

2020

Comprehensive Annual **FINANCIAL REPORT**



PIMA COUNTY

For the Fiscal Year Ended June 30, 2020 • Pima County, Arizona

**PIMA COUNTY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

BOARD OF SUPERVISORS

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COUNTY ADMINISTRATOR

C. H. Huckelberry

Chief Deputy County Administrator

Jan Leshner

Prepared by the Department of Finance and Risk Management

Michelle Campagne, CPA
Director

Meridith Litton, CPA
Deputy Director

Andy Welch
Deputy Director

Sam Correa
Deputy Director

Blanca Rossetti, Division Manager
Financial Control & Reporting

Supervisors

Emilia Eveningred

Chih-Yu Lee, CPA

Pete Rodriguez

Accountants

Len Baldazo
Brenda Escarcega
Jessica Espinoza
Linda House
Nakia Jones

Matthew Rodecker
Jennifer Serrano
Jennifer Sia, MBA
David A. Tribble

PIMA COUNTY, ARIZONA
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2020

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2020

Comprehensive Annual
FINANCIAL REPORT

For the Fiscal Year
Ended June 30, 2020
Pima County, Arizona

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 22, 2020

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, 2020. 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, 2020. 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.

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 1,050,906 in 2020, according to the Arizona Office of Economic Opportunity. 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 Analytics & Data Governance; Assessor; Board of Supervisors; Clerk of the Board; County Administrator; Elections; Facilities Management; Finance and Risk Management; Fleet Services; General Government Services Administration; Human Resources; Information Technology; Non Departmental; Office of Emergency Management & Homeland Security; Procurement; Recorder; Treasurer; and Wireless Integrated Network.
- *Community Resources* provides educational, cultural, social, economic development and recreational programs to the public. The departments in this functional area are Attractions and Tourism; Communications Office and Graphic Services; Community and Economic Development Administration; Community Development and Neighborhood Conservation; Community Services, Employment and Training; County Free Library; Grants Management and Innovation; Kino Sports Complex; Rocking K South Community Facilities District; School Superintendent; and the Stadium District.
- *Justice and Law Enforcement* 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; Justice Courts; Juvenile Court; Public Defense Services; 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; Health; Medical Examiner; and Pima Animal Care.
- *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; Environmental Quality; Natural Resources, Parks and Recreation; Office of Sustainability and Conservation; Public Works Administration; 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*, the *Rocking K South Community Facilities District*, and the *Improvement and Other 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 Sun Corridor, 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, Davis-Monthan Air Force Base, Tucson Unified School District and State of Arizona. Major manufacturers include Ventana Medical Systems, IBM, Caterpillar, and several aerospace and aircraft companies including Raytheon Missile Systems, Bombardier Aerospace, Sargent Aerospace and Defense, 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 improved slightly to 4.4% in 2019, after reaching a peak of 9.3% in 2010. The decline in Pima County's unemployment rate has been slightly less than the decrease in the national unemployment rate, which was 9.6% in 2010 and has fallen to 3.7% in 2019. 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 \$3.19 billion (12.5% of Arizona direct travel spending) in 2019. This direct travel spending generated 24,770 direct jobs, \$796 million in direct earnings and \$220 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 that 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. In 2019, the event attracted an estimated 65,600 people to Tucson and had an estimated economic impact of \$130 million in direct spending and nearly \$13 million in sales, bed, and rental car tax revenues. Due to restrictions stemming from the coronavirus pandemic (COVID-19), the Tucson Gem, Mineral and Fossil Showcase has been cancelled for 2021.
- The annual El Tour de Tucson, which is Southern Arizona's largest bicycling event attracting more than 6,000 cyclists and 12,000 spectators helped charities raise \$5.8 million in 2019 surpassing \$100 million in money raised to support charities since its inception. Although traditionally held annually on the Saturday before Thanksgiving, El Tour de Tucson has been postponed until 2021 due to the ongoing public health concerns brought on by the coronavirus pandemic (COVID-19).

Please refer to the MD&A beginning on page 13 for additional information regarding the County's economic outlook.

Long-term Financial Planning

Pima Prospers is Pima County's ten-year comprehensive plan establishing a vision and overarching principles for the County in areas such as land use, physical infrastructure, human infrastructure, and economic development. The County's annual budget, capital improvement plan, and debt management strategies are aligned with this comprehensive plan. Pima Prospers, including the planning for its financial impacts, can be found at www.pimaprospers.com.

Pima County's Economic Development Plan is a shorter term plan focusing on the County's future actions to help create new jobs, protect our existing jobs, improve transportation, promote tourism, and enhance relationships with our economic partners. Regional infrastructure investment is a significant component of the County's Economic Development Plan. Some of these economic development projects and financing can be seen in the Capital Improvement Plan and Debt Management sections below.

Capital Improvement Plan

The Adopted Budget for fiscal year 2020-2021 includes \$165.9 million for the Capital Improvement Plan (CIP). Under this plan, five departments comprise 90% of the total CIP budget as follows:

- Facilities Management, with a budget of \$47.1 million
- Regional Wastewater Reclamation, with a budget of \$45.2 million
- Transportation, with a budget of \$33.4 million
- Regional Flood Control District, with a budget of \$16.0 million
- Sheriff, with a budget of \$7.5 million

Facilities Management –Facilities Management has active projects with a total fiscal year 2020-2021 budget of \$47.1 million. Major projects include:

- Historic Courthouse - Tenant Improvement project is budgeted for \$6.3 million
- Northwest County Service Center project is budgeted for \$4.9 million
- Defense Services Building - Juvenile Courts project is budgeted for \$4.4 million
- Sahuarita Branch Library project is budgeted for \$3.7 million

Regional Wastewater Reclamation – The Regional Wastewater Reclamation Department (RWR) projects are predominantly funded by Sewer Revenue Obligations. RWR has a total fiscal year 2020-2021 budget of \$45.2 million. Major projects include:

- Old Nogales Interceptor Augmentation - Aerospace Corridor project is budgeted for \$11.3 million
- Minor Rehabilitation Projects are budgeted for \$9.2 million
- Systemwide Treatment Rehabilitation projects are budgeted for \$5.0 million
- Anammox Treatment Process project is budgeted for \$3.7 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 2020-2021 budget:

- Kolb Road, Sabino to Sunrise Drive is budgeted for \$7.8 million
- Valencia Road, Houghton to Old Spanish Trail is budgeted for \$7.0 million
- Broadway Blvd., Euclid to Country Club is budgeted for \$5.4 million
- Bopp Road, Sarasota Blvd. at Kinney Road Improvements is budgeted for \$3.2 million

Regional Flood Control District – The Regional Flood Control District has active projects with a total budget of \$16.0 million. Major projects include:

- Urban Drainage projects are budgeted for \$3.0 million
- Canyon Del Oro Wash North Bank project is budgeted for \$2.0 million

Sheriff's Department – The Sheriff's Department has a budget of \$7.5 million for air operations support equipment.

Debt Management

Bond ratings for Pima County, given by Fitch and Standard & Poor's, range from A- to AAA. 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 and 2014. At June 30, 2020, \$37.4 million from the November 4, 1997 election for Street and Highway Revenue is the only authorization that remains 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 and debt issuances anticipated for fiscal year 2020-2021 include \$60 million of Sewer Obligations, \$70 million of Certificates of Participation and \$21 million of Street and Highway Revenue 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, with 100 percent retired at or before 15 years.

The state constitution sets a cap on general obligation debt at 15 percent of the County's net secondary assessed valuation. In fiscal year 2019-2020, the constitutional debt limit was \$1.4 billion. The actual bonded indebtedness was \$174.9 million, far below the constitutional debt limit.

Please refer to the MD&A beginning on page 13 and Note 7 beginning on page 62 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 2019-2020 are expected to be under the limit of \$595.1 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. An important part of management's periodic evaluation is having the County's federal financial assistance programs audited annually under the federal Single Audit Act.

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 the fiscal year ended June 30, 2019 can be found at:

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

The Single Audit for Pima County for the fiscal year ended June 30, 2020 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, 2019. Pima County has received this prestigious award for thirty-four years from fiscal years ended June 30, 1984 through 2020, 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 2019-2020 budget document. This was the twenty-first 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

Jan Lesher
Chief Deputy County Administrator

Michelle Campagne
Director, Finance and Risk Management



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Pima County
Arizona**

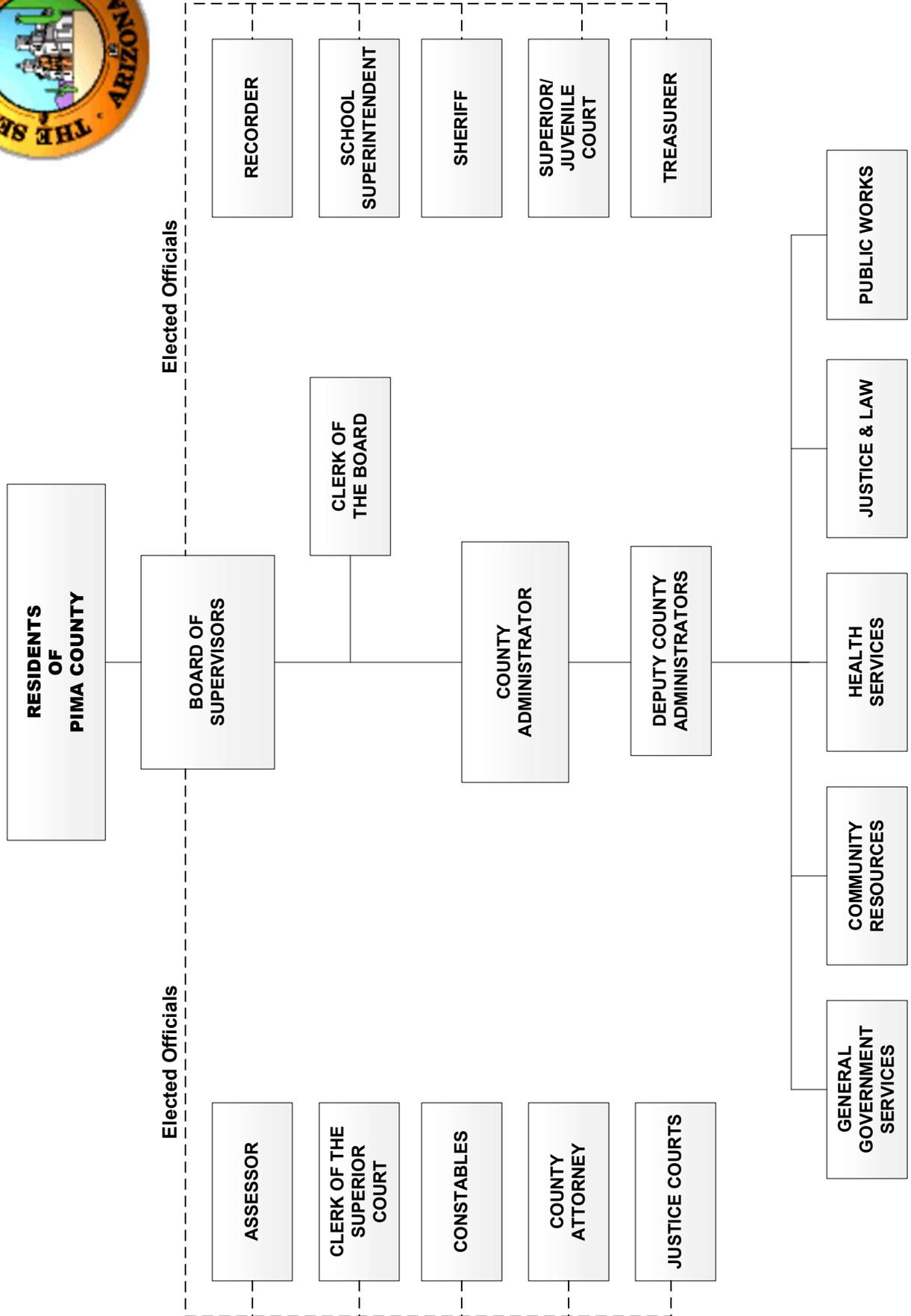
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

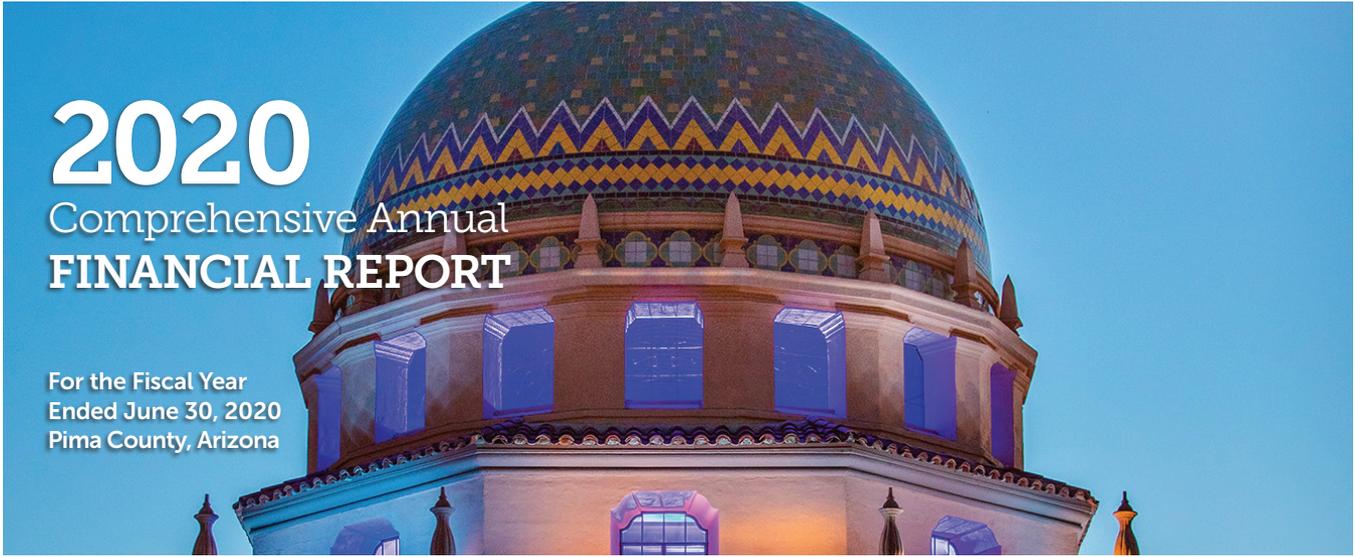
Christopher P. Morill

Executive Director/CEO

PIMA COUNTY ORGANIZATIONAL CHART



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2020

Comprehensive Annual FINANCIAL REPORT

For the Fiscal Year
Ended June 30, 2020
Pima County, Arizona

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.



LINDSEY A. PERRY
AUDITOR GENERAL

ARIZONA
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, 2020, 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 discretely presented 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	2.79%	0.24%	4.74%	1.18%
School Reserve Fund	0.05%	0.12%	0.27%	0.19%
Wireless Integrated Network	0.13%	0.19%	0.35%	0.48%
Self-Insurance Trust	3.19%	2.40%	1.94%	1.48%
Health Benefit Trust	0.99%	0.53%	6.36%	8.04%
Business-type activities:				
Regional Wastewater Reclamation Department	97.96%	98.83%	93.54%	97.60%
Development Services	0.68%	1.09%	5.29%	5.29%

Opinion unit/department	Assets and deferred outflows	Liabilities and deferred inflows	Revenues	Expenses/ expenditures
Discretely presented component unit:				
Southwestern Fair Commission	100.00%	100.00%	100.00%	100.00%
<u>Fund statements</u>				
Major enterprise fund:				
Regional Wastewater Reclamation Department	100.00%	100.00%	100.00%	100.00%
Aggregate remaining fund information:				
Stadium District	0.35%	1.10%	2.24%	2.53%
School Reserve Fund	0.14%	0.27%	0.67%	0.47%
Wireless Integrated Network	0.50%	2.68%	0.84%	1.11%
Development Services	1.40%	5.88%	2.58%	2.14%
Self-Insurance Trust	12.64%	33.50%	4.62%	3.40%
Health Benefit Trust	3.92%	7.38%	15.12%	18.51%

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 other auditors' reports. 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 the County as of June 30, 2020, 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, 2020, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. 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 13 through 30, budgetary comparison schedules on pages 93 through 95, schedule of the County's proportionate share of the net pension liability—cost-sharing plans on page 96, schedule of changes in the County's net pension liability and related ratios—agent plans on pages 97 and 98, and schedule of County pension contributions on page 99 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 management's responsibility 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 by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, 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 comply with the authorized transportation purposes, insofar as they relate to accounting matters, for Highway User Revenue Fund monies it received pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated State transportation revenues it received. 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 authorized transportation purposes referred to above, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's 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.

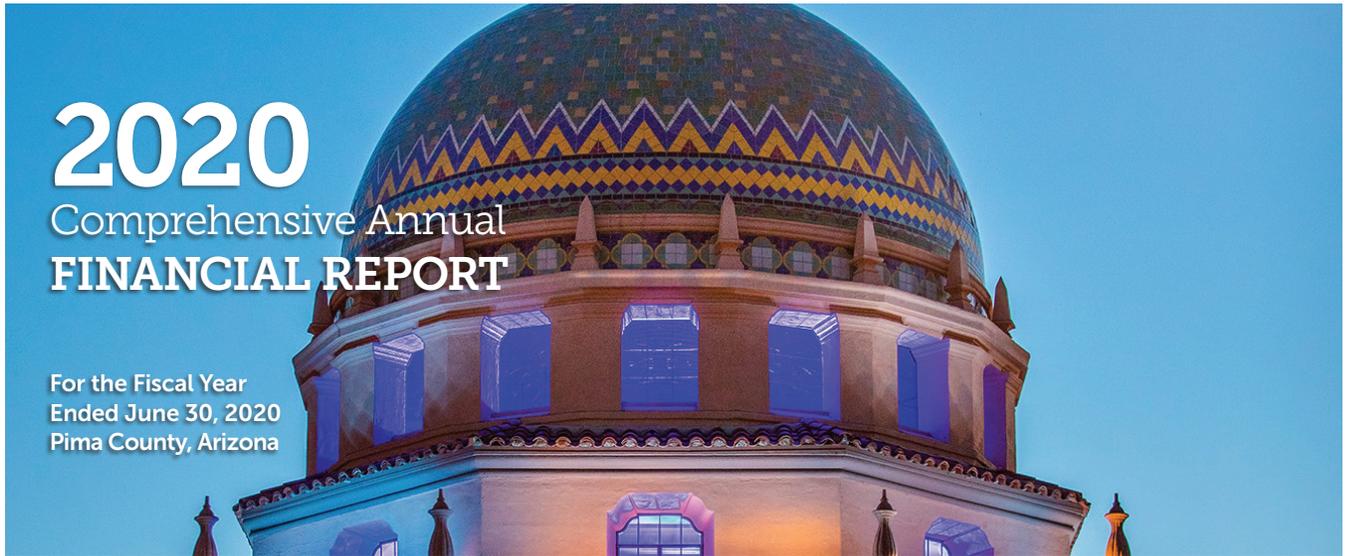
Lindsey A. Perry, CPA, CFE
Auditor General

December 22, 2020

2020

Comprehensive Annual
FINANCIAL REPORT

For the Fiscal Year
Ended June 30, 2020
Pima County, Arizona



MANAGEMENT'S DISCUSSION AND ANALYSIS

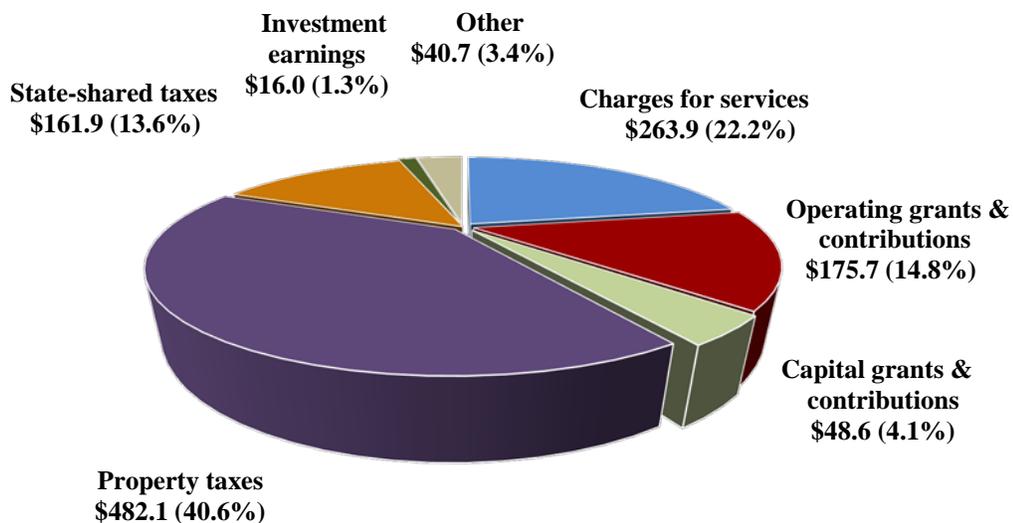
Pima County, Arizona
Management's Discussion and Analysis
For the Year Ended June 30, 2020

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, 2020. 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 31. All dollar amounts are expressed in thousands (000's) unless otherwise noted.

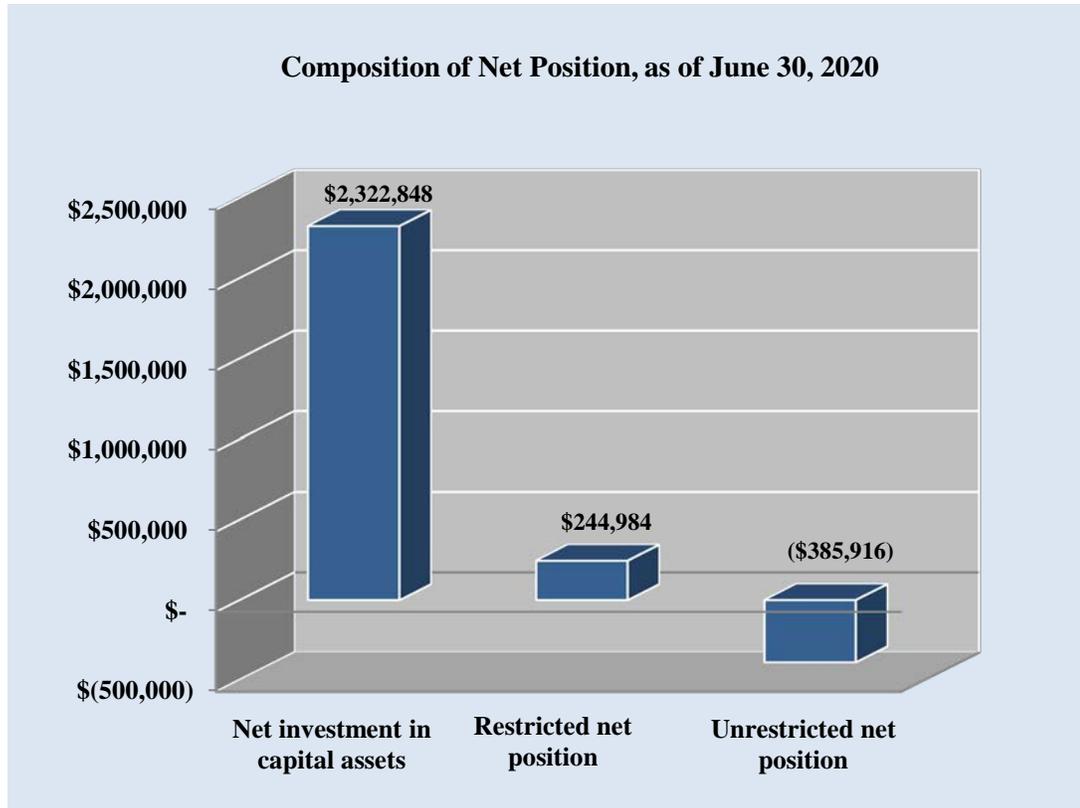
Financial Highlights

- Due to the unprecedented outbreak of the COVID-19 pandemic, the County received \$87.1 million in Coronavirus Aid, Relief and Economic Security Act ("CARES Act") monies in March 2020. Of that amount, \$42.4 million was spent on COVID-19 related expenses by June 30, 2020, and the remainder is expected to be spent by December 30, 2020.
- The County's total net position increased \$108,999, a 13.7% decrease when compared to the prior year's increase in total net position of \$126,342.
- The County issued \$12,975 to finance the Valencia Road Extension Project and \$43,045 to finance various capital improvement projects in Certificates of Participation, and \$35,295 in Sewer Revenue Obligations to finance the construction, expansion, and improvement of sewer treatment facilities and conveyance systems.
- The County's primary sources of revenue come from property taxes, charges for services, state shared taxes, and grants and contributions as displayed below:

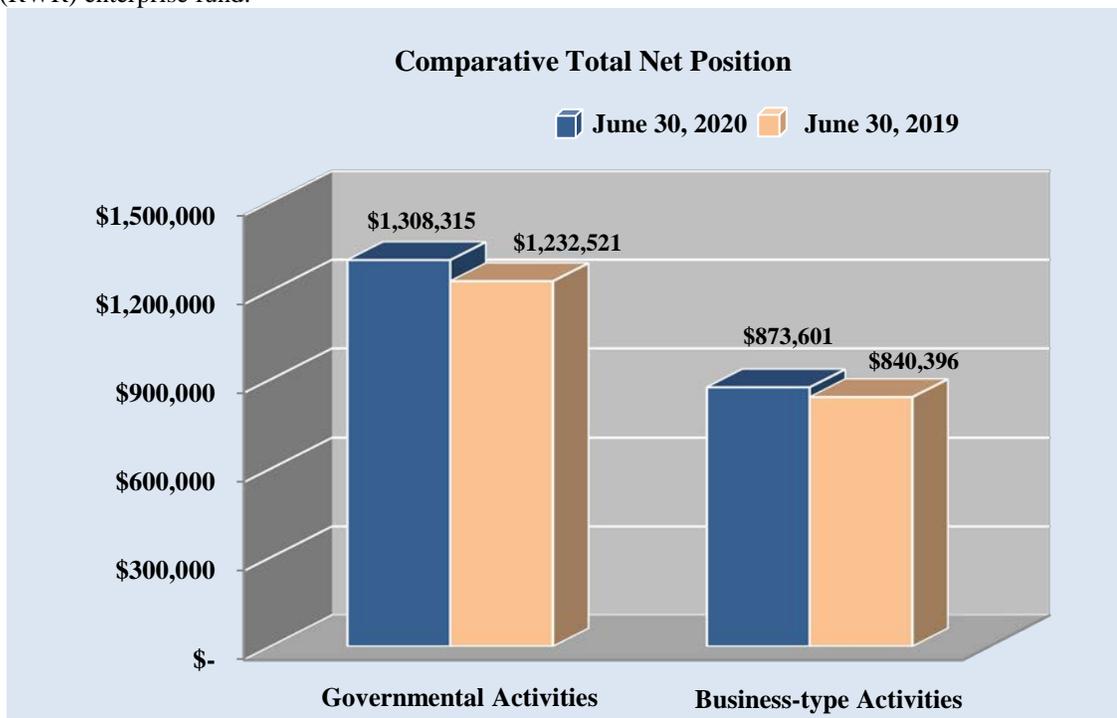
Revenue Sources
(in millions)



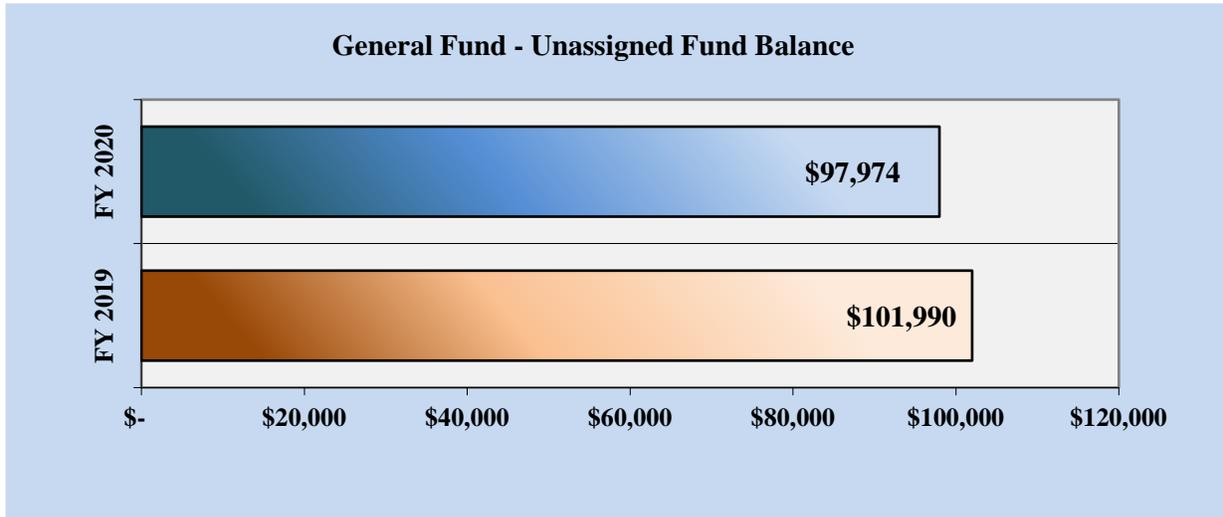
- The composition of the County's total net position at June 30, 2020, \$2,181,916, is illustrated in the following chart.



- Governmental Activities total net position at June 30, 2020, is \$1,308,315, representing an increase of \$75,794 (6.1%) from the prior fiscal year's net position, primarily due to an \$85,741 increase in cash and cash equivalents. Business-type Activities total net position of \$873,601, increased by \$33,205 (4.0%) in the current fiscal year, primarily due to a decrease of \$25,838 in outstanding liabilities for sewer revenue obligations and loan from debt payments made during the year in the Regional Wastewater Reclamation (RWR) enterprise fund.



- The current fiscal year's General Fund unassigned fund balance of \$97,974 is a decrease of \$4,016 (3.9%) from \$101,990 in the prior fiscal year. The unassigned fund balance comprises 92.8% of the total fund balance of \$105,596. Refer to the analysis of the General Fund provided on page 25 for additional details about the fund's financial activities during the year.



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 to the Financial Statements. 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, deferred inflows of resources, and net position. 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.

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

The government-wide financial statements can be found on pages 31-33.

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 sixteen individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Capital Projects, Debt Service and Grants 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 34-37. The combining statements for non-major governmental funds can be found on pages 102-105.

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, 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 38-41. The combining statements for other enterprise and internal service funds can be found on pages 120-127.

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 42-43.

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 **44-92**.

Required Supplementary Information (RSI) is presented concerning the County's General Fund and Grants Fund budgetary schedules 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, and the Schedule of County Pension Contributions. Required supplementary information can be found on pages **93-101**.

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 **102-131**.

Government-Wide Financial Analysis

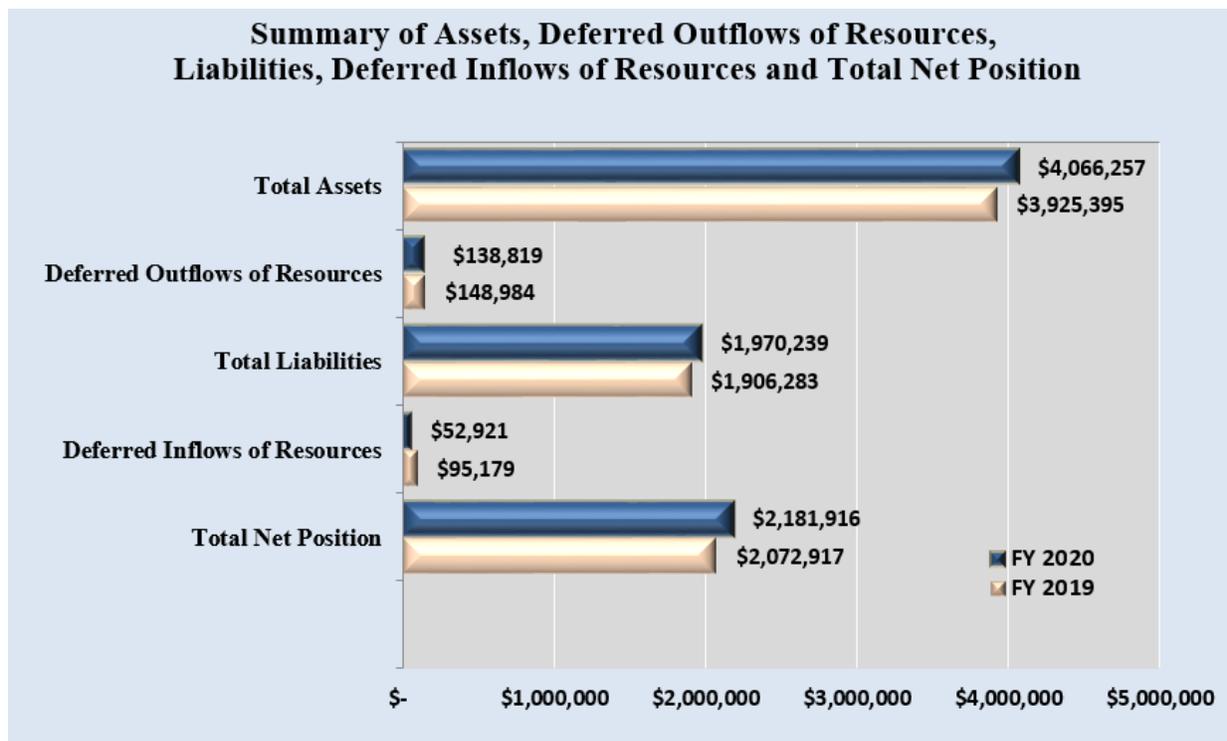
As noted earlier, net position may serve as a useful indicator of a government’s financial position over time. An analysis of the results of operations is also useful. The schedule below identifies variances in the results of operations.

Schedule of Results of Operations and Net Position For the Years Ended June 30, 2020 and 2019			
	2020	2019	Variance
Charges for services	\$ 263,938	\$ 259,361	\$ 4,577
Operating grants and contributions	175,720	131,487	44,233
Capital grants and contributions	48,608	41,329	7,279
Total program revenues	<u>488,266</u>	<u>432,177</u>	<u>56,089</u>
Total general revenues and transfers	<u>700,588</u>	<u>676,975</u>	<u>23,613</u>
Total program and general revenues	<u>1,188,854</u>	<u>1,109,152</u>	<u>79,702</u>
Total expenses	1,079,855	982,810	97,045
Change in net position	<u>\$ 108,999</u>	<u>\$ 126,342</u>	<u>\$ (17,343)</u>

Total program revenues increased by \$56,089, mainly due to a \$44,233 increase in operating grants and contributions. The increase in operating grants and contributions resulted from the US Treasury’s CARES Act appropriation provided to local governments in response to the Novel Coronavirus (COVID-19). Of the \$97,045 increase in total expenses, \$75,325 was in general government, primarily resulting from expenditures made from this appropriation to offset the additional costs incurred due to COVID-19. These variances in combination with the \$23,613 increase in total general revenues and transfers resulted in a \$17,343 decrease in the change in net position, to \$108,999.

