Total
2006	3.8420	0.7150	0.3746	0.3675	0.0415	5.3406
2007	3.6020	0.6850	0.3446	0.3975	0.0383	5.0674
2008	3.3913	0.6050	0.2935	0.3393	0.0411	4.6702
2009	3.3133	0.7100	0.2635	0.2643	0.0406	4.5917
2010	3.3133	0.7500	0.2635	0.3100	0.0430	4.6798
2011	3.4178	0.7800	0.2635	0.3460	0.0418	4.8491
2012	3.4178	0.7800	0.2635	0.3460	0.0447	4.8520
2013	3.6665	0.7800	0.2635	0.3753	0.0456	5.1309
2014	4.2779	0.7000	0.3035	0.4353	0.0472	5.7639
2015	4.3877	0.7000	0.3135	0.5153	0.0467	5.9632

Overlapping Rates																	
Tax Year	State of Arizona	Education Assistance	Community College District	City of Tucson	City of South Tucson	Street Lighting District	Central AZ Water Conservation District	Flowing Wells Irrigation District ²	Silverbell Irrigation District ²	Cortaro-Marana Irrigation District ²	Mobile Home Relocation District ³	Gladden Farms Community Facilities District	Vanderbilt Farms Community Facilities District	Quail Creek Community Facilities District	Gladden Farms Phase II Community Facilities District	Saguaro Springs Community Facilities District	
2006	0.0000	0.0000	1.2515	1.2257	0.2383		0.1200	12.9000	3.0000	60.0000		2.8000	0.3000				
2007	0.0000	0.0000	1.1845	1.1321	0.2258		0.1000	12.9000	3.0000	65.0000		2.8000	0.3000	3.3000			
2008	0.0000	0.0000	1.1355	0.9601	0.2143		0.1000	19.3500	3.0000	66.0000		2.8000	0.3000	3.3000			
2009	0.0000	0.3306	1.0770	0.9344	0.2035		0.1000	19.3500	3.0000	66.0000		2.8000	0.3000	3.3000			
2010	0.0000	0.3564	1.0848	0.9550	0.1999		0.1000	19.3500	3.0000	66.0000		2.8000	0.3000	3.3000	0.3000	0.3000	
2011	0.0000	0.4259	1.1094	1.1621	2.6603		0.1000	19.3500	3.0000	66.0000	0.5000	2.8000	0.3000	3.3000	0.3000	0.3000	
2012	0.0000	0.4717	1.1741	1.2639	2.7640	9.6038	0.1000	19.3500	3.0000	66.0000	0.5000	2.8000	0.3000	3.3000	0.3000	0.3000	
2013	0.0000	0.5123	1.2933	1.4304	2.9776	10.1900	0.1400	19.3500	3.0000	69.0000	0.5000	2.8000	0.3000	3.3000	0.3000	0.3000	
2014	0.0000	0.5089	1.3344	1.4606	0.2528	12.0787	0.1400	19.3500	3.0000	69.0000	0.5000	2.8000	0.3000	3.3000	0.3000	0.3000	
2015	0.0000	0.5054	1.3689	1.5960	0.2528	12.3345	0.1400	19.3500	3.0000	72.0000	0.5000	2.8000	0.3000	3.3000	0.3000	0.3000	

Notes:

Primary and secondary tax rates (per \$100 of net assessed value) are set by the County Board of Supervisors or the governing boards of other taxing jurisdictions. The Towns of Marana, Oro Valley and Sahuarita do not currently levy a property tax. The Tucson Business Improvement District levy (on a per-business basis) is not shown.

¹The Pima County Flood Control District tax levy applies only to real property.

²Irrigation Districts' tax rates shown are levied on a per acre basis.

³Mobile Home Relocation levy applies only to unsecured mobile homes.

Source:

Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA
 Direct and Overlapping Property Tax Rates - School Districts
 Last Ten Tax Years
 (per \$100 of assessed value)

Exhibit D - 6a

School District	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Tucson Unified (#1)	7.3857	7.0500	6.5659	6.0701	6.2976	6.9480	7.3187	7.4319	7.5094	7.3425
Marana Unified (#6)	5.9117	5.7887	5.4815	4.9286	4.6995	5.2047	5.5863	6.0085	6.2288	6.3370
Flowing Wells Unified (#8)	6.8677	6.5674	6.2665	6.1239	6.0407	5.9689	5.9778	6.7146	6.6135	6.6292
Amphitheater Unified (#10)	6.1193	5.4964	4.8589	4.6112	5.0511	5.4033	5.5539	5.9226	5.8044	5.6725
Sunnyside Unified (#12)	9.1529	8.1490	7.8009	7.0899	6.9680	6.9415	6.3154	5.0003	6.0364	3.9987
Tanque Verde Unified (#13)	5.4806	5.1033	4.3682	3.1837	3.3545	3.8042	4.1538	5.0012	5.0329	5.3069
Ajo Unified (#15)	4.4929	4.8627	4.5964	4.3158	4.9069	5.6740	3.5338	3.8882	4.8452	4.5540
Catalina Foothills Unified (#16)	6.7428	6.3942	6.1053	4.9970	4.2154	4.2095	4.7472	4.8264	4.7066	4.9985
Vail Elementary (#20)	6.7032	6.0327	5.5360	5.2016	4.8839	4.6550	5.9120	7.1703	7.3000	7.0189
Sahuarita Unified (#30)	7.7345	6.1807	5.9176	5.4230	6.5753	5.4067	5.5183	6.6341	7.2885	7.2847
San Fernando Elementary (#35)	3.7481	3.7900	3.7920	4.5954	3.6883	4.8541	4.0331	5.7831	5.8244	5.9538
Empire Elementary (#37)	8.4864	7.5703	4.9021	2.9383	2.9195	2.7531	1.2484	1.1287	2.1687	1.7677
Continental Elementary (#39)	2.0682	1.8970	1.7343	1.6122	1.6945	2.0258	1.5729	1.7027	2.6146	2.6512
Redington Elementary (#44)	4.8853	4.8952	7.4720	7.6340	7.0689	6.7630	5.9198	4.8200	4.7711	4.5901
Altar Valley Elementary (#51)	5.7696	5.8086	5.7451	6.0506	6.2500	6.5675	6.4355	6.2676	6.7381	7.6184
Unorganized ¹	1.7394	1.6020	1.4622	1.3726	1.4797	1.7682	1.9585	2.1265	2.1123	2.0977

Notes:

¹County Education District; Only applies to those geographical areas within Pima County not part of formal school districting.