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 the changes in the elements of the Statement of Net Position for the County at June 30, 2020, and June 30, 2019.



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.

The total of County assets at June 30, 2020, was \$4,066,257, an increase of \$140,862 (3.6%) from the prior year, while total liabilities increased slightly by \$63,956 (3.4%) from the prior year, ending at a balance of \$1,970,239. Deferred outflows of resources decreased by \$10,165 (6.8%) and deferred inflows of resourced decreased nearly by half \$42,258 (44.4%) from the prior year, ending at a balance of \$52,921.

The result of these changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources was an increase in net position of \$108,999 (5.3%), to \$2,181,916 in the current fiscal year, from \$2,072,917 in the prior fiscal year.

The largest portion of the County’s net position is reflected in 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, 2020, net investment in capital assets totaled \$2,322,848, an increase of \$87,389 (3.9%) from the prior year, due to the increase of \$64,716 (4.3%) for governmental activities and the increase of \$22,673 (3.2%) in net investment in capital assets for business-type activities. 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 \$244,984, which is an increase of \$27,083 (12.4%) from the prior year and represents approximately 11.2% of total net position.

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, 2020 and 2019									
	Governmental Activities			Business-type Activities			Total		
	FY 2020	FY 2019	Variance	FY 2020	FY 2019	Variance	FY 2020	FY 2019	Variance
Current and other assets	\$ 679,767	\$ 586,483	\$ 93,284	\$ 195,307	\$ 184,479	\$ 10,828	\$ 875,074	\$ 770,962	\$ 104,112
Capital assets (net):									
Land, buildings, equipment, infrastructure & other assets	1,964,891	1,925,694	39,197	1,226,292	1,228,739	(2,447)	3,191,183	3,154,433	36,750
Total assets	<u>2,644,658</u>	<u>2,512,177</u>	<u>132,481</u>	<u>1,421,599</u>	<u>1,413,218</u>	<u>8,381</u>	<u>4,066,257</u>	<u>3,925,395</u>	<u>140,862</u>
Deferred outflows of resources									
Pension and OPEB	117,805	121,465	(3,660)	4,084	5,237	(1,153)	121,889	126,702	(4,813)
Deferred charges on refunding	3,809	5,703	(1,894)	8,710	12,071	(3,361)	12,519	17,774	(5,255)
Asset retirement obligations				4,411	4,508	(97)	4,411	4,508	(97)
Total deferred outflows of resources	<u>121,614</u>	<u>127,168</u>	<u>(5,554)</u>	<u>17,205</u>	<u>21,816</u>	<u>(4,611)</u>	<u>138,819</u>	<u>148,984</u>	<u>(10,165)</u>
Current and other liabilities	154,090	67,404	86,686	17,696	14,313	3,383	171,786	81,717	90,069
Long-term liabilities	1,254,366	1,249,593	4,773	544,087	574,973	(30,886)	1,798,453	1,824,566	(26,113)
Total liabilities	<u>1,408,456</u>	<u>1,316,997</u>	<u>91,459</u>	<u>561,783</u>	<u>589,286</u>	<u>(27,503)</u>	<u>1,970,239</u>	<u>1,906,283</u>	<u>63,956</u>
Deferred inflows of resources									
Pension and OPEB	49,501	89,827	(40,326)	3,420	5,352	(1,932)	52,921	95,179	(42,258)
Total deferred inflows of resources	<u>49,501</u>	<u>89,827</u>	<u>(40,326)</u>	<u>3,420</u>	<u>5,352</u>	<u>(1,932)</u>	<u>52,921</u>	<u>95,179</u>	<u>(42,258)</u>
Net position:									
Net investment in capital assets	1,582,181	1,517,465	64,716	740,667	717,994	22,673	2,322,848	2,235,459	87,389
Restricted	182,536	150,534	32,002	62,448	67,367	(4,919)	244,984	217,901	27,083
Unrestricted (deficit)	(456,402)	(435,478)	(20,924)	70,486	55,035	15,451	(385,916)	(380,443)	(5,473)
Total net position	<u>\$1,308,315</u>	<u>\$1,232,521</u>	<u>\$ 75,794</u>	<u>\$ 873,601</u>	<u>\$ 840,396</u>	<u>\$ 33,205</u>	<u>\$ 2,181,916</u>	<u>\$2,072,917</u>	<u>\$108,999</u>

Analysis of Net Position for Governmental Activities

The current and other assets total of \$679,767 in the current fiscal year is an increase of \$93,284 (15.9%) over the prior year total of \$586,483. This increase is primarily due to an overall increase of \$85,741 in cash and cash equivalents. The cash increase is mainly generated from the \$71,069 increase in the Grants Fund from receiving federal CARES Act monies. The \$39,197 increase in capital assets is primarily the result of continued funding and expenditures occurring for major construction in progress projects, including tenant improvements at the historical courthouse and transportation projects such as the Valencia Road extension and the improvements from Wade Road to Ajo Highway.

Total liabilities increased \$91,459 (6.9%) to \$1,408,456 due to a \$86,686 increase in current and other liabilities resulting from a \$48,627 increase in unearned revenues and a \$30,788 increase in accounts payable. The increase in unearned revenues is due to the federal CARES Act grant funding. This funding is accounted for as an advance funded grant, meaning the revenues are not recognized until eligible expenditures have been incurred. The increase in accounts payable is primarily from a \$23,537 increase in outstanding construction invoices related to road paving and rehabilitation and tenant improvements for the historical courthouse.

The decrease of \$40,326 (44.9%) in deferred inflows of resources is due to the deferred inflows in pensions and OPEB. This variance in deferred inflows is due to the decreases in changes of assumptions in actuarial estimates related to the net pension and OPEB liabilities.

These changes resulted in an overall increase of \$75,794 (6.1%) in the current year's governmental activities total net position to \$1,308,315.

Analysis of Net Position for Business-type Activities

Total assets of \$1,421,599 in the current fiscal year increased by \$8,381 (0.6%) from the prior year total of \$1,413,218, resulting from a \$10,828 (5.9%) increase in current and other assets and a \$2,447 (0.2%) decrease in capital assets. The increase in current and other assets is primarily from a \$10,625 increase in total cash and cash equivalents; \$8,120 in the RWR and \$2,505 in the other nonmajor enterprise funds. The decrease in capital assets is the result of increased accumulated depreciation due to the amount of depreciation expense recognized for existing assets in the current year. This decrease is partially offset by an increase in construction in progress in the RWR fund for construction projects not yet completed in the current year.

Total liabilities decreased \$27,503 (4.7%) in the current year to \$561,783, primarily due to a net decrease of \$25,838 in outstanding obligations and loan in the RWR enterprise fund.

Total deferred outflows of resources in the current year totaled \$17,205, decreased by \$4,611 (21.1%) due to a decrease of \$3,361 in the deferred outflows for deferred charges on refunding that are the result of debt refundings completed in prior years.

The changes in total assets, liabilities, deferred outflows and deferred inflows of resources resulted in a total net position of \$873,601, an increase of \$33,205 (4.0%).

Governmental Activities

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

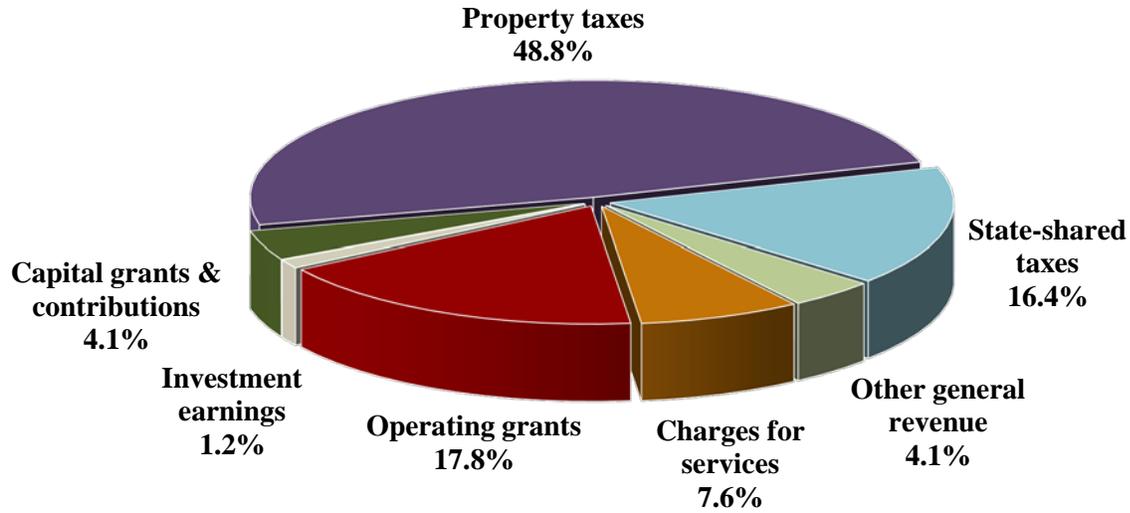
Governmental Activities				
Schedule of Revenues, Expenses, and Changes in Net Position				
For the Years Ended June 30, 2020 and 2019				
	FY 2020	FY 2019	Variance	
			Amount	Percent
Program revenues:				
Charges for services	\$ 74,979	\$ 67,779	\$ 7,200	10.6%
Operating grants and contributions	175,720	131,487	44,233	33.6%
Capital grants and contributions	40,077	30,361	9,716	32.0%
Total program revenues	290,776	229,627	61,149	26.6%
General revenues:				
Property taxes	482,079	463,547	18,532	4.0%
State-shared taxes	161,872	155,281	6,591	4.2%
Investment earnings	11,927	12,328	(401)	-3.3%
Other general revenues	40,004	40,557	(553)	-1.4%
Total general revenues	695,882	671,713	24,169	3.6%
Total revenues	986,658	901,340	85,318	9.5%
Expenses:				
General government	329,566	254,241	75,325	29.6%
Public safety	197,857	199,402	(1,545)	-0.8%
Highways and streets	118,956	111,826	7,130	6.4%
Sanitation	4,052	2,798	1,254	44.8%
Health	43,389	39,658	3,731	9.4%
Welfare	102,033	95,737	6,296	6.6%
Culture and recreation	70,275	62,513	7,762	12.4%
Education and economic opportunity	39,420	42,810	(3,390)	-7.9%
Amortization	(6,909)	(6,551)	(358)	5.5%
Interest on long-term debt	20,146	21,650	(1,504)	-6.9%
Total expenses	918,785	824,084	94,701	11.5%
Excess before transfers	67,873	77,256	(9,383)	-12.1%
Transfers in	7,921	11,855	(3,934)	-33.2%
Change in net position	75,794	89,111	(13,317)	-14.9%
Beginning net position	1,232,521	1,143,410	89,111	7.8%
Ending net position	<u>\$ 1,308,315</u>	<u>\$ 1,232,521</u>	<u>\$ 75,794</u>	6.1%

Revenues

Total revenues of \$986,658 increased \$85,318 (9.5%) from the prior year, primarily due to an increase of \$44,233 (33.6%) in program revenues from increased operating grants and contributions. This increase is attributed to the Federal assistance received from the US Treasury as previously discussed. Total general revenues increased \$24,169 (3.6%) as a result of an increase of \$18,532 (4.0%) in property tax revenues and \$6,591 (4.2%) in State-shared tax revenues compared to the prior year.

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, state-shared taxes, and operating grants account for approximately 83.1% of the County's revenues.

General and Program Revenues - Governmental Activities

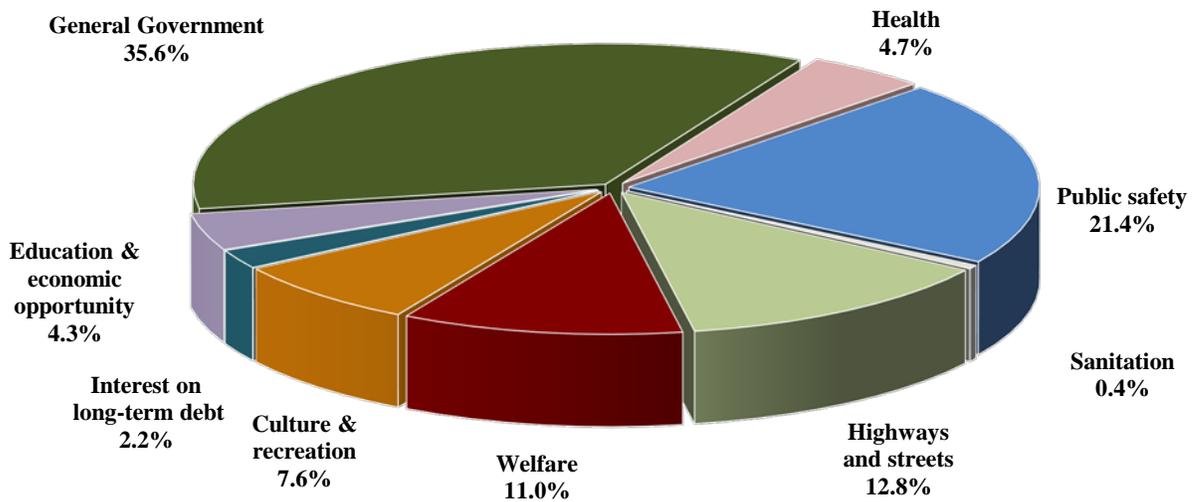


Expenses

Total expenses increased \$94,701 (11.5%) from the prior year, primarily due to an increase of \$75,325 (29.6%) in general government expenses and \$7,762 (12.4%) in culture and recreation expenses. The increase in general government expenses is due to a \$44,903 increase in expenses related to COVID-19 and \$10,447 in construction expenses for the Old Courthouse rehabilitation project. The increase in culture and recreation expenses is primarily the result of a \$2,635 increase in operations and maintenance costs for the Stadium District's Kino South complex.

The following chart presents expenses by function as a percentage to total expenses, excluding amortizations. The amount of each expense by function as a percentage to total expenses, excluding amortizations, has not changed significantly from the prior fiscal year. General government and public safety account for over half of the County's total expenses with a total of 57.0%.

Expenses by Function - Governmental Activities



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, 2020 and 2019				
	FY 2020	FY 2019	Variance	
			Amount	Percent
Program revenues:				
Charges for services	\$ 188,959	\$ 191,582	\$ (2,623)	-1.4%
Capital grants and contributions	8,531	10,968	(2,437)	-22.2%
Total program revenues	197,490	202,550	(5,060)	-2.5%
General revenues:				
Investment earnings	4,045	4,224	(179)	-4.2%
Other general revenues	661	1,038	(377)	-36.3%
Total general revenues	4,706	5,262	(556)	-10.6%
Total revenues	202,196	207,812	(5,616)	-2.7%
Expenses:				
Regional Wastewater Reclamation	151,893	149,576	2,317	1.5%
Development Services	6,528	6,187	341	5.5%
Parking Garages	2,649	2,963	(314)	-10.6%
Total expenses	161,070	158,726	2,344	1.5%
Excess before transfers	41,126	49,086	(7,960)	-16.2%
Transfers out	(7,921)	(11,855)	3,934	-33.2%
Change in net position	33,205	37,231	(4,026)	-10.8%
Beginning net position	840,396	803,165	37,231	4.6%
Ending net position	<u>\$ 873,601</u>	<u>\$ 840,396</u>	<u>\$ 33,205</u>	4.0%

Revenues

Total revenues for business-type activities decreased by \$5,616 (2.7%), due to a decrease of \$5,454 (3.3%) in charges for services in the RWR Fund. This decrease is due to a reduction in new sewer users as a result of fewer new housing developments being completed compared to the prior year. There was also a decrease of \$2,444 (22.3%) in capital grants and contributions of sewer conveyance assets constructed by developers and accepted by the County in the RWR Fund for continuous maintenance and operations.

Expenses

Total expenses for the business-type activities remained relatively flat with an increase of \$2,344 (1.5%), primarily due to an increase of \$2,317 (1.5%) in the RWR Fund. The net amount of transfers decreased by \$3,934 (33.2%), primarily due to a decrease of \$19,504 of transfers into the RWR Fund from the Capital Projects Fund and a decrease of \$24,145 in transfers into the Debt Service Fund from the RWR Fund.

Financial Analysis of the County's Funds

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, Grants and Special Revenue funds. Included in these funds are special districts governed by the Board of Supervisors (i.e. Flood Control, Library, Stadium, Improvement, and Rocking K South Community Facilities 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 tax revenues for the General Fund increased \$9,115 (2.7%), reflecting the net impact of higher property valuations. Intergovernmental revenues increased \$6,872 (4.0%), primarily due to increases in the State-shared sales tax and State-shared vehicle license tax. Charges for services increased \$1,838 (4.7%), mostly from an increase in the Recorder's statutory fees. Overall, revenues for the General Fund increased by \$17,673 (3.1%) and totaled \$587,985 for the current year.

General Fund expenditures totaled \$517,732, an increase of \$715 (0.1%) from the prior year. The significant changes for the fiscal year were:

- A decrease of \$15,781 in public safety expenditures primarily due to eligible Sheriff's department salaries and benefits covered by the CARES Act grant being charged in the Grants Fund instead of the General Fund.
- An increase of \$10,526 in health expenditures due to the transition of the Pima Animal Care Center's (PACC) operations from the Health Fund to the General Fund.
- An increase of \$6,089 in welfare expenditures primarily due to the increase of Arizona Long Term Care contributions made to the State of Arizona, and higher behavioral health care expenditures.

Transfers out totaled \$86,827, an increase of \$27,247 (45.7%) over the prior year, primarily due to a \$15,121 transfer out to the Transportation Fund to fund local pavement repair for the pay-as-you-go pavement repair and rehabilitation program and a \$15,000 transfer out to the Other Special Revenue Fund to fund the building façade improvements for the County's aging Administration buildings.

The \$17,673 increase in revenues, the \$715 increase in expenditures, and a total net increase of \$16,666 in other financing uses yielded a decrease of \$292 in net change in fund balance, which ended the year at \$105,596.

Budget and Actual Comparison for the General Fund

Overall, actual revenues were higher than budgeted revenues by \$6,914, primarily due to the higher than budgeted Intergovernmental revenue mentioned above and actual expenditures were less than budgeted expenditures by \$98,344. Actual expenditures for the General Fund were less than budgeted, primarily because the County did not need to spend \$42,620 of the amount budgeted for contingencies within General government – County Administration.

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

Capital Projects Fund

The County's Capital Projects Fund is used to account for financial resources that are restricted or assigned for capital outlays to acquire or construct capital assets.

Total revenues of \$18,750 for the Capital Projects Fund represent a decrease of \$5,732 (23.4%) from the prior year, primarily due to a decrease in Intergovernmental revenues from the State related to reductions in funding for road projects. These reductions were the result of projects that had less activity as they neared completion, specifically for the Aerospace Parkway and the Cortaro Farms project.

Total capital outlay expenditures of \$118,016 in the current year is only a slight decrease of \$259 (0.2%) under the prior year, as the County's capital improvement program maintained the same level of activity on its various projects.

The Capital Projects Fund's other financing sources of \$56,020 represents the current year's issuance of \$12,975 of Certificates of Participation (COPs) Series 2019A primarily to finance the Valencia Road Extension Project and \$43,045 of Certificate of Participation (COPs) Series 2020A to finance costs to renovate the Old Historic Courthouse and other facilities.

Transfers out totaled \$17,613, a decrease of \$12,321 from the prior year, mainly due to the prior year transfer out of \$19,498 in COPs funding transferred to the RWR fund for improvements to the sewer conveyance system.

Transfers in totaled \$54,324, an increase of \$7,370 (15.7%) over the prior year's total of \$46,954. The increase is primarily due to a \$8,492 increase of transfers in from the Flood Control Fund for various projects and a \$4,938 increase of transfers in from the Library District for the Southeast Library, offset by a decrease of \$7,665 from the Transportation Fund due to the completion of projects.

The above detailed financial activities yielded a decrease of \$1,555 in the Capital Projects Fund's net change in fund balance, which ended the year at \$117,786.

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 increased \$2,517 (4.3%), primarily due to an increase in property tax revenues as a result of increasing secondary net assessed property values.

Expenditures for the Debt Service Fund decreased by \$40,037 (27.1%) primarily due to a decrease in principal and interest payments for COPS Series 2018, and to COPS Series 2010 and COPS Series 2015 which were paid in full in the prior fiscal year. As a result, current year principal payments toward outstanding liabilities for COPS decreased by \$42,340 compared to the prior year.

The \$2,517 increase in revenues, \$40,037 decrease in expenditures, and \$46,097 decrease in other financing sources yielded a decrease in fund balance of \$1,702, which ended the year at \$5,143.

Grants Fund

This major fund accounts 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. Revenues and other financing sources are primarily from intergovernmental revenues and transfers in.

Total revenues of \$89,557 for the Grants Fund represent an increase of \$44,614 (99.3%) from the prior year, primarily due to an increase in intergovernmental revenues from the US Treasury under the CARES Act as previously discussed.

Grant fund expenditures totaled \$89,243, an increase of \$43,298 (94.2%) from the prior year, primarily due to an increase of \$44,903 in general government primarily due to expenditures resulting from COVID-19.

Transfers out totaled \$3,432, an increase of \$285 (7.7%) over the prior year, primarily due to a \$3,432 transfer out to the Capital Projects Fund related to the Transportation department.

The \$44,614 increase in revenues, the \$43,298 increase in expenditures, and a total net increase of \$1,377 in other financing uses yielded a \$1,987 net change in fund balance, which ended the year at a deficit of \$2,166.

Major Proprietary Fund

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

Significant changes in the Fund's net position during the fiscal year include a decrease in the sewer utility service and sewer connection revenues of \$3,910 resulting from a decrease in new sewer users compared to the prior year, a decrease in transfers in of \$19,504 and a decrease in transfers out of \$24,145.

The decrease in transfers in is due to the usage of the remaining proceeds of the Certificates of Participation Series 2018B in the Capital Projects Fund, which are transferred into the RWR fund to pay for the ongoing sewage conveyance projects currently under construction. The decrease in transfers out is due to a decrease in the debt service requirements for the Certificates of Participation Series 2015 and Series 2018 in 2020.

The net position increased by \$31,915 in the current fiscal year, resulting in a total net position of \$850,879 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, 2020 and 2019									
	Governmental Activities			Business-type Activities			Total		
	FY 2020	FY 2019	Variance	FY 2020	FY 2019	Variance	FY 2020	FY 2019	Variance
Land	\$ 560,021	\$ 549,193	\$ 10,828	\$ 15,983	\$ 15,978	\$ 5	\$ 576,004	\$ 565,171	\$ 10,833
Construction in progress	86,909	65,289	21,620	65,930	47,540	18,390	152,839	112,829	40,010
Buildings and improvements	608,055	591,126	16,929	499,546	526,424	(26,878)	1,107,601	1,117,550	(9,949)
Infrastructure	610,147	618,993	(8,846)				610,147	618,993	(8,846)
Sewage conveyance systems				562,042	552,458	9,584	562,042	552,458	9,584
Equipment	99,759	101,093	(1,334)	82,791	86,339	(3,548)	182,550	187,432	(4,882)
Total	\$ 1,964,891	\$ 1,925,694	\$ 39,197	\$ 1,226,292	\$ 1,228,739	\$ (2,447)	\$ 3,191,183	\$ 3,154,433	\$ 36,750

The County's capital assets total is \$3,191,183 in the current year, an increase of approximately 1.2% or \$36,750 from the prior year's total of \$3,154,433. Significant changes in capital assets of Governmental Activities and Business-type Activities are discussed in further detail in the following sections.

Governmental Activities

The current year's total assets of \$1,964,891 is a net increase of \$39,197 from the prior year. The \$21,620 increase in construction in progress is primarily due to an increase of \$16,463 to renovate the Old Historic Courthouse and \$23,905 for the Valencia Road project. The \$8,846 decrease in infrastructure is primarily due to normal depreciation expense in the current year and contributions of road assets to other governments.

Some of the more significant road projects capitalized in the fiscal year include:

- The collector and arterial roadways improvements project totaling \$6,369.
- The Thornydale Road improvement project from Cortaro Farms Road to Camino Del Norte for \$2,318.
- The Houghton Road improvement project from I-10 to Golf Links Road for \$2,063.
- The Tanque Verde Road improvement project at the Tanque Verde Loop Road for \$1,566.

Business-type Activities

Capital assets of business-type activities decreased by \$2,447 (0.2%), due a decrease of \$26,878 (5.1%) in buildings and improvements and \$3,548 (4.1%) in equipment, partially offset by increases in construction in progress of \$18,390 (38.7%) and sewage conveyance systems of \$9,584 (1.7%). The predominate factor driving the net decrease in assets for business-type activities is due to the addition of \$55,652 of additional depreciation that was offset by a \$34,815 increase for added assets and the \$18,390 increase for construction in progress.

Capital assets for the RWR fund decreased by \$1,657 (0.1%) compared to the prior year, mainly due to decreases of \$26,303 (5.2%) in buildings and improvements and \$3,333 (3.9%) in equipment, partially offset by an \$18,390 increase in construction in progress and \$9,584 increase in sewage conveyance systems. The increase in construction in progress is the result of sewage conveyance system projects entering a more active construction phase compared to more completion and capitalization occurring in the prior year. The decrease in buildings and improvements is due to normal depreciation expense in the current year, although increases in added assets via purchases and capitalization of construction projects (\$26,340) and developer contributions (\$8,469) was significant.

Additional information regarding capital assets activity can be found in Note 5 of the financial statements, Capital Assets, on pages 58-59.

Long-term Debt

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

Long-Term Debt Issued Within Fiscal Year For the Years Ended June 30, 2020 and 2019		
	FY 2020	FY 2019
Certificates of Participation (COPs)	\$ 56,020	\$ 20,940
Sewer System Revenue Obligations	35,295	21,245
Installment note payable	679	170
Transportation Revenue Bonds		25,000
Total	\$ 91,994	\$ 67,355

During the year, the County issued Certificates of Participation (COPs) Series 2019A for \$12,975 to finance the Valencia Road Extension Project and Series 2020A for \$43,045 to finance various capital improvement projects of the County.

In addition, the County issued Sewer Revenue Obligations Series 2020A for \$35,295 to provide funds for the acquisition, construction and improvement of the County’s sewer treatment facilities and conveyance systems.

Further, the County’s Clerk of the Superior Court acquired computer equipment during the fiscal year under an installment contract for a total purchase price of \$679.

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

Credit Ratings				
	Standard & Poor's		Fitch Ratings	
	Rating	Date	Rating	Date
General Obligation Bonds	AA	November-2020	AAA	November-2020
Certificates of Participation (COPs)	AA-	November-2020	AA	November-2020
Transportation Revenue Bonds	AA	November-2020	AA	November-2020
Sewer System Revenue Obligations	AA	November-2020	AA	November-2020

Pima County’s efforts in maintaining a strong budget reserve over the past several years has contributed, in part, to the County earning a General Obligation Bond Rating of AAA from Fitch Ratings, a national bond ratings company that rates Pima County debt issuances. The AA ratings for the Certificates of Participation (COPs), Transportation Revenue bonds, and Sewer Revenue obligations also reflect the County’s ability to maintain a sound financial profile.

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 County’s outstanding general obligation bonds amount of \$174,910 at the end of the current fiscal year is significantly below the current debt limitation of \$1,446,880.

Additional information regarding the County’s debt can be found in Note 7 of the financial statements, Long-term Liabilities, on pages **62-69**.

Economic Factors and Next Year’s Budget

The current fiscal year 2020-21 budget is based largely on the County’s response to a set of unique challenges from a variety of outside sources. Primary among these is the decision by the Arizona Legislature to balance the State Budget by continuing to transfer \$94 million of fiscal year 2020-21 state costs to Pima County. These additional costs imposed by the state continue to cause significant uncertainties in the development of the County budget and 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 2020-21 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 impact the County in fiscal year 2020-21.

State Budget Cost Shifts

In attempts to balance the State Budget, the Governor and Legislature continue to transfer significant amounts of state costs to the 15 counties throughout the state. The total of these cost transfers to Pima County is \$94 million for fiscal year 2020-21, or nearly 27% of Pima County’s primary property tax levy.

Property Taxes

The fiscal year 2020-21 Adopted Budget includes a \$0.0776 decrease in the County’s regular primary property tax rate for General Government Revenues, a \$0.1700 decrease in the County Debt Service secondary property tax rate, and no change in either the Regional Flood Control District secondary property tax rate or the County Library District secondary property tax rate from the fiscal year 2019-20 rates. The total property tax rate for Pima County (excluding the State mandated Fire District Assistance Tax) decreased from \$5.5584 to \$5.3108 per \$100 of net taxable value, a net decrease of \$0.2476.

State Shared Revenues

State shared sales tax revenue is projected to decrease by \$14.2 million in fiscal year 2020-21. This decrease reflects the continued impact of the COVID-19 pandemic on state and local economies. The impact of this reduction in revenues will require the use of other revenue sources to fund expenditures. Pima County implemented reductions in fiscal year 2020-21 budgeted expenditures in order to offset these revenue reductions.

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 2020-21 totals over \$160 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 Arizona State, Public Safety and other retirement system contributions, plus other benefit costs. Fiscal Year 2020-21 aggregate benefits will decrease by \$681 thousand as compared to fiscal year 2019-20.

Employee Medical Insurance Benefits Costs

Prior to fiscal year 2013-14, Pima County purchased medical insurance for its employees from an independent provider. Over the five years prior to fiscal year 2013-14, the County's employee medical insurance premiums increased by an average of 15 to 20 percent yearly. In order to control the rate of increase of employee medical insurance costs, the County moved to a self-insured medical plan run by a third-party administrator starting in fiscal year 2013-14. Under this new model, year-to-year medical insurance costs have increased in the range of 5 to 7 percent annually. For fiscal year 2020-21 both employer and employee medical premium costs will increase slightly from fiscal year 2019-20 rates. It is anticipated that the rate of medical cost increases will continue the trend of being better controlled in future fiscal years.

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 debt. 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 2020-21 totals \$49.3 million. This reserve represents 8.6% of projected revenues for fiscal year 2020-21. The reserve is in the middle of the range of reserves recommended by the Government Finance Officers Association. If this reserve is not spent, it will represent the base ending fund balance for fiscal year 2020-21.

Novel Coronavirus (COVID-19)

The unprecedented outbreak of the COVID-19 pandemic has had minimal impact on the County's revenue as of the last quarter of the fiscal year. On March 18, 2020, the County implemented a hiring freeze for all County departments to address expected and potential revenue losses. In addition, the County's budget for fiscal year 2021 saw a reduction in budgeted expenditures to mitigate the impact of the potential loss in revenue. The federal government provided assistance in dealing with the effects of the COVID-19 pandemic via the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The full impact of the COVID-19 pandemic's adverse effect on the County's operational revenues moving forward cannot be fully determined at this time, but may include and is not limited to: a decrease in State-shared sales tax and State-shared vehicle license tax, a reduction in travel, which would impact car-rental surcharge revenues and transient lodging excise taxes, etc.

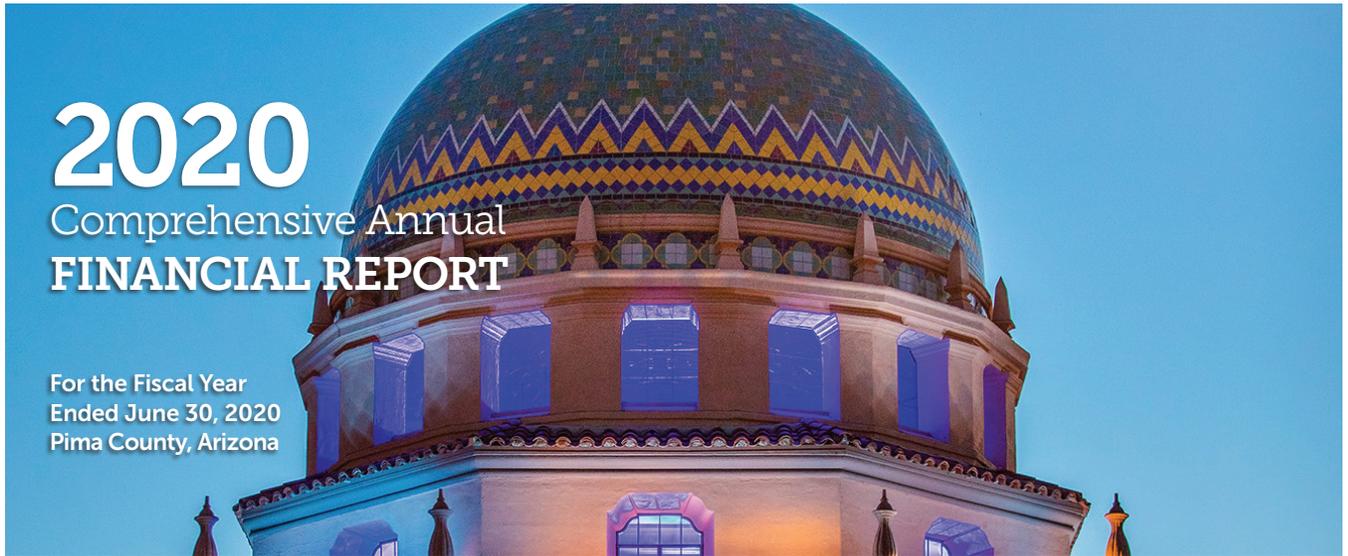
Requests for Information

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.

2020

Comprehensive Annual
FINANCIAL REPORT

For the Fiscal Year
Ended June 30, 2020
Pima County, Arizona



BASIC FINANCIAL STATEMENTS

PIMA COUNTY, ARIZONA

Exhibit A-1

Statement of Net Position

June 30, 2020

(in thousands)

	Primary Government			Component Unit SW Fair Commission
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 587,088	\$ 93,483	\$ 680,571	\$ 1,166
Property taxes receivable (net)	12,665		12,665	
Interest receivable	357	101	458	
Internal balances	(5)	5		
Due from other governments	42,968	12	42,980	
Accounts receivable (net)	6,419	18,937	25,356	29
Inventories	2,462	3,088	5,550	38
Prepays	17,435	521	17,956	87
Restricted assets:				
Cash and cash equivalents	45	79,093	79,138	
Loans receivable	5,812		5,812	
Net other postemployment benefits asset	4,521	67	4,588	
Capital assets not being depreciated:				
Land	560,021	15,983	576,004	
Construction in progress	86,909	65,930	152,839	
Capital assets being depreciated (net):				
Buildings and improvements	608,055	499,546	1,107,601	5,510
Sewage conveyance system		562,042	562,042	
Equipment	99,759	82,791	182,550	374
Infrastructure	610,147		610,147	
Total assets	2,644,658	1,421,599	4,066,257	7,204
Deferred outflows of resources				
Pension and other postemployment benefits	117,805	4,084	121,889	
Deferred charge on debt refunding	3,809	8,710	12,519	
Asset retirement obligations		4,411	4,411	
Total deferred outflows of resources	121,614	17,205	138,819	
Liabilities				
Accounts payable	80,111	15,849	95,960	117
Contract retentions	2,884		2,884	
Employee compensation	16,379	952	17,331	
Due to other governments	148	49	197	
Deposits and rebates	511	380	891	211
Unearned revenue	54,057	466	54,523	64
Noncurrent liabilities:				
Due within one year	142,229	70,824	213,053	
Due in more than one year	1,112,137	473,263	1,585,400	303
Total liabilities	1,408,456	561,783	1,970,239	695
Deferred inflows of resources				
Pension and other postemployment benefits	49,501	3,420	52,921	
Total deferred inflows of resources	49,501	3,420	52,921	
Net Position				
Net investment in capital assets	1,582,181	740,667	2,322,848	5,884
Restricted for:				
Facilities, justice, library, community development, and tax stabilization	102,881		102,881	
Highways and streets	16,551		16,551	
Debt service		36,905	36,905	
Capital projects	34,384	5,963	40,347	
Regional wastewater		19,580	19,580	
Healthcare	28,720		28,720	
Unrestricted (deficit)	(456,402)	70,486	(385,916)	625
Total net position	\$ 1,308,315	\$ 873,601	\$ 2,181,916	\$ 6,509

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2020
(in thousands)

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 329,566	\$ 28,754	\$ 69,049	\$ 361
Public safety	197,857	14,665	6,092	1,080
Highways and streets	118,956	9,236	65,158	37,907
Sanitation	4,052		1,280	
Health	43,389	14,614	10,903	89
Welfare	102,033	289	25	
Culture and recreation	70,275	6,907	489	363
Education and economic opportunity	39,420	514	22,724	277
Amortization - unallocated	(6,909)			
Interest on long-term debt	20,146			
Total governmental activities	918,785	74,979	175,720	40,077
Business-type activities:				
Regional Wastewater Reclamation	151,893	176,208		8,524
Development Services	6,528	10,396		7
Parking Garages	2,649	2,355		
Total business-type activities	161,070	188,959		8,531
Total primary government	\$ 1,079,855	\$ 263,938	\$ 175,720	\$ 48,608
Component unit:				
Southwestern Fair Commission	3,814	2,050	143	
Total component unit	\$ 3,814	\$ 2,050	\$ 143	
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				
Property taxes, levied for improvement and other districts				
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				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position at beginning of year				
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	Business-type	Total	SW Fair Commission
Activities	Activities		
\$ (231,402)		\$ (231,402)	
(176,020)		(176,020)	
(6,655)		(6,655)	
(2,772)		(2,772)	
(17,783)		(17,783)	
(101,719)		(101,719)	
(62,516)		(62,516)	
(15,905)		(15,905)	
6,909		6,909	
(20,146)		(20,146)	
(628,009)		(628,009)	
	\$ 32,839	32,839	
	3,875	3,875	
	(294)	(294)	
	36,420	36,420	
(628,009)	36,420	(591,589)	
			\$ (1,621)
			\$ (1,621)
348,614		348,614	
26,431		26,431	
46,671		46,671	
60,136		60,136	
227		227	
5,539		5,539	
1,270		1,270	
131,125		131,125	
30,747		30,747	
5,890		5,890	
5,286		5,286	
11,927	4,045	15,972	
22,019	661	22,680	154
7,921	(7,921)		
703,803	(3,215)	700,588	154
75,794	33,205	108,999	(1,467)
1,232,521	840,396	2,072,917	7,976
\$ 1,308,315	\$ 873,601	\$ 2,181,916	\$ 6,509

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
- Property taxes, levied for improvement & other districts
- 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
- Miscellaneous

Transfers

- Total general revenues and transfers

Change in net position

Net position at beginning of year

Net position at end of year

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Balance Sheet - Governmental Funds
June 30, 2020
(in thousands)

Exhibit A - 3

	General	Capital Projects	Debt Service	Grants	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 87,699	\$ 137,476	\$ 4,715	\$ 71,069	\$ 139,406	\$ 440,365
Property taxes receivable (net)	9,197		1,586		1,882	12,665
Interest receivable	68	42	58	62	98	328
Due from other funds	20,886	803		395	1,123	23,207
Due from other governments	27,408	3,006		7,111	5,435	42,960
Accounts receivable	1,958	42		2,273	2,017	6,290
Interfund receivable	2,500					2,500
Inventory					1,421	1,421
Prepaid expenditures	6,287			180	934	7,401
Loan receivable	4,131				1,681	5,812
Restricted cash and cash equivalents					45	45
Total assets	\$ 160,134	\$ 141,369	\$ 6,359	\$ 81,090	\$ 154,042	\$ 542,994
Liabilities, deferred inflows of resources and fund balances						
Liabilities						
Accounts payable	\$ 20,270	\$ 19,313	\$ 2	\$ 6,705	\$ 26,319	\$ 72,609
Contract retentions		2,332		118	434	2,884
Employee compensation	13,215			484	2,136	15,835
Due to other funds	557	5		22,377	325	23,264
Due to other governments	44			6	98	148
Deposits and rebates	507				4	511
Interfund payable					2,500	2,500
Unearned revenue	368	1,137		49,411	3,076	53,992
Total liabilities	34,961	22,787	2	79,101	34,892	171,743
Deferred inflows of resources						
Unavailable revenue - intergovernmental	9,891	790		3,972	329	14,982
Unavailable revenue - property taxes	7,043		1,214		1,415	9,672
Unavailable revenue - other	2,643	6		183	1,036	3,868
Total deferred inflows of resources	19,577	796	1,214	4,155	2,780	28,522
Total liabilities and deferred inflows of resources	54,538	23,583	1,216	83,256	37,672	200,265
Fund balances						
Nonspendable	7,487			180	2,400	10,067
Restricted		72,010			80,990	153,000
Committed					18,422	18,422
Assigned	135	45,776	5,143		14,558	65,612
Unassigned	97,974			(2,346)		95,628
Total fund balances	105,596	117,786	5,143	(2,166)	116,370	342,729
Total liabilities, deferred inflows of resources and fund balances	\$ 160,134	\$ 141,369	\$ 6,359	\$ 81,090	\$ 154,042	\$ 542,994

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, 2020
(in thousands)

Exhibit A - 4

Fund balances - total governmental funds \$ 342,729

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	\$ 3,225,733	
Less accumulated depreciation	<u>(1,319,696)</u>	1,906,037

Some liabilities, such as pension and other postemployment benefits (OPEB) liabilities and bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Bonds payable	(262,327)	
Certificates of participation payable	(161,063)	
Notes payable	(749)	
Pollution remediation	(127)	
Landfill closure liability	(10,134)	
Net pension/OPEB liability	(733,342)	
Compensated absences liability	<u>(35,616)</u>	(1,203,358)

Net OPEB assets held in trust for future benefits are not available resources for county operations and, therefore, are not reported in the funds.

Net OPEB asset		4,498
----------------	--	-------

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

Deferred outflows of resources related to pensions/OPEB	116,422	
Deferred inflows of resources related to pensions/OPEB	(48,343)	
Deferred outflows for bond refunding	<u>3,809</u>	71,888

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

Intergovernmental	14,982	
Property taxes	9,672	
Other	<u>3,868</u>	28,522

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

157,999

Net position of governmental activities \$ 1,308,315

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 5

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2020
 (in thousands)

	General	Capital Projects	Debt Service	Grants	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 352,956		\$ 59,952		\$ 73,166	\$ 486,074
Licenses and permits	3,413				6,443	9,856
Intergovernmental	180,644	\$ 6,445	20	\$ 86,369	91,132	364,610
Charges for services	40,937	7,574			19,924	68,435
Fines and forfeits	3,151				2,911	6,062
Investment earnings	1,326	2,713	727	192	2,459	7,417
Miscellaneous	5,558	2,018	16	2,996	10,684	21,272
Total revenues	587,985	18,750	60,715	89,557	206,719	963,726
Expenditures:						
Current:						
General government	235,144			51,190	32,142	318,476
Public safety	133,790			4,577	19,679	158,046
Highways and streets				20	63,234	63,254
Sanitation	1,334				1,177	2,511
Health	15,018			11,492	15,631	42,141
Welfare	101,996			47		102,043
Culture and recreation	17,598			71	47,062	64,731
Education and economic opportunity	12,852			21,846	3,885	38,583
Capital outlay		118,016				118,016
Debt Service - principal			89,365		653	90,018
- interest			17,620		10	17,630
- miscellaneous			622			622
Total expenditures	517,732	118,016	107,607	89,243	183,473	1,016,071
Excess (deficiency) of revenues over (under) expenditures	70,253	(99,266)	(46,892)	314	23,246	(52,345)
Other financing sources (uses):						
Installment note					679	679
Premium on bonds		4,980	608			5,588
Face amount of long-term debt issued		56,020				56,020
Proceeds from sale of capital assets	10				258	268
Transfers in	12,762	54,324	44,582	5,105	54,204	170,977
Transfers (out)	(86,827)	(17,613)		(3,432)	(55,295)	(163,167)
Total other financing sources (uses)	(74,055)	97,711	45,190	1,673	(154)	70,365
Net change in fund balances	(3,802)	(1,555)	(1,702)	1,987	23,092	18,020
Fund balances at beginning of year	109,398	119,341	6,845	(4,153)	93,274	324,705
Changes in nonspendable resources:						
Change in prepaids					4	4
Fund balances at end of year	\$ 105,596	\$ 117,786	\$ 5,143	\$ (2,166)	\$ 116,370	\$ 342,729

See accompanying notes to financial statements

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2020
(in thousands)**

Net change in fund balances - total governmental funds \$ 18,020

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	\$ 84,209	
Less current year depreciation	<u>(78,468)</u>	5,741

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	(56,020)	
Premium on bonds	(5,588)	
Installment note	(679)	
Debt service - principal payments	90,018	
Amortization of premiums/discounts	6,909	
Amortization of deferred charge on refunding	<u>(1,894)</u>	32,746

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. Also, the collection of some revenues in the governmental funds exceeded revenues reported in the Statement of Activities.

Donations of capital assets	29,595	
Intergovernmental	(1,639)	
Property tax revenues	1,293	
Other	<u>474</u>	29,723

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	(2,710)	
Change in landfill liability	(23)	
Change in pollution remediation liability	(72)	
Net book value of capital asset disposals	(280)	
Other change in reserve for prepaids, School Reserve	<u>4</u>	(3,081)

County pension/OPEB 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/OPEB liability is measured a year before the County's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB is reported in the Statement of Activities.

Pension/OPEB contributions	63,173	
Pension/OPEB expense	<u>(61,859)</u>	1,314

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.

(8,669)

Change in net position of governmental activities \$ 75,794

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Net Position - Proprietary Funds
June 30, 2020
(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	\$ 82,883	\$ 10,600	\$ 93,483	\$ 146,723
Restricted cash and cash equivalents	28,806		28,806	
Interest receivable	95	6	101	29
Due from other funds	5		5	59
Due from other governments	3	9	12	8
Accounts receivable	18,840	97	18,937	129
Inventory	3,088		3,088	1,041
Prepaid expense	500	21	521	10,034
Total current assets	<u>134,220</u>	<u>10,733</u>	<u>144,953</u>	<u>158,023</u>
Noncurrent assets:				
Restricted cash and cash equivalents	50,287		50,287	
Net other postemployment benefits asset	58	9	67	23
Capital assets:				
Land	14,215	1,768	15,983	459
Buildings and improvements	745,372	27,608	772,980	23,330
Sewage conveyance system	928,299		928,299	
Equipment	172,111	2,160	174,271	76,933
Less accumulated depreciation	(717,697)	(13,474)	(731,171)	(42,916)
Construction in progress	65,930		65,930	1,048
Total capital assets (net)	<u>1,208,230</u>	<u>18,062</u>	<u>1,226,292</u>	<u>58,854</u>
Total noncurrent assets	<u>1,258,575</u>	<u>18,071</u>	<u>1,276,646</u>	<u>58,877</u>
Total assets	<u>1,392,795</u>	<u>28,804</u>	<u>1,421,599</u>	<u>216,900</u>
Deferred outflows of resources				
Pension/OPEB	3,531	553	4,084	1,383
Deferred charge on refunding	8,710		8,710	
Asset retirement obligations	4,411		4,411	
Total deferred outflows of resources	<u>16,652</u>	<u>553</u>	<u>17,205</u>	<u>1,383</u>
Liabilities				
Current liabilities:				
Accounts payable	15,520	329	15,849	7,502
Employee compensation	798	154	952	544
Due to other funds				7
Due to other governments	29	20	49	
Deposits and rebates		380	380	
Unearned revenue	466		466	65
Compensated absences payable	1,816	288	2,104	630
Sewer revenue bonds and obligations payable	68,720		68,720	
Reported but unpaid losses				4,033
Incurred but not reported losses				7,088
Total current liabilities	<u>87,349</u>	<u>1,171</u>	<u>88,520</u>	<u>19,869</u>
Noncurrent liabilities:				
Compensated absences payable	1,366	246	1,612	484
Contracts and notes payable	2,120		2,120	
Sewer revenue bonds and obligations payable	428,224		428,224	
Reported but unpaid losses				13,688
Incurred but not reported losses				13,217
Net pension/OPEB liability	30,286	4,754	35,040	11,868
Asset retirement obligations	6,267		6,267	
Total noncurrent liabilities	<u>468,263</u>	<u>5,000</u>	<u>473,263</u>	<u>39,257</u>
Total liabilities	<u>555,612</u>	<u>6,171</u>	<u>561,783</u>	<u>59,126</u>
Deferred inflows of resources				
Pension/OPEB	2,956	464	3,420	1,158
Total deferred inflows of resources	<u>2,956</u>	<u>464</u>	<u>3,420</u>	<u>1,158</u>
Net position				
Net investment in capital assets	722,605	18,062	740,667	58,854
Restricted for:				
Debt service	36,905		36,905	
Capital projects	5,963		5,963	
Healthcare				19,633
Regional wastewater reclamation	19,580		19,580	
Unrestricted	65,826	4,660	70,486	79,512
Total net position	<u>\$ 850,879</u>	<u>\$ 22,722</u>	<u>\$ 873,601</u>	<u>\$ 157,999</u>

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 8

Statement of Revenues, Expenses and Changes in Fund Net Position
 Proprietary Funds
 For the Year Ended June 30, 2020
 (in thousands)

	Business-type Activities			Governmental Activities- Internal Service Funds
	Enterprise Funds			
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	
Operating revenues:				
Charges for services	\$ 159,963	\$ 12,751	\$ 172,714	\$ 120,412
Other	589	72	661	4,989
Total operating revenues	<u>160,552</u>	<u>12,823</u>	<u>173,375</u>	<u>125,401</u>
Operating expenses:				
Employee compensation	28,215	4,582	32,797	12,881
Operating supplies and services	7,744	100	7,844	12,350
Utilities	6,179		6,179	
Sludge and refuse disposal	2,386		2,386	
Repair and maintenance	6,758	201	6,959	9,252
Incurred losses				67,474
Insurance premiums				11,877
General and administrative	13,840	3,118	16,958	7,694
Consultants and professional services	13,505	379	13,884	8,962
Depreciation	57,311	797	58,108	8,460
Total operating expenses	<u>135,938</u>	<u>9,177</u>	<u>145,115</u>	<u>138,950</u>
Operating income (loss)	<u>24,614</u>	<u>3,646</u>	<u>28,260</u>	<u>(13,549)</u>
Nonoperating revenues (expenses):				
Investment earnings	3,796	249	4,045	4,483
Sewer connection fees	16,245		16,245	
Interest expense	(14,668)		(14,668)	
Debt issuance cost	(365)		(365)	
Gain (loss) on disposal of capital assets	(385)		(385)	170
Loss on debt defeasance	(537)		(537)	
Total nonoperating revenues	<u>4,086</u>	<u>249</u>	<u>4,335</u>	<u>4,653</u>
Income before contributions and transfers	28,700	3,895	32,595	(8,896)
Capital contributions	8,524	7	8,531	116
Transfers in	8	20	28	9,744
Transfers (out)	(5,317)	(2,632)	(7,949)	(9,633)
Change in net position	31,915	1,290	33,205	(8,669)
Net position at beginning of year	<u>818,964</u>	<u>21,432</u>	<u>840,396</u>	<u>166,668</u>
Net position at end of year	<u>\$ 850,879</u>	<u>\$ 22,722</u>	<u>\$ 873,601</u>	<u>\$ 157,999</u>

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2020
(in thousands)

Exhibit A - 9

	Business-Type Activities			Governmental Activities- Internal Service Funds
	Enterprise 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				\$ 120,412
Cash received from customers for goods and services provided	\$ 159,636	\$ 13,254	\$ 172,890	
Cash received from miscellaneous operations	589		589	5,869
Cash payments to suppliers for goods and services	(37,425)	(1,877)	(39,302)	(44,033)
Cash payments to other funds for goods and services	(13,810)	(2,025)	(15,835)	(5,598)
Cash payments for incurred losses				(68,057)
Cash payments to employees for services	(28,866)	(4,523)	(33,389)	(12,070)
Net cash provided by (used for) operating activities	80,124	4,829	84,953	(3,477)
Cash flows from noncapital financing activities:				
Cash transfers in from other funds	8	20	28	9,744
Cash transfers out to other funds	(5,317)	(2,632)	(7,949)	(9,626)
Loans with other funds	(20)	32	12	(59)
Net cash provided by (used for) noncapital financing activities	(5,329)	(2,580)	(7,909)	59
Cash flows from capital and related financing activities:				
Principal paid on sewer revenue obligations and loans	(61,133)		(61,133)	
Interest paid on sewer revenue obligations and loans	(23,140)		(23,140)	
Proceeds from issuance of sewer revenue obligations, including premium	39,979		39,979	
Sewer connection fees	16,245		16,245	
Proceeds from sale of capital assets	63		63	624
Purchase and construction of capital assets	(42,598)		(42,598)	(12,996)
Net cash used for capital and related financing activities	(70,584)		(70,584)	(12,372)
Cash flows from investing activities:				
Interest received on cash and investments	3,909	256	4,165	4,536
Net cash provided by investing activities	3,909	256	4,165	4,536
Net increase (decrease) in cash and cash equivalents	8,120	2,505	10,625	(11,254)
Cash and cash equivalents at beginning of year	153,856	8,095	161,951	157,977
Cash and cash equivalents at end of year	\$ 161,976	\$ 10,600	\$ 172,576	\$ 146,723

(continued)

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2020
(in thousands)

Exhibit A - 9.1

(continued)

	Business-Type Activities			Governmental Activities- Internal Service Funds
	Enterprise Funds			
	Regional	Other	Total	
	Wastewater Reclamation	Enterprise Funds	Enterprise Funds	
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 24,614	\$ 3,646	\$ 28,260	\$ (13,549)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	57,311	797	58,108	8,460
Changes in assets and deferred outflows of resources:				
Decrease (increase) in assets:				
Accounts receivable	(331)	57	(274)	818
Due from other governments	4	(5)	(1)	(2)
Inventory and other assets	(70)		(70)	(166)
Prepaid expense	(8)	(9)	(17)	(384)
Net OPEB asset	23	4	27	7
Decrease in deferred outflows of resources:				
Pension/OPEB plans	1,011	142	1,153	639
Asset retirement obligations	97		97	
Changes in liabilities and deferred inflows of resources:				
Increase (decrease) in liabilities:				
Accounts payable	(967)	(29)	(996)	1,087
Due to other governments	17	(66)	(49)	(33)
Reported but unpaid losses				(512)
Incurred but not reported losses				(71)
Net Pension/OPEB liability	(884)	(14)	(898)	262
Asset retirement obligations	108		108	
Other liabilities	886	551	1,437	536
Increase in deferred inflows of resources:				
Pension/OPEB plans	(1,687)	(245)	(1,932)	(569)
Net cash provided by (used for) operating activities	<u>\$ 80,124</u>	<u>\$ 4,829</u>	<u>\$ 84,953</u>	<u>\$ (3,477)</u>

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2020:

Regional Wastewater Reclamation Enterprise Fund received developer-built conveyance systems with an estimated fair value of \$8,342. These contributions were recorded as an increase in capital assets and capital contributions.

Regional Wastewater Reclamation Enterprise Fund disposed of capital assets with a net book value of \$447.

Regional Wastewater Reclamation Enterprise Fund retired expired Connection Flow-Through Sewer Credit Agreements totaling \$182. This transaction was recorded as a decrease to unearned revenue and an increase in capital contributions.

Other Enterprise Funds received a transfer of a capital asset with a net book value of \$7 from the General Government.

Internal Service Funds disposed of capital assets with a net book value of \$450 and received a transfer of asset with a net book value of \$9 from General Government.

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2020
(in thousands)

Exhibit A - 10

	Custodial Funds		
	Private-Purpose Trust Funds	External Investment Pool	Other
Assets			
Cash and cash equivalents	\$ 5,097	\$ 155,090	\$ 99,213
Property tax receivable			36,078
Interest receivable		149	1
Due from other governments			402
Total assets	5,097	155,239	135,694
 Net position			
Restricted for:			
Pool participants		155,239	
Individuals, organizations, and other governments	5,097		135,694
Total net position	\$ 5,097	\$ 155,239	\$ 135,694

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020
(in thousands)

Exhibit A - 11

	Custodial Funds		
	Private-Purpose Trust Funds	External Investment Pool	Other
Additions:			
Contributions from pool participants		\$ 2,002,222	
Contributions from other governments			\$ 112,533
Property tax collections for other governments			1,265,467
Fines and fees collected for other governments			9,079
Investment earnings		3,626	1,876
Inmate collections			2,073
Other	\$ 5,558		30,766
Total additions	5,558	2,005,848	1,421,794
Deductions:			
Distributions to pool participants		1,958,803	
Distributions to other governments			158,325
Property tax distributions to other governments			1,227,468
Interest expense			403
Fines and fees distributions to other governments			9,160
Payments to inmates			2,007
Other	6,855		30,647
Total deductions	6,855	1,958,803	1,428,010
Net increase (decrease) in fiduciary net position	(1,297)	47,045	(6,216)
Net position July 1, 2019, as restated	6,394	108,194	141,910
Net position June 30, 2020	\$ 5,097	\$ 155,239	\$ 135,694

See accompanying notes to financial statements

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PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(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, 2020, the County implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes. As a result, the County's fiduciary fund financial statements have been modified to reflect the implementation of this new guidance, including reclassifying activities previously reported in agency funds to custodial, governmental, or proprietary funds, as applicable.

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.

Blended component units, although legally separate entities, are so intertwined with the County that they are in substance part of the County's operations. 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 330 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 and has operational responsibility for 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 recreation 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 Board of Directors and has operational responsibility for 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 and has operational responsibility 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.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

The Rocking K South Community Facilities District is a legally separate entity that is utilized to finance the design and construction of arterial and collector roadways, public sewer transmission mains, public regional parks and any other public infrastructure required for the planned Rocking K South community. The Pima County Board of Supervisors serves as its Board of Directors and has operational responsibility for the District. The Rocking K South Community Facilities 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 Improvement & Other Districts (formerly the Pima County Street Lighting Districts) operate and maintain street lighting for specific regions in areas outside local city jurisdictions and maintenance for the Hayhook Ranch road improvements. The Pima County Board of Supervisors serves as the Board of Directors and has operational responsibility for the Districts. The Pima County Improvement & Other Districts 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 Pima County Improvement & Other Districts 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, 2020
(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 and other financing sources 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 and other financing sources are primarily from property taxes, proceeds from refunding debt, and transfers in.

The Grants Fund accounts 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. Revenues and other financing sources are primarily from intergovernmental 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.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

The County also reports the following fund types:

Internal Service Funds account for fleet maintenance and operation, insurance, and telecommunications services provided to the County's departments or to other governments on a cost-reimbursement basis.

Fiduciary Funds consists of private-purpose trust funds, which account for assets the County's Public Fiduciary holds in trust for the benefit of various parties; and custodial funds, which account for other fiduciary activities, including pooled and non-pooled assets the County Treasurer holds and invests on behalf of other governmental entities that are not held in trust and the County Treasurer's receipt and distribution of taxes for other governmental entities.

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. 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 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, pension/OPEB, landfill closure and post-closure care costs, pollution remediation obligations and asset retirement 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. All investments are stated 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, 2020
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

The County accounts for its inventories in the Wireless Integrated Network Fund using the purchase method. Inventories of the Wireless Integrated Network 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 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 acquisition value.

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

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.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

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. Postemployment benefits

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

J. 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.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

K. Investment Earnings

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

L. Compensated Absences

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

Employees are allowed to accumulate up to 240 hours of annual leave depending upon years of service. If an employee has accumulated annual leave in excess of 240 hours by their anniversary date, the excess hours are converted to sick leave. Upon termination of employment, all unused annual leave benefits are paid to employees. Accordingly, annual leave 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. Due to a temporary Board of Supervisor Policy regarding the Novel Coronavirus (COVID-19), employees who were deemed essential are authorized to carry over additional annual leave hours, if needed. These essential employees who terminate before their anniversary date within fiscal year 2022, with an excess of 240 hours of annual leave, will be paid out their full balance.

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 2: Change in Accounting Principle

Net position as of July 1, 2019, has been restated as follows for the implementation of GASB Statement No. 84, *Fiduciary Activities*.

	Investment Trust Funds	Private- Purpose Trust Funds	Custodial Funds	
			External Investment Pool	Other
Net position as previously reported at June 30, 2019	\$ 183,783			
Prior period adjustment – implementation of GASB 84:				
Reclassification of investment pools	(183,783)		\$ 55,548	\$ 128,235
Reclassification of agency fund activities		\$ 6,394	52,646	13,675
Net position as restated, July 1, 2019	<u>\$</u>	<u>\$ 6,394</u>	<u>\$ 108,194</u>	<u>\$ 141,910</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(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. Specified 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, 2020, the carrying amount of the County's deposits was \$101,469, and the bank balance was \$112,209.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(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, 2020, \$310 of County’s bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments— At June 30, 2020, the County’s investments consisted of \$432,853 invested in marketable securities and \$484,749 invested in the State Treasurer’s Investment Pool. The State Board of Investment provides oversight for the State Treasurer’s pools.

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, 2020, credit risk for the County’s investments was as follows:

Investment Type	Fair Value	Standard & Poor’s/Moody’s Rating			
		Not Rated	AAA/Aaa	AA/Aa	A/A
Corporate bonds	\$ 118,994			\$ 18,162	\$ 100,832
Federal agency securities	138,540		\$ 50,228	88,312	
Money market mutual fund	173,471	\$ 145,032	28,439		
State Treasurer's Pool 5	241,048		241,048		
State Treasurer's Pool 500	169,418	169,418			
State Treasurer's Pool 7	74,283	74,283			
Total	\$ 915,754	\$ 388,733	\$ 319,715	\$ 106,474	\$ 100,832

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 \$917,602 of investments, \$257,534, consisting of the corporate bonds, Federal Farm Credit Bank, Federal Home Loan Bank, and Federal Home Loan Mortgage Corporation, is uninsured and held by a counterparty in the County’s name in book entry form.

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 had investments at June 30, 2020 of 5% or more in Federal Farm Credit Bank and Federal Home Loan Mortgage Corporation. These investments were 5% and 7%, respectively, of the County’s total investments.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 3: Cash and Investments (continued)

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, 2020, the County had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (Years)</u>
State Treasurer Investment Pool 5	\$ 241,048	0.12
State Treasurer Investment Pool 500	169,418	3.45
State Treasurer Investment Pool 7	74,283	0.15
Corporate bonds	118,994	1.63
Federal Farm Credit Bank	45,352	1.17
Federal Home Loan Bank	25,380	0.51
Federal Home Loan Mortgage Corporation	67,808	2.45
U.S. Treasury Notes	1,848	1.01
Money market mutual fund	173,471	0.13
	<u>\$ 917,602</u>	

Fair Value Measurement—The County’s investments at June 30, 2020, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

<u>Investment by fair value level</u>	<u>Amount</u>	<u>Fair value measurement using</u>	
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>
Corporate bonds	\$ 118,994	\$ 84,402	\$ 34,592
Federal Farm Credit Bank	45,352		45,352
Federal Home Loan Bank	25,380		25,380
Federal Home Loan Mortgage Corporation	67,808		67,808
U.S. Treasury Notes	1,848	1,848	
Money market mutual fund	173,471	173,471	
Total investments by fair value level	<u>\$ 432,853</u>	<u>\$ 259,721</u>	<u>\$ 173,132</u>

The investments categorized as Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments.

The investments categorized as Level 2 of the fair value hierarchy are valued using prices quoted for similar investments in markets that are active or not active.

The County also had investments of \$484,749 in the State Treasurer's investment pools measured at fair value. Investments in the State Treasurer’s investment pools are valued at the pool's share price multiplied by the number of shares the County held. The fair value of a participant's position in the pools approximates the value of that participant's pool shares.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 3: Cash and Investments (continued)

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

	<u>Cash on Hand</u>	<u>Amounts of Deposits</u>	<u>Amounts of Investments</u>	<u>Total</u>
Cash, deposits and investments:	\$ 38	\$ 101,469	\$ 917,602	\$ 1,019,109

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Private- Purpose Trust Funds</u>	<u>Custodial funds</u>		<u>Total</u>
				<u>External Investment Pool</u>	<u>Other</u>	
Statement of net position:						
Cash and cash equivalents	\$ 587,088	\$ 93,483	\$ 5,097	\$ 155,090	\$ 99,213	\$ 939,971
Restricted cash and cash equivalents	45	79,093				79,138
Total	<u>\$ 587,133</u>	<u>\$ 172,576</u>	<u>\$ 5,097</u>	<u>\$ 155,090</u>	<u>\$ 99,213</u>	<u>\$ 1,019,109</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 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.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 3: Cash and Investments (continued)

The Pool's assets consist of the following:

<u>Investment Type</u>	<u>Principal</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Fair Value</u>
Corporate bonds	\$ 113,799	2.15-5.65%	07/20-04/24	\$ 118,994
Federal Farm Credit Bank	45,000	0.13-3.00%	12/20-04/22	45,352
Federal Home Loan Bank	25,000	1.75-2.88%	06/20-03/21	25,380
Federal Home Loan Mortgage Corporation	64,900	1.40-3.08%	11/20-08/24	67,808
Money Market	145,000	VARIABLE	N/A	145,032
State Treasurer Investment Pool 5	190,768	N/A	N/A	190,768
Deposits	79,951	N/A	N/A	79,951
Interest Receivable	150	N/A	N/A	150
Total assets				\$ 673,435

Statement of Fiduciary Net Position

Assets held for:	
Internal participants	\$ 518,196
External participants	155,239
Total assets	673,435
Total net position	\$ 673,435

Statement of Changes in Fiduciary Net Position

Total additions	\$ 5,676,903
Total deductions	(5,510,954)
Net increase	165,949
Net position:	
July 1, 2019	507,486
June 30, 2020	\$ 673,435

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 4: Fund Balance Classifications of the Governmental Funds

The table below details the fund balance categories and classifications:

Fund Balance:	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Grants</u>	<u>Other Governmental</u>	<u>Total</u>
Nonspendable:						
Inventory					\$ 1,421	\$ 1,421
Prepaid expenditures	\$ 6,287			\$ 180	934	7,401
Interfund receivable	1,200					1,200
Permanent fund principal					45	45
Total nonspendable	<u>7,487</u>			<u>180</u>	<u>\$ 2,400</u>	<u>10,067</u>
Restricted for:						
Community and economic development		\$ 115			694	809
Flood Control District		7,535			6,981	14,516
Health					11,267	11,267
Judicial activities					19,143	19,143
Law enforcement					4,701	4,701
Library District		8,010			15,984	23,994
Municipal facilities		14,076				14,076
Parks and recreation		2,041			4,136	6,177
Pima animal care		487			570	1,057
Sanitation					2,051	2,051
School reserve					222	222
Streets and highways		39,246			14,897	54,143
Other purposes		500			344	844
Total restricted		<u>72,010</u>			<u>80,990</u>	<u>153,000</u>
Committed to:						
Municipal facilities					15,000	15,000
Parks and recreation					3,035	3,035
School reserve					387	387
Total committed					<u>18,422</u>	<u>18,422</u>
Assigned to:						
Community and economic development					3,365	3,365
Debt service reserve			\$ 5,143			5,143
Health					1,669	1,669
Judicial activities					148	148
Law Enforcement	135					135
Municipal facilities		17,429			5,790	23,219
Parks and recreation		1,150			1,331	2,481
School reserve					103	103
Sports promotion (Stadium)		589			1,329	1,918
Streets and highways		10,745				10,745
Other purposes		15,863			823	16,686
Total assigned	<u>135</u>	<u>45,776</u>	<u>5,143</u>		<u>14,558</u>	<u>65,612</u>
Unassigned:	<u>97,974</u>			<u>(2,346)</u>		<u>95,628</u>
Total Fund Balance	<u>\$ 105,596</u>	<u>\$ 117,786</u>	<u>\$ 5,143</u>	<u>\$ (2,166)</u>	<u>\$ 116,370</u>	<u>\$ 342,729</u>

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

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 549,193	\$ 10,979	\$ (151)	\$ 560,021
Construction in progress	65,289	110,221	(88,601)	86,909
Total capital assets not being depreciated	<u>614,482</u>	<u>121,200</u>	<u>(88,752)</u>	<u>646,930</u>
Capital assets being depreciated:				
Buildings and improvements	924,031	44,877	(36)	968,872
Infrastructure	1,446,389	32,307	(5,745)	1,472,951
Equipment	229,766	17,065	(8,081)	238,750
Total capital assets being depreciated	<u>2,600,186</u>	<u>94,249</u>	<u>(13,862)</u>	<u>2,680,573</u>
Less accumulated depreciation for:				
Buildings and improvements	(332,905)	(27,911)	(1)	(360,817)
Infrastructure	(827,396)	(41,126)	5,718	(862,804)
Equipment	(128,673)	(17,891)	7,573	(138,991)
Total accumulated depreciation	<u>(1,288,974)</u>	<u>(86,928)</u>	<u>13,290</u>	<u>(1,362,612)</u>
Total capital assets being depreciated, net	<u>1,311,212</u>	<u>7,321</u>	<u>(572)</u>	<u>1,317,961</u>
Governmental activities capital assets, net	<u>\$ 1,925,694</u>	<u>\$ 128,521</u>	<u>\$ (89,324)</u>	<u>\$ 1,964,891</u>
	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 15,978	\$ 5		\$ 15,983
Construction in progress	47,540	46,307	\$ (27,917)	65,930
Total capital assets not being depreciated	<u>63,518</u>	<u>46,312</u>	<u>(27,917)</u>	<u>81,913</u>
Capital assets being depreciated:				
Buildings and improvements	772,434	546		772,980
Sewage conveyance systems	902,237	27,908	(1,846)	928,299
Equipment	166,069	9,259	(1,057)	174,271
Total capital assets being depreciated	<u>1,840,740</u>	<u>37,713</u>	<u>(2,903)</u>	<u>1,875,550</u>
Less accumulated depreciation for:				
Buildings and improvements	(246,010)	(27,424)		(273,434)
Sewage conveyance systems	(349,779)	(17,954)	1,476	(366,257)
Equipment	(79,730)	(12,730)	980	(91,480)
Total accumulated depreciation	<u>(675,519)</u>	<u>(58,108)</u>	<u>2,456</u>	<u>(731,171)</u>
Total capital assets being depreciated, net	<u>1,165,221</u>	<u>(20,395)</u>	<u>(447)</u>	<u>1,144,379</u>
Business-type activities capital assets, net	<u>\$ 1,228,739</u>	<u>\$ 25,917</u>	<u>\$ (28,364)</u>	<u>\$ 1,226,292</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
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Note 5: Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 18,246
Public safety	11,901
Highway and streets	38,291
Sanitation	417
Health	1,444
Welfare	8
Culture and recreation	7,374
Education and economic opportunity	787
Internal service funds	<u>8,460</u>
Total governmental activities depreciation expense	\$ <u>86,928</u>

Business-type activities:

Parking Garages	\$ 797
Regional Wastewater Reclamation Department	<u>57,311</u>
Total business-type activities depreciation expense	\$ <u>58,108</u>

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Discretely presented component units:				
Southwestern Fair Commission (SFC):				
Capital assets being depreciated:				
Buildings and improvements	\$ 11,048	\$ 406	\$ (29)	\$ 11,425
Equipment	<u>2,764</u>	<u>22</u>	<u>(79)</u>	<u>2,707</u>
Total capital assets being depreciated	<u>13,812</u>	<u>428</u>	<u>(108)</u>	<u>14,132</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,323)	(621)	29	(5,915)
Equipment	<u>(2,312)</u>	<u>(100)</u>	<u>79</u>	<u>(2,333)</u>
Total accumulated depreciation	<u>(7,635)</u>	<u>(721)</u>	<u>108</u>	<u>(8,248)</u>
Total capital assets being depreciated, net	<u>6,177</u>	<u>(293)</u>	<u> </u>	<u>5,884</u>
SFC capital assets, net	<u>\$ 6,177</u>	<u>\$ (293)</u>	<u>\$ </u>	<u>\$ 5,884</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(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 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. The County purchases commercial insurance for claims in excess of the self-insurance retention provided by the Fund. Settled claims have not exceeded insurance policy limits in any of the last three fiscal years. Any current unemployment claims and environmental claims are self-funded.