Source:

Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA
Principal Property Taxpayers
Last Ten Fiscal Years
(in thousands)

Exhibit D - 7

Taxpayer	2006			2007			2008			2009			2010		
	Estimated Assessed Value ¹	Rank	Percent of Total Assessed Value	Estimated Assessed Value ¹	Rank	Percent of Total Assessed Value	Estimated Assessed Value ¹	Rank	Percent of Total Assessed Value	Estimated Assessed Value ¹	Rank	Percent of Total Assessed Value	Estimated Assessed Value ¹	Rank	Percent of Total Assessed Value
Unisource/Tucson Electric Power Co.	\$ 143,362	1	2.1%	\$ 150,771	1	1.8%	\$ 153,431	2	1.6%	\$ 158,764	2	1.6%	\$ 164,363	1	1.8%
Phelps Dodge Corporation - Sierrita Mine	55,176	4	0.8%	93,656	3	1.1%	156,780	1	1.6%	198,694	1	2.0%	89,289	2	1.0%
Southwest Gas Corporation	62,846	3	0.9%	62,919	4	0.8%	63,698	4	0.7%	64,775	4	0.7%	65,879	3	0.7%
ASARCO LLC - Mission Mine	-		0.0%	-		0.0%	-		0.0%	20,042	8	0.2%	28,878	5	0.3%
QWEST Corporation	87,093	2	1.3%	94,300	2	1.1%	87,000	3	0.9%	74,646	3	0.8%	55,076	4	0.6%
Trico Electric Co-Op Inc.	14,806	10	0.2%	18,044	8	0.2%	18,816	9	0.2%	21,029	7	0.2%	21,208	6	0.2%
Northwest Hospital LLC	-		0.0%	-		0.0%	-		0.0%	-		0.0%	17,097	8	0.2%
DND Neffson Co. (Tucson Mall)	19,087	7	0.3%	19,897	7	0.2%	21,013	8	0.2%	18,888	10	0.2%	17,715	7	0.2%
Starr Pass Resort Developments LLC	17,068	8	0.2%	15,280	10	0.2%	15,889	10	0.2%	19,384	9	0.2%	16,582	10	0.2%
Arizona Portland Cement	22,858	5	0.3%	23,468	6	0.3%	23,593	7	0.2%	27,561	6	0.3%	16,635	9	0.2%
ASARCO Mining	-		0.0%	-		0.0%	44,047	5	0.5%	63,572	5	0.6%	-		0.0%
Raytheon	21,665	6	0.3%	58,987	5	0.7%	33,833	6	0.4%	-		0.0%	-		0.0%
Westin La Paloma	15,504	9	0.2%	15,959	9	0.2%	-		0.0%	-		0.0%	-		0.0%
Total Top Ten	\$ 459,465		6.7%	\$ 553,281		6.7%	\$ 618,100		6.4%	\$ 667,355		6.8%	\$ 492,722		5.3%

Notes: \$6,869,955 \$8,220,396 \$9,594,862 \$9,860,981 \$9,342,561

¹Secondary Assessed Valuation for Tax Year

Source:

Pima County Assessor's Office
Arizona Department of Revenue

(continued)

PIMA COUNTY, ARIZONA
Real Property Tax Levies and Collections
Last Ten Fiscal Years
(in thousands)

Exhibit D - 8

Fiscal Year	Original Real Property Tax Levy	Tax Roll Corrections	Real Property Tax Levy (Adjusted)	Collected to June 30, End of Tax Fiscal Year ¹		Collections in Subsequent Years	Collected to June 30, 2015 ¹		Delinquent Taxes Receivable ²
				Amount	Percent of Original Levy		Amount	Percent of Adjusted Levy	
2005-06	\$ 302,127	\$ (291)	\$ 301,836	\$ 292,019	96.65%	\$ 9,756	\$ 301,775	99.98%	\$ 61
2006-07	330,240	(322)	329,918	318,520	96.45%	11,298	329,818	99.97%	100
2007-08	362,535	(622)	361,913	348,741	96.20%	12,946	361,687	99.94%	226
2008-09	379,674	(360)	379,314	363,624	95.77%	15,416	379,040	99.93%	274
2009-10	402,062	(106)	401,956	384,983	95.75%	16,679	401,662	99.93%	294
2010-11	402,532	(384)	402,148	383,978	95.39%	16,295	400,273	99.53%	1,875
2011-12	383,709		383,709	369,100	96.19%	13,041	382,141	99.59%	1,568
2012-13	370,922		370,922	357,556	96.40%	12,072	369,628	99.65%	1,294
2013-14	368,313		368,313	355,338	96.48%	11,920	367,258	99.71%	1,055
2014-15	411,484		411,484	397,670	96.64%		397,670	96.64%	13,814

Note:

¹ Amounts collected are on a cash basis rather than the modified accrual basis used in the financial statements.

² Represents the difference between the adjusted levy and collected to June 30, 2015.

Source:

Pima County Finance & Risk Management
Pima County Treasurer's Office

PIMA COUNTY, ARIZONA
Assessed, Limited and Full Cash (Secondary) Value of Taxable Property
Last Ten Fiscal Years
(in thousands)

Exhibit D - 9

Fiscal Year	Net Assessed Value	Limited and Full Cash Value ¹	Ratio of Net Assessed to Full Cash Value
2005-06 Primary	\$ 5,849,549	\$ 50,631,267	11.55%
2005-06 Secondary	6,050,950	52,335,111	11.56%
2006-07 Primary	6,467,202	56,437,790	11.46%
2006-07 Secondary	6,869,955	59,890,229	11.47%
2007-08 Primary	7,353,331	64,347,659	11.43%
2007-08 Secondary	8,220,396	72,101,321	11.40%
2008-09 Primary	8,230,967	73,122,499	11.26%
2008-09 Secondary	9,594,862	85,993,246	11.16%
2009-10 Primary	8,985,712	80,593,121	11.15%
2009-10 Secondary	9,860,981	88,095,754	11.19%
2010-11 Primary	8,939,647	82,348,221	10.86%
2010-11 Secondary	9,342,561	86,228,902	10.83%
2011-12 Primary	8,310,120	78,036,208	10.65%
2011-12 Secondary	8,448,282	80,152,473	10.54%
2012-13 Primary	8,073,938	76,085,641	10.61%
2012-13 Secondary	8,171,212	77,731,086	10.51%
2013-14 Primary	7,559,129	73,262,703	10.32%
2013-14 Secondary	7,623,691	74,590,067	10.22%
2014-15 Primary	7,518,482	74,402,882	10.11%
2014-15 Secondary	7,579,899	75,389,155	10.05%

Notes:

¹Limited value is the basis for primary taxes and annual changes therein are restricted by statute;
Full Cash Value or Secondary Value approximates market value.

Source:

Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA
 Comparative Net Valuations and Tax Rates
 (per \$100 assessed value)
 (in thousands)

Exhibit D - 10

Jurisdiction	FY 2014-15 (Tax Year 2014)		FY 2015-16 (Tax Year 2015)	
	Valuation	Rate	Valuation	Rate
<u>State of Arizona</u>	\$ 7,518,482	0	\$ 7,620,361	0
<u>Pima County</u>				
General Fund - Primary	7,518,482	4.2779	7,620,361	4.3877
Debt Service - Secondary	7,579,899	0.7000	7,620,361	0.7000
Free Library - Secondary	7,522,894	0.4353	7,620,361	0.5153
Total County - Primary	7,518,482	4.2779	7,620,361	4.3877
Total County - Secondary		1.1353		1.2153
Grand Total		<u>5.4132</u>		<u>5.6030</u>
<u>Education Assistance</u>	7,518,482	0.5089	7,620,361	0.5054
<u>Flood Control District - Secondary</u>	6,767,458	0.3035	6,917,201	0.3135
<u>Fire District Assistance - Secondary</u>	7,518,482	0.0472	7,620,361	0.0467
<u>Pima Community College District</u>				
Primary	7,518,482	1.3344	7,620,361	1.3689
Secondary	0	0	0	0
Total		<u>1.3344</u>		<u>1.3689</u>
<u>Central Arizona Water Conservation District</u>				
Secondary	7,522,894	0.1400	7,620,361	0.1400
<u>Cities & Towns</u>				
City of Tucson				
Primary	3,100,675	0.4829	3,123,670	0.5326
Secondary	3,131,952	0.9777	3,123,670	1.0634
Total		<u>1.4606</u>		<u>1.5960</u>
City of South Tucson				
Primary	21,180	0.2528	20,334	0.2528
Secondary	0	0	0	0
Total		<u>0.2528</u>		<u>0.2528</u>
<u>School Districts</u>				
Unorganized - Primary	18,330	2.1123	18,270	2.0977
Tucson Unified (District #1)				
Primary	3,001,654	6.8021	3,026,615	6.5217
Secondary	3,028,699	0.7073	3,026,615	0.8208
Total		<u>7.5094</u>		<u>7.3425</u>

Source:

Pima County Finance & Risk Management

(continued)

PIMA COUNTY, ARIZONA
 Comparative Net Valuations and Tax Rates
 (per \$100 assessed value)
 (in thousands)

Exhibit D - 10

(continued)

Jurisdiction	FY 2014-15 (Tax Year 2014)		FY 2015-16 (Tax Year 2015)	
	Valuation	Rate	Valuation	Rate
Marana Unified (District #6)				
Primary	\$ 710,743	4.3493	\$ 736,011	4.4563
Secondary	716,727	1.8795	736,011	1.8807
Total		<u>6.2288</u>		<u>6.3370</u>
Flowing Wells Unified (District #8)				
Primary	186,862	4.4165	183,908	4.3164
Secondary	188,539	2.1970	183,908	2.3128
Total		<u>6.6135</u>		<u>6.6292</u>
Amphitheater Unified (District #10)				
Primary	1,376,502	4.3674	1,403,631	4.2501
Secondary	1,388,632	1.4370	1,403,631	1.4224
Total		<u>5.8044</u>		<u>5.6725</u>
Sunnyside Unified (District #12)				
Primary	407,058	3.4565	405,451	2.7746
Secondary	411,216	2.5799	405,451	1.2241
Total		<u>6.0364</u>		<u>3.9987</u>
Tanque Verde Unified (District #13)				
Primary	168,681	3.8926	173,314	3.7233
Secondary	169,220	1.1403	173,314	1.5836
Total		<u>5.0329</u>		<u>5.3069</u>
Ajo Unified (District #15)				
Primary	19,274	4.8452	18,506	4.5540
Secondary	19,423	0	18,506	0
Total		<u>4.8452</u>		<u>4.5540</u>
Catalina Foothills Unified (District #16)				
Primary	555,678	3.1273	572,819	3.4551
Secondary	558,433	1.5793	572,819	1.5434
Total		<u>4.7066</u>		<u>4.9985</u>
Vail Elementary (District #20)				
Primary	417,721	4.8751	429,134	4.5425
Secondary	420,342	2.4249	429,134	2.4764
Total		<u>7.3000</u>		<u>7.0189</u>

Source:

Pima County Finance & Risk Management

(continued)

PIMA COUNTY, ARIZONA
 Comparative Net Valuations and Tax Rates
 (per \$100 assessed value)
 (in thousands)

Exhibit D - 10

(continued)

Jurisdiction	FY 2014-15 (Tax Year 2014)		FY 2015-16 (Tax Year 2015)	
	Valuation	Rate	Valuation	Rate
Sahuarita Unified (District #30)				
Primary	\$ 310,071	4.2988	\$ 299,027	4.6088
Secondary	311,158	2.9897	299,027	2.6759
Total		<u>7.2885</u>		<u>7.2847</u>
San Fernando Elementary (District #35)				
Primary	1,288	5.8244	1,260	5.9538
Secondary	1,293	0	1,260	0
Total		<u>5.8244</u>		<u>5.9538</u>
Empire Elementary (District #37)				
Primary	7,661	2.1687	7,673	1.7677
Secondary	7,713	0	7,673	0
Total		<u>2.1687</u>		<u>1.7677</u>
Continental Elementary (District #39)				
Primary	304,353	2.2575	312,442	2.1799
Secondary	307,027	0.3571	312,442	0.4713
Total		<u>2.6146</u>		<u>2.6512</u>
Baboquivari Unified School (District #40)				
Primary	1,046	0	2,108	0
Secondary	1,046	0	2,108	0
Total		<u>0</u>		<u>0</u>
Redington Elementary (District #44)				
Primary	1,405	4.7711	1,327	4.5901
Secondary	1,453	0	1,327	0
Total		<u>4.7711</u>		<u>4.5901</u>
Altar Valley Elementary (District #51)				
Primary	30,178	5.8245	28,867	6.1119
Secondary	30,503	0.9136	28,867	1.5065
Total		<u>6.7381</u>		<u>7.6184</u>

Source:
 Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA
 Historical Collections - Hotel Excise Tax
 Car Rental Surcharge and Recreational Vehicle Tax
 Last Ten Fiscal Years
 (in thousands)

Exhibit D - 11

Fiscal Year	Hotel Excise Tax ¹	Car Rental Surcharges ²	Recreational Vehicle Tax ³
2005-06	\$ 5,212	\$ 1,589	\$ 214
2006-07	7,796	1,357	210
2007-08	6,901	1,732	222
2008-09	5,628	1,389	159
2009-10	5,637	1,521	181
2010-11	5,887	1,538	165
2011-12	6,626	1,464	146
2012-13	6,286	1,399	136
2013-14	6,276	1,390	122
2014-15	6,105	1,384	137

Notes:

¹ Tax increased from 1% to 2% January 1, 1997; the additional 1% can only be used for County sports facilities. In January of 2006, the tax increased from 2% to 6%, of which only 34% can be used for sports facilities.

² Car rental surcharges increased from \$2.50 to \$3.50 per rental contract July 1, 1996. Usage is restricted to County sports facilities.

³ Recreational vehicle taxes apply at the rate of \$0.50 per vehicle per night and became effective July 1, 1997. Usage of this tax is limited to athletic activities.

Source:

Pima County Finance and Risk Management Department

PIMA COUNTY, ARIZONA
 Streets and Highways Revenue
 Last Ten Fiscal Years
 (in thousands)

Exhibit D - 12

Fiscal Year	Amount	Highway User Revenue	Vehicle License Tax
2005-06	\$ 56,937	\$ 43,292	\$ 13,645
2006-07	58,638	44,607	14,031
2007-08	57,847	44,060	13,787
2008-09	53,907	41,210	12,697
2009-10	50,535	38,739	11,796
2010-11	50,460	38,974	11,486
2011-12	44,890	33,665	11,225
2012-13	47,449	36,860	10,589
2013-14	49,212	37,500	11,712
2014-15	53,212	40,762	12,450

Source:
 Pima County Finance and Risk Management Department

STATISTICAL SECTION

DEBT CAPACITY:

The debt capacity information is intended to assist users to understand and assess a government's debt burden and ability to issue debt. Debt capacity information is cited as being very useful for assessing economic condition as frequently as revenue or tax capacity. Five of the schedules presented provide ten-year comparisons.