All of the County's departments participate in the fund. Charges are based on actuarial estimates, loss history, and other factors as appropriate to determine amounts needed to pay prior and current year claims.

At June 30, 2020, claims liabilities for each insurable category are as follows:

Automobile liability	\$	332
General liability		14,471
Workers' compensation		16,602
Medical malpractice		21
Environmental liability		1,500
		32,926
	\$	32,926

The above amounts, excluding the environmental liability, 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
2018-19	\$ 35,057	\$ 5,262	\$ (6,510)	\$ 33,809
2019-20	33,809	5,021	(5,904)	32,926

Health Benefits Trust Fund (HBT Fund)

The HBT Fund, an internal service fund, accounts for the financing of the County's self-insured medical/pharmacy plan for employees and their dependents. The Fund is responsible for collecting employer and employee premiums through payroll deductions. The medical benefits are administered by Aetna, the pharmacy benefits are administered by CVS Caremark in conjunction with the medical plan.

The plan consists of two options, a High Deductible Health Plan (HDHP) with a Health Savings Account (HSA), or an HDHP without an HSA. 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 in any of the past three fiscal years.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

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

Claim liabilities are computed using a variety of actuarial methods and techniques including the exposure approach and completion factors. Accrued actuarial liabilities for the HBT Fund at June 30, 2020, for the HDHP plans are as follows:

High-Deductible Health Plan:	
Medical	\$ 3,621
Pharmacy	<u>1,479</u>
	<u>\$ 5,100</u>

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
2018-19	\$ 4,500	\$ 57,486	\$ (57,186)	\$ 4,800
2019-20	4,800	62,453	(62,153)	5,100

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 \$127 in the government-wide financial statements for governmental activities (in noncurrent liabilities) under the Arizona Water Quality Assurance Revolving Fund state statutes in Article 5, Chapter 2, of Title 49 and regulations in Chapter 16 of Title 18. 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, 2020
(in thousands)

Note 7: Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activities for the year ended June 30, 2020.

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due within 1 year
Governmental activities:					
General obligation bonds	\$ 216,025		\$ 43,075	\$ 172,950	\$ 38,985
Bonds from direct placements	11,310		9,350	1,960	1,960
Unamortized premium/discount	9,237		2,719	6,518	2,430
Total general obligation funds	<u>236,572</u>		<u>55,144</u>	<u>181,428</u>	<u>43,375</u>
Transportation revenue bonds	90,510		14,405	76,105	12,755
Unamortized premium/discount	6,406		1,612	4,794	1,228
Total transportation revenue bonds	<u>96,916</u>		<u>16,017</u>	<u>80,899</u>	<u>13,983</u>
Certificates of participation	117,325	\$ 56,020	22,535	150,810	48,120
Unamortized premium/discount	7,242	5,588	2,577	10,253	2,797
Total certificates of participation	<u>124,567</u>	<u>61,608</u>	<u>25,112</u>	<u>161,063</u>	<u>50,917</u>
Installment notes from direct borrowing	724	679	654	749	187
Net pension/OPEB liabilities (Note 10)	708,300	36,910		745,210	
Reported but unpaid losses (Note 6)	18,233	376	888	17,721	4,033
Incurred but not reported losses (Note 6)	20,376	530	601	20,305	7,088
Landfill closure and post-closure care costs (Note 8)	10,111	23		10,134	
Pollution remediation (Note 6)	55	72		127	
Compensated absences payable	33,739	22,066	19,075	36,730	22,646
Total long-term liabilities	<u>\$1,249,593</u>	<u>\$ 122,264</u>	<u>\$ 117,491</u>	<u>\$ 1,254,366</u>	<u>\$ 142,229</u>
Business-type activities:					
Sewer revenue obligations	\$ 437,155	\$ 35,295	\$ 55,310	\$ 417,140	\$ 54,795
Obligations from direct borrowing	39,575		2,825	36,750	2,905
Unamortized premium/discount	49,301	5,049	11,296	43,054	11,020
Total revenue obligations payable	<u>526,031</u>	<u>40,344</u>	<u>69,431</u>	<u>496,944</u>	<u>68,720</u>
Regional Wastewater Reclamation loan from direct borrowing	2,998		2,998		
Total loan payable	<u>2,998</u>		<u>2,998</u>		
Net pension/OPEB liabilities (Note 10)	35,938		898	35,040	
Contracts and notes	887	1,990	757	2,120	
Compensated absences payable	2,960	2,352	1,596	3,716	2,104
Asset retirement obligations	6,159	108		6,267	
Total long-term liabilities	<u>\$ 574,973</u>	<u>\$ 44,794</u>	<u>\$ 75,680</u>	<u>\$ 544,087</u>	<u>\$ 70,824</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 7: Long-Term Liabilities (continued)

The County's debt consists of various issues of general obligation bonds including bonds from direct placements, transportation revenue bonds, certificates of participation and sewer revenue obligations including obligations from direct placements 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. Transportation 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 obligations, including obligations from direct placement are repaid from the charges for services in the Regional Wastewater Reclamation fund.

GENERAL OBLIGATION BONDS

Governmental Activities

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

General obligation bonds payable at June 30, 2020, consisted of the outstanding general obligation bonds presented below.

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, 2020</u>
Series of 2009A	\$ 90,000	3.50%	2021	July 1, 2019	\$ 6,650
Series of 2011	75,000	5.00%	2021-22	July 1, 2021	7,495
Series of 2012A	60,000	3.00 – 4.00%	2021-27	July 1, 2022	26,425
Series of 2013A	50,000	2.50 – 4.00%	2021-28	July 1, 2023	28,925
Series of 2014	10,000	3.00 – 5.00%	2021-28	July 1, 2023	6,140
Series of 2015	15,000	2.25 – 4.00%	2021-29	July 1, 2025	7,850
Series of 2016 Refunding	122,070	3.00 – 4.00%	2021-26		89,465
Subtotal					<u>172,950</u>
Series of 2017 Direct Placement	25,680	1.83%	2021		<u>1,960</u>
G.O. bonds outstanding					174,910
Plus unamortized premium/discount:					6,518
			Total G.O. bonds outstanding		<u>\$ 181,428</u>

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2020.

<u>Year Ending June 30,</u>	<u>GO Bonds</u>		<u>Bonds from Direct Placement</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 38,985	\$ 6,611	\$ 1,960	\$ 36
2022	40,350	5,173		
2023	28,810	3,561		
2024	20,215	2,448		
2025	13,630	1,693		
2026-2029	30,960	2,059		
Total	<u>\$ 172,950</u>	<u>\$ 21,545</u>	<u>\$ 1,960</u>	<u>\$ 36</u>

During fiscal year 2016-17, the County issued General Obligation Refunding Bonds, Series 2016 to defease certain General Obligation Bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for future debt service payments of the defeased debts. Accordingly, the trust account assets and liability for the defeased bonds are not included in the County's financial statements. At June 30, 2020, \$17,380 of Series 2011 was considered defeased.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 7: Long-Term Liabilities (continued)

TRANSPORTATION BONDS
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, \$37,375 from the November 4, 1997 bond election remains unissued.

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, 2020</u>
Series of 2012	\$ 18,425	3.00 – 4.00%	2021-27	July 1, 2022	\$ 9,860
Series of 2014	16,000	3.00 – 5.00%	2021-28	July 1, 2023	10,400
Series of 2016 Refunding	28,315	1.75 – 5.00%	2021-24		20,665
Series of 2018	11,000	5.00%	2021-33	July 1, 2028	10,180
Series of 2019	25,000	2.00 – 4.00%	2021-33	July 1, 2028	25,000
Transportation bonds outstanding					76,105
Plus unamortized premium/discount:					4,794
		Total transportation bonds outstanding			<u>\$ 80,899</u>

The following schedule details transportation bond debt service requirements to maturity at June 30, 2020

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 12,755	\$ 3,016
2022	12,195	2,450
2023	7,730	1,885
2024	7,955	1,657
2025	5,155	1,413
2026-2030	20,775	4,234
2031-2033	9,540	827
Total	<u>\$ 76,105</u>	<u>\$ 15,482</u>

Pima County has pledged future street and highway revenues, to repay \$76,105 in transportation revenue bonds issued between 2012 and 2019. 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 2033. Total principal and interest remaining to be paid on the bonds is \$91,587. It is expected that approximately 11 percent of total future 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, and total current year street and highway revenues were \$18,091 and \$64,812, respectively.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 7: Long-Term Liabilities (continued)

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 October 30, 2019, the County issued Certificates of Participation Series 2019A for \$12,975 to finance the Valencia Road Extension Project. On March 5, 2020, the County issued Certificates of Participation Series 2020A for \$43,045 to finance various capital improvement projects of the County.

The following schedule details outstanding Certificates of Participation payable at June 30, 2020

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Call Date</u>	<u>Outstanding June 30, 2020</u>
Series of 2013A	\$ 80,175	5.00%	2021-23		\$ 7,580
Series of 2014	52,160	5.00%	2021-29	December 1, 2023	36,245
Series of 2016A Refunding	9,640	5.00%	2021-22		5,985
Series of 2016B	15,185	2.29 – 4.04%	2021-31	June 1, 2026	11,925
Series of 2018A	23,265	5.00%	2021		7,780
Taxable Series 2018B	39,395	2.70%	2021		4,910
Series of 2019	20,940	5.00%	2021-34	December 1, 2028	20,365
Series of 2019A	12,975	5.00%	2023-34	December 1, 2029	12,975
Series of 2020A	43,045	5.00%	2021-23		43,045
Certificates of participation outstanding					<u>150,810</u>
Plus unamortized premium/discount:					10,253
			Total certificates of participation outstanding		<u>\$ 161,063</u>

The following schedule details debt service requirements to maturity for the County's Certificates of Participation payable at June 30, 2020.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 48,120	\$ 6,093
2022	21,085	4,443
2023	17,370	3,505
2024	6,860	2,920
2025	7,190	2,588
2026-2030	36,400	7,431
2031-2034	13,785	1,315
Total	<u>\$ 150,810</u>	<u>\$ 28,295</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 7: Long-Term Liabilities (continued)

The County's COPS issuances are secured by collateral of certain County buildings. The following table provides the COPS issuance and County buildings subject to collateralization in the event the County defaults on any COPS issuance.

<u>COPS Issuance</u>						<u>Building Collateral</u>			
2013A	2014	2016A	2016B	2018A	2018B	2019	2019A	2020A	Adult Detention Facility
2013A	2014	2016A	2016B	2018A	2018B	2019	2019A	2020A	Public Works Building and Parking Garage
2013A	2014	2016A	2016B	2018A	2018B	2019	2019A	2020A	Legal Services Building
	2014	2016A	2016B	2018A	2018B	2019	2019A	2020A	Public Service Center Office Tower and Parking Garage
						2019	2019A	2020A	Justice Building

**INSTALLMENT NOTES
Governmental Activities**

Installment Notes from Direct Borrowing

During the year ended June 30, 2020, the County acquired computer equipment under a contract agreement for a purchase price of \$679. The following schedule details debt service requirements to maturity for the County's installment notes from direct borrowing at June 30, 2020.

<u>Year Ending June 30,</u>	<u>Installment Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 187	\$ 19
2022	178	13
2023	137	8
2024	140	5
2025	107	1
Total	<u>\$ 749</u>	<u>\$ 46</u>

The installment notes from direct borrowing are collateralized by the acquired assets, which consist of computer equipment.

**SEWER REVENUE OBLIGATIONS AND LOAN
Business-type Activities
(Payments made from user charges received in the RWR)**

Pima County sewer revenue obligations and loan were issued to provide monies to construct improvements to the County's Regional Wastewater Reclamation system.

Loan from Direct Borrowing – During the year ended June 30, 2020, the Water Infrastructure Financing Authority of Arizona (2009 loan payable) balance of \$2,998 was paid in full using Pima County's existing resources to reduce debt service costs.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 7: Long-Term Liabilities (continued)

During the year ended June 30, 2020, the County defeased \$18,935 of Sewer Revenue Obligations Series 2010 with existing resources to reduce the debt service costs and help eliminate the need for future sewer rate increases. Accordingly, the related liabilities are not included in the County's financial statements. The County placed \$19,694 of existing cash in an irrevocable trust to provide resources for the future debt service payments of \$19,868 on the defeased debt.

In March, 2020, the County issued \$35,295 in Sewer Revenue Obligations Series 2020A. The net proceeds of the issuance were used primarily to provide funds for the acquisition, construction and improvement of sewer treatment facilities and conveyance systems.

The following table presents amounts outstanding for sewer revenue obligations by issue.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Call Date</u>	<u>Outstanding June 30, 2020</u>
Series of 2011B	\$ 189,160	5.00%	2021-22	July 1, 2021	\$ 23,175
Series of 2012A	128,795	3.00 – 5.00%	2021-27	July 1, 2022	71,825
Series of 2014	48,500	5.00%	2021-28	July 1, 2023	31,590
Series of 2016 Refunding	211,595	5.00%	2021-26		197,125
Series of 2018	38,205	5.00%	2026-33	July 1, 2028	38,205
Series of 2019	21,245	5.00%	2021-32	July 1, 2029	19,925
Series of 2020A	35,295	5.00%	2021-27		35,295
Subtotal					<u>417,140</u>
Series of 2017 Direct Placement	45,000	2.77%	2021-31		<u>36,750</u>
Sewer Revenue Obligations outstanding					453,890
Plus unamortized premium/discount:					43,054
			Total sewer revenue obligations outstanding		<u>\$ 496,944</u>

The following schedule details sewer revenue obligation debt service requirements to maturity at June 30, 2020.

<u>Year Ending June 30,</u>	<u>Sewer Obligation Debt Service</u>		<u>Obligations from Direct Placement</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 54,795	\$ 20,697	\$ 2,905	\$ 1,018
2022	63,255	18,037	2,985	937
2023	66,215	14,955	3,065	854
2024	59,650	11,644	3,150	770
2025	58,525	8,661	3,240	683
2026-2030	95,475	14,283	17,590	2,017
2031-2034	19,225	1,840	3,815	106
Total	<u>\$ 417,140</u>	<u>\$ 90,117</u>	<u>\$ 36,750</u>	<u>\$ 6,385</u>

In prior years, the County defeased certain Sewer Revenue Obligations by placing the proceeds of Sewer Revenue Refunding Obligations Series 2016 in an irrevocable trust to provide for all future debt service payments on the defeased debts. Accordingly, the trust account assets and the liability for these defeased obligations are not included in the County's financial statements. At June 30, 2020, \$71,000 of Sewer Revenue Obligations Series 2011B were considered defeased.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 7: Long-Term Liabilities (continued)

All sewer revenue obligations, including direct placements, were issued 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 maintain in the Bond Reserve Account monies in amounts set by each debt issue. At June 30, 2020 the RWR met the requirements of the debt covenants. 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.

Pima County has pledged future user charges, net of specified operating expenses, to repay \$417,140 in sewer obligations and \$36,750 in sewer obligations from direct placement issued between 2011 and 2020. Proceeds from the obligations and direct placement provided financing for construction of various treatment facilities and sewer infrastructure within Pima County. The obligations and direct placement are payable from total customer net revenues and are payable through fiscal year 2033. It is expected that approximately 23 percent of total future customer net revenues will be used to pay annual principal and interest payments on the obligations and direct placement. Total principal and interest remaining to be paid on the obligations and direct placement are \$507,257 and \$43,135 respectively. Principal and interest paid in the current year on revenue obligations and direct placement totaled \$61,564, and principal and interest paid on the direct borrowing totaled \$3,033. Total customer net revenues in the current year were \$99,236.

ASSET RETIREMENT OBLIGATION
Business-type Activities

Pima County's asset retirement obligation is a legally enforceable liability associated with the retirement and clean closure of a wastewater treatment facility as required by State laws and regulations. The estimates used in calculating this liability are based on actual historical clean-up costs associated with the retirement and clean closure of a recently closed wastewater treatment facility. The clean closure costs estimate is adjusted annually using an inflation factor. The estimated remaining useful lives of the associated wastewater treatment facilities range between 1 to 24 years.

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.

COMPENSATED ABSENCES

Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During the fiscal year 2020, the County paid for compensated absences from governmental funds with 75 percent from the General Fund, 19 percent from Other Special Revenue funds, 3 percent from Grants Special Revenue fund and 3 percent from internal service funds. The County also paid compensated absences from business-type activity funds with 86 percent from the Regional Wastewater Reclamation fund and 14 percent from other enterprise funds.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(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, 2020, is as follows:

Net assessed valuation		\$	9,645,865
Debt limit (15% of net assessed valuation):		\$	1,446,880
Less amount of debt applicable to debt limit:			
General obligation bonds outstanding	\$ 174,910		
Less fund balance in debt service fund available for payment of general obligation bond principal	(2,545)		172,365
Legal debt margin available		\$	<u>1,274,515</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 8: 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 \$10,134 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 \$4,230 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, 2020; actual costs may change due to inflation, changes in technology, or changes in regulations.

Landfill Site	Capacity Used June 30, 2020	Estimated Remaining Service Life
Ajo	77%	34 Years
Sahuarita*	59%	25 Years
Tangerine	100%	Closed

*The Sahuarita Landfill stopped accepting waste from the public in February 2016, but remains open for internal County waste disposal needs.

The County plans to fund the estimated closure and post-closure care costs with General Fund monies.

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 County closed its Ina Road Landfill facility during fiscal year ended June 30, 2020. This facility is not subject to the closure and post-closure cost requirements referred to above. The County estimates that the total closure costs of the landfill will be \$12,077 and has currently paid \$1,053 of these closure costs. The remaining closure costs will primarily be funded with General Fund monies.

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, 2020
(in thousands)

Note 9: Operating Leases

The County leases land, buildings, vehicles, parking spaces, machinery, and office equipment under the provisions of various long-term lease agreements classified as operating leases for accounting purposes. Rental expenditures under the terms of the operating leases were \$4,406 for the year ended June 30, 2020. These operating leases have remaining lease terms from one to thirty-five years. Also, they provide renewal options and are contingent on budgetary appropriations each fiscal year. The future estimated maximum rental payments under these operating leases as of June 30, 2020, are as follows:

	Governmental Activities	Business-type Activities
Year ending June 30		
2021	\$ 3,324	\$ 613
2022	2,102	615
2023	1,235	391
2024	630	325
2025	194	300
2026-30	85	1,008
2031-35	10	1,000
2036-40		1,000
2041-45		1,000
2046-50		1,000
2051-55		950
Total maximum lease payments	\$ 7,580	\$ 8,202

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 10: Pensions and Other Postemployment Benefits

The County contributes to the Arizona State Retirement System (ASRS), the Corrections Officer Retirement Plan (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, the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP), the Elected Officials Retirement Plan (EORP), and the Elected Officials Defined Contribution Retirement System (EODCRS), all component units of the State of Arizona.

At June 30, 2020, the County reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

<u>Statement of net position and Statement of activities</u>	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Net pension and OPEB assets	\$ 4,521	\$ 67	\$ 4,588
Net pension and OPEB liabilities	745,210	35,040	780,250
Deferred outflows of resources related to pensions and OPEB	117,805	4,084	121,889
Deferred inflows of resources related to pensions and OPEB	49,501	3,420	52,921
Pension and OPEB expense	62,865	1,481	64,346

The County's accrued payroll and employee benefits includes \$1,799 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2020. Also, the County reported \$63,173 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

The ASRS, CORP, CORP AOC, PSPRS - Pima County Sheriffs, and EORP plans are described below. The PSPRS, Pima County Attorney Investigators, PSPDCRP, EODCRS pension plans, and all OPEB plans are not described due to their 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. The Arizona State Retirement System board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 2. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 10: Pensions and Other Postemployment Benefits (continued)

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

ASRS	Retirement	
	Initial membership date	
	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 earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the retirement benefit option chosen determines the survivor benefit. 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, 2020, statute required active ASRS members to contribute at the actuarially determined rate of 11.94 percent of the members' annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 11.45 percent of the active members' annual covered payroll.

In addition, the County was required by statute to contribute at the actuarially determined rate of 10.29 percent of the annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the ASRS would typically fill.

The County's total contributions to the pension plan for the year ended June 30, 2020, was \$28,242.

During fiscal year 2020, the County paid for ASRS pension contributions as follows: 61 percent from the General Fund, 9 percent from major funds, and 30 percent from other funds.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 10: Pensions and Other Postemployment Benefits (continued)

Liability - At June 30, 2020, the County reported the following liability for its proportionate share of the ASRS' net pension liability.

ASRS	Net pension liability
Pension	\$ 332,203

The net pension liability was measured as of June 30, 2019. The total liability used to calculate the net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2018, to the measurement date of June 30, 2019.

The County's proportion of the net 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, 2019. The County's proportions measured as of June 30, 2019, and the change from its proportions measured as of June 30, 2018, were:

ASRS	Proportion June 30, 2019	Decrease from June 30, 2018
Pension	2.28%	(0.08)

Expense - For the year ended June 30, 2020, the County recognized the following pension expense.

ASRS	Pension expense
Pension	\$ 24,941

Deferred outflows/inflows of resources - At June 30, 2020, 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	\$ 6,001	\$ 62
Changes of assumptions or other inputs	1,404	13,229
Net difference between projected and actual earnings on pension plan investments		7,467
Changes in proportion and differences between county contributions and proportionate share of contributions	6	10,299
County contributions subsequent to the measurement date	28,242	
Total	\$ 35,653	\$ 31,057

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 10: Pensions and Other Postemployment Benefits (continued)

The amounts 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 liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as expenses as follows:

Year ending June 30	
2021	\$ (11,861)
2022	(12,351)
2023	(1,434)
2024	2,000

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

ASRS	
Actuarial valuation date	June 30, 2018
Actuarial roll forward date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7-7.2%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

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

ASRS	Target	Long-term expected
Asset class	allocation	geometric real rate of
		return
Equity	50%	6.09%
Credit	20%	5.36%
Interest rate sensitive bonds	10%	1.62%
Real estate	<u>20%</u>	5.85%
Total	<u>100%</u>	

Discount rate - The discount rate used to measure the ASRS total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 10: Pensions and Other Postemployment Benefits (continued)

term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the 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 7.5 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 (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

ASRS	1% Decrease (6.5%)	Current discount rate (7.5%)	1% Increase (8.5%)
County’s proportionate share of the net pension liability	\$ 472,802	\$ 332,203	\$ 214,699

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. A 9-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 for county detention officers (agent plan), which was closed to new members as of July 1, 2018, and a cost-sharing multiple-employer defined benefit pension plan for AOC officers (cost sharing plan). Employees who were CORP members before July 1, 2018, participate in CORP, and AOC probation and surveillance officers who became members on or after July 1, 2018, participate in CORP. 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 issues a publicly available financial report that includes financial statements and required supplementary information for PSPRS and CORP plans. The report is available on the PSPRS website at www.psprs.com.

Benefits provided - The PSPRS and CORP provide retirement, 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:

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 10: Pensions and Other Postemployment Benefits (continued)

PSPRS	Initial membership date:		
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017	On or after July 1, 2017
Retirement and disability			
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5	15 years of credited service, age 52.5* 15 or more years of service, age 55
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years	Highest 60 consecutive months of last 15 years
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%	1.5% to 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		

*With actuarially reduced benefits

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 10: Pensions and Other Postemployment Benefits (continued)

CORP	Initial membership date:		
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2018	AOC probation and surveillance officers: On or after July 1, 2018
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	10 years, age 52.5* 10 or more years, age 55
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%	2.5% per year of credited service, not to exceed 80%	1.25 to 2.25% 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		
Ordinary disability retirement	2.5% per year of credited service		
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.		

*With actuarially reduced benefits

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. 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, 2020, the following employees were covered by the agent plans' benefit terms:

	PSPRS Sheriff	CORP Detention
Inactive employees or beneficiaries currently receiving benefits	415	222
Inactive employees entitled to but not yet receiving benefits	125	186
Active employees	441	411
Total	981	819

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 10: Pensions and Other Postemployment Benefits (continued)

Contributions - 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. 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, 2020, are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active member - pension	County - pension
PSPRS Sheriff	7.65% - 11.65%	71.77%
CORP Detention	8.41%	31.55%
CORP AOC	8.41% or 10.18%	30.71% or 27.91%

In addition, statute required the County to contribute at the actuarially determined rate indicated below of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the PSPRS or CORP would typically fill.

	Pension
PSPRS Sheriff	57.80%
CORP Detention	24.18%
CORP AOC	22.96%

The County's contributions to the plans for the year ended June 30, 2020, were:

	Pension
PSPRS Sheriff	\$21,439
CORP Detention	7,261
CORP AOC	3,993

During fiscal year 2020, the County paid for PSPRS and CORP pension contributions as follows: 93 percent from the General Fund, 1 percent from the Grants Fund and 6 percent from other non-major funds.

Liability - At June 30, 2020, the County reported the following liabilities:

	Net pension liability
PSPRS Sheriff	\$ 256,205
CORP Detention	79,457
CORP AOC (County's proportionate share)	48,276

The net pension liabilities were measured as of June 30, 2019, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2019, reflect changes of actuarial assumptions to decrease the investment rate of return from 7.4 percent to 7.3 percent and update the mortality rates.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(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:

PSPRS and CORP - Pension

Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.5%
Price Inflation	2.5%
Cost-of-living adjustment	1.75%
Mortality rates	PubS-2010 tables

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

The long-term expected rate of return on PSPRS and CORP plan investments was determined to be 7.3 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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

Asset class	Target allocation	Long-term expected geometric real rate of return
Short term investments	2%	0.25%
Risk parity	4%	4.01%
Fixed income	5%	3.00%
Real assets	9%	6.75%
GTS	12%	4.01%
Private credit	16%	5.36%
Real estate	10%	4.50%
Private equity	12%	8.40%
Non-U.S. equity	14%	5.00%
U.S. equity	<u>16%</u>	4.75%
Total	<u>100%</u>	

Discount rate - At June 30, 2019, the discount rate used to measure the PSPRS and CORP total pension liabilities was 7.3 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2018. The projection of cash flows used to determine the discount rate 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 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 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, 2020
(in thousands)

Note 10: Pensions and Other Postemployment Benefits (continued)

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, 2019	\$ 394,649	\$ 158,120	\$ 236,529
Changes for the year:			
Service cost	5,936		5,936
Interest on the total liability	28,842		28,842
Differences between expected and actual experience in the measurement of the liability	6,709		6,709
Changes of assumptions or other inputs	8,572		8,572
Contributions—employer		20,232	(20,232)
Contributions—employee		1,741	(1,741)
Net investment income		8,618	(8,618)
Benefit payments, including refunds of employee contributions	(21,667)	(21,667)	
Administrative expense		(151)	151
Other changes		(57)	57
Net changes	28,392	8,716	19,676
Balances at June 30, 2020	\$ 423,041	\$ 166,836	\$ 256,205

CORP – Detention

	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) – (b)
Balances at June 30, 2019	\$ 128,635	\$ 59,863	\$ 68,772
Changes for the year:			
Service cost	3,271		3,271
Interest on the total liability	9,502		9,502
Differences between expected and actual experience in the measurement of the liability	5,306		5,306
Changes in assumptions or other inputs	4,261		4,261
Contributions—employer		6,721	(6,721)
Contributions—employee		1,692	(1,692)
Net investment income		3,302	(3,302)
Benefit payments, including refunds of employee contributions	(6,990)	(6,990)	
Administrative expense		(60)	60
Net changes	15,350	4,665	10,685
Balances at June 30, 2020	\$ 143,985	\$ 64,528	\$ 79,457

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 10: Pensions and Other Postemployment Benefits (continued)

The County's proportion of the CORP AOC net pension liability 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, 2019. The County's proportion measured as of June 30, 2019, and the change from its proportions measured as of June 30, 2018, were:

CORP AOC	Proportion June 30, 2019	Decrease from June 30, 2018
Pension	11.44%	(0.07)

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 rate of 7.3 percent, 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 (6.3 percent) or 1 percentage point higher (8.3 percent) than the current rate:

	1% Decrease (6.3%)	Current discount Rate (7.3%)	1% Increase (8.3%)
PSPRS Sheriff			
Net pension liability	\$ 310,537	\$ 256,205	\$ 211,537
CORP Detention			
Net pension liability	\$ 99,729	\$ 79,457	\$ 63,033
CORP AOC			
County's proportionate share of the net pension liability	\$ 62,022	\$ 48,276	\$ 37,072

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, 2020, the County recognized the following pension expense:

	Pension Expense
PSPRS Sheriff	\$ 32,618
CORP Detention	10,143
CORP AOC (County's proportionate share)	6,184

Pension deferred outflows/inflows of resources - At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS – Sheriff	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 5,367	\$ 4,876
Changes of assumptions or other inputs	15,805	
Net difference between projected and actual earnings on pension plan investments	2,587	
County contributions subsequent to the measurement date	21,439	
Total	\$ 45,198	\$ 4,876

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 10: Pensions and Other Postemployment Benefits (continued)

CORP – Detention	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 4,245	\$ 2,823
Changes of assumptions or other inputs	6,000	
Net difference between projected and actual earnings on pension plan investments	869	
County contributions subsequent to the measurement date	7,261	
Total	\$ 18,375	\$ 2,823

CORP – AOC	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 3,449	\$ 1,373
Changes of assumptions or other inputs	3,095	
Net difference between projected and actual earnings on pension plan investments	908	
Changes in proportion and differences between county contributions and proportionate share of contributions	3	1,593
County contributions subsequent to the measurement date	3,993	
Total	\$ 11,448	\$ 2,966

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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PSPRS Sheriff	CORP Detention	CORP AOC
Year ending June 30			
2021	\$ 6,583	\$ 2,600	\$ 1,369
2022	4,797	1,897	681
2023	3,828	1,735	996
2024	3,675	2,059	1,443
	\$ 18,883	\$ 8,291	\$ 4,489

C. Elected Officials Retirement Plan

Plan description - Elected officials and judges participate in the Elected Officials Retirement Plan (EORP) or ASRS. EORP administers a cost-sharing multiple-employer defined benefit pension plan for elected officials and judges who were members of the plan on December 31, 2013. This EORP pension 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 PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the EORP plan. The report is available on PSPRS's website at www.psprs.com.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 10: Pensions and Other Postemployment Benefits (continued)

Benefits provided - The EORP provides retirement, 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 inflation. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(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, 2020, statute required active EORP members to contribute 7 or 13 percent of the members' annual covered payroll and the County to contribute at the actuarially determined rate of 61.43 percent of all active EORP members' annual covered payroll. Also, statute required the County to contribute 49.49 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members, in addition to the County's required contributions to ASRS. In addition, statute required the County to contribute 39.72 percent of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the EORP would typically fill.

The County's contributions to the pension plan for the year ended June 30, 2020, were \$4,218.

During fiscal year 2020, the County paid for EORP pension contributions entirely from the General Fund.

Liability - At June 30, 2020, 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	\$ 60,051
State's proportionate share of the EORP net pension liability associated with the County	5,644
Total	\$ 65,695

The net pension liability was measured as of June 30, 2019, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date. The total liability as of June 30, 2019, reflects changes of actuarial assumptions to decrease the investment rate of return from 7.4 percent to 7.3 percent and update the mortality rates.