Certain schedules, for example, leases, lease-purchase installment notes payable, and purchase agreements, are provided to comply with debt disclosure requirements.

PIMA COUNTY, ARIZONA
Ratios of Outstanding Debt by Type to Personal Income and Per Capita
Last Ten Fiscal Years
(in thousands)

Fiscal Year	Governmental Activities								Business-Type Activities				
	General Obligation Bonds	Control Bonds	Transportation Revenue Bonds	Special Assessment Bonds	Certificates of Participation	Transportation Loans	Capital Leases	Installment Note Payable	Sewer Revenue Bonds	Sewer Revenue Obligations	Regional Wastewater Loans Payable	Contracts and Notes	Total Primary Government
2005-06	\$ 231,918	\$ 2,230	\$ 127,000	\$ 911		\$ 5,739	\$ 26,426		\$ 51,710		\$ 80,148	\$ 4,562	\$ 530,644
2006-07	290,150	1,470	136,541		\$ 31,731	3,714	24,736		94,356		76,111	5,280	664,089
2007-08	349,542	725	149,801		81,612	1,000	23,223		163,701		70,426	5,842	845,872
2008-09	388,032	725	139,683		74,554		21,327		183,389		64,489	6,481	878,680
2009-10	420,261		142,226		72,638		19,387		166,935	\$ 165,000	66,210	6,305	1,058,962
2010-11	455,856		131,375		48,235		17,775		184,782	176,849	27,390	4,657	1,046,919
2011-12	461,557		141,536		39,772		16,431		171,022	379,418	23,719	15,365	1,248,820
2012-13	467,368		128,604		134,494		298	\$ 605	155,514	510,975	21,169	12,645	1,431,672
2013-14	416,006		133,081		149,703			640	138,431	540,288	19,680	7,942	1,405,771
2014-15	391,298		118,770		177,771				120,361	510,763	18,145	1,098	1,350,118

Fiscal Year	Total Primary Government	Personal Income ¹	Percentage of Personal Income	Population at July 1 ¹	Debt per Capita
2005-06	\$ 530,644	\$ 31,951,109	1.66%	959,474	\$ 553
2006-07	664,089	33,641,312	1.97%	977,258	681
2007-08	845,872	35,320,737	2.39%	984,032	860
2008-09	878,680	33,713,976	2.61%	984,274	893
2009-10	1,058,962	33,883,172	3.13%	981,168	1,079
2010-11	1,046,919	35,132,468	2.98%	986,081	1,062
2011-12	1,248,820	36,412,855	3.43%	990,380	1,261
2012-13	1,431,672	36,935,363	3.88%	996,046	1,437
2013-14	1,405,771	38,025,100	3.70%	1,007,162	1,396
2014-15	1,350,118	39,106,000	3.45%	1,022,079	1,321

Notes:
Details regarding outstanding debt can be found in Note 7 to the Financial Statements, pages 65-74.
¹Personal income and population statistics are based on calendar year. Prior years' statistics updated based on current data.

Source:
Pima County Finance & Risk Management
UA Economic and Business Research Center, Eller College of Management

PIMA COUNTY, ARIZONA

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years
(in thousands)

Fiscal Year	General Obligation Bond Debt	Flood Control General Obligation Bond Debt	Debt Service Funds Available for Principal	Net General Bond Debt	Secondary Net Assessed Value	Percent Net General Bond Debt to Assessed Value	Population at July 1 ¹	Net General Bond Debt per Capita ²
2005-06	\$ 231,918	\$ 2,230	\$ 5,571	\$ 228,577	\$ 6,050,950	3.78%	959,474	\$ 238
2006-07	290,150	1,470	7,431	284,189	6,869,955	4.14%	977,258	291
2007-08	349,542	725	10,241	340,026	8,220,396	4.14%	984,032	346
2008-09	388,032	725	10,523	378,234	9,594,862	3.94%	984,274	384
2009-10	420,261		11,396	408,865	9,860,981	4.15%	981,168	417
2010-11	455,856		27,904	427,952	9,342,561	4.58%	986,081	434
2011-12	461,557		22,602	438,955	8,448,282	5.20%	990,380	443
2012-13	467,368		22,900	444,468	8,171,212	5.44%	996,046	447
2013-14	416,006		5,326	410,680	7,623,691	5.39%	1,007,162	408
2014-15	391,298		6,037	385,261	7,579,899	5.08%	1,022,079	377

Notes:

Details regarding outstanding debt can be found in Note 7 to the Financial Statements, pages 65-74.

¹Population statistics are based on calendar year. Prior years' statistics updated to reflect current data.

²Debt per Capita is shown in actual dollars and not in thousands.

Source:

Pima County Finance & Risk Management

UA Economic and Business Research Center, Eller College of Management

PIMA COUNTY, ARIZONA
Ratio of Direct and Overlapping Debt to Property Values and Per Capita
Last Ten Fiscal Years
(dollar amounts in thousands)

Exhibit D - 14a

Fiscal Year	Total Overlapping Debt	Secondary Net Assessed Value	Percentage of Assessed Value	Population at July 1 ¹	Debt per Capita ²
2005-06	\$ 1,146,388	\$ 6,050,950	18.95%	959,474	1,195
2006-07	1,107,662	6,869,955	16.12%	977,258	1,133
2007-08	1,137,114	8,220,396	13.83%	984,032	1,156
2008-09	1,213,050	9,594,862	12.64%	984,274	1,232
2009-10	1,302,802	9,860,981	13.21%	981,168	1,328
2010-11	1,335,431	9,342,561	14.29%	986,081	1,353
2011-12	1,284,219	8,448,282	15.20%	990,380	1,297
2012-13	1,311,417	8,171,212	16.05%	996,046	1,317
2013-14	1,193,238	7,623,691	15.65%	1,007,162	1,185
2014-15	1,501,691	7,579,899	19.81%	1,022,079	1,469

Notes:

Overlapping governments are those that coincide (at least in part), with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Pima County. When considering the County's ability to issue and repay long-term debt, the process should recognize the entire debt burden borne by the residents and businesses therein. However, this does not imply that every taxpayer is a resident and is responsible for the repayment of debt of each overlapping government.

¹Population statistics are based on calendar year. Prior year data updated to reflect new source.

²Debt per Capita is shown in actual dollars and not in thousands.

Source:

Pima County Finance & Risk Management
UA Economic and Business Research Center, Eller College of Management

PIMA COUNTY, ARIZONA
 Computation of Direct and Overlapping
 Governmental Activities Debt Outstanding
 At June 30, 2015
 (in thousands)

Exhibit D - 15

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Amount Overlapping</u>
Debt repaid with property tax:		
School Districts	\$ 588,445	\$ 588,445
City of Tucson	213,495	<u>213,495</u>
Total overlapping		<u>\$ 801,940</u>
Debt repaid with property tax Direct:		
Pima County*	\$ 391,298	<u>\$ 391,298</u>
Total direct		<u>\$ 391,298</u>
Other Debt:		
Certificates of participation	\$ 177,771	\$ 177,771
Installment note payable	11,912	11,912
Transportation bonds	118,770	<u>118,770</u>
Total other debt		<u>\$ 308,453</u>
Total direct and overlapping debt		<u><u>\$ 1,501,691</u></u>

Notes:

Overlapping governments are those that coincide with the geographic boundaries of the County. All overlapping governments are 100% within the County's boundaries. This schedule estimates the portion of the outstanding debt borne by the residents and businesses of Pima County. When considering the county's ability to issue and repay long-term debt, the process should recognize the entire debt burden borne by the residents and businesses therein. However, this does not imply that every taxpayer is a resident of each government and is responsible for the repayment of debt of each overlapping government.

*Excludes improvement districts.

Source:

Pima County Finance & Risk Management
 City of Tucson Finance Department
 Pima Community College District Finance Office

PIMA COUNTY, ARIZONA Legal Debt Margin
Last Ten Fiscal Years
(dollar amounts in thousands)

Exhibit D - 16

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Full Cash Net Assessed Value	\$ 6,050,950	\$ 6,869,955	\$ 8,220,396	\$ 9,594,862	\$ 9,860,981	\$ 9,342,561	\$ 8,448,282	\$ 8,171,212	\$ 7,623,691	\$ 7,579,899
Legal Debt Margin										
Debt limit (15% of assessed value)	907,643	1,030,493	1,233,059	1,439,229	1,479,147	1,401,384	1,267,242	1,225,682	1,143,554	1,136,985
Debt applicable to limit:										
General obligation bonds	231,310	289,590	348,335	386,845	417,995	452,750	456,145	456,690	407,275	383,935
Less: Net assets reserved for repayment of general obligation debt	<u>(5,571)</u>	<u>(7,431)</u>	<u>(10,241)</u>	<u>(10,523)</u>	<u>(11,396)</u>	<u>(27,904)</u>	<u>(22,602)</u>	<u>(22,900)</u>	<u>(5,326)</u>	<u>(6,037)</u>
Total net debt applicable to the limit	<u>225,739</u>	<u>282,159</u>	<u>338,094</u>	<u>376,322</u>	<u>406,599</u>	<u>424,846</u>	<u>433,543</u>	<u>433,790</u>	<u>401,949</u>	<u>377,898</u>
Legal debt margin	<u>\$ 681,904</u>	<u>\$ 748,334</u>	<u>\$ 894,965</u>	<u>\$ 1,062,907</u>	<u>\$ 1,072,548</u>	<u>\$ 976,538</u>	<u>\$ 833,699</u>	<u>\$ 791,892</u>	<u>\$ 741,605</u>	<u>\$ 759,087</u>
Total net debt applicable to the limit as a percentage of debt limit.	24.87%	27.38%	27.42%	26.15%	27.49%	30.32%	34.21%	35.39%	35.15%	33.24%

Please see Note 7 to the Financial Statements, pages 74 for additional details on calculation of the legal debt margin for the current year.

Source:
Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA
Regional Wastewater Reclamation Pledged Sewer Revenue Debt Coverage
Last Ten Fiscal Years
(dollar amounts in thousands)

Exhibit D - 17a

Fiscal Year	Sewer User Revenues ¹	Less: Operating Expense ²	Available Net Revenue	Plus: Ending cash		Debt Service ⁶			Coverage Ratio ^{4,5}
				Balances of Prior Fiscal Year (unrestricted)	Pledged Revenues ³	Principal	Interest	Total	
2005-06	\$ 105,827	\$ 57,371	\$ 48,456			\$ 10,053	\$ 5,619	\$ 15,672	3.09
2006-07	103,959	69,597	34,362			13,957	6,340	20,297	1.69
2007-08	109,264	78,521	30,743			13,325	7,221	20,546	1.50
2008-09	105,987	73,186	32,801			14,187	9,469	23,656	1.39
2009-10	128,067	69,904	58,163	\$ 20,163	\$ 78,326	16,952	9,838	26,790	2.92
2010-11	151,212	74,638	76,574	11,260	87,834	17,110	17,047	34,157	2.57
2011-12	158,397	73,241	85,156	32,806	117,962	20,895	21,658	42,553	2.77
2012-13	163,512	73,577	89,935	99,491	189,426	29,759	28,243	58,002	3.27
2013-14	181,553	77,893	103,660	128,735	232,395	37,025	30,386	67,411	3.45
2014-15	182,118	84,492	97,626	121,426	219,052	41,026	30,306	71,332	3.07

Notes:

¹Includes sewer connection fees.

²Excludes grants, depreciation, interest expense and amortization.

³Pledged revenues defined by BOS Resolution 2010-50.

⁴Sewer revenue debt rate covenants require minimum coverage of 120%.

⁵For fiscal year 2009-2010, a new Debt Coverage calculation was implemented.

⁶Debt service requirements include principal and interest payable during the Bond Fiscal Year. Per the bond resolution, Bond Fiscal Year is defined as 7/2/20XX to 7/1/20XX.

Source:

Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA
Transportation Revenue Bonds - Pledged Revenue
Bond Coverage Last Ten Fiscal Years
(dollar amounts in thousands)

Exhibit D - 17b

Fiscal Year	Transportation Revenue	Less:		Available Net Revenue	Debt Service ¹		Coverage Ratio
		Operating Expense			Principal	Interest	
2005-06	\$ 61,944	\$ 39,336		\$ 22,608	\$ 11,435	\$ 5,257	1.35
2006-07	64,781	42,639		22,142	11,745	5,659	1.27
2007-08	65,009	43,490		21,519	12,365	6,147	1.16
2008-09	58,891	38,082		20,809	15,145	6,203	0.97
2009-10	54,897	34,214		20,683	10,530	5,709	1.27
2010-11	52,711	34,552		18,159	11,015	5,244	1.12
2011-12	46,834	33,335		13,499	12,055	5,537	0.77
2012-13	49,874	35,041		14,833	12,425	4,969	0.85
2013-14	50,997	37,295		13,702	13,685	5,197	0.73
2014-15	55,466	39,022		16,444	13,210	4,711	0.92

Notes:

Details regarding outstanding debt can be found in Note 7 to the Financial Statements, pages 68-69.

Operating expenditures do not include interest, depreciation or amortization.

¹Debt Service requirements include principal and interest payable in the 12 months following each fiscal year.

Source:

Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA
 Lease, Lease-Purchase, Installment Note Payable and Purchase Agreements
 Scheduled Payments
 (dollar amounts in thousands)

Exhibit D - 18

Function/Department	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16
Clerk of Superior Court - Equipment	\$ 82	\$ 82	\$ 131	\$ 111	\$ 37				\$ 84	\$ 84
Jail ¹	3,015	5,920	3,027	3,007	3,004	\$ 3,004	\$ 3,427			
Sheriff - Equipment	21							\$ 160	160	160
Solid Waste - Equipment							298	298		
County Administration - Culture & Recreation										3,625
	<u>\$ 3,118</u>	<u>\$ 6,002</u>	<u>\$ 3,158</u>	<u>\$ 3,118</u>	<u>\$ 3,041</u>	<u>\$ 3,004</u>	<u>\$ 3,725</u>	<u>\$ 458</u>	<u>\$ 244</u>	<u>\$ 3,869</u>

Notes:

¹Funds derived from a sale/leaseback of the County's Adult Corrections Facility provided funding for construction of Kino Veteran's Memorial Sportspark & Tucson Electric Park Stadium.