The County's proportion of the net pension liability was based on the County's required contributions to the pension plan relative to the total of all participating employers' required contributions for the year ended June 30, 2019. The County's proportion measured as of June 30, 2019, and the change from its proportion measured as of June 30, 2018, were:

EORP	Proportion <u>June 30, 2019</u>	Decrease from <u>June 30, 2018</u>
Pension	9.06%	(1.18)

Expense - For the year ended June 30, 2020, the County recognized pension expense for EORP of (\$10,445), and revenue of \$(392) for the County's proportionate share of the State's appropriation to EORP and the designated court fees.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 10: Pensions and Other Postemployment Benefits (continued)

Deferred outflows/inflows of resources - At June 30, 2020, 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	\$ 1,339	\$ 57
Changes of assumptions or other inputs	189	1,707
Net difference between projected and actual earnings on pension plan investments	408	
Changes in proportion and differences between county contributions and proportionate share of contributions	917	5,268
County contributions subsequent to the measurement date	4,218	
Total	\$ 7,071	\$ 7,032

The amounts 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 liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized as expenses as follows:

Year ending June 30	
2021	\$ (4,295)
2022	(104)
2023	114
2024	106

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

EORP	
Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.75%
Price inflation	2.5%
Cost of living adjustment	1.75%
Mortality rates	PubG-2010 tables

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 10: Pensions and Other Postemployment Benefits (continued)

The long-term expected rate of return on EORP plan investments was determined to be 7.3 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 expected
Asset class	allocation	geometric real rate
Asset class	of return	
Short-term investments	2%	0.25%
Risk parity	4%	4.01%
Fixed income	5%	3.00%
Real assets	9%	6.75%
GTS	12%	4.01%
Private credit	16%	5.36%
Real estate	10%	4.50%
Private equity	12%	8.40%
Non-U.S. equity	14%	5.00%
U.S. equity	<u>16%</u>	4.75%
Total	<u>100%</u>	

Discount rates - At June 30, 2019, the discount rate used to measure the EORP total pension liability was 7.3 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2018. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the actuarially determined rates, and State contributions will be made as currently required by statute. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the 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 7.3 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 (6.3 percent) or 1 percentage point higher (8.3 percent) than the current rate:

EORP	1% Decrease	Current Discount	1% Increase
	6.3%	Rate 7.3%	8.3%
County's proportionate share of the net pension liability	\$ 68,767	\$ 60,051	\$ 52,627

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, 2020
(in thousands)

Note 11: Due from Other Governments

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Grants Fund</u>	<u>Other Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Total Governmental Activities</u>
Federal government:						
Grants and contributions	\$ 3		\$ 2,529	\$ 163		\$ 2,695
State of Arizona:						
Taxes and shared revenues	25,869	\$ 297		5,136	\$ 1	31,303
Grants and contributions			4,442	6		4,448
Cities:						
Reimbursement for services	1,389	142	140	126	3	1,800
Other governments:						
Reimbursement for services	147	2,567		4	4	2,722
Total due from other governments fund based statements	<u>\$ 27,408</u>	<u>\$ 3,006</u>	<u>\$ 7,111</u>	<u>\$ 5,435</u>	<u>\$ 8</u>	<u>\$ 42,968</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 12: Interfund Transactions

A. Interfund Assets/Liabilities

Interfund Receivables/Payables - interfund balances at June 30, 2020 were as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Other Governmental – Wireless Integrated Network	\$ <u>2,500</u>
Total General Fund interfund receivable		\$ <u>2,500</u>

The interfund receivable of \$2,500 within the General Fund was established to fund the replacement of the aging microwave backhaul system of the County's Wireless Integrated Network. The interfund loan is payable over a five year period with no interest, of which \$1,200 is due in more than one year.

Due from/Due to other funds for the year ended June 30, 2020 were as follows:

		Amounts recorded as due to:					
		<u>General</u>	<u>Capital Projects</u>	<u>Grants</u>	<u>Other Governmental</u>	<u>Internal Service</u>	<u>Total</u>
Amounts recorded as due from:	General			\$ 20,749	\$ 137		\$ 20,886
	Capital Projects			659	144		803
	Grants	\$ 384			11		395
	Other Governmental	173		910	33	\$ 7	1,123
	Regional Wastewater Reclamation		\$ 5				5
	Internal Service			59			59
Total		<u>\$ 557</u>	<u>\$ 5</u>	<u>\$ 22,377</u>	<u>\$ 325</u>	<u>\$ 7</u>	<u>\$ 23,271</u>

Due from/Due to other funds are used to record short-term loans or unpaid transfers between funds. Outstanding due to/due from amounts represent cash transfers that had not occurred at the end of the year. All due to/due from amounts are expected to be paid in one year.

The due from the Grants Fund to the General Fund represents various allowable coronavirus pandemic (COVID-19) charges previously paid by the General Fund. The General Fund will be reimbursed through the funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act funds.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 12: Interfund Transactions (continued)

B. Interfund Transfers

Transfers are used to move monies between individual funds primarily to properly account for capital projects activity, debt service activity, and to subsidize departmental operations.

Interfund transfers for the year ended June 30, 2020 were as follows:

	Amounts recorded as transfers out:							Total
	General	Capital Projects	Grants	Other Governmental	Regional Wastewater Reclamation	Other Enterprise	Internal Service	
General			\$ 155	\$ 2,014	\$ 210	\$ 750	\$ 9,633	\$ 12,762
Capital Projects	\$ 17,670		2,644	32,675	88	1,247		54,324
Debt Service	11,304	\$ 8,920		18,920	4,803	635		44,582
Grants	3,770			1,335				5,105
Other Governmental	53,100		537	351	216			54,204
Regional Wastewater Reclamation	8							8
Other Enterprise			20					20
Internal Service	975	8,693	76					9,744
Total	\$ 86,827	\$ 17,613	\$ 3,432	\$ 55,295	\$ 5,317	\$ 2,632	\$ 9,633	\$180,749

The following is a summary of the significant transfer activity for the fiscal year ended June 30, 2020:

The transfers out of the General Fund were made to the Other Governmental Funds to subsidize local pavement repair for this year's pay-as-you-go pavement repair and rehabilitation program within the Transportation Fund. Another transfer out from the General Fund to Other Governmental Funds included the funding of the Facade Improvements for 130 & 150 W. Congress, which consisted of asbestos abatement and fire safety improvements in downtown County buildings within the Other Special Revenue Fund.

The transfers out of the Other Governmental Funds were made to the Capital Projects Fund due to 19 different Flood Control District projects in FY20 that were actively being charged. General Fund also transferred out monies to the Capital Projects Fund, primarily for programs within the Facilities Management department. Other Governmental Funds transferred monies from the Transportation Fund to the Debt Service Fund in the form of Road tax collections, in which the debt was repaid with the excess property tax revenues collected in the prior year.

The transfers out of the General Fund were made to the Debt Service Fund for the Certificates of Participation debt service payments.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

Note 13: Construction and Other Significant Commitments

At June 30, 2020, Pima County had the following major contractual commitments:

Facilities Management

The Facilities Management Department had construction contractual commitments of \$14,450 and other contractual commitments related to service contracts of \$8,600. Funding for these expenditures will be provided from Certificates of Participation and general fund and building rental revenues.

General Government

The Behavioral Health department had contractual commitments related to service contracts of \$85,465. Funding for these expenditures will be provided from general fund revenues.

Regional Flood Control

The Regional Flood Control fund had construction contractual commitments of \$786 and other contractual commitments related to services contracts of \$4,557. Funding for these expenditures will be primarily from tax levy revenues.

Regional Wastewater Reclamation

The Regional Wastewater Reclamation enterprise fund had construction contractual commitments of \$46,507 and other contractual commitments related to services of \$15,531. Funding for these expenses will be primarily from the Sewer Revenue Obligations, Certificates of Participation, and sewer user fees.

Transportation

The Transportation Department had construction commitments of \$20,156 and other contractual commitments related to services of \$35,648. Funding for these expenditures will be primarily provided from Transportation Revenue bonds, Certificates of Participation, federal grants, and state Highway User Tax Revenue, which is the primary source of revenue for the Transportation Department.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2020
(in thousands)

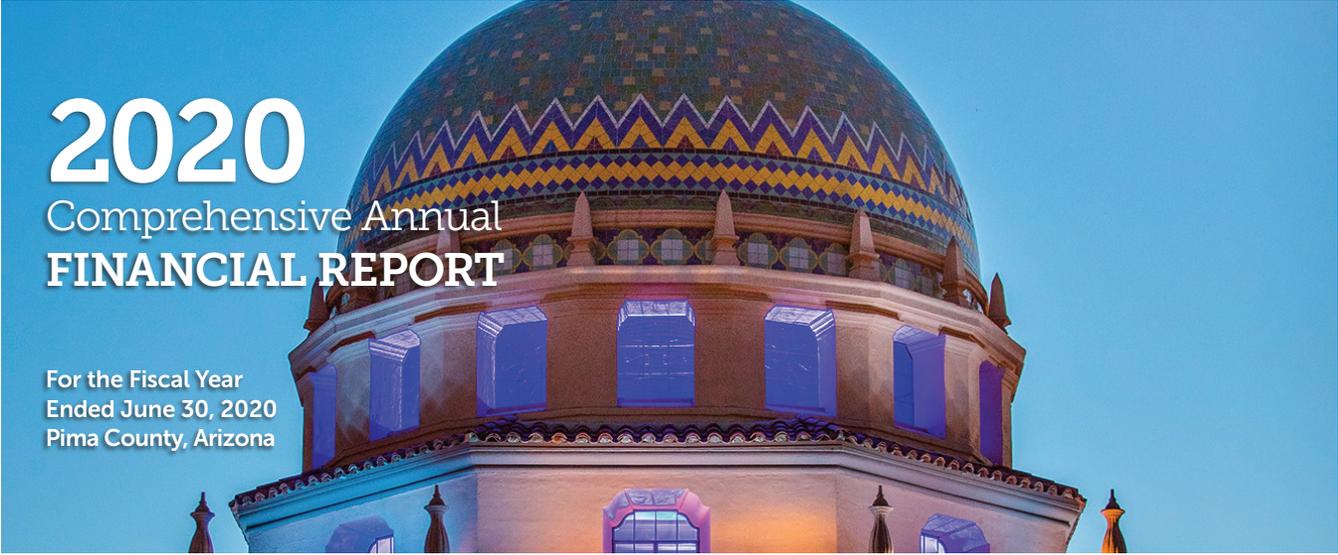
Note 14: Subsequent Events

General Obligation Bonds – On July 15, 2020, the Rocking K South Community Facilities District issued General Obligation Bonds, Taxable Series 2020A in the amount of \$138 to fund a feasibility report on the benefits, costs and estimated schedule of certain projects related to public infrastructure. The District will use the proceeds of an ad valorem tax levy to make the debt service payments on the 2020A Bonds.

Transportation Revenue Bonds – On December 15, 2020, the County issued Transportation Revenue Bonds, Series 2020 in the amount of \$21,000. The proceeds will be used to fund various street and highway projects within the Transportation’s Capital Improvement Program. These bonds will be repaid within 15 years by Transportation Fund revenues.

Sewer System Revenue Obligations – On December 16, 2020, the County issued Sewer System Revenue Obligations, Series 2020B in the amount of \$45,715. The proceeds will be used to fund treatment and conveyance projects within the Regional Wastewater Reclamation Fund’s Capital Improvement Program. These obligations are projected to be paid in full by fiscal year 2030-31 from the revenues received in the Regional Wastewater Reclamation Fund.

Certificates of Participation – On December 17, 2020, the County issued Certificates of Participation, Series 2020B and Series 2020C for a combined amount of \$66,110. Certificates of Participation Tax-Exempt Series 2020B was issued in the amount of \$15,720 with the proceeds to be used to fund various Facilities Management projects along with aircraft and surveillance cameras for the Sheriff’s Department. Certificates of Participation Taxable Series 2020C was issued in the amount of \$50,390 with proceeds to be used to fund the Road Repair Program and will be repaid within five years using General Fund PAYGO revenues.



2020

Comprehensive Annual
FINANCIAL REPORT

For the Fiscal Year
Ended June 30, 2020
Pima County, Arizona



REQUIRED SUPPLEMENTARY INFORMATION

Other Than Management's Discussion & Analysis

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual – General Fund
For the Year Ended June 30, 2020
(in thousands)

Exhibit B - 1

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 351,047	\$ 351,047	\$ 352,956	\$ 1,909
Licenses and permits	4,299	4,299	3,413	(886)
Intergovernmental	175,962	175,962	180,644	4,682
Charges for services	39,547	39,547	40,937	1,390
Fines and forfeits	3,359	3,359	3,151	(208)
Investment earnings	1,599	1,599	1,326	(273)
Miscellaneous	5,258	5,258	5,558	300
Total revenues	581,071	581,071	587,985	6,914
Expenditures:				
General government				
Assessor	8,076	8,076	7,379	697
Board of Supervisors	2,636	2,636	2,273	363
Clerk of Superior Court	11,152	11,152	10,392	760
Constables	1,666	1,666	1,577	89
County Administration	111,338	111,338	56,378	54,960
County Attorney	24,170	24,170	23,850	320
Grants Management and Innovation	4,273	4,273	3,636	637
Justice Courts	8,923	8,923	8,844	79
Juvenile Courts	22,266	22,266	21,871	395
Justice & Law Enforcement	32,736	32,736	33,512	(776)
Public Works (Facilities Management)	26,335	26,335	23,157	3,178
Recorder	6,246	6,246	4,418	1,828
Superior Court	34,496	34,496	34,007	489
Superior Court Mandated Services	1,733	1,733	1,546	187
Treasurer	2,620	2,620	2,304	316
Public safety				
Sheriff	158,564	158,564	133,286	25,278
Office of Emergency Management & Homeland Security	642	642	504	138
Sanitation				
Environmental Quality	1,406	1,406	1,334	72
Health				
Forensic Science Center	4,395	4,395	4,136	259
Pima Animal Care	11,629	11,629	10,882	747
Welfare				
County Admin - Welfare	61,461	61,461	61,757	(296)
Behavioral Health	44,760	44,760	40,239	4,521
Culture and recreation				
Public Works (Parks and Recreation)	19,220	19,220	17,598	1,622
Education and economic opportunity				
Community & Economic Development	13,560	13,560	11,300	2,260
School Superintendent	1,773	1,773	1,552	221
Total expenditures	616,076	616,076	517,732	98,344
Excess (deficiency) of revenues over (under) expenditures	(35,005)	(35,005)	70,253	105,258
Other financing sources (uses):				
Proceeds from sale of capital assets			10	10
Transfers in	12,521	12,521	12,762	241
Transfers (out)	(50,724)	(50,724)	(86,827)	(36,103)
Total other financing uses	(38,203)	(38,203)	(74,055)	(35,852)
Net change in fund balances	(73,208)	(73,208)	(3,802)	69,406
Fund balances at beginning of year	73,208	73,208	109,398	36,190
Fund balances at end of year	\$	\$	\$ 105,596	\$ 105,596

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual – Grants Fund
For the Year Ended June 30, 2020
(in thousands)

Exhibit B - 1

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 62,368	\$ 62,368	\$ 86,369	\$ 24,001
Investment earnings	20	20	192	172
Miscellaneous	4,691	4,691	2,996	(1,695)
Total revenues	67,079	67,079	89,557	22,478
Expenditures:				
General government				
Clerk of the Superior Court	12	12		12
Constables			12	(12)
County Administration	4,303	4,303	2,533	1,770
County Attorney	4,260	4,260	3,028	1,232
Elections			94	(94)
Finance	10,025	10,025	151	9,874
Grants Management & Innovation	1,130	1,130	43,243	(42,113)
Justice Courts	5	5		5
Juvenile Courts	1,259	1,259	862	397
Office of Sustainability and Conservation	20	20		20
Public Defender Services			12	(12)
Public Works			15	(15)
Recorder			118	(118)
Superior Court	989	989	1,122	(133)
Public safety				
Flood Control			72	(72)
Sheriff	3,240	3,240	3,030	210
Office of Emergency Management & Homeland Security	1,278	1,278	1,475	(197)
Highways and streets				
Transportation			20	(20)
Health				
Environmental Quality	1,078	1,078	864	214
Forensic Science Center	125	125	248	(123)
Health	12,444	12,444	9,555	2,889
Pima Animal Care	1,005	1,005	825	180
Welfare				
Behavioral Health			47	(47)
Culture and recreation				
Public Works (Parks and Recreation)	125	125	71	54
Education and economic opportunity				
Community Development	7,210	7,210	4,300	2,910
Community Services	18,365	18,365	17,546	819
Total expenditures	66,873	66,873	89,243	(22,370)
Excess (deficiency) of revenues over (under) expenditures	206	206	314	108
Other financing sources (uses):				
Transfers in	5,073	5,073	5,105	32
Transfers (out)	(5,857)	(5,857)	(3,432)	2,425
Total other financing sources (uses)	(784)	(784)	1,673	2,457
Net change in fund balance	(578)	(578)	1,987	2,565
Fund balance at beginning of year	(6,721)	(6,721)	(4,153)	2,568
Fund balance at end of year	\$ (7,299)	\$ (7,299)	\$ (2,166)	\$ 5,133

Notes to Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual
June 30, 2020
(in thousands)

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, Grants, and Other Special Revenue Fund, each fund includes only one department.

Note 2: Expenditures in Excess of Appropriations

For the year ended June 30, 2020, expenditures for the following departments in the General and Grants Funds exceeded final budget amounts at the department level (the legal level of budgetary control) as follows:

Function/Department	Excess
General government:	
Constables - Grants Fund	\$ 12
Elections - Grants Fund	94
Grants Management & Innovation - Grants Fund	42,113
Public Defender Services - Grants Fund	12
Public Works - Grants Fund	15
Recorder - Grants Fund	118
Superior Court - Grants Fund	133
Justice & Law Enforcement - General Fund	776
Total general government	<u>43,273</u>
Public safety:	
Flood Control - Grants Fund	72
Office of Emergency Management & Homeland Security - Grants Fund	197
Total public safety	<u>269</u>
Highways and streets:	
Transportation - Grants Fund	20
Total highways and streets	<u>20</u>
Health:	
Forensic Science Center - Grants Fund	123
Total health	<u>123</u>
Welfare:	
Behavioral Health - Grants Fund	47
County Admin - Welfare - General Fund	296
Total welfare	<u>343</u>

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

PIMA COUNTY, ARIZONA

Exhibit B - 2

Schedule of the County's Proportionate Share of the Net Pension Liability
 Cost-Sharing Pension Plans
 June 30, 2020
 (in thousands)

Arizona State Retirement System

	Reporting Fiscal Year (Measurement Date)						2014 thru 2011
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
County's proportion of the net pension liability	2.28%	2.36%	2.41%	2.44%	2.51%	2.56%	Information not available
County's proportionate share of the net pension liability	\$ 332,203	\$ 328,958	\$ 375,197	\$ 393,174	\$ 391,629	\$ 379,139	
County's covered payroll	\$ 241,159	\$ 233,929	\$ 235,375	\$ 228,129	\$ 231,570	\$ 229,907	
County's proportionate share of the net pension liability as a percentage of its covered payroll	137.75%	140.62%	159.40%	172.35%	169.12%	164.91%	
Plan fiduciary net position as a percentage of the total pension liability	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	

**Corrections Officer Retirement Plan—
 Administrative Office of the Courts**

	Reporting Fiscal Year (Measurement Date)						2014 thru 2011
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
County's proportion of the net pension liability	11.44%	11.51%	11.95%	12.42%	12.45%	12.43%	Information not available
County's proportionate share of the net pension liability	\$ 48,276	\$ 41,436	\$ 47,929	\$ 35,046	\$ 30,274	\$ 27,888	
County's covered payroll	\$ 13,470	\$ 13,346	\$ 13,400	\$ 13,681	\$ 13,857	\$ 13,114	
County's proportionate share of the net pension liability as a percentage of its covered payroll	358.40%	310.48%	357.68%	256.17%	218.47%	212.66%	
Plan fiduciary net position as a percentage of the total pension liability	51.99%	53.72%	49.21%	54.81%	57.89%	58.59%	

Elected Officials Retirement Plan

	Reporting Fiscal Year (Measurement Date)						2014 thru 2011
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
County's proportion of the net pension liability	9.06%	10.24%	7.42%	7.90%	7.55%	7.64%	Information not available
County's proportionate share of the net pension liability	\$ 60,051	\$ 64,495	\$ 90,478	\$ 74,615	\$ 59,037	\$ 51,259	
State's proportionate share of the net pension liability associated with the County	5,644	11,051	29,292	15,406	18,405	15,717	
Total	\$ 65,695	\$ 75,546	\$ 119,770	\$ 90,021	\$ 77,442	\$ 66,976	
County's covered payroll	\$ 7,246	\$ 6,984	\$ 7,050	\$ 6,617	\$ 6,391	\$ 6,932	
County's proportionate share of the net pension liability as a percentage of its covered payroll	828.75%	923.47%	1283.38%	1127.63%	923.75%	739.45%	
Plan fiduciary net position as a percentage of the total pension liability	30.14%	30.36%	19.66%	23.42%	28.32%	31.91%	

See accompanying notes to pension schedules

PIMA COUNTY, ARIZONA
Schedule of Changes in the County's
Net Pension Liability and Related Ratios
Agent Pension Plans
June 30, 2020
(in thousands)

Exhibit B - 2

	Reporting Fiscal Year (Measurement Date)						2014 thru 2011
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Public Safety Personnel Retirement System - Sheriff							
Total pension liability							
Service cost	\$ 5,936	\$ 6,125	\$ 8,078	\$ 6,068	\$ 6,421	\$ 6,346	
Interest on the total pension liability	28,842	27,905	26,186	25,444	24,997	21,060	
Changes of benefit terms			4,033	9,540		7,336	
Differences between expected and actual experience in the measurement of the pension liability	6,709	(2,730)	(1,177)	(7,713)	(4,579)	(462)	
Changes of assumptions or other inputs	8,572		12,797	12,356		34,338	
Benefit payments, including refunds of employee contributions	(21,667)	(21,357)	(20,634)	(22,727)	(19,209)	(17,811)	
Net change in total pension liability	28,392	9,943	29,283	22,968	7,630	50,807	
Total pension liability - beginning	394,649	384,706	355,423	332,455	324,825	274,018	
Total pension liability - ending (a)	<u>\$ 423,041</u>	<u>\$ 394,649</u>	<u>\$ 384,706</u>	<u>\$ 355,423</u>	<u>\$ 332,455</u>	<u>\$ 324,825</u>	
Plan fiduciary net position							
Contributions - employer	\$ 20,232	\$ 18,847	\$ 16,871	\$ 15,122	\$ 11,490	\$ 10,627	
Contributions - employee	1,741	2,787	3,900	3,877	3,505	3,415	
Net investment income	8,618	10,343	16,189	808	5,053	17,221	
Benefit payments, including refunds of employee contributions	(21,667)	(21,357)	(20,634)	(22,727)	(19,209)	(17,811)	
Hall/Parker settlement		(4,953)					
Administrative expense	(151)	(158)	(144)	(117)	(124)	(139)	
Other changes	(57)	(223)	(238)	(397)	(148)	(92)	
Net change in plan fiduciary net position	8,716	5,286	15,944	(3,434)	567	13,221	
Plan fiduciary net position - beginning	158,120	152,923	136,979	140,413	139,846	126,625	
Plan fiduciary net position - ending (b)	<u>\$ 166,836</u>	<u>\$ 158,209</u>	<u>\$ 152,923</u>	<u>\$ 136,979</u>	<u>\$ 140,413</u>	<u>\$ 139,846</u>	
County's net pension liability - ending (a) - (b)	\$ 256,205	\$ 236,440	\$ 231,783	\$ 218,444	\$ 192,042	\$ 184,979	
Plan fiduciary net position as a percentage of the total pension liability	39.44%	40.09%	39.75%	38.54%	42.24%	43.05%	
Covered payroll	\$ 29,862	\$ 29,261	\$ 32,156	\$ 30,384	\$ 31,515	\$ 31,543	
County's net pension liability as a percentage of covered payroll	857.96%	808.04%	720.81%	718.94%	609.37%	586.43%	

Information
not available

See accompanying notes to pension schedules

PIMA COUNTY, ARIZONA
Schedule of Changes in the County's
Net Pension Liability and Related Ratios
Agent Pension Plans
June 30, 2020
(in thousands)

Exhibit B - 2

	Reporting Fiscal Year (Measurement Date)						2014 thru 2011
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Corrections Officer Retirement Plan - Detention							
Total pension liability							
Service cost	\$ 3,271	\$ 3,359	\$ 3,235	\$ 2,893	\$ 2,798	\$ 2,852	
Interest on the total pension liability	9,502	9,683	8,091	7,911	7,751	6,623	
Changes of benefit terms		(7,525)	15,675	181		1,459	
Differences between expected and actual experience in the measurement of the pension liability	5,306	(2,679)	(1,044)	(1,930)	(2,557)	(609)	
Changes of assumptions or other inputs	4,261		3,566	4,125		10,555	
Benefit payments, including refunds of employee contributions	(6,990)	(6,741)	(6,489)	(6,013)	(5,988)	(6,975)	
Net change in total pension liability	15,350	(3,903)	23,034	7,167	2,004	13,905	
Total pension liability - beginning	128,635	132,538	109,504	102,337	100,333	86,428	
Total pension liability - ending (a)	<u>\$ 143,985</u>	<u>\$ 128,635</u>	<u>\$ 132,538</u>	<u>\$ 109,504</u>	<u>\$ 102,337</u>	<u>\$ 100,333</u>	
Plan fiduciary net position							
Contributions - employer	\$ 6,721	\$ 5,167	\$ 4,871	\$ 4,634	\$ 3,441	\$ 2,970	
Contributions - employee	1,692	1,771	1,814	1,730	1,737	1,686	
Net investment income	3,302	3,970	5,953	302	1,765	6,030	
Benefit payments, including refunds of employee contributions	(6,990)	(6,741)	(6,489)	(6,013)	(5,988)	(6,975)	
Administrative expense	(60)	(61)	(52)	(43)	(44)	(48)	
Other changes		(76)	(38)	(38)	(69)	11	
Net change in plan fiduciary net position	4,665	4,030	6,059	572	842	3,674	
Plan fiduciary net position - beginning	59,863	55,833	49,774	49,202	48,360	44,686	
Plan fiduciary net position - ending (b)	<u>\$ 64,528</u>	<u>\$ 59,863</u>	<u>\$ 55,833</u>	<u>\$ 49,774</u>	<u>\$ 49,202</u>	<u>\$ 48,360</u>	
County's net pension liability - ending (a) - (b)	\$ 79,457	\$ 68,772	\$ 76,705	\$ 59,730	\$ 53,135	\$ 51,973	
Plan fiduciary net position as a percentage of the total pension liability	44.82%	46.54%	42.13%	45.45%	48.08%	48.20%	
Covered payroll	\$ 21,342	\$ 20,738	\$ 21,574	\$ 20,263	\$ 20,816	\$ 20,051	
County's net pension liability as a percentage of covered payroll	372.30%	331.62%	355.55%	294.77%	255.26%	259.20%	

Information
not available

See accompanying notes to pension schedules

PIMA COUNTY, ARIZONA
Schedule of County Pension Contributions
June 30, 2020
(in thousands)

Exhibit B - 2

Arizona State Retirement System

	Reporting Fiscal Year							2013 thru 2011
	2020	2019	2018	2017	2016	2015	2014	
Statutorily required contribution	\$ 28,242	\$ 26,908	\$ 25,552	\$ 25,320	\$ 24,752	\$ 25,218	\$ 24,600	Information not available
County's contributions in relation to the statutorily required contribution	<u>28,242</u>	<u>26,908</u>	<u>25,552</u>	<u>25,320</u>	<u>24,752</u>	<u>25,218</u>	<u>24,600</u>	
County's contribution deficiency (excess)								
County's covered payroll	\$ 246,354	\$ 241,159	\$ 233,929	\$ 235,375	\$ 228,129	\$ 231,570	\$ 229,907	
County's contributions as a percentage of covered payroll	11.46%	11.16%	10.92%	10.76%	10.85%	10.89%	10.70%	

**Corrections Officer Retirement Plan—
Administrative Office of the Courts**

	Reporting Fiscal Year							2013 thru 2011
	2020	2019	2018	2017	2016	2015	2014	
Statutorily required contribution	\$ 3,993	\$ 4,258	\$ 3,003	\$ 2,691	\$ 2,613	\$ 2,062	\$ 1,933	Information not available
County's contributions in relation to the statutorily required contribution	<u>3,993</u>	<u>4,258</u>	<u>3,003</u>	<u>2,691</u>	<u>2,613</u>	<u>2,062</u>	<u>1,933</u>	
County's contribution deficiency (excess)								
County's covered payroll	\$ 13,127	\$ 13,470	\$ 13,346	\$ 13,400	\$ 13,681	\$ 13,857	\$ 13,114	
County's contributions as a percentage of covered payroll	30.42%	31.61%	22.50%	20.08%	19.10%	14.88%	14.74%	

Elected Officials Retirement Plan

	Reporting Fiscal Year							2013 thru 2011
	2020	2019	2018	2017	2016	2015	2014	
Statutorily required contribution	\$ 4,218	\$ 4,168	\$ 1,508	\$ 1,566	\$ 1,555	\$ 1,502	\$ 1,629	Information not available
County's contributions in relation to the statutorily required contribution	<u>4,218</u>	<u>3,204</u>	<u>460</u>	<u>1,566</u>	<u>1,555</u>	<u>1,502</u>	<u>1,629</u>	
County's contribution deficiency (excess)		<u>964</u>	<u>1,048</u>					
County's covered payroll	\$ 7,252	\$ 7,246	\$ 6,984	\$ 7,050	\$ 6,617	\$ 6,391	\$ 6,932	
County's contributions as a percentage of covered payroll	58.16%	44.22%	6.59%	22.21%	23.50%	23.50%	23.50%	

Public Safety Personnel Retirement System - Sheriff

	Reporting Fiscal Year							2013 thru 2011
	2020	2019	2018	2017	2016	2015	2014	
Actuarially determined contribution	\$ 21,439	\$ 18,766	\$ 18,771	\$ 16,861	\$ 15,119	\$ 11,490	\$ 10,627	Information not available
County's contributions in relation to the actuarially required contribution	<u>21,439</u>	<u>18,766</u>	<u>14,407</u>	<u>16,861</u>	<u>15,119</u>	<u>11,490</u>	<u>10,627</u>	
County's contribution deficiency (excess)			<u>4,364</u>					
County's covered payroll	\$ 30,257	\$ 29,862	\$ 29,261	\$ 32,156	\$ 30,384	\$ 31,515	\$ 31,543	
County's contributions as a percentage of covered payroll	70.86%	62.84%	49.24%	52.44%	49.76%	36.46%	33.69%	

Corrections Officer Retirement Plan - Detention

	Reporting Fiscal Year							2013 thru 2011
	2020	2019	2018	2017	2016	2015	2014	
Actuarially determined contribution	\$ 7,261	\$ 6,515	\$ 5,155	\$ 4,872	\$ 4,618	\$ 3,441	\$ 2,970	Information not available
County's contributions in relation to the actuarially required contribution	<u>7,261</u>	<u>6,515</u>	<u>5,155</u>	<u>4,872</u>	<u>4,618</u>	<u>3,441</u>	<u>2,970</u>	
County's contribution deficiency (excess)								
County's covered payroll	\$ 23,254	\$ 21,342	\$ 20,738	\$ 21,574	\$ 20,263	\$ 20,816	\$ 20,051	
County's contributions as a percentage of covered payroll	31.22%	30.53%	24.86%	22.58%	22.79%	16.53%	14.81%	

See accompanying notes to pension schedules

PIMA COUNTY, ARIZONA
Notes to Pension Plan Schedules
June 30, 2020
(in thousands)

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	PSPRS members with initial membership date before July 1, 2017, and CORP members with initial membership date before July 1, 2018: Level percent-of-pay, closed; PSPRS members with initial membership on or after July 1, 2017: Level dollar closed
Remaining amortization period as of the 2018 actuarial valuation	PSPRS members with initial membership date before July 1, 2017: 10 years and CORP members with initial membership date before July 1, 2018: 18 years. PSPRS members with initial membership on or after July 1, 2017: 10 years.
Asset valuation method	PSPRS members with initial membership date before July 1, 2017, and CORP members with initial membership date before July 1, 2018: 7-year smoothed market value; 80%/120% market corridor; PSPRS members with initial membership on or after July 1, 2017: 5-year smoothed market value; 80%/120% market corridor
Actuarial assumptions: Investment rate of return	PSPRS members with initial membership date before July 1, 2017, and CORP members with initial membership date before July 1, 2018: in the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%. PSPRS members with initial membership on or after July 1, 2017: 7%
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%–8.0% to 3.5%–7.5% for PSPRS and from 4.0%–7.25% to 3.5%–6.5% for CORP. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%–8.5% to 4.0%–8.0% for PSPRS and from 4.5%–7.75% to 4.0%–7.25% for CORP. 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 2017 actuarial valuation, wage growth was decreased from 4.0% to 3.5% for PSPRS and CORP. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS and CORP. 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	In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

PIMA COUNTY, ARIZONA
Notes to Pension Plan Schedules
June 30, 2020
(in thousands)

Exhibit B - 2

Note 2: Factors that affect trends

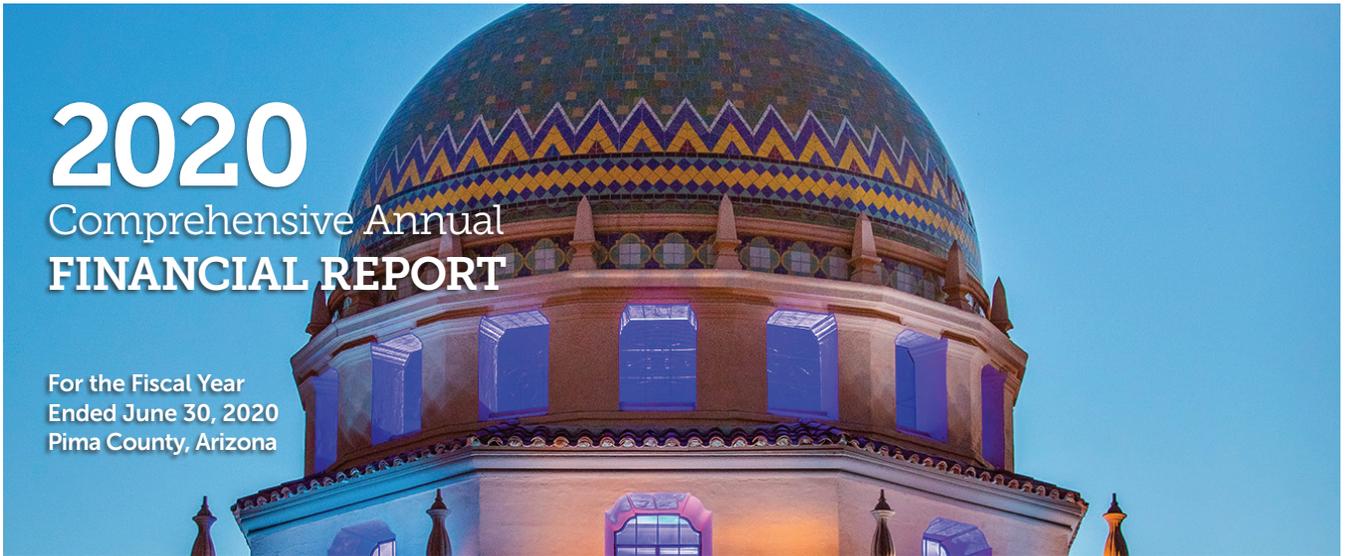
Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS, CORP, CORP-AOC, and EORP changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS and EORP also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS-, CORP-, and CORP-AOC- required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS-, CORP-, and CORP-AOC-required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. EORP-required contributions are not based on actuarial valuations, and therefore, these changes did not affect them. Also, the County refunded excess employee contributions to PSPRS and EORP members. PSPRS and EORP allowed the County to reduce its actual employer contributions for the refund amounts. As a result, the County's pension contributions were less than the actuarially or statutorily determined contributions for 2018 and 2019.