Source:

 Pima County Finance & Risk Management

PIMA COUNTY, ARIZONA
Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Expenditures
Last Ten Fiscal Years
(dollar amounts in thousands)

Exhibit D - 19

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures*	Ratio of Debt Service To General Expenditures
2005-06	48,672	18,147	66,819	640,336	10.4%
2006-07	50,940	17,672	68,612	689,968	9.9%
2007-08	56,459	19,757	76,216	755,413	10.1%
2008-09	96,751	24,322	121,073	780,044	15.5%
2009-10	83,565	24,097	107,662	730,379	14.7%
2010-11	72,525	23,945	96,470	730,278	13.2%
2011-12	78,390	24,762	103,152	767,261	13.4%
2012-13	67,885	23,903	91,788	756,959	12.1%
2013-14	112,835	26,758	139,593	806,007	17.3%
2014-15	81,705	26,424	108,129	803,590	13.5%

*Includes General, Special Revenue and Debt Service Funds, while excluding Capital Projects Fund.

Source:

Pima County Finance & Risk Management

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STATISTICAL SECTION

DEMOGRAPHIC AND ECONOMIC INFORMATION:

The dual objectives of the demographic and economic information are to assist users in understanding certain aspects of the environment in which a government operates and to provide information that facilitates the comparisons of financial statement data over time and across governments.

Information of this type can help readers assess a government's condition by providing information about community expansion, average age increases or decreases and changes in personal income and unemployment. This type of data is important to readers in assessing economic condition.

PIMA COUNTY, ARIZONA
Demographic and Economic Statistics
Last Ten Years

Exhibit D - 20

Calendar Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2006	959,474	\$ 31,951,109	\$ 33,301	3.9%
2007	977,258	33,641,312	34,424	3.6%
2008	984,032	35,320,737	35,894	5.7%
2009	984,274	33,713,976	34,253	9.0%
2010	981,168	33,883,172	34,534	9.4%
2011	986,081	35,132,468	35,628	8.4%
2012	990,380	36,412,855	36,767	7.4%
2013	996,046	36,935,363	37,082	7.0%
2014	1,007,162	38,025,100	37,755	6.4%
2015	1,022,079	39,106,000	38,261	5.5%

Sources:

Arizona Department of Administration, Office of Employment & Population Statistics
 UA Economic and Business Research Center, Eller College of Management
 Bureau of Labor Statistics

PIMA COUNTY, ARIZONA
Principal Employers
Current Year and Nine Years Ago

Employer	2006			2007			2008			2009			2010		
	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
University of Arizona	10,282	3	2.3%	10,354	2	2.3%	10,535	3	2.3%	10,575	2	2.2%	10,363	2	2.1%
Raytheon	10,756	2	2.4%	11,184	1	2.5%	12,515	1	2.7%	11,539	1	2.4%	12,140	1	2.5%
State of Arizona	9,742	4	2.2%	9,927	3	2.2%	10,754	2	2.3%	9,329	3	1.9%	8,708	3	1.8%
Davis-Monthan AFB	8,233	5	1.9%	8,233	5	1.8%	7,701	5	1.7%	7,509	4	1.5%	7,755	4	1.6%
Tucson Unified School District	7,623	6	1.7%	7,419	6	1.6%	8,018	4	1.7%	7,227	5	1.5%	7,012	6	1.4%
Pima County Government	6,765	7	1.5%	7,290	7	1.6%	6,954	6	1.5%	6,235	8	1.3%	6,511	7	1.3%
Freeport-McMoran Copper							5,840	9	1.3%	5,987	9	1.2%			
Wal-Mart Stores, Inc.	4,980	9	1.1%	5,625	9	1.2%	5,805	10	1.3%	6,715	6	1.4%	7,192	5	1.5%
Fort Huachuca ¹	13,098	1		9,119	4		6,701	7		6,463	7		6,236	8	
City of Tucson	5,306	8	1.2%	5,848	8	1.3%	5,848	8	1.3%	5,635	10	1.2%	5,399	9	1.1%
Carondelet Health Network													4,566	10	0.9%
Phelps Dodge	4,123	10	0.9%	4,900	10	1.1%									
Total	80,908		18.2%	79,899		17.6%	80,671		17.6%	77,214		15.9%	75,882		15.6%
Total Work Force			443,300			453,500			459,200			486,400			488,500

Notes:

¹Fort Huachuca is located in Cochise County but is listed here due to its role as a large regional employer.

Sources:

UA Economic and Business Research Center, Eller College of Management
Data is obtained from www.tucson.com/star200, a website of the Arizona Daily Star.

(continued)

PIMA COUNTY, ARIZONA
Principal Employers
Current Year and Nine Years Ago

(continued)

Employer	2011			2012			2013			2014			2015		
	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
University of Arizona	10,481	2	2.2%	10,681	1	2.3%	10,846	1	2.4%	11,047	1	2.4%	11,235	1	2.4%
Raytheon	10,500	1	2.2%	10,500	2	2.3%	10,300	2	2.3%	9,933	2	2.2%	9,600	2	2.1%
State of Arizona	8,866	3	1.8%	9,061	3	2.0%	8,807	4	1.9%	9,439	3	2.1%	8,524	3	1.8%
Davis-Monthan AFB	8,462	4	1.7%	8,566	4	1.9%	9,100	3	2.0%	8,933	4	2.0%	8,335	4	1.8%
Tucson Unified School District	6,709	6	1.4%	6,674	6	1.5%	6,790	6	1.5%	6,525	6	1.4%	7,134	5	1.5%
Pima County Government	6,403	7	1.3%	6,170	8	1.4%	6,076	9	1.3%	7,328	5	1.6%	7,023	6	1.5%
UA Healthcare Network	5,982	9	1.2%	5,594	10	1.2%	6,099	8	1.3%	6,329	7	1.4%	6,542	7	1.4%
US Border Patrol				6,000	9	1.3%	6,500	7	1.4%	4,135		0.9%	6,470	8	1.4%
Freeport-McMoran Copper							5,463	10	1.2%	5,600	9	1.2%	5,800	9	1.2%
Wal-Mart Stores, Inc.	7,308	5	1.5%	7,300	5	1.6%	7,450	5	1.6%	5,200	10	1.1%	5,400	10	1.2%
Fort Huachuca ¹	6,225	8		6,198	7		6,198			5,717	8		5,314		
City of Tucson	4,930	10	1.0%				4,585		1.0%	4,845		1.1%	4,882		1.0%
Tohono O'odam Nation							4,350		1.0%	4,350		1.0%	4,350		0.9%
Carondelet Health Network							3,668		0.8%	3,476		0.8%	3,943		0.8%
TMC HealthCare												0.0%	2,976		0.6%
Total	<u>69,641</u>		14.3%	<u>70,546</u>		15.5%	<u>77,431</u>		17.1%	<u>74,469</u>		16.5%	<u>76,063</u>		16.3%
Total County Work Force			485,800			455,900			453,200			452,429			467,438

Notes:

¹Fort Huachuca is located in Cochise County but is listed here due to its role as a large regional employer.