The fiscal year 2019 (measurement date 2018) pension liabilities for EORP and CORP reflect the replacement of the permanent benefit increase (PBI) for retirees based on investment returns with a cost of living adjustment based on inflation. Also, the EORP liability and required pension contributions for fiscal year 2019 reflect a statutory change that requires the employer contribution rate to be actuarially determined. This change increased the discount rate used to calculate the liability thereby reducing the total pension liability.

2020

Comprehensive Annual
FINANCIAL REPORT

For the Fiscal Year
Ended June 30, 2020
Pima County, Arizona



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. 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.

Wireless Integrated Network 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.

Rocking K South CFD Fund – to account for the purchase of eligible infrastructure of the Rocking K South master plan development through the issuance of bonds, and to fund the operation, maintenance and administration of the District through the levy of ad valorem tax on property in the District.

Improvement & Other Districts Fund – to account for financial activity related to street lighting and other improvements in unincorporated Pima County. The Improvement & Other Districts are a blended component unit of Pima County.

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PIMA COUNTY, ARIZONA
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2020
(in thousands)

	Special Revenue Funds					
	Transportation	Health	Regional Flood Control District	Other	Wireless Integrated Network	School Reserve
Assets						
Cash and cash equivalents	\$ 31,662	\$ 9,292	\$ 7,369	\$ 61,594	\$ 3,357	\$ 702
Property taxes receivable (net)	41		600			
Interest receivable	24	7	3	35	3	
Due from other funds	43	763		128		1
Due from other governments	4,607	2	2	235		169
Accounts receivable	252	59	19	930		119
Inventory	1,306				115	
Prepaid expenditures	76	49	31	288	7	4
Loan receivable	1,681					
Restricted cash equivalents						
Total assets	<u>\$ 39,692</u>	<u>\$ 10,172</u>	<u>\$ 8,024</u>	<u>\$ 63,210</u>	<u>\$ 3,482</u>	<u>\$ 995</u>
Liabilities, deferred inflows of resources and fund balances						
Liabilities						
Accounts payable	\$ 20,631	\$ 210	\$ 433	\$ 2,669	\$ 33	\$ 39
Contract retentions	399			35		
Employee compensation	381	292	138	601	24	92
Due to other funds	2	1		291		
Due to other governments	2			5	91	
Deposits and rebates	1		2	1		
Interfund payable					2,500	
Unearned revenue	1,684		3	1,149	152	5
Total liabilities	<u>23,100</u>	<u>503</u>	<u>576</u>	<u>4,751</u>	<u>2,800</u>	<u>136</u>
Deferred inflows of resources						
Unavailable revenue - intergovernmental	38			75		143
Unavailable revenue - property taxes	45		423			
Unavailable revenue - other	230	4	13	262		
Total deferred inflows of resources	<u>313</u>	<u>4</u>	<u>436</u>	<u>337</u>		<u>143</u>
Total liabilities and deferred inflows of resources	<u>23,413</u>	<u>507</u>	<u>1,012</u>	<u>5,088</u>	<u>2,800</u>	<u>279</u>
Fund balances						
Nonspendable	1,382	49	31	288	122	4
Restricted	14,897	9,616	6,981	28,342	560	222
Committed				18,035		387
Assigned				11,457		103
Total fund balances	<u>16,279</u>	<u>9,665</u>	<u>7,012</u>	<u>58,122</u>	<u>682</u>	<u>716</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 39,692</u>	<u>\$ 10,172</u>	<u>\$ 8,024</u>	<u>\$ 63,210</u>	<u>\$ 3,482</u>	<u>\$ 995</u>

Exhibit C - 1

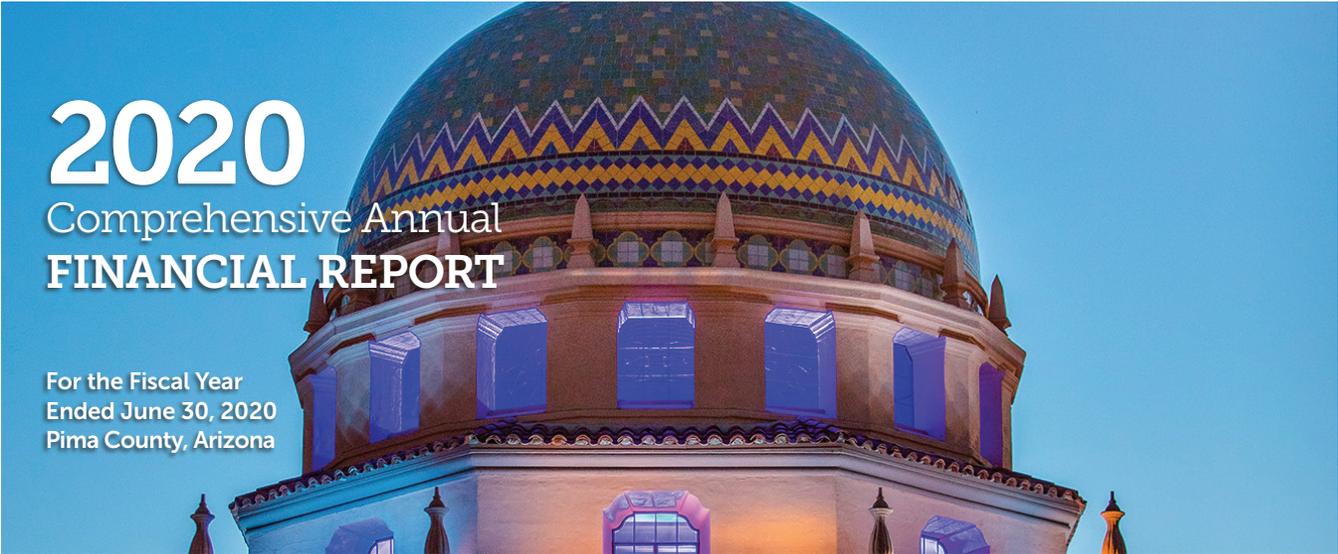
Special Revenue Funds						Total Other Governmental Funds
Environmental Quality	Waste Tire	Library District	Stadium District	Rocking K South CFD	Improvement & Other Districts	
\$ 3,822	\$ 1,751	\$ 17,496	\$ 2,198	\$ 6	\$ 157	\$ 139,406
		1,229			12	1,882
3	2	19	2			98
101			87			1,123
1	302	7	110			5,435
95		465	78			2,017
						1,421
9		470				934
		45				1,681
						45
<u>\$ 4,031</u>	<u>\$ 2,055</u>	<u>\$ 19,731</u>	<u>\$ 2,475</u>	<u>\$ 6</u>	<u>\$ 169</u>	<u>\$ 154,042</u>
\$ 51	\$ 4	\$ 1,324	\$ 924		1	\$ 26,319
						434
59		463	86			2,136
					31	325
						98
						4
						2,500
21		45	17			3,076
<u>131</u>	<u>4</u>	<u>1,832</u>	<u>1,027</u>		<u>32</u>	<u>34,892</u>
		12	61			329
		940			7	1,415
21		448	58			1,036
21		1,400	119		7	2,780
152	4	3,232	1,146		39	37,672
9		515				2,400
2,201	2,051	15,984		6	130	80,990
						18,422
1,669			1,329			14,558
3,879	2,051	16,499	1,329	6	130	116,370
<u>\$ 4,031</u>	<u>\$ 2,055</u>	<u>\$ 19,731</u>	<u>\$ 2,475</u>	<u>\$ 6</u>	<u>\$ 169</u>	<u>\$ 154,042</u>

PIMA COUNTY, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2020
(in thousands)

	Special Revenue Funds					
	Transportation	Health	Regional Flood Control District	Other	Wireless Integrated Network	School Reserve
Revenues:						
Property taxes	\$ 4		\$ 26,397			
Licenses and permits	1,661	\$ 2,333	2			
Intergovernmental	65,385		24	\$ 21,064		\$ 1,825
Charges for services	116	2,342	537	12,092	\$ 3,345	48
Fines and forfeits	8		2	2,532		
Investment earnings	459	148	251	992	67	
Miscellaneous	455	250	448	8,720	68	213
Total revenues	<u>68,088</u>	<u>5,073</u>	<u>27,661</u>	<u>45,400</u>	<u>3,480</u>	<u>2,086</u>
Expenditures:						
General government				31,947		
Public safety			14,132	2,763	2,784	
Highways and streets	63,234					
Sanitation						
Health		12,361		16		
Culture and recreation				2,134		
Education and economic opportunity				1,991		1,879
Debt service - principal				653		
- interest				10		
Total expenditures	<u>63,234</u>	<u>12,361</u>	<u>14,132</u>	<u>39,514</u>	<u>2,784</u>	<u>1,879</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,854</u>	<u>(7,288)</u>	<u>13,529</u>	<u>5,886</u>	<u>696</u>	<u>207</u>
Other financing sources (uses):						
Installment note				679		
Proceeds from sale of capital assets				258		
Transfers in	15,152	11,284	8	19,635		700
Transfers (out)	(16,528)	(2,223)	(17,483)	(4,912)	(1,646)	
Total other financing sources (uses)	<u>(1,376)</u>	<u>9,061</u>	<u>(17,475)</u>	<u>15,660</u>	<u>(1,646)</u>	<u>700</u>
Net change in fund balances	3,478	1,773	(3,946)	21,546	(950)	907
Fund balances at beginning of year	12,801	7,892	10,958	36,576	1,632	(195)
Changes in nonspendable resources:						
Change in prepaids						4
Fund balances at end of year	<u>\$ 16,279</u>	<u>\$ 9,665</u>	<u>\$ 7,012</u>	<u>\$ 58,122</u>	<u>\$ 682</u>	<u>\$ 716</u>

Special Revenue Funds						Total Other Governmental Funds
Environmental Quality	Waste Tire	Library District	Stadium District	Rocking K South CFD	Improvement & Other Districts	
		\$ 46,499			\$ 266	\$ 73,166
\$ 2,447						6,443
	\$ 1,280	193	\$ 1,361			91,132
105		171	1,168			19,924
30		339				2,911
76	38	389	38		1	2,459
22		452	56			10,684
<u>2,680</u>	<u>1,318</u>	<u>48,043</u>	<u>2,623</u>		<u>267</u>	<u>206,719</u>
					195	32,142
						19,679
						63,234
	1,177					1,177
3,254						15,631
		37,394	7,534			47,062
				\$ 15		3,885
						653
						10
<u>3,254</u>	<u>1,177</u>	<u>37,394</u>	<u>7,534</u>	<u>15</u>	<u>195</u>	<u>183,473</u>
<u>(574)</u>	<u>141</u>	<u>10,649</u>	<u>(4,911)</u>	<u>(15)</u>	<u>72</u>	<u>23,246</u>
						679
						258
756			6,669			54,204
<u>(2)</u>		<u>(9,905)</u>	<u>(2,565)</u>		<u>(31)</u>	<u>(55,295)</u>
<u>754</u>		<u>(9,905)</u>	<u>4,104</u>		<u>(31)</u>	<u>(154)</u>
180	141	744	(807)	(15)	41	23,092
3,699	1,910	15,755	2,136	21	89	93,274
						4
<u>\$ 3,879</u>	<u>\$ 2,051</u>	<u>\$ 16,499</u>	<u>\$ 1,329</u>	<u>\$ 6</u>	<u>\$ 130</u>	<u>\$ 116,370</u>

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2020

Comprehensive Annual
FINANCIAL REPORT

For the Fiscal Year
Ended June 30, 2020
Pima County, Arizona



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, 2020
(in thousands)

Exhibit C - 3

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Intergovernmental	\$ 15,429	\$ 6,445	\$ (8,984)
Charges for services	5,691	7,574	1,883
Investment earnings	539	2,713	2,174
Miscellaneous	1,016	2,018	1,002
Total revenues	<u>22,675</u>	<u>18,750</u>	<u>(3,925)</u>
Expenditures:			
Capital outlay	131,337	118,016	13,321
Total expenditures	<u>131,337</u>	<u>118,016</u>	<u>13,321</u>
Deficiency of revenues under expenditures	<u>(108,662)</u>	<u>(99,266)</u>	<u>9,396</u>
Other financing sources (uses):			
Premium on bonds		4,980	4,980
Face amount of long-term debt issued	61,000	56,020	(4,980)
Transfers in	47,251	54,324	7,073
Transfers (out)	(9,185)	(17,613)	(8,428)
Total other financing sources	<u>99,066</u>	<u>97,711</u>	<u>(1,355)</u>
Net change in fund balance	(9,596)	(1,555)	8,041
Fund balance at beginning of year	73,566	119,341	45,775
Fund balance at end of year	<u>\$ 63,970</u>	<u>\$ 117,786</u>	<u>\$ 53,816</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, 2020
(in thousands)

Exhibit C - 4

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Property taxes	\$ 59,651	\$ 59,952	\$ 301
Intergovernmental		20	20
Investment earnings	470	727	257
Miscellaneous		16	16
Total revenues	<u>60,121</u>	<u>60,715</u>	<u>594</u>
Expenditures:			
Debt service - principal	89,480	89,365	115
- interest	18,361	17,620	741
- miscellaneous	21	622	(601)
Total expenditures	<u>107,862</u>	<u>107,607</u>	<u>255</u>
Deficiency of revenues under expenditures	<u>(47,741)</u>	<u>(46,892)</u>	<u>849</u>
Other financing sources:			
Premium on bonds		608	608
Transfers in	45,895	44,582	(1,313)
Total other financing sources	<u>45,895</u>	<u>45,190</u>	<u>(705)</u>
Net change in fund balance	(1,846)	(1,702)	144
Fund balance at beginning of year	<u>3,493</u>	<u>6,845</u>	<u>3,352</u>
Fund balance at end of year	<u>\$ 1,647</u>	<u>\$ 5,143</u>	<u>\$ 3,496</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, 2020
(in thousands)

Exhibit C - 5

	Budget	Actual	Variance
Revenues:			
Property taxes	\$ (4)	\$ 4	\$ 8
Licenses and permits	1,307	1,661	354
Intergovernmental	66,618	65,385	(1,233)
Charges for services	195	116	(79)
Fines and forfeits		8	8
Investment earnings	34	459	425
Miscellaneous	268	455	187
Total revenues	68,418	68,088	(330)
Expenditures:			
Highways and streets	58,718	63,234	(4,516)
Total expenditures	58,718	63,234	(4,516)
Excess of revenues over expenditures	9,700	4,854	(4,846)
Other financing sources (uses):			
Proceeds from sale of capital assets			
Transfers in	5,121	15,152	10,031
Transfers (out)	(17,014)	(16,528)	486
Total other financing uses	(11,893)	(1,376)	10,517
Net change in fund balance	(2,193)	3,478	5,671
Fund balance at beginning of year	7,986	12,801	4,815
Fund balance at end of year	\$ 5,793	\$ 16,279	\$ 10,486

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, 2020
(in thousands)

Exhibit C - 6

	Budget	Actual	Variance
Revenues:			
Licenses and permits	\$ 2,232	\$ 2,333	\$ 101
Charges for services	2,427	2,342	(85)
Investment earnings	82	148	66
Miscellaneous	3	250	247
Total revenues	<u>4,744</u>	<u>5,073</u>	<u>329</u>
Expenditures:			
Health	16,394	12,361	4,033
Total expenditures	<u>16,394</u>	<u>12,361</u>	<u>4,033</u>
Deficiency of revenues under expenditures	<u>(11,650)</u>	<u>(7,288)</u>	<u>4,362</u>
Other financing sources (uses):			
Transfers in	10,910	11,284	374
Transfers (out)	(1,957)	(2,223)	(266)
Total other financing sources	<u>8,953</u>	<u>9,061</u>	<u>108</u>
Net change in fund balance	(2,697)	1,773	4,470
Fund balance at beginning of year	5,912	7,892	1,980
Fund balance at end of year	<u>\$ 3,215</u>	<u>\$ 9,665</u>	<u>\$ 6,450</u>

PIMA COUNTY, ARIZONA

Exhibit C - 7

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, 2020
(in thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Property taxes	\$ 26,268	\$ 26,397	\$ 129
Licenses and permits	21	2	(19)
Intergovernmental	75	24	(51)
Charges for services	1,100	537	(563)
Fines and forfeits	3	2	(1)
Investment earnings	50	251	201
Miscellaneous	91	448	357
Total revenues	<u>27,608</u>	<u>27,661</u>	<u>53</u>
Expenditures:			
Flood control	<u>16,914</u>	<u>14,132</u>	<u>2,782</u>
Total expenditures	<u>16,914</u>	<u>14,132</u>	<u>2,782</u>
Excess of revenues over expenditures	<u>10,694</u>	<u>13,529</u>	<u>2,835</u>
Other financing sources (uses):			
Transfers in	8	8	
Transfers (out)	<u>(17,789)</u>	<u>(17,483)</u>	<u>306</u>
Total other financing uses	<u>(17,781)</u>	<u>(17,475)</u>	<u>306</u>
Net change in fund balance	(7,087)	(3,946)	3,141
Fund balance at beginning of year	<u>10,044</u>	<u>10,958</u>	<u>914</u>
Fund balance at end of year	<u>\$ 2,957</u>	<u>\$ 7,012</u>	<u>\$ 4,055</u>

PIMA COUNTY, ARIZONA

Exhibit C - 8

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Other - Special Revenue Fund
For the Year Ended June 30, 2020
(in thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Licenses and permits			
Intergovernmental	\$ 26,325	\$ 21,064	\$ (5,261)
Charges for services	8,820	12,092	3,272
Fines and forfeits	2,975	2,532	(443)
Investment earnings	345	992	647
Miscellaneous	7,516	8,720	1,204
Total revenues	<u>45,981</u>	<u>45,400</u>	<u>(581)</u>
Expenditures:			
General government	48,351	31,947	16,404
Public safety	5,982	2,763	3,219
Health	65	16	49
Culture and recreation	4,237	2,134	2,103
Education and economic opportunity	2,696	1,991	705
Debt service - principal	563	653	(90)
- interest	55	10	45
Total expenditures	<u>61,949</u>	<u>39,514</u>	<u>22,435</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,968)</u>	<u>5,886</u>	<u>21,854</u>
Other financing sources (uses):			
Installment note		679	679
Proceeds from sale of capital assets		258	258
Transfers in	2,126	19,635	17,509
Transfers (out)	(4,402)	(4,912)	(510)
Total other financing sources (uses)	<u>(2,276)</u>	<u>15,660</u>	<u>17,936</u>
Net change in fund balance	(18,244)	21,546	39,790
Fund balance at beginning of year	<u>22,974</u>	<u>36,576</u>	<u>13,602</u>
Fund balance at end of year	<u>\$ 4,730</u>	<u>\$ 58,122</u>	<u>\$ 53,392</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Wireless Integrated Network - Special Revenue Fund
For the Year Ended June 30, 2020
(in thousands)

Exhibit C - 9

	Budget	Actual	Variance
Revenues:			
Charges for services	\$ 3,301	\$ 3,345	\$ 44
Investment earnings	33	67	34
Miscellaneous	70	68	(2)
Total revenues	3,404	3,480	76
Expenditures:			
Public safety	3,086	2,784	302
Total expenditures	3,086	2,784	302
Excess of revenues over expenditures	318	696	378
Other financing uses			
Transfers (out)	(600)	(1,646)	(1,046)
Total other financing uses	(600)	(1,646)	(1,046)
Net change in fund balance	(282)	(950)	(668)
Fund balance at beginning of year	2,309	1,632	(677)
Fund balance at end of year	\$ 2,027	\$ 682	\$ (1,345)

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, 2020
(in thousands)

Exhibit C - 10

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Intergovernmental	\$ 3,910	\$ 1,825	\$ (2,085)
Charges for services		48	48
Miscellaneous		213	213
Total revenues	<u>3,910</u>	<u>2,086</u>	<u>(1,824)</u>
Expenditures:			
School Reserve grants	3,910	1,879	2,031
Total expenditures	<u>3,910</u>	<u>1,879</u>	<u>2,031</u>
Excess of revenues over expenditures		<u>207</u>	<u>207</u>
Other financing sources			
Transfers in		700	700
Total other financing sources		<u>700</u>	<u>700</u>
Net change in fund balance		907	907
Fund balance at beginning of year	203	(195)	(398)
Changes in nonspendable resources:			
Change in prepaid expenditures		4	4
Fund balance at end of year	<u>\$ 203</u>	<u>\$ 716</u>	<u>\$ 513</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, 2020
(in thousands)

Exhibit C - 11

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Licenses and permits	\$ 2,426	\$ 2,447	\$ 21
Charges for services		105	105
Fines and forfeits		30	30
Investment earnings	35	76	41
Miscellaneous	22	22	
Total revenues	<u>2,483</u>	<u>2,680</u>	<u>197</u>
Expenditures:			
Environmental Quality	3,503	3,254	249
Total expenditures	<u>3,503</u>	<u>3,254</u>	<u>249</u>
Deficiency of revenues under expenditures	<u>(1,020)</u>	<u>(574)</u>	<u>446</u>
Other financing sources	738	756	18
Transfers in		(2)	(2)
Transfers (out)	738	754	16
Total other financing sources	<u>(282)</u>	<u>180</u>	<u>462</u>
Net change in fund balance	<u>3,423</u>	<u>3,699</u>	<u>276</u>
Fund balance at beginning of year	<u>\$ 3,141</u>	<u>\$ 3,879</u>	<u>\$ 738</u>
Fund balance at end of year			

PIMA COUNTY, ARIZONA

Exhibit C - 12

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Waste Tire - Special Revenue Fund
For the Year Ended June 30, 2020
(in thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Intergovernmental	\$ 1,275	\$ 1,280	\$ 5
Investment earnings	22	38	16
Total revenues	<u>1,297</u>	<u>1,318</u>	<u>21</u>
Expenditures:			
Sanitation	<u>1,308</u>	<u>1,177</u>	<u>131</u>
Total expenditures	<u>1,308</u>	<u>1,177</u>	<u>131</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11)</u>	<u>141</u>	<u>152</u>
Net change in fund balance	(11)	141	152
Fund balance at beginning of year	<u>1,828</u>	<u>1,910</u>	<u>82</u>
Fund balance at end of year	<u>\$ 1,817</u>	<u>\$ 2,051</u>	<u>\$ 234</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, 2020
(in thousands)

Exhibit C - 13

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Property taxes	\$ 46,253	\$ 46,499	\$ 246
Intergovernmental	201	193	(8)
Charges for services	410	171	(239)
Fines and forfeits	550	339	(211)
Investment earnings	125	389	264
Miscellaneous	507	452	(55)
Total revenues	<u>48,046</u>	<u>48,043</u>	<u>(3)</u>
Expenditures:			
Culture and recreation	43,111	37,394	5,717
Total expenditures	<u>43,111</u>	<u>37,394</u>	<u>5,717</u>
Excess of revenues over expenditures	<u>4,935</u>	<u>10,649</u>	<u>5,714</u>
Other financing uses:			
Transfers (out)	(9,903)	(9,905)	(2)
Total other financing uses	<u>(9,903)</u>	<u>(9,905)</u>	<u>(2)</u>
Net change in fund balance	(4,968)	744	5,712
Fund balance at beginning of year	13,463	15,755	2,292
Fund balance at end of year	<u>\$ 8,495</u>	<u>\$ 16,499</u>	<u>\$ 8,004</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, 2020
(in thousands)

Exhibit C - 14

	Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 1,587	\$ 1,361	\$ (226)
Charges for services	1,396	1,168	(228)
Investment earnings	2	38	36
Miscellaneous	23	56	33
Total revenues	<u>3,008</u>	<u>2,623</u>	<u>(385)</u>
Expenditures:			
Culture and recreation	9,072	7,534	1,538
Total expenditures	<u>9,072</u>	<u>7,534</u>	<u>1,538</u>
Deficiency of revenues under expenditures	<u>(6,064)</u>	<u>(4,911)</u>	<u>1,153</u>
Other financing sources (uses):			
Transfers in	7,094	6,669	(425)
Transfers (out)	(2,565)	(2,565)	
Total other financing sources	<u>4,529</u>	<u>4,104</u>	<u>(425)</u>
Net change in fund balance	(1,535)	(807)	728
Fund balance at beginning of year	1,338	2,136	798
Fund balance at end of year	<u>\$ (197)</u>	<u>\$ 1,329</u>	<u>\$ 1,526</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual
Rocking K South CFD - Special Revenue
Fund For the Year Ended June 30, 2020
(in thousands)

	Budget	Actual	Variance
Expenditures:			
Education and economic opportunity	\$ 100	\$ 15	\$ 85
Total expenditures	<u>100</u>	<u>15</u>	<u>85</u>
Deficiency of revenues under expenditures	<u>(100)</u>	<u>(15)</u>	<u>85</u>
Other financing sources:			
Proceeds from sale of debt	100		(100)
Total other financing sources	<u>100</u>		<u>(100)</u>
Net change in fund balance		(15)	(15)
Fund balance at beginning of year	21	21	
Fund balance at end of year	<u>\$ 21</u>	<u>\$ 6</u>	<u>\$ (15)</u>

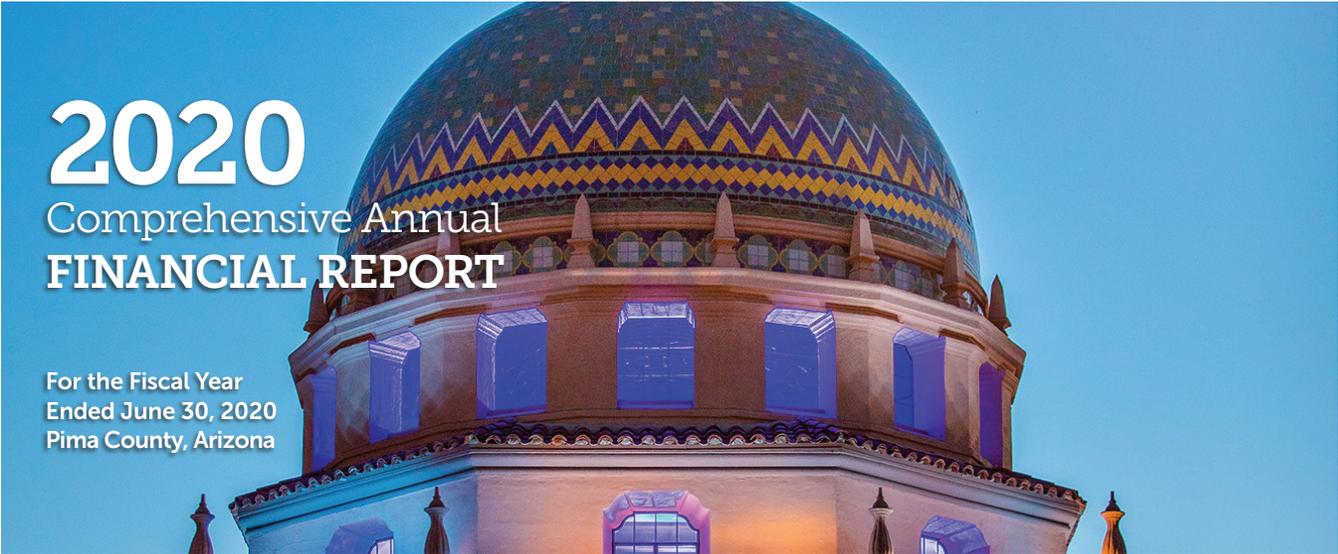
PIMA COUNTY, ARIZONA

Exhibit C - 16

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Improvement & Other Districts - Special Revenue Fund
For the Year Ended June 30, 2020
(in thousands)

	Budget	Actual	Variance
Revenues:			
Property taxes	\$ 270	\$ 266	\$ (4)
Investment earnings		1	1
Total revenues	<u>270</u>	<u>267</u>	<u>(3)</u>
Expenditures:			
General government	<u>259</u>	<u>195</u>	<u>64</u>
Total expenditures	<u>259</u>	<u>195</u>	<u>64</u>
Excess of revenues over expenditures	<u>11</u>	<u>72</u>	<u>61</u>
Other financing uses:			
Transfers (out)		<u>(31)</u>	<u>(31)</u>
Total other financing uses		<u>(31)</u>	<u>(31)</u>
Net change in fund balance	11	41	30
Fund balance at beginning of year	<u>71</u>	<u>89</u>	<u>18</u>
Fund balance at end of year	<u>\$ 82</u>	<u>\$ 130</u>	<u>\$ 48</u>

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2020

Comprehensive Annual
FINANCIAL REPORT

For the Fiscal Year
Ended June 30, 2020
Pima County, Arizona



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, 2020
(in thousands)

Exhibit C - 17

	Development Services	Parking Garages	Total Nonmajor Enterprise Funds
Assets			
Current assets:			
Cash and cash equivalents	\$ 9,115	\$ 1,485	\$ 10,600
Interest receivable	5	1	6
Due from other governments		9	9
Accounts receivable	60	37	97
Prepaid expense	21		21
Total current assets	<u>9,201</u>	<u>1,532</u>	<u>10,733</u>
Noncurrent assets:			
Net OPEB asset	9		9
Capital assets:			
Land		1,768	1,768
Buildings and improvements		27,608	27,608
Equipment	8	2,152	2,160
Less accumulated depreciation	(1)	(13,473)	(13,474)
Total capital assets (net)	<u>7</u>	<u>18,055</u>	<u>18,062</u>
Total noncurrent assets	<u>16</u>	<u>18,055</u>	<u>18,071</u>
Total assets	<u>9,217</u>	<u>19,587</u>	<u>28,804</u>
Deferred outflows of resources			
Pension/OPEB	531	22	553
Total deferred outflows of resources	<u>531</u>	<u>22</u>	<u>553</u>
Liabilities			
Current liabilities:			
Accounts payable	109	220	329
Employee compensation	148	6	154
Due to other governments		20	20
Deposits and rebates	380		380
Compensated absences payable	276	12	288
Total current liabilities	<u>913</u>	<u>258</u>	<u>1,171</u>
Noncurrent liabilities:			
Compensated absences payable	241	5	246
Net Pension/OPEB liability	4,554	200	4,754
Total noncurrent liabilities	<u>4,795</u>	<u>205</u>	<u>5,000</u>
Total liabilities	<u>5,708</u>	<u>463</u>	<u>6,171</u>
Deferred inflows of resources			
Pension/OPEB	445	19	464
Total deferred inflows of resources	<u>445</u>	<u>19</u>	<u>464</u>
Net position			
Net investment in capital assets	7	18,055	18,062
Unrestricted	3,588	1,072	4,660
Total net position	<u>\$ 3,595</u>	<u>\$ 19,127</u>	<u>\$ 22,722</u>

PIMA COUNTY, ARIZONA
Combining Statement of Revenues, Expenses and
Changes in Fund Net Position
Nonmajor Enterprise Fund
For the Year Ended June 30, 2020
(in thousands)

Exhibit C - 18

	<u>Development Services</u>	<u>Parking Garages</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues:			
Charges for services	\$ 10,396	\$ 2,355	\$ 12,751
Other	60	12	72
Total operating revenues	<u>10,456</u>	<u>2,367</u>	<u>12,823</u>
Operating expenses:			
Employee compensation	4,336	246	4,582
Operating supplies and services	37	63	100
Repair and maintenance	5	196	201
General and administrative	1,917	1,201	3,118
Consultants and professional services	233	146	379
Depreciation		797	797
Total operating expenses	<u>6,528</u>	<u>2,649</u>	<u>9,177</u>
Operating income (loss)	<u>3,928</u>	<u>(282)</u>	<u>3,646</u>
Nonoperating revenues:			
Investment earnings	217	32	249
Total nonoperating revenues	<u>217</u>	<u>32</u>	<u>249</u>
Income (loss) before contributions and transfers	4,145	(250)	3,895
Capital contributions	7		7
Transfers in	20		20
Transfers (out)	<u>(1,997)</u>	<u>(635)</u>	<u>(2,632)</u>
Change in net position	2,175	(885)	1,290
Net position at beginning of year	<u>1,420</u>	<u>20,012</u>	<u>21,432</u>
Net position at end of year	<u>\$ 3,595</u>	<u>\$ 19,127</u>	<u>\$ 22,722</u>

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2020
(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	\$ 10,886	\$ 2,368	\$ 13,254
Cash payments to suppliers for goods and services	(313)	(1,564)	(1,877)
Cash payments to other funds for goods and services	(1,838)	(187)	(2,025)
Cash payments to employees for services	(4,190)	(333)	(4,523)
Net cash provided by operating activities	<u>4,545</u>	<u>284</u>	<u>4,829</u>
Cash flows from noncapital financing activities:			
Cash transfers in from other funds	20		20
Cash transfers out to other funds	(1,997)	(635)	(2,632)
Loans with other funds	32		32
Net cash used for noncapital financing activities	<u>(1,945)</u>	<u>(635)</u>	<u>(2,580)</u>
Cash flows from investing activities:			
Interest received on cash and investments	222	34	256
Net cash provided by investing activities	<u>222</u>	<u>34</u>	<u>256</u>
Net increase (decrease) in cash and cash equivalents	2,822	(317)	2,505
Cash and cash equivalents at beginning of year	<u>6,293</u>	<u>1,802</u>	<u>8,095</u>
Cash and cash equivalents at end of year	<u><u>\$ 9,115</u></u>	<u><u>\$ 1,485</u></u>	<u><u>\$ 10,600</u></u>

(continued)

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2020
(in thousands)

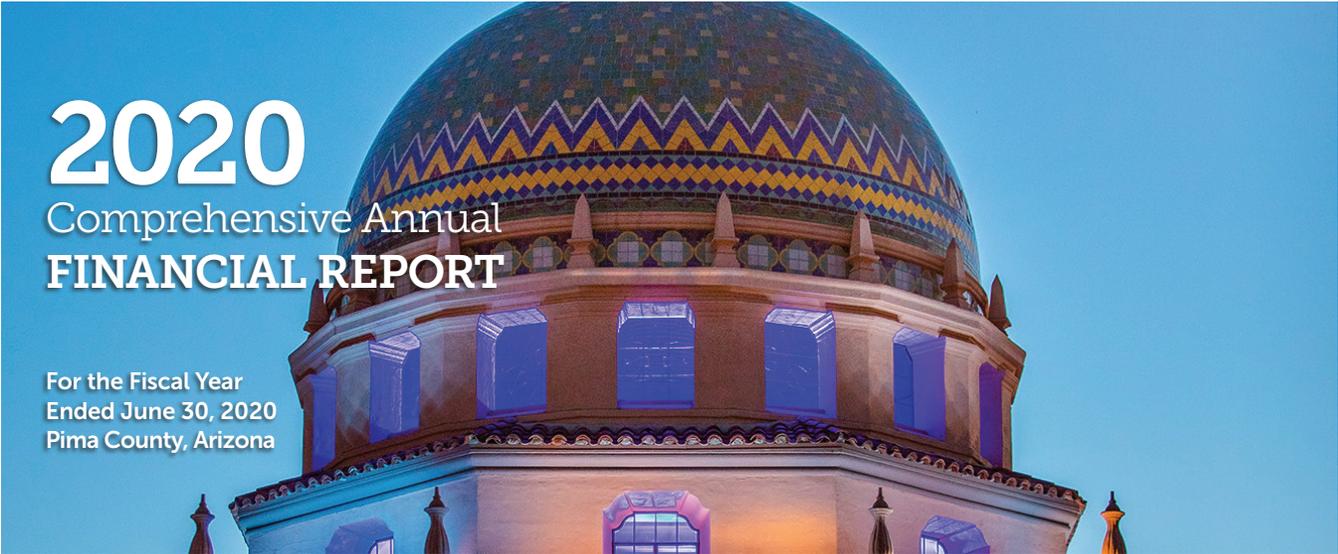
Exhibit C - 19.1

(continued)

Reconciliation of operating income (loss) to net cash provided by operating activities	Development Services	Parking Garages	Total Nonmajor Enterprise Funds
	\$	\$	\$
Operating income (loss)	3,928	(282)	3,646
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization		797	797
Changes in assets and deferred outflows of resources:			
Decrease (increase) in assets:			
Accounts receivable	50	7	57
Due from other governments		(5)	(5)
Prepaid expense	(9)		(9)
Net OPEB asset	3	1	4
Increase in deferred outflows of resources:			
Pension/OPEB plans	121	21	142
Changes in liabilities and deferred inflows of resources:			
Increase (decrease) in liabilities:			
Accounts payable	50	(79)	(29)
Due to other governments		(66)	(66)
Net Pension/OPEB liability	82	(96)	(14)
Other liabilities	540	11	551
Decrease in deferred inflows of resources:			
Pension/OPEB plans	(220)	(25)	(245)
Net cash provided by operating activities	\$ 4,545	\$ 284	\$ 4,829

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2020:

Development Services Fund received a transfer of a capital asset with a net book value of \$7 from General Government.



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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 technology infrastructure, telecommunication services, and procurement of software and hardware resources utilized by County departments.

PIMA COUNTY, ARIZONA
Combining Statements of Net Position
Internal Service Funds
June 30, 2020
(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	\$ 86,604	\$ 18,428	\$ 27,121	\$ 14,570	\$ 146,723
Interest receivable	13	3	2	11	29
Due from other funds				59	59
Due from other governments	1			7	8
Accounts receivable		70	56	3	129
Inventory		724		317	1,041
Prepaid expense	894	34	73	9,033	10,034
Total current assets	<u>87,512</u>	<u>19,259</u>	<u>27,252</u>	<u>24,000</u>	<u>158,023</u>
Noncurrent assets:					
Net OPEB asset	3	6	2	12	23
Capital assets:					
Land	459				459
Buildings and improvements		23,106		224	23,330
Equipment	164	53,714		23,055	76,933
Less accumulated depreciation	(138)	(31,399)		(11,379)	(42,916)
Construction in progress		341		707	1,048
Total capital assets (net)	<u>485</u>	<u>45,762</u>		<u>12,607</u>	<u>58,854</u>
Total noncurrent assets	<u>488</u>	<u>45,768</u>	<u>2</u>	<u>12,619</u>	<u>58,877</u>
Total assets	<u>88,000</u>	<u>65,027</u>	<u>27,254</u>	<u>36,619</u>	<u>216,900</u>
Deferred outflows of resources					
Pension/OPEB	159	388	100	736	1,383
Total deferred outflows of resources	<u>159</u>	<u>388</u>	<u>100</u>	<u>736</u>	<u>1,383</u>
Liabilities					
Current liabilities:					
Accounts payable	497	1,306	1,303	4,396	7,502
Employee compensation	28	105	230	181	544
Due to other funds	7				7
Unearned revenue			61	4	65
Compensated absences payable	76	181	45	328	630
Reported but unpaid losses	3,276		757		4,033
Incurred but not reported losses	2,796		4,292		7,088
Total current liabilities	<u>6,680</u>	<u>1,592</u>	<u>6,688</u>	<u>4,909</u>	<u>19,869</u>
Noncurrent liabilities:					
Compensated absences payable	9	100	34	341	484
Reported but unpaid losses	13,680		8		13,688
Incurred but not reported losses	13,174		43		13,217
Net Pension/OPEB liability	1,363	3,325	864	6,316	11,868
Total noncurrent liabilities	<u>28,226</u>	<u>3,425</u>	<u>949</u>	<u>6,657</u>	<u>39,257</u>
Total liabilities	<u>34,906</u>	<u>5,017</u>	<u>7,637</u>	<u>11,566</u>	<u>59,126</u>
Deferred inflows of resources					
Pension/OPEB	133	325	84	616	1,158
Total deferred inflows of resources	<u>133</u>	<u>325</u>	<u>84</u>	<u>616</u>	<u>1,158</u>
Net position					
Net investment in capital assets	485	45,762		12,607	58,854
Restricted for healthcare			19,633		19,633
Unrestricted	52,635	14,311		12,566	79,512
Total net position	<u>\$ 53,120</u>	<u>\$ 60,073</u>	<u>\$ 19,633</u>	<u>\$ 25,173</u>	<u>\$ 157,999</u>

PIMA COUNTY, ARIZONA
Combining Statement of Revenues, Expenses and
Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2020
(in thousands)

Exhibit C - 21

	Self- Insurance Trust	Fleet Services	Health Benefit Trust	Other Internal Service Service	Total Internal Service Funds
Operating revenues:					
Charges for services	\$ 16,072	\$ 16,751	\$ 57,436	\$ 30,153	\$ 120,412
Other	515	212	4,146	116	4,989
Total operating revenues	<u>16,587</u>	<u>16,963</u>	<u>61,582</u>	<u>30,269</u>	<u>125,401</u>
Operating expenses:					
Employee compensation	1,373	3,390	1,150	6,968	12,881
Operating supplies and services	207	4,579	20	7,544	12,350
Incurred losses	5,021		62,453		67,474
Insurance premiums	4,421	1,217	6,209	30	11,877
General and administrative	1,399	1,811	715	3,769	7,694
Repair and maintenance	4	702		8,546	9,252
Consultants and professional services	1,094	100	3,344	4,424	8,962
Depreciation	12	5,634		2,814	8,460
Total operating expenses	<u>13,531</u>	<u>17,433</u>	<u>73,891</u>	<u>34,095</u>	<u>138,950</u>
Operating income (loss)	<u>3,056</u>	<u>(470)</u>	<u>(12,309)</u>	<u>(3,826)</u>	<u>(13,549)</u>
Nonoperating revenues (expenses):					
Investment earnings	2,565	697	1,157	64	4,483
Gain (loss) on disposal of capital assets		174		(4)	170
Total nonoperating revenues	<u>2,565</u>	<u>871</u>	<u>1,157</u>	<u>60</u>	<u>4,653</u>
Income (loss) before contributions and transfers	5,621	401	(11,152)	(3,766)	(8,896)
Capital contributions	11	105			116
Transfers in		293		9,451	9,744
Transfers (out)	<u>(33)</u>	<u>(9,600)</u>			<u>(9,633)</u>
Change in net position	5,599	(8,801)	(11,152)	5,685	(8,669)
Net position at beginning of year	<u>47,521</u>	<u>68,874</u>	<u>30,785</u>	<u>19,488</u>	<u>166,668</u>
Net position at end of year	<u>\$ 53,120</u>	<u>\$ 60,073</u>	<u>\$ 19,633</u>	<u>\$ 25,173</u>	<u>\$ 157,999</u>

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2020
(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	\$ 16,072	\$ 16,751	\$ 57,436	\$ 30,153	\$ 120,412
Cash received from miscellaneous operations	539	181	5,028	121	5,869
Cash payments to suppliers for goods and services	(5,845)	(6,119)	(8,843)	(23,226)	(44,033)
Cash payments to other funds for goods and services	(1,382)	(2,247)	(622)	(1,347)	(5,598)
Cash payments for incurred losses	(5,904)		(62,153)		(68,057)
Cash payments to employees for services	(1,585)	(3,353)	(987)	(6,145)	(12,070)
Net cash provided by (used for) operating activities	<u>1,895</u>	<u>5,213</u>	<u>(10,141)</u>	<u>(444)</u>	<u>(3,477)</u>
Cash flows from noncapital financing activities:					
Cash transfers in from other funds		293		9,451	9,744
Cash transfers out to other funds	(26)	(9,600)			(9,626)
Loans with other funds				(59)	(59)
Net cash provided by (used for) noncapital financing activities	<u>(26)</u>	<u>(9,307)</u>		<u>9,392</u>	<u>59</u>
Cash flows from capital and related financing activities:					
Proceeds from sale of capital assets		624			624
Purchase of capital assets		(6,061)		(6,935)	(12,996)
Net cash used for capital and related financing activities		<u>(5,437)</u>		<u>(6,935)</u>	<u>(12,372)</u>
Cash flows from investing activities:					
Interest received on cash and investments	2,583	702	1,177	74	4,536
Net cash provided by investing activities	<u>2,583</u>	<u>702</u>	<u>1,177</u>	<u>74</u>	<u>4,536</u>
Net increase (decrease) in cash and cash equivalents	4,452	(8,829)	(8,964)	2,087	(11,254)
Cash and cash equivalents at beginning of year	<u>82,152</u>	<u>27,257</u>	<u>36,085</u>	<u>12,483</u>	<u>157,977</u>
Cash and cash equivalents at end of year	<u>\$ 86,604</u>	<u>\$ 18,428</u>	<u>\$ 27,121</u>	<u>\$ 14,570</u>	<u>\$ 146,723</u>

(continued)

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2020
(in thousands)

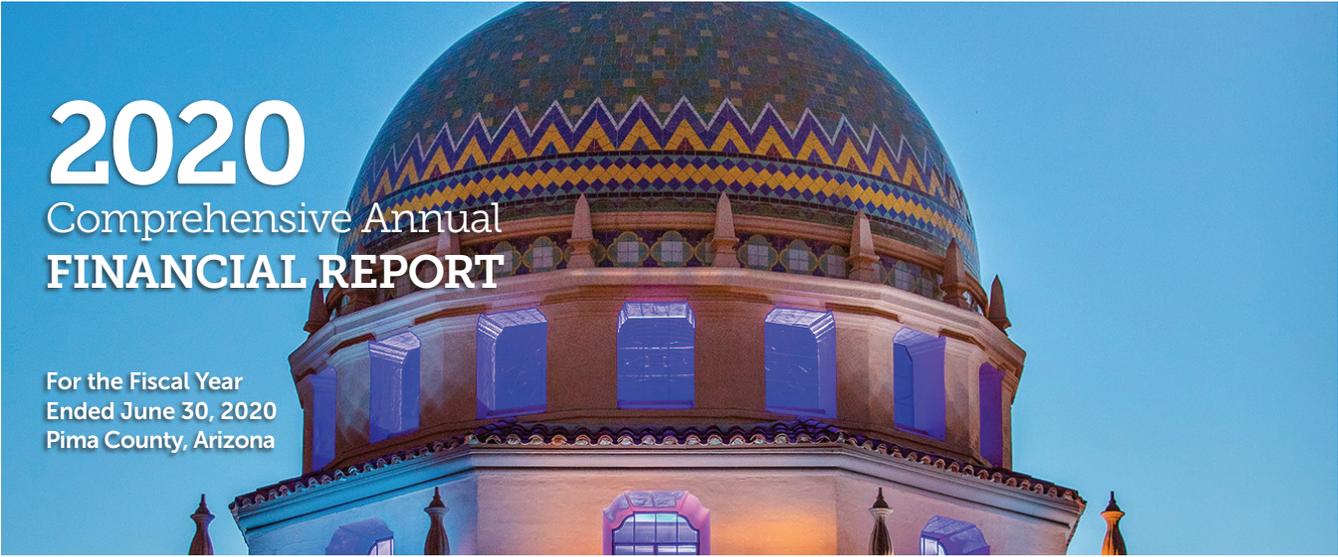
Exhibit C - 22.1

(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
	\$ 3,056	\$ (470)	\$ (12,309)	\$ (3,826)	\$ (13,549)
Operating income (loss)					
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	12	5,634		2,814	8,460
Changes in assets and deferred outflows of resources:					
Decrease (increase) in assets:					
Accounts receivable	25	(31)	821	3	818
Due from other governments	(1)			(1)	(2)
Inventory and other assets		(102)		(64)	(166)
Prepaid expense	(51)	1	(29)	(305)	(384)
Net OPEB assets	1	3		3	7
Increase in deferred outflows of resources:					
Pension/OPEB plans	71	96	16	456	639
Changes in liabilities and deferred inflows of resources:					
Increase (decrease) in liabilities:					
Accounts payable	(48)	173	853	109	1,087
Due to other governments	(3)	(29)	(1)		(33)
Reported but unpaid losses	(557)		45		(512)
Incurred but not reported losses	(326)		255		(71)
Net pension/OPEB liability	(215)	4	75	398	262
Other liabilities	33	103	166	234	536
Decrease in deferred inflows of resources:					
Pension/OPEB plans	(102)	(169)	(33)	(265)	(569)
Net cash provided by (used for) operating activities	\$ 1,895	\$ 5,213	\$ (10,141)	\$ (444)	\$ (3,477)

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2020:

Fleet Services Fund disposed of capital assets with a net book value of \$450 and received a transfer of asset with a net book value of \$9 from General Government



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COMBINING STATEMENTS AND OTHER SCHEDULES

Fiduciary Funds

FIDUCIARY FUNDS

Private-Purpose Trust Funds — to account for assets held in trust by the County's Public Fiduciary for those individuals in which the Public Fiduciary serves as a court-appointed guardian, conservator or estate administrator.

Custodial Funds — to account for other fiduciary activities, including the pooled assets the County Treasurer holds and invests on behalf of other governmental entities not held in trust, non-pooled assets that are invested in the State Treasurer's Investment Pool and the County Treasurer's receipt and distribution of taxes for other governmental entities.

PIMA COUNTY, ARIZONA
Combining Statement of Fiduciary Net Position
Private-Purpose Trust Funds
June 30, 2020
(in thousands)

Exhibit C - 23

	Irrevocable Burial Trust	Public Fiduciary Trust Fund	Total Private-Purpose Trust Funds
Assets			
Cash and cash equivalents	\$ 3,127	\$ 1,970	\$ 5,097
Total assets	3,127	1,970	5,097
 Net position			
Restricted for			
Individuals, organizations, and other governments	3,127	1,970	5,097
Total net position	\$ 3,127	\$ 1,970	\$ 5,097

PIMA COUNTY, ARIZONA
Combining Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds
For the Year Ended June 30, 2020
(in thousands)

Exhibit C - 24

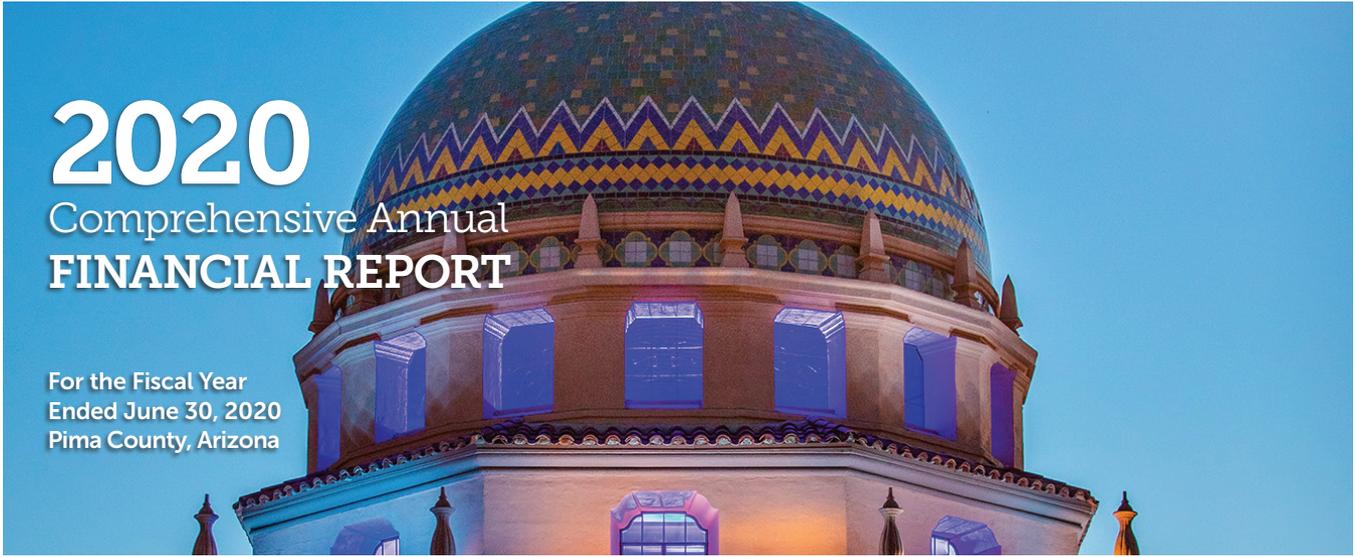
	Irrevocable Burial Trust	Public Fiduciary Trust Fund	Total Private-Purpose Trust Funds
Additions:			
Other	\$ 5,535	\$ 23	\$ 5,558
Total additions	5,535	23	5,558
Deductions:			
Other	5,359	1,496	6,855
Total deductions	5,359	1,496	6,855
Net increase (decrease) in fiduciary net position	176	(1,473)	(1,297)
Net position held in trust July 1, 2019, as restated	2,951	3,443	6,394
Net position held in trust June 30, 2020	\$ 3,127	\$ 1,970	\$ 5,097

PIMA COUNTY, ARIZONA
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2020
(in thousands)

	External Investment Pool				Other			
	School Districts	Fire Districts	Other Governmental Entities	Total External Investment Pool	Treasurer's Clearing	Individual Investment Accounts	Non-County External Bank Accounts	Total Other
Assets								
Cash and cash equivalents	\$ 95,617	\$ 52,141	\$ 7,332	\$ 155,090	\$ 9,184	\$ 84,319	\$ 5,710	\$ 99,213
Property tax receivable					36,078			36,078
Interest receivable	98	46	5	149	1			1
Due from other governments					402			402
Total assets	<u>95,715</u>	<u>52,187</u>	<u>7,337</u>	<u>155,239</u>	<u>45,665</u>	<u>84,319</u>	<u>5,710</u>	<u>135,694</u>
Net position								
Restricted for:								
Pool participants	95,715	52,187	7,337	155,239				
Individuals, organizations, and other governments					45,665	84,319	5,710	135,694
Total net position	<u>\$ 95,715</u>	<u>\$ 52,187</u>	<u>\$ 7,337</u>	<u>\$ 155,239</u>	<u>\$ 45,665</u>	<u>\$ 84,319</u>	<u>\$ 5,710</u>	<u>\$ 135,694</u>

PIMA COUNTY, ARIZONA
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2020
(in thousands)

	External Investment Pool				Other			
	School Districts	Fire Districts	Other Governmental Entities	Total External Investment Pool	Treasurer's Clearing	Individual Investment Accounts	Non-County External Bank Accounts	Total Other
Additions:								
Contributions from pool participants	\$ 1,860,301	\$ 119,483	\$ 22,438	\$ 2,002,222	\$ 1,265,467	\$ 112,533	\$	\$ 112,533
Contributions from other governments					9,079			1,265,467
Property tax collections for other governments								9,079
Fines and fees collected for other governments		1,005	119	3,626		1,876	2,073	1,876
Investment earnings	2,502						30,064	2,073
Inmate collections					702			30,766
Other								
Total additions	<u>1,862,803</u>	<u>120,488</u>	<u>22,557</u>	<u>2,005,848</u>	<u>1,275,248</u>	<u>114,409</u>	<u>32,137</u>	<u>1,421,794</u>
Deductions:								
Distributions to pool participants	1,822,636	116,252	19,915	1,958,803		158,325		158,325
Distributions to other governments					1,227,468			1,227,468
Property tax distributions to other governments					403			403
Interest expense					9,160		2,007	9,160
Fines and fees distributed to other governments								2,007
Payments to inmates					1,266		29,381	30,647
Other							31,388	
Total deductions	<u>1,822,636</u>	<u>116,252</u>	<u>19,915</u>	<u>1,958,803</u>	<u>1,238,297</u>	<u>158,325</u>	<u>31,388</u>	<u>1,428,010</u>
Net increase (decrease) in fiduciary net position	40,167	4,236	2,642	47,045	36,951	(43,916)	749	(6,216)
Net position July 1, 2019, as restated	55,548	47,951	4,695	108,194	8,714	128,235	4,961	141,910
Net position June 30, 2020	<u>\$ 95,715</u>	<u>\$ 52,187</u>	<u>\$ 7,337</u>	<u>\$ 155,239</u>	<u>\$ 45,665</u>	<u>\$ 84,319</u>	<u>\$ 5,710</u>	<u>\$ 135,694</u>



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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)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 1,136,033	\$ 1,245,227	\$ 1,308,057	\$ 1,354,456	\$ 1,385,996	\$ 1,376,761	\$ 1,429,607	\$ 1,452,111	\$ 1,517,465	\$ 1,582,181
Restricted for:										
Facilities, justice, library, tax stabilization and community development	64,446	103,592	100,423	61,936	60,285	58,269	66,828	68,636	63,501	102,881
Highways and streets	32,906	32,322	27,033	10,988	8,039	8,269	5,416	28,365	13,337	16,551
Capital projects	60,381	30,224	9,853	66,885	64,612	62,386	76,278	80,619	34,549	34,384
Healthcare	4,074	1,360	1,163	3,591	28,610	34,342	40,686	44,032	39,545	28,720
Unrestricted (deficit)	164,606	157,315	145,618	84,514	(507,127)	(494,395)	(503,936)	(530,353)	(435,876)	(456,402)
Total governmental activities net position	\$ 1,462,446	\$ 1,570,040	\$ 1,592,147	\$ 1,582,370	\$ 1,040,415	\$ 1,045,632	\$ 1,114,879	\$ 1,143,410	\$ 1,232,521	\$ 1,308,315
Business-type activities										
Net investment in capital assets	\$ 575,525	\$ 564,561	\$ 531,945	\$ 586,868	\$ 592,351	\$ 636,369	\$ 654,168	\$ 686,418	\$ 717,994	\$ 740,667
Restricted for:										
Debt service	12,567	22,538	29,100	31,615	36,683	36,666	38,247	40,271	41,762	36,905
Capital projects	24,236	31,680	42,841	22,720	7,980	3,440	1,667	2,267	6,447	5,963
Regional Wastewater	17,161	18,449	17,785	18,820	19,419	19,223	19,668	19,351	19,158	19,580
Healthcare	23,562	66,470	101,759	117,425	87,010	88,906	75,231	56,307	55,035	70,486
Unrestricted	33,448	703,698	723,430	777,448	743,443	784,604	788,981	804,614	840,396	873,601
Total business-type activities net position	\$ 686,499	\$ 703,698	\$ 723,430	\$ 777,448	\$ 743,443	\$ 784,604	\$ 788,981	\$ 804,614	\$ 840,396	\$ 873,601
Primary government										
Net investment in capital assets	\$ 1,711,558	\$ 1,809,788	\$ 1,840,002	\$ 1,941,324	\$ 1,978,347	\$ 2,013,130	\$ 2,083,775	\$ 2,138,529	\$ 2,235,459	\$ 2,322,848
Restricted for:										
Facilities, justice, library, tax stabilization and community development	64,446	103,592	100,423	61,936	60,285	58,269	66,828	68,636	63,501	102,881
Highways and streets	32,906	32,322	27,033	10,988	8,039	8,269	5,416	28,365	13,337	16,551
Debt service	12,567	22,538	29,100	31,615	36,683	36,666	38,247	40,271	41,762	36,905
Capital projects	84,617	61,904	52,694	89,605	72,592	65,826	77,945	82,886	40,996	40,347
Regional Wastewater	17,161	18,449	17,785	18,820	19,419	19,223	19,668	19,351	19,158	19,580
Healthcare	27,636	1,360	1,163	3,591	28,610	34,342	40,686	44,032	39,545	28,720
Unrestricted (deficit)	198,054	223,785	247,377	201,939	(420,117)	(405,489)	(428,705)	(474,046)	(380,841)	(385,916)
Total primary government net position	\$ 2,148,945	\$ 2,273,738	\$ 2,315,577	\$ 2,359,818	\$ 1,783,858	\$ 1,830,236	\$ 1,903,860	\$ 1,948,024	\$ 2,072,917	\$ 2,181,916

Note:

Due to the implementation of GASB Statement No. 83, *Certain Asset Retirement Obligations*, in fiscal year 2019, net position for the year ended June 30, 2018 was restated, however this change is not reflected in this schedule.
Due to the implementation of GASB Statement No. 82, *Pension Issues*, in fiscal year 2016, net position for the year ended June 30, 2015 was restated, however this change is not reflected in this schedule.
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 is 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)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 218,843	\$ 223,005	\$ 233,984	\$ 230,742	\$ 259,734	\$ 267,658	\$ 260,251	\$ 279,678	\$ 254,241	\$ 329,566
Public safety	146,395	150,349	166,476	188,782	188,189	201,759	214,648	214,460	199,402	197,857
Highways and streets	73,348	69,183	80,087	93,675	85,618	102,461	86,886	110,159	111,826	118,956
Sanitation	6,208	7,224	6,409	4,252	(4,882)	3,089	5,195	2,683	2,798	4,052
Health	36,475	47,248	36,540	36,085	38,219	38,386	39,454	38,186	39,658	43,389
Welfare	90,521	94,409	95,428	93,224	93,524	88,515	90,013	94,567	95,737	102,033
Culture and recreation	67,063	61,900	65,341	63,961	62,981	65,770	68,350	65,827	62,513	70,275
Education and economic opportunity	56,626	55,126	49,924	35,756	35,051	35,833	36,658	43,492	42,810	39,420
Amortization-unallocated	(2,625)	805	(286)	(5,758)	(6,237)	(6,862)	(9,348)	(7,806)	(6,551)	(6,909)
Interest on long-term debt	26,078	24,776	23,915	27,994	27,696	27,464	27,066	23,049	21,650	20,146
Total governmental activities expenses	718,932	734,025	757,818	768,713	779,893	824,073	819,173	864,295	824,084	918,785
Business-type activities:										
Regional Wastewater Reclamation	113,495	117,774	144,085	145,117	184,884	155,566	155,257	148,405	149,576	151,893
Pima Health System & Services	200,305	58,773				6,691	6,091	5,523	6,187	6,528
Development Services	6,982	6,912	7,231	6,796	6,888	1,814	2,840	2,821	2,963	2,649
Parking Garages	1,538	1,988	1,825	1,877	1,814	2,350	2,840	2,821	2,963	2,649
Total business-type activities expenses	322,320	185,447	153,141	153,790	193,586	164,607	164,188	156,749	158,726	161,070
Total primary government expenses	\$ 1,041,252	\$ 919,472	\$ 910,959	\$ 922,503	\$ 973,479	\$ 988,680	\$ 983,361	\$ 1,021,044	\$ 982,810	\$ 1,079,855
Program revenues										
Governmental activities:										
Charges for services	\$ 27,802	\$ 30,444	\$ 28,910	\$ 27,355	\$ 27,974	\$ 27,149	\$ 28,331	\$ 27,713	\$ 26,789	\$ 28,754
General government	9,034	12,047	10,238	14,846	12,883	12,733	13,657	13,737	13,975	14,665
Public safety	4,891	5,059	6,511	6,307	6,136	5,263	6,696	8,356	7,908	9,236
Highways and streets	3,699	3,487	3,577	31						
Sanitation	11,436	12,605	12,495	13,259	12,894	13,437	13,831	13,727	14,576	14,614
Health			320	80	200	50			252	289
Welfare	2,191	2,254	2,865	2,548	3,144	2,855	3,876	3,266	3,702	6,907
Culture and recreation	1,024	1,008	1,544	430	577	545	593	581	577	514
Education and economic opportunity	136,472	143,388	116,121	113,129	126,862	127,536	130,049	131,222	131,487	175,720
Operating grants and contributions	65,030	47,528	59,298	54,583	42,570	45,579	37,502	26,842	30,361	40,077
Capital grants and contributions										
Subtotal governmental activities program revenues	\$ 261,579	\$ 257,820	\$ 241,879	\$ 232,568	\$ 233,240	\$ 235,147	\$ 234,535	\$ 225,444	\$ 229,627	\$ 290,776

(continued)

Source: Pima County Finance & Risk Management

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program revenues										
Business-type activities:										
Charges for services										
Regional Wastewater Reclamation	\$ 148,010	\$ 154,601	\$ 156,573	\$ 171,650	\$ 172,597	\$ 167,856	\$ 170,255	\$ 176,108	\$ 180,118	\$ 176,208
Pima Health System & Services	207,652	58,722								
Development Services	5,688	6,073	6,519	7,553	6,324	6,212	8,076	8,791	8,859	10,396
Parking Garages	2,071	2,083	2,073	2,362	2,271	2,209	2,399	2,524	2,605	2,355
Operating grants and contributions	4,691	1,275			35	35				
Capital grants and contributions	4,192	2,676	3,914	6,807	5,854	7,297	5,119	7,354	10,968	8,531
Total business-type activities program revenues	372,304	225,430	169,079	188,372	187,081	183,609	185,849	194,777	202,550	197,490
Total primary government program revenues	\$ 633,883	\$ 483,250	\$ 410,958	\$ 420,940	\$ 420,321	\$ 418,756	\$ 420,384	\$ 424,404	\$ 432,177	\$ 488,266
Net (expense) revenue										
Governmental activities	(457,353)	(476,205)	(515,939)	(536,145)	(546,653)	(588,926)	(584,638)	(638,851)	(594,457)	(628,009)
Business-type activities	49,984	39,983	15,938	34,582	(6,505)	19,002	21,661	38,028	43,824	36,420
Total governmental activities net expense	(407,369)	(436,222)	(500,001)	(501,563)	(553,158)	(569,924)	(562,977)	(600,823)	(550,633)	(591,589)
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	\$ 416,985	\$ 394,963	\$ 383,508	\$ 378,032	\$ 423,538	\$ 444,194	\$ 453,004	\$ 476,365	\$ 463,547	\$ 482,079
Hotel/motel taxes	5,591	6,285	6,076	6,262	6,155	6,620	6,885	6,569	7,192	5,539
Other taxes levied for stadium district	1,538	1,608	1,524	1,509	1,536	1,614	1,590	1,612	1,544	1,270
Shared sales tax	88,631	93,123	97,685	101,605	105,522	107,966	111,922	118,702	124,999	131,125
Shared vehicle licenses	23,173	23,537	22,043	23,899	24,976	26,302	27,761	28,933	30,282	30,747
Unrestricted grants and contributions	4,527	4,268	3,207	5,035	4,562	4,199	4,550	4,733	4,877	5,890
Interest and penalties on delinquent taxes	8,125	8,235	7,439	6,976	6,164	5,590	6,504	5,157	5,624	5,286
Investment earnings	2,153	3,416	2,627	2,955	1,931	3,268	3,297	5,549	12,328	11,927
Miscellaneous	13,555	22,676	21,267	16,810	16,889	15,712	17,731	18,381	21,320	22,019
Transfers	4,650	25,688	(7,330)	(16,715)	(17,133)	(20,190)	20,146	25,393	11,855	7,921
Total governmental activities	568,928	583,799	538,046	526,368	574,140	595,275	653,390	691,394	683,568	703,803
Business-type activities:										
Investment earnings	900	1,001	1,017	1,237	903	1,291	1,512	2,228	4,224	4,045
Miscellaneous	2,681	1,903	580	1,484	549	678	1,350	763	1,038	661
Transfers	(4,650)	(25,688)	7,330	16,715	17,133	20,190	(20,146)	(25,393)	(11,855)	(7,921)
Total business-type activities	(1,069)	(22,784)	8,927	19,436	18,585	22,159	(17,284)	(22,402)	(6,593)	(3,215)
Total primary government	\$ 567,859	\$ 561,015	\$ 546,973	\$ 545,804	\$ 592,725	\$ 617,434	\$ 636,106	\$ 668,992	\$ 676,975	\$ 700,588
Change in net position:										
Governmental activities	111,575	107,594	22,107	(9,777)	27,487	6,349	68,752	52,543	89,111	75,794
Business-type activities	48,915	17,199	24,865	54,018	12,080	41,161	4,377	15,626	37,231	33,205
Total primary government	\$ 160,490	\$ 124,793	\$ 46,972	\$ 44,241	\$ 39,567	\$ 47,510	\$ 73,129	\$ 68,169	\$ 126,342	\$ 108,999

Source:
 Pima County Finance & Risk Management

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ 3,315	\$ 2,720	\$ 3,848	\$ 5,278	\$ 4,053	\$ 2,931	\$ 4,318	\$ 4,566	\$ 7,287	\$ 7,487
Restricted	336	333								
Assigned	357	118	158	181	194	201	80	101	121	135
Unassigned	73,547	77,596	56,526	42,731	47,878	77,550	97,638	108,825	101,990	97,974
Total General Fund	<u>\$ 77,555</u>	<u>\$ 80,767</u>	<u>\$ 60,532</u>	<u>\$ 48,190</u>	<u>\$ 52,125</u>	<u>\$ 80,682</u>	<u>\$ 102,036</u>	<u>\$ 113,492</u>	<u>\$ 109,398</u>	<u>\$ 105,596</u>
All other governmental funds										
Unreserved, reported in:										
Special revenue funds										
Nonspendable	\$ 2,011	\$ 1,550	\$ 1,939	\$ 1,894	\$ 2,515	\$ 2,323	\$ 2,496	\$ 2,676	\$ 2,540	\$ 2,400
Restricted	94,567	105,468	76,570	60,984	53,155	57,141	62,263	90,924	77,122	80,990
Committed	37,978	10,264	7,746	6,308	6,320	6,962	2,821	1,972	3,993	18,422
Assigned	4,368	16,682	23,784	4,204	3,769	3,289	9,421	4,747	9,836	14,558
Unassigned	(9,180)	(9,013)	(8,385)	(6,536)	(4,770)	(9,097)	(7,006)	(7,690)	(4,370)	
Capital projects funds										
Nonspendable	12									
Restricted	112,668	157,688	187,855	145,256	126,827	104,274	96,228	136,889	78,107	72,010
Committed	6,639	7,234	6,958	3,836	3,065	1,508	209	9,492	41,234	45,776
Assigned						195				
Unassigned	(791)	(3,553)	(83)	(80)	(57)					
Debt Service: Assigned	35,903	28,298	25,640	7,848	8,424	6,656	3,127	5,004	6,845	5,143
Grants										
Nonspendable										180
Unassigned										(2,345)
Total other governmental funds	<u>\$ 284,175</u>	<u>\$ 314,618</u>	<u>\$ 322,024</u>	<u>\$ 223,714</u>	<u>\$ 199,248</u>	<u>\$ 173,251</u>	<u>\$ 169,559</u>	<u>\$ 244,014</u>	<u>\$ 215,307</u>	<u>\$ 237,134</u>

Note:
 The Grants Fund met GASB Statement 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, major fund criteria in fiscal year 2020.
 In prior fiscal years, it was reported under Special revenue funds.