Sources:

UA Economic and Business Research Center, Eller College of Management
 Data is obtained from www.tucson.com/star200, a website of the Arizona Daily Star.

PIMA COUNTY, ARIZONA
Population and Employment
Last Ten Calendar Years

Exhibit D - 22

Year	Population	Civilian Labor Force	Total Unemployment Rate	EMPLOYMENT				
				Mining	Construction	Manufacturing	Transportation & Utilities	Financial Activities
2006	959,474	446,958	3.9%	1,600	28,000	28,100	63,000	17,400
2007	977,258	454,854	3.6%	1,800	26,600	27,500	64,800	18,000
2008	984,032	473,344	5.7%	1,900	22,900	27,200	63,100	16,900
2009	984,274	486,040	9.0%	1,700	16,700	25,100	58,600	17,100
2010	981,168	479,879	9.4%	1,800	15,100	24,000	57,200	17,200
2011	986,081	465,640	8.4%	1,900	14,500	23,400	58,000	16,900
2012	990,380	459,349	7.4%	2,100	14,400	23,400	58,000	16,900
2013	996,046	449,958	7.0%	2,300	15,400	23,200	59,200	17,300
2014	1,007,162	452,429	6.4%	2,300	14,900	22,700	60,600	17,500
2015	1,022,079	467,438	5.5%	2,300	15,000	22,500	60,700	17,600

Notes:

All Employment data presented is not seasonally adjusted. Labor Force, Unemployment and Sector Employment for 2015 represent the average through July 2015.

Sources:

UA Economic and Business Research Center, Eller College of Management
Bureau of Labor Statistics

PIMA COUNTY, ARIZONA
Transportation and Real Estate
Last Ten Fiscal Years

Exhibit D - 23

Fiscal Year	Transportation				Real Estate		
	Aircraft Movements	No. of Air Passengers	Bus Ridership	Riders Per Mile	Residential Bldg. Permits	Multiple Listings	Sales Volume (In thousands)
2006	289,440	4,227,788	17,179,275	2.18	11,903	16,630	\$ 4,462,020
2007	263,910	4,374,371	17,857,865	2.21	6,265	13,821	3,757,536
2008	240,329	4,395,205	19,491,376	2.27	4,171	10,718	2,810,383
2009	190,445	3,669,924	21,648,350	2.46	2,364	10,472	2,245,644
2010	169,780	3,709,178	20,483,709	2.22	2,340	12,471	2,457,147
2011	164,152	3,676,894	19,746,774	2.18	2,400	11,545	2,033,702
2012	145,967	3,649,783	19,971,230	2.15	2,062	13,436	2,211,369
2013	138,263	3,308,620	20,352,101	2.16	3,713	13,587	2,528,609
2014	139,420	3,239,849	19,713,449	2.06	2,040	13,379	2,648,443
2015	141,422	3,181,901	19,657,931	2.06	3,250	13,692	2,856,957

Note:

Tucson International Airport follows the Federal fiscal calendar.

Sources:

- UA Economic and Business Research Center, Eller College of Management
- Tucson Airport Authority
- Pima Association of Governments
- Tucson Association of Realtors, Multiple Listing Service, Inc.

PIMA COUNTY, ARIZONA
Economic Indicators by Calendar Year
Last Ten Years
(dollar amounts in thousands)

Exhibit D - 24

Fiscal Year	Aggregate Retail Sales ¹	No. of Dwelling Units Awarded ²	Change in Real Estate Sales Volume	Commercial Bank Deposits ³
2006	\$ 10,805,508	11,644	12%	\$ 10,134,000
2007	11,530,620	8,522	-19%	10,497,000
2008	11,865,697	5,237	-34%	10,765,000
2009	11,583,359	3,221	-25%	10,855,000
2010	10,439,448	2,129	9%	11,134,000
2011	10,640,207	1,938	-21%	11,265,000
2012	11,440,377	2,242	8%	11,501,822
2013	12,010,672	2,841	13%	12,173,345
2014	12,317,085	3,491	5%	12,980,645
2015	12,555,553	3,250	7%	13,760,260

Notes:

¹Aggregate Retail includes total taxable sales from the following categories: Retail, Restaurant & Bar, Food and Gasoline.

²Beginning with calendar year 2011, the number of dwelling units awarded includes both single family and multiple family unit structures combined.

Sources:

UA Economic and Business Research Center, Eller College of Management
Tucson Association of Realtors, Multiple Listing Service, Inc.
Federal Deposit Insurance Corporation

PIMA COUNTY, ARIZONA
Population Statistics
June 30, 2015

Exhibit D - 25

ESTIMATED POPULATION BY AGE

<u>Age Group</u>	<u>Population</u>
0-4	63,912
5-9	62,481
10-14	63,174
15-19	71,479
20-24	79,641
25-29	68,782
30-34	63,249
35-39	59,394
40-44	59,076
45-49	56,871
50-54	64,742
55-59	67,157
60-64	64,072
65-69	58,107
70-74	43,534
75+	76,408
Total	<u><u>1,022,079</u></u>

POPULATION PROJECTIONS

<u>Year</u>	<u>Projected Population</u>
2016	1,037,232
2020	1,100,021
2025	1,172,515
2035	1,312,101
2045	1,447,403

Source:

Arizona Department of Administration, Office of Employment & Population Statistics

PIMA COUNTY, ARIZONA
Average Annual Jail Population
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Average Jail Population</u>
2006	2,028
2007	2,008
2008	1,913
2009	1,888
2010	1,724
2011	1,640
2012	1,802
2013	2,000
2014	2,061
2015	1,863

Source:
Pima County Sheriff's Department, Corrections Bureau

STATISTICAL SECTION

OPERATING INFORMATION:

The objective of the operating information is to provide contextual information about a government's operations and resources to assist users in using financial information to understand and assess a government's economic condition. Two types of information are considered important:

1. Basic information about infrastructure assets, utilities, and public works; in essence, the capital resources at the government's disposal. Examples include miles of streets and sewers and wastewater treatment volume.
2. Descriptive service information, which would help to evaluate the size of the government. This would include types of services, the related demand and volume, and the non-financial resources employed to provide the services.

PIMA COUNTY, ARIZONA
Employees by Function Last Ten
Fiscal Years

Function/Program	Full-Time Employees (FTE's) as of June 30, 2015									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities										
General government	2,911	2,776	2,860	2,684	2,870	2,850	2,473	2,321	2,805	2,832
Public safety	1,401	1,442	1,560	1,491	1,488	1,529	1,540	1,468	1,525	1,387
Highways and streets	526	334	330	311	264	262	274	265	258	248
Sanitation	45	41	40	34	33	23	24	3	31	33
Health	414	408	404	397	422	412	404	174	319	282
Welfare	23	22	26	29	32	27	377	397	8	7
Culture and recreation	180	466	485	480	467	461	652	331	442	434
Education and economic opportunity	289	179	186	184	174	170	133	144	112	111
Total governmental activities	5,789	5,668	5,891	5,610	5,750	5,734	5,877	5,103	5,500	5,334
Business-type activities										
Regional Wastewater Reclamation	668	472	508	507	488	481	531	413	438	387
Pima Health System & Services ¹	634	559	563	451	422	421	0	0	0	0
Development Services	156	153	128	73	66	66	59	52	60	56
Parking Garages	3	3	3	3	2	2	3	3	3	5
Total business-type activities	1,461	1,187	1,202	1,034	978	970	593	468	501	448
Total	7,250	6,855	7,093	6,644	6,728	6,704	6,470	5,571	6,001	5,782

Notes:

¹Variances can be noted in the Business Activities categories due to the closure of Kino Hospital which resulted in the absorption of some Kino employees into Pima Health System & Services. Pima Health Systems & Services was subsequently sold and the department closed.

PIMA COUNTY, ARIZONA
Operating Indicators by Program
Last Ten Fiscal Years

Exhibit D - 28

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Program:										
Sheriff										
Physical arrests	30,686	33,929	32,796	33,571	27,946	24,108	24,841	25,451	24,394	21,233
Traffic violations/citations										
Criminal	3,170	3,927	5,967	6,422	6,417	4,304	4,205	4,291	5,691	8,743
Civil	27,846	30,204	41,542	49,817	41,800	32,270	32,445	33,837	34,466	30,656
Total violations/citations	<u>31,016</u>	<u>34,131</u>	<u>47,509</u>	<u>56,239</u>	<u>48,217</u>	<u>36,574</u>	<u>36,650</u>	<u>38,128</u>	<u>40,157</u>	<u>39,399</u>
Wastewater										
Avg. daily sewage treated (MGD) ¹	66.4	68.5	67.3	67.8	65.4	62.7	62.3	60.9	60.2	60.3
New connections	8,325	8,734	4,452	1,477	1,950	1,412	1,355	1,856	1,804	1,427
Cultural and Recreational ^{2,3}										
Spring training attendance	155,377	142,773	160,626	103,407	84,520	N/A	20,850	21,944	N/A	N/A
Sidewinders attendance	171,179	153,595	143,611	58,879	N/A	N/A	N/A	N/A	N/A	N/A
Soccer attendance	N/A	N/A	N/A	N/A	N/A	N/A	36,001	21,942	36,723	41,259
Parks & Recreation										
Athletic field permits issued	135	141	147	149	168	161	228	263	326	280
Community center admissions	391,295	438,051	445,137	403,887	351,692	339,550	347,379	306,841	327,257	318,524
Volunteer hours	17,218	25,700	19,622	25,756	14,321	12,168	10,787	8,213	11,366	12,108
Library										
Volumes in collection	1,390,792	1,395,849	1,429,365	1,425,235	1,427,089	1,414,928	1,326,375	1,257,821	1,193,357	1,139,730
Total volumes borrowed	6,276,794	6,371,480	6,874,888	7,409,820	7,517,692	7,199,809	7,557,865	6,098,216	4,521,039	5,484,961
Number of cardholders	488,250	492,973	554,339	516,780	526,170	452,400	434,841	405,419	405,507	379,631
Capital Projects										
Land	\$ 16,646,964	\$ 37,402,683	\$ 18,619,333	\$ 59,922,798	\$ 36,953,802	\$ 5,655,264	\$ 13,075,719	\$ 6,947	\$ 4,335,540	\$ 10,746,469
Buildings	2,018,849	66,095,100	17,591,833	14,336,536	11,994,142	57,876,009	5,008,707	33,313,996	8,595,432	107,899,620
Improvements	3,568,917	21,944,399	4,673,301	9,028,251	1,921,052	6,366,258	4,287,186	12,837,873	20,436,143	3,763,811
Infrastructure	76,950,908	29,146,482	72,925,857	22,733,535	14,160,620	24,259,854	46,463,053	13,291,580	108,053,960	41,041,250
Total Completed	<u>\$ 99,185,638</u>	<u>\$ 154,588,664</u>	<u>\$ 113,810,324</u>	<u>\$ 106,021,120</u>	<u>\$ 65,029,616</u>	<u>\$ 94,157,385</u>	<u>\$ 68,834,665</u>	<u>\$ 59,450,396</u>	<u>\$ 141,421,075</u>	<u>\$ 163,451,150</u>

Notes:

¹MGD: Millions of Gallons per Day

²Sidewinders attendance 7/08 through 9/08; beginning in fiscal year 2008-09, the team is no longer in Tucson

³For fiscal year 2010-11 there were no Spring Training games in Tucson

PIMA COUNTY, ARIZONA
Capital Assets & Infrastructure by Program
Last Ten Fiscal Years

Exhibit D - 29

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Program:										
Sheriff										
Stations	6	7	7	7	7	7	7	7	7	7
Zone offices	5	4	4	4	4	4	4	2	2	2
Patrol units	303	302	324	323	361	355	358	305	354	371
Transportation (streets and highways)										
Streets (miles) ¹	1,798	1,801	1,893	1,893	1,893	1,892	1,897	1,905	1,854	1,854
Pothole repair ²	\$ 964,051	\$ 1,150,950	\$ 1,321,034	\$ 1,257,087		\$ 2,822,770	\$ 1,493,531	\$ 1,462,810	\$ 1,767,246	\$ 2,715,481
Flood Control										
Bank protection (miles) ³	138	139	140	140	140	141			175	195
Flood plain / drainage way (acres) ⁴	10,622	10,840	10,999	11,053	11,966	12,027	13,210	13,645	16,538	16,806
Parks & Recreation										
Urban parks (acres)	2,885	2,932	2,991	2,881	2,881	2,898	3,012	3,143	3,147	3,489
Playgrounds	36	41	41	38	38	39	40	40	41	38
Baseball/softball diamonds	78	84	90	85	85	86	86	87	89	91
Soccer/football fields	14	16	17	17	17	18	18	18	20	21
Community centers	9	9	11	8	8	11	11	11	11	11
Swimming pools / Splashpads	9	9	9	9	9	10	10	10	10	10
Wastewater										
Sanitary sewers (miles)	3,314	3,464	3,492	3,462	3,472	3,476	3,440	3,448	3,462	3,466
Treatment capacity (MGD) ⁵	87.45	92.45	90.00	91.50	94.26	97.76	97.06	97.04	95.04	95.03
Libraries⁶										
County	12	25	26	26	26	26	26	26	27	27
City	13	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Open Space Acquisitions										
Properties added	17	18	9	5	9	4	6	1	3	2
Acres	1,235	3,668	757	14,753	5,390	275	595	1,416	823	389
Cumulative acreage	32,948	36,616	37,373	52,126	57,516	57,791	58,386	59,802	60,625	61,014
Total properties	49	67	76	81	90	94	100	101	104	106

Notes:

¹Annexation by other jurisdictions resulted in a decrease of Transportation (Streets and Highways).

²Pothole repair figures were unavailable in FY 2009-10.

³No soil cement bank protection projects in 2012 and 2013.

⁴Regional Flood Control District maintained acreage only.

⁵On Jan. 3, 2012 capacity was reduced when the Town of Marana obtained ownership of the Marana Wastewater Treatment Facility.

⁶On July 1, 2006, the Pima County Library District assumed control of the operations of all County libraries.

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