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)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$ 421,623	\$ 407,711	\$ 391,630	\$ 385,829	\$ 431,371	\$ 450,054	\$ 460,312	\$ 481,222	\$ 469,605	\$ 486,074
Special assessments	330	245								
Licenses and permits	8,494	8,155	8,371	8,275	8,456	8,824	9,305	9,906	10,261	9,856
Intergovernmental	308,219	327,939	301,223	292,082	296,628	314,918	308,555	302,668	326,678	364,611
Charges for services	54,491	56,881	53,521	57,826	60,222	62,258	66,852	63,917	61,171	68,435
Fines and forfeits	6,786	10,249	9,904	8,652	9,509	8,420	8,110	7,526	7,004	6,062
Investment earnings	1,723	2,286	2,282	1,737	1,155	1,812	2,257	4,022	7,564	7,417
Miscellaneous	14,162	24,796	22,182	17,464	15,680	16,835	17,908	19,941	20,980	21,272
Total revenues	815,828	838,262	789,113	771,865	823,021	863,121	873,299	889,202	903,263	963,727
Expenditures										
General government	223,611	236,020	238,582	247,507	256,331	255,639	258,350	257,511	269,391	318,476
Public safety	136,709	145,711	152,373	157,572	161,484	169,292	174,105	172,696	173,195	158,046
Highways and streets	34,614	33,651	35,866	37,772	39,664	45,625	41,523	42,038	39,953	63,254
Sanitation	5,375	6,317	5,328	2,521	2,403	2,237	2,343	2,314	2,405	2,511
Health	36,511	46,672	35,581	35,357	37,787	38,390	39,263	39,182	42,909	42,141
Welfare	90,572	94,360	95,339	93,193	93,418	88,436	89,915	94,594	95,907	102,043
Culture and recreation	49,986	52,103	55,691	56,745	68,987	58,710	64,725	62,070	64,003	64,731
Education and economic opportunity	50,432	47,798	44,299	34,196	34,280	35,121	35,872	40,102	42,345	38,583
Capital outlay	153,203	149,612	174,976	135,746	100,788	70,473	73,922	78,370	118,275	118,016
Debt service - principal	76,361	78,688	68,342	113,337	81,933	86,957	101,579	97,574	129,912	90,018
- interest	26,086	24,762	23,904	26,777	26,439	26,279	23,920	20,244	18,730	17,630
- miscellaneous	21	1,179	1,654	1,030	863	488	1,376	729	620	622
Total expenditures	883,481	916,873	931,935	941,753	904,377	877,647	906,893	907,424	997,645	1,016,071
Deficiency of revenues under expenditures	(67,653)	(78,611)	(142,822)	(169,888)	(81,356)	(14,526)	(33,594)	(18,222)	(94,382)	(52,344)
Other financing sources (uses):										
Issuance of refunding debts		30,745	51,280	8,805	13,685	9,640	150,385		6,709	5,588
Premium on bonds	3,276	7,349	11,959	9,488	5,949	2,552	17,661	2,621		
Payments to escrow agents		(33,013)	(55,423)	(10,131)	(15,250)	(11,010)	(166,816)			
Capital leases/installment notes		894	764	239	11,500	149	1,700		170	679
Proceeds from sale of capital assets	59	1,938	31	360	119	89	246	566	1,676	268
Face amount of long-term debt	75,000	78,425	130,175	78,160	72,025	34,295	25,680	73,660	45,940	56,020
Transfers in	109,715	141,924	113,227	162,683	121,497	114,358	110,044	121,810	169,544	170,977
Transfers (out)	(105,007)	(115,914)	(122,244)	(190,140)	(148,744)	(132,865)	(87,640)	(94,524)	(162,458)	(163,167)
Total other financing sources (uses)	83,043	112,348	129,769	59,464	60,781	17,208	51,260	104,133	61,581	70,365
Change in reserves - net	70	(27)								4
Net change in fund balances	\$ 15,460	\$ 33,710	\$ (13,053)	\$ (110,424)	\$ (20,575)	\$ 2,682	\$ 17,666	\$ 85,911	\$ (32,801)	\$ 18,025
Debt service as a percentage of noncapital expenditures	13.54%	13.35%	11.67%	16.44%	13.51%	13.41%	14.94%	13.74%	16.11%	11.55%

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 taxes, and street and highway revenues.

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

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
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%
2016	2,246,501	5,172,564	345,099	52,536	7,816,700	5.8852	78,911,345	9.91%
2017	2,323,580	5,374,744	321,022	55,611	8,074,958	6.0243	80,459,900	10.04%
2018	2,316,227	5,634,554	323,278	59,834	8,333,893	5.6525	82,745,384	10.07%
2019	2,408,207	5,948,604	311,735	61,418	8,729,964	5.6014	86,441,657	10.10%
2020	2,462,342	6,311,194	304,548	62,341	9,140,425	5.3524	90,656,154	10.08%

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)

		County Direct Rates															
Tax Year	State of Arizona	Education Assistance	Community College District	City of Tucson	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 ⁴	Quail Creek Community Facilities District	Gladden Farms Phase II Community Facilities District	Saguaro Springs Community Facilities District
2011	0.0000	0.4259	1.1094	1.1621	1.2639	2.6603	0.1000	19.3500	3.0000	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	2.7640	0.1000	19.3500	3.0000	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	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	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	3.0000	72.0000	0.5000	2.8000	0.3000	3.3000	0.3000	0.3000
2016	0.0000	0.5010	1.3733	1.5982	0.2528	12.4384	0.1400	19.3500	3.0000	3.0000	75.0000	0.0000	2.8000	0.3000	3.3000	0.3000	0.3000
2017	0.0000	0.4875	1.3890	1.4342	0.2487	12.4505	0.1400	19.3500	3.0000	3.0000	75.0000	0.0000	2.8000	0.3000	3.3000	0.3000	0.3000
2018	0.0000	0.4741	1.3983	1.4819	0.2512	15.3127	0.1400	19.3500	3.0000	3.0000	78.0000	0.0000	2.4400	0.3000	3.3000	0.3000	0.3000
2019	0.0000	0.4566	1.3758	1.3810	0.2434	17.9248	0.1400	19.3500	3.0000	3.0000	79.5000	0.0000	2.8000	0.3000	3.3000	0.3000	0.3000
2020	0.0000	0.4426	1.3359	1.3573	0.2527	14.4901	0.1400	19.3500	3.0000	3.0000	80.2500	0.0000	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.
⁴Vanderbilt Farms Community Facilities District was dissolved in fiscal year 2020.

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)

School District	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Tucson Unified (#1)	6.9480	7.3187	7.4319	7.5094	7.3425	7.1258	6.9218	6.5554	6.3328	6.1243
Marana Unified (#6)	5.2047	5.5863	6.0085	6.2288	6.3370	6.3871	6.2334	6.0840	5.8650	5.7594
Flowing Wells Unified (#8)	5.9689	5.9778	6.7146	6.6135	6.6292	6.8971	6.7539	6.8860	6.8539	6.6839
Amphitheater Unified (#10)	5.4033	5.5539	5.9226	5.8044	5.6725	5.4917	5.6311	5.4919	5.4507	5.4522
Sunnyside Unified (#12)	6.9415	6.3154	5.0003	6.0364	3.9987	5.5498	5.7009	5.6636	5.3009	5.1530
Tanque Verde Unified (#13)	3.8042	4.1538	5.0012	5.0329	5.3069	5.2329	5.7574	5.4150	5.3974	5.2384
Ajo Unified (#15)	5.6740	3.5338	3.8882	4.8452	4.5540	4.7673	4.7107	4.5585	4.3771	4.2246
Catalina Foothills Unified (#16)	4.2095	4.7472	4.8264	4.7066	4.9985	5.9893	5.6661	5.4212	4.9943	5.5878
Vail Elementary (#20)	4.6550	5.9120	7.1703	7.3000	7.0189	7.0523	7.2630	7.1643	7.4759	7.1640
Sahuarita Unified (#30)	5.4067	5.5183	6.6341	7.2885	7.2847	7.3670	9.0399	8.4240	7.8712	7.4213
San Fernando Elementary (#35)	4.8541	4.0331	5.7831	5.8244	5.9538	4.4826	4.5003	4.3145	2.3087	1.9243
Empire Elementary (#37)	2.7531	1.2484	1.1287	2.1687	1.7677	2.4363	5.4021	6.4884	3.7643	2.4307
Continental Elementary (#39)	2.0258	1.5729	1.7027	2.6146	2.6512	2.4626	2.4991	2.5037	2.3785	2.3249
Redington Elementary (#44)	6.7630	5.9198	4.8200	4.7711	4.5901	8.9614	8.6853	8.6853	7.3742	7.3742
Altar Valley Elementary (#51)	6.5675	6.4355	6.2676	6.7381	7.6184	5.9857	5.7738	5.9852	5.5805	5.6522
Unorganized ¹	1.7682	1.9585	2.1265	2.1123	2.0977	2.0793	2.0234	1.9679	1.8954	1.8371

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)

Taxpayer	2011			2012			2013			2014			2015		
	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.	\$ 168,510	1	2.0%	\$ 179,262	1	2.2%	\$ 200,706	1	2.6%	\$ 201,401	1	2.5%	\$ 200,344	1	2.4%
Southwest Gas Corporation	64,533	3	0.8%	61,718	4	0.8%	61,669	4	0.8%	66,789	3	0.8%	70,297	3	0.9%
Pheips Dodge Corporation - Sierrita Mine	99,048	2	1.2%	142,419	2	1.7%	136,947	2	1.8%	95,186	2	1.2%	93,847	2	1.1%
ASARCO LLC - Mission Mine	58,585	4	0.7%	83,778	3	1.0%	74,101	3	1.0%	55,322	4	0.7%	48,496	4	0.6%
QWEST Corporation	51,942	5	0.6%	53,225	5	0.7%	40,386	5	0.5%	38,035	5	0.5%	37,877	5	0.5%
Northwest Hospital LLC	17,390	9	0.2%	17,723	8	0.2%	16,980	7	0.2%	16,982	8	0.2%	17,058	7	0.2%
SMSJ Tucson Holdings, LLC															
DND Neffson Co. (Tucson Mall)	17,931	7	0.2%	17,998	7	0.2%	16,030	9	0.2%	16,037	9	0.2%	15,695	8	0.2%
Wal-Mart Stores, Inc.				15,581	9	0.2%	16,923	8	0.2%	19,366	7	0.2%	18,494	6	0.2%
Raytheon													14,703	9	0.2%
Trico Electric Co-Op Inc.				22,133	6	0.3%	21,713	6	0.3%	21,845	6	0.3%	14,131	10	0.2%
JW Marriott Starr Pass Resort				14,291	10	0.2%	12,884	10	0.2%	12,298	10	0.2%			
Verizon Wireless															
Starr Pass Resort Developments LLC															
Arizona Portland Cement	21,217	6	0.3%												
ASARCO Mining	16,153	10	0.2%												
Westin La Paloma	17,519	8	0.2%												
Total Top Ten	\$ 532,828		6.3%	\$ 608,128		7.4%	\$ 598,339		7.8%	\$ 543,261		7.2%	\$ 530,942		6.7%

Notes:
¹Secondary Assessed Valuation for Tax Year \$ 8,448,282 \$ 8,171,212 \$ 7,579,899 \$ 7,906,190
 Source: Pima County Assessor's Office (continued)
 Arizona Department of Revenue

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

(continued)

Taxpayer	2016			2017			2018			2019			2020		
	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.	\$ 188,366	1	2.2%	\$ 215,359	1	2.5%	\$ 217,657	1	2.4%	\$ 217,567	1	2.3%	\$ 228,198	1	2.2%
Southwest Gas Corporation	36,696	4	0.4%	75,306	3	0.9%	85,118	2	0.9%	92,375	2	1.0%	102,442	2	1.0%
Phelps Dodge Corporation	81,988	2	1.0%	84,212	2	1.0%	70,987	3	0.8%	71,722	3	0.7%	89,998	3	0.9%
ASARCO, LLC	42,290	3	0.5%	43,258	4	0.5%	40,280	4	0.4%	36,335	4	0.4%	42,110	4	0.4%
Qwest Corporation	33,114	5	0.4%	35,990	5	0.4%	34,964	5	0.4%	35,335	5	0.4%	33,754	5	0.3%
Northwest Hospital, LLC	16,858	8	0.2%	31,995	6	0.4%	32,521	6	0.4%	33,047	6	0.3%	33,729	6	0.3%
Sierrita Gas Pipeline LLC				30,769	7	0.4%	29,920	7	0.3%	28,751	7	0.3%	32,825	7	0.3%
Raytheon Company															
SMSJ Tucson Holdings, LLC	17,471	7	0.2%	23,629	8	0.3%	29,729	8	0.3%	25,005	8	0.3%	26,237	8	0.3%
DND Neffson Co. (Tucson Mall)	15,668	9	0.2%	22,561	9	0.3%	22,667	9	0.3%	23,150	9	0.2%	26,006	9	0.3%
Wal-Mart Stores, Inc.	18,211	6	0.2%	21,809	10	0.3%	22,472	10	0.2%	23,020	10	0.2%	23,377	10	0.2%
DDR Tucson Spectrum II, LLC	12,499	10	0.1%												
Trico Electric Co-Op, Inc.															
JW Marriott Starr Pass Resort															
Verizon Wireless															
Target Corporation															
Total Top Ten	\$ 463,161		5.6%	\$ 584,888		6.9%	\$ 586,315		6.5%	\$ 586,307		6.1%	\$ 638,676		6.2%
Notes:															
¹ Secondary Assessed Valuation for Tax Year	\$ 8,262,665			\$ 8,508,990			\$ 9,030,169			\$ 9,645,865			\$ 10,226,395		

Source:
Pima County Assessor's Office
Arizona Department of Revenue

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

Fiscal Year	Primary Property Tax Levy and Secondary Property Tax Levy for Debt Service		Secondary Property Tax Levy for Flood Control and Library District ^{3,4,5}		Original Real Property Tax Levy		Tax Roll Corrections		Real Property Tax Levy (Adjusted)		Collected to June 30, End of Tax Fiscal Year ¹		Collected to June 30, 2020 ¹		Delinquent Taxes Receivable ²
	\$		\$		\$		\$		\$		Amount	Percent of Original Levy	Amount	Percent of Adjusted Levy	
2010-11	\$ 352,276	\$ 50,256	\$ 402,532	\$ (384)	\$ 402,148	\$ 383,978	95.39%	\$ 16,295	\$ 400,273	99.53%	\$ 1,875				
2011-12	335,467	48,242	383,709	383,709	370,922	357,556	96.19%	13,041	382,141	99.59%	1,568				
2012-13	324,786	46,136	370,922	370,922	368,313	355,338	96.40%	11,845	369,401	99.59%	1,521				
2013-14	323,026	45,287	368,313	368,313	411,484	397,670	96.48%	11,459	366,797	99.59%	1,516				
2014-15	359,298	52,186	411,484	411,484	433,549	418,716	96.64%	12,543	410,213	99.69%	1,271				
2015-16	374,101	59,448	433,549	433,549	440,894	430,628	96.58%	13,645	432,361	99.73%	1,188				
2016-17	378,249	62,645	440,894	440,894	464,383	453,822	97.67%	8,853	439,481	99.68%	1,413				
2017-18	382,611	81,772	464,383	464,383	450,951	441,154	97.73%	9,443	463,265	99.76%	1,118				
2018-19	383,920	67,031	450,951	450,951	469,537	458,509	97.83%	8,764	449,918	99.77%	1,033				
2019-20	397,391	72,146	469,537	469,537			97.65%		458,509	97.65%	11,028				

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, 2020.

³ Fiscal Year 2017-18 includes Transportation road property.

⁴ Fiscal Year 2018-19 includes Improvement & Other Districts.

⁵ Fiscal Year 2019-20 includes Rocking K South CFD.

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
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%
2015-16	Primary	7,620,361	76,489,654	9.96%
2015-16	Secondary	7,906,190	79,550,159	9.94%
2016-17	Primary	7,816,700	78,911,345	9.91%
2016-17	Secondary	8,262,665	83,520,548	9.89%
2017-18	Primary	8,074,958	80,459,900	10.04%
2017-18	Secondary	8,508,990	84,772,588	10.04%
2018-19	Primary	8,333,893	82,745,384	10.07%
2018-19	Secondary	9,030,169	89,027,208	10.14%
2019-20	Primary	8,729,964	86,441,657	10.10%
2019-20	Secondary	9,645,865	95,293,696	10.12%

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 2019-20 (Tax Year 2019)		FY 2020-21 (Tax Year 2020)	
	Valuation	Rate	Valuation	Rate
<u>State of Arizona</u>	\$ 8,729,965	0	\$ 9,140,426	0
<u>Pima County</u>				
General Fund - Primary	8,729,965	3.9996	9,140,426	3.9220
Debt Service - Secondary	8,729,965	0.6900	9,140,426	0.5200
Free Library - Secondary	8,729,965	0.5353	9,140,426	0.5353
Total County - Primary	8,729,965	3.9996	9,140,426	3.9220
Total County - Secondary		1.2253		1.0553
Grand Total		<u>5.2249</u>		<u>4.9773</u>
<u>Education Assistance</u>	8,729,965	0.4566	9,140,426	0.4426
<u>Flood Control District - Secondary</u>	7,944,719	0.3335	8,388,663	0.3335
<u>Fire District Assistance - Secondary</u>	8,729,965	0.0430	9,140,426	0.0416
<u>Pima Community College District</u>				
Primary	8,729,965	1.3758	9,140,426	1.3359
Secondary	0	0	0	0
Total		<u>1.3758</u>		<u>1.3359</u>
<u>Central Arizona Water Conservation District</u>				
Secondary	8,729,965	0.1400	9,140,426	0.1400
<u>Cities & Towns</u>				
City of Tucson				
Primary	3,577,563	0.4555	3,724,572	0.4883
Secondary	3,577,563	0.9255	3,724,572	0.8690
Total		<u>1.3810</u>		<u>1.3573</u>
City of South Tucson				
Primary	24,403	0.2434	23,304	0.2527
Secondary	0	0	0	0
Total		<u>0.2434</u>		<u>0.2527</u>
<u>School Districts</u>				
Unorganized - Primary	17,764	1.8954	17,570	1.8371
Tucson Unified (District #1)				
Primary	3,428,093	3.9644	3,572,216	3.8594
Secondary	3,428,093	2.3684	3,572,216	2.2649
Total		<u>6.3328</u>		<u>6.1243</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 2019-20 (Tax Year 2019)		FY 2020-21 (Tax Year 2020)	
	Valuation	Rate	Valuation	Rate
Marana Unified (District #6)				
Primary	\$ 898,569	3.9693	\$ 957,271	3.8563
Secondary	898,569	1.8957	957,271	1.9031
Total		<u>5.8650</u>		<u>5.7594</u>
Flowing Wells Unified (District #8)				
Primary	202,962	3.9712	205,199	3.8232
Secondary	202,962	2.8827	205,199	2.8607
Total		<u>6.8539</u>		<u>6.6839</u>
Amphitheater Unified (District #10)				
Primary	1,590,921	3.8753	1,658,281	3.7551
Secondary	1,590,921	1.5754	1,658,281	1.6971
Total		<u>5.4507</u>		<u>5.4522</u>
Sunnyside Unified (District #12)				
Primary	446,562	3.9482	461,636	3.8264
Secondary	446,562	1.3527	461,636	1.3266
Total		<u>5.3009</u>		<u>5.1530</u>
Tanque Verde Unified (District #13)				
Primary	197,465	3.8652	207,516	3.7511
Secondary	197,465	1.5322	207,516	1.4873
Total		<u>5.3974</u>		<u>5.2384</u>
Ajo Unified (District #15)				
Primary	18,529	4.3771	18,821	4.2246
Secondary	18,529	0	18,821	
Total		<u>4.3771</u>		<u>4.2246</u>
Catalina Foothills Unified (District #16)				
Primary	632,777	3.6868	652,860	3.7134
Secondary	632,777	1.3075	652,860	1.8744
Total		<u>4.9943</u>		<u>5.5878</u>
Vail Elementary (District #20)				
Primary	531,546	4.0268	589,974	3.8529
Secondary	531,546	3.4491	589,974	3.3111
Total		<u>7.4759</u>		<u>7.1640</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 2019-20 (Tax Year 2019)		FY 2020-21 (Tax Year 2020)	
	Valuation	Rate	Valuation	Rate
Sahuarita Unified (District #30)				
Primary	\$ 334,367	4.0207	\$ 348,701	3.8488
Secondary	334,367	3.8505	348,701	3.5725
Total		<u>7.8712</u>		<u>7.4213</u>
San Fernando Elementary (District #35)				
Primary	12,097	2.3087	11,464	1.9243
Secondary	12,097	0	11,464	0
Total		<u>2.3087</u>		<u>1.9243</u>
Empire Elementary (District #37)				
Primary	6,779	3.7643	6,770	2.4307
Secondary	6,779	0	6,770	0
Total		<u>3.7643</u>		<u>2.4307</u>
Continental Elementary (District #39)				
Primary	360,521	1.9399	380,956	1.8917
Secondary	360,521	0.4386	380,956	0.4332
Total		<u>2.3785</u>		<u>2.3249</u>
Baboquivari Unified School (District #40)				
Primary	1,993	0	2,184	0
Secondary	1,993	0	2,184	0
Total		<u>0</u>		<u>0</u>
Redington Elementary (District #44)				
Primary	1,412	7.3742	1,399	7.3742
Secondary	1,412	0	1,399	0
Total		<u>8.6853</u>		<u>7.3742</u>
Altar Valley Elementary (District #51)				
Primary	47,606	4.6638	47,633	4.7140
Secondary	47,606	0.9167	47,633	0.9382
Total		<u>5.5805</u>		<u>5.6522</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 ^{3,4}
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
2015-16	6,534	1,468	146
2016-17	6,958	1,446	161
2017-18	6,345	1,530	71
2018-19	7,196	1,507	
2019-20	5,750	1,361	

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.

⁴ Recreational vehicle taxes expired on December 31, 2017

Source:

Pima County Finance and Risk Management Department

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

Exhibit D - 12

Fiscal Year	Amount	Highway User Revenue	Vehicle License Tax
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
2015-16	56,006	42,543	13,463
2016-17	59,443	45,356	14,087
2017-18	61,552	46,553	14,999
2018-19	65,564	49,718	15,846
2019-20	64,812	48,759	16,053

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	Transportation Revenue Bonds	Certificates of Participation	Capital Leases	Installment Note Payable	Sewer Revenue Bonds	Sewer Revenue Obligations	Wastewater Loans Payable	Contracts and Notes	Total Primary Government
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		11,912	120,361	510,763	18,145	1,098	1,350,118
2015-16	350,135	103,961	179,054	136	8,733	104,153	481,027	16,563	1,577	1,245,339
2016-17	336,954	89,689	141,194	88	3,597	20,535	574,486	4,630	1,564	1,172,737
2017-18	288,182	85,508	166,617	38	2,078	2,863	565,708	3,555	763	1,115,312
2018-19	236,572	96,916	124,567		724		526,031	2,998	887	988,695
2019-20	181,428	80,899	161,063		749		496,944		2,120	923,203

Fiscal Year	Total Primary Government	Percentage of Personal Income ¹	Population at July 1 ¹	Debt per Capita
2010-11	\$ 1,046,919	2.98%	986,081	\$ 1,062
2011-12	1,248,820	3.43%	990,380	1,261
2012-13	1,431,672	3.88%	996,046	1,437
2013-14	1,405,771	3.70%	1,007,162	1,396
2014-15	1,350,118	3.45%	1,022,079	1,321
2015-16	1,245,339	3.09%	1,016,743	1,225
2016-17	1,172,737	2.84%	1,025,044	1,144
2017-18	1,115,312	2.58%	1,033,781	1,079
2018-19	988,695	2.13%	1,042,475	948
2019-20	923,203	1.85%	1,050,906	878

Notes:
 Details regarding outstanding debt can be found in Note 7 to the Financial Statements, pages 62-69.
¹ Personal income and population statistics are based on calendar year.

Source:
 Pima County Finance & Risk Management
 Office of Economic Opportunity

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	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
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
2015-16	350,135	5,606	344,529	7,906,190	4.36%	1,016,743	339
2016-17	336,954	2,793	334,161	8,262,665	4.04%	1,025,044	326
2017-18	288,182	2,911	285,271	8,508,990	3.35%	1,033,781	276
2018-19	236,572	2,639	233,933	9,030,169	2.59%	1,042,475	224
2019-20	181,428	2,545	178,883	9,645,865	1.85%	1,050,905	170

Notes:

Details regarding outstanding debt can be found in Note 7 to the Financial Statements, pages 62-69.

¹Population statistics are based on calendar year.

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

Source:

Pima County Finance & Risk Management
 Office of Economic Opportunity

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

Fiscal Year	Total Overlapping Debt	Secondary Net Assessed Value	Percentage of Assessed Value	Population at July 1 ¹	Debt per Capita ²
2010-11	\$ 1,335,431	\$ 9,342,561	14.29%	986,081	\$ 1,354
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	1,153,220	7,623,691	15.13%	1,007,162	1,145
2014-15	1,501,691	7,579,899	19.81%	1,022,079	1,469
2015-16	1,445,104	7,906,190	18.28%	1,016,743	1,421
2016-17	1,393,757	8,262,665	16.87%	1,025,044	1,360
2017-18	1,337,556	8,508,990	15.72%	1,033,781	1,294
2018-19	1,325,724	9,030,169	14.68%	1,042,475	1,272
2019-20	1,250,116	9,645,865	12.96%	1,050,905	1,190

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.

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

Source:

Pima County Finance & Risk Management
 Office of Economic Opportunity

PIMA COUNTY, ARIZONA
 Computation of Direct and Overlapping
 Governmental Activities Debt Outstanding
 At June 30, 2020
 (in thousands)

Exhibit D - 15

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Amount Overlapping</u>
Debt repaid with property tax:		
School Districts	\$ 702,875	\$ 702,875
Pima Community College	2,952	2,952
City of Tucson	120,150	<u>120,150</u>
Total overlapping		<u>\$ 825,977</u>
Debt repaid with property tax		
Direct:		
Pima County*	\$ 181,428	<u>\$ 181,428</u>
Total direct repaid with property tax		<u>\$ 181,428</u>
Other Debt:		
Certificates of participation	\$ 161,063	\$ 161,063
Installment note payable	749	749
Transportation bonds	80,899	<u>80,899</u>
Total other debt		<u>\$ 242,711</u>
Total direct		<u>\$ 424,139</u>
Total direct and overlapping debt		<u><u>\$ 1,250,116</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

*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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Full Cash Net Assessed Value	\$ 9,342,561	\$ 8,448,282	\$ 8,171,212	\$ 7,623,691	\$ 7,579,899	\$ 7,906,190	\$ 8,262,665	\$ 8,508,990	9,030,169	\$ 9,645,865
Legal Debt Margin										
Debt limit (15% of assessed value)	1,401,384	1,267,242	1,225,682	1,143,554	1,136,985	1,185,929	1,239,400	1,276,349	1,354,525	1,446,880
Debt applicable to limit:										
General obligation bonds	452,750	456,145	456,690	407,275	383,935	344,620	321,285	275,990	227,335	174,910
Less: Net assets reserved for repayment of general obligation debt	(27,904)	(22,602)	(22,900)	(5,326)	(6,037)	(5,606)	(2,793)	(2,911)	(2,639)	(2,545)
Total net debt applicable to the limit	424,846	433,543	433,790	401,949	377,898	339,014	318,492	273,079	224,696	172,365
Legal debt margin	\$ 976,538	\$ 833,699	\$ 791,892	\$ 741,605	\$ 759,087	\$ 846,915	\$ 920,908	\$ 1,003,270	1,129,829	\$ 1,274,515
Total net debt applicable to the limit as a percentage of debt limit.	30.32%	34.21%	35.39%	35.15%	33.24%	28.59%	25.70%	21.40%	16.59%	11.91%

Please see Note 7 to the Financial Statements, page 62 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)

Fiscal Year	Sewer User Revenues ¹	Less: Operating Expense ²	Available Net Revenue	Plus:		Pledged Revenues ³	Debt Service ⁶		Coverage Ratio ^{4,5}
				Ending cash Balances of Prior Fiscal Year (unrestricted)	Principal		Interest	Total	
2010-11	\$ 150,515	\$ 74,638	\$ 75,877	\$ 11,260	\$ 17,110	\$ 87,137	\$ 17,047	\$ 34,157	2.55
2011-12	155,614	73,241	82,373	32,806	20,895	115,179	21,658	42,553	2.71
2012-13	157,907	73,577	84,330	99,491	29,759	183,821	28,243	58,002	3.17
2013-14	174,271	77,893	96,378	128,735	37,025	225,113	30,386	67,411	3.34
2014-15	173,977	84,492	89,485	121,426	41,026	210,911	30,306	71,332	2.96
2015-16	169,730	83,423	86,307	110,741	40,320	197,048	28,529	68,849	2.86
2016-17	173,058	80,165	92,893	110,451	47,951	203,344	26,621	74,572	2.73
2017-18	178,933	79,208	99,725	89,316	44,434	189,041	25,371	69,805	2.71
2018-19	185,142	78,957	106,185	78,192	45,142	184,377	24,395	69,537	2.65
2019-20	180,593	81,357	99,236	66,724	39,200	165,960	22,364	61,564	2.70

Notes:

¹Includes sewer connection fees, interest income, and other miscellaneous revenues.

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)

Fiscal Year	Transportation Revenue	Operating Expense	Available Net Revenue	Debt Service ¹		Coverage Ratio
				Principal	Interest	
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
2015-16	57,976	39,798	18,178	14,585	4,146	0.97
2016-17	61,217	40,780	20,437	15,105	3,598	1.09
2017-18	63,604	41,801	21,803	14,820	3,354	1.20
2018-19	68,366	39,925	28,441	14,405	3,686	1.57
2019-20	68,088	63,234	4,854	12,755	3,016	0.31

Notes:

Details regarding outstanding debt can be found in Note 7 to the Financial Statements, pages 69-70.

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)

Function/Department	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21
Clerk of Superior Court - Equipment										
Superior Court - Equipment										
Jail ¹	\$ 3,004	\$ 3,427	\$ 63	\$ 84	\$ 96	\$ 73	\$ 51	\$ 38	\$ 55	\$ 57
Sheriff - Equipment		160	160	160	160	160				130
Solid Waste - Equipment	298	298	298							
County Administration - Culture & Recreation					3,625	2,722	3,289	1,565	567	
	<u>\$ 3,302</u>	<u>\$ 3,885</u>	<u>\$ 521</u>	<u>\$ 244</u>	<u>\$ 3,881</u>	<u>\$ 2,955</u>	<u>\$ 3,340</u>	<u>\$ 1,603</u>	<u>\$ 622</u>	<u>\$ 187</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
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%
2015-16	83,765	25,515	109,280	807,174	13.5%
2016-17	94,695	23,354	118,049	832,971	14.2%
2017-18	96,005	20,133	116,138	829,054	14.0%
2018-19	128,350	18,674	147,024	879,370	16.7%
2019-20	89,365	17,620	106,985	898,055	11.9%

*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
2011	986,081	\$ 35,132,468	\$ 35,628	8.5%
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	5.6%
2016	1,016,743	40,359,300	39,695	5.0%
2017	1,025,044	41,349,550	40,339	4.5%
2018	1,033,781	43,223,000	41,811	4.3%
2019	1,042,475	46,497,700	44,603	4.7%
2020	1,050,906	49,961,000	47,541	8.0%

Sources:

Office of Economic Opportunity (for population data only)

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	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%	8,933	4	2.0%	9,600	2	2.1%
Davis-Monthan AFB	8,462	4	1.7%	8,566	4	1.9%	9,100	3	2.0%	9,933	2	2.2%	8,335	4	1.8%
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%
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%
Banner Healthcare - UMC				5,594	10	1.2%	6,099	8	1.3%	6,329	7	1.4%	6,329	7	1.4%
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%
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%
City of Tucson	4,930	10	1.0%				4,585		1.0%				4,882		
Tucson Medical Center															
U.S. Customs & Border Protection				6,000	9	1.3%	6,500	7	1.4%	4,135			6,470	8	1.4%
UA Healthcare Network	5,982	9	1.2%												
Freemont-McMoran Copper							5,463	10	1.2%				5,800	9	1.2%
Fort Huachuca ¹	6,225	8	1.3%	6,198	7	1.4%	6,198		1.4%	5,717	8	1.3%	5,314		
Carondelet Health Network															
Total	75,866		15.5%	76,744		17.1%	88,214		17.1%	85,031		16.8%	86,046		16.3%
Total 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:

The University of Arizona Interactive Fact Book and University Analytics & Institutional Research (UAIR)
Pima Association of Governments (PAG)
Economic and Business Research Center, Eller College of Management FY2019

(continued)

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

(continued)	2016			2017			2018			2019			2020		
	Employer	Employees	Percent of Total County Employment	Rank	Employees	Percent of Total County Employment	Rank	Employees	Percent of Total County Employment	Rank	Employees	Percent of Total County Employment	Rank	Employees	Percent of Total County Employment
Raytheon	9,600	2.1%	2	10,300	2.2%	2	11,471	2.4%	3	11,295	2.3%	2	12,606	2.6%	1
University of Arizona	11,251	2.4%	1	10,846	2.3%	1	12,531	2.6%	1	16,217	3.2%	1	12,517	2.5%	2
Banner Healthcare - UMC	6,272	1.3%	7		1.3%		6,476	1.3%	6	6,499	1.3%	7	7,500	1.5%	3
Davis-Monthan AFB	8,406	1.8%	4	9,100	1.9%	3	11,769	2.4%	2	7,211	1.5%	4	7,211	1.5%	4
Pima County Government	7,023	1.5%	5	6,076	1.3%	9	5,921	1.2%	7	7,697	1.5%	3	6,937	1.4%	5
Tucson Unified School District	6,770	1.4%	6	7,688	1.6%	5	6,879	1.4%	5	6,872	1.4%	5	6,872	1.4%	6
State of Arizona	8,580	1.8%	3	8,807	1.8%	4	8,585	1.8%	4	6,654	1.3%	6	6,538	1.3%	7
Wal-Mart Stores, Inc.	5,500	1.2%	10	7,450	1.6%	6	4,341	0.9%	8	4,414	0.9%	8	4,564	0.9%	8
Tucson Medical Center	4,595						4,051	0.8%	10	3,987	0.8%	10	4,482	0.9%	9
City of Tucson				4,093	0.8%	9				4,093	0.8%	9	4,025	0.8%	10
U.S. Customs & Border Protection	5,739	1.2%	8	6,500	1.4%	7									
UA Healthcare Network				6,099	0.013	8									
Freeport-McMoran Inc.	5,530	1.2%	9	5,463	1.1%	10									
Fort Huachuca ¹	5,477														
Total	74,671	16.0%		78,329	16.4%		76,117	15.8%		74,939	15.0%		73,252	14.8%	
Total County Work Force		467,438			477,017			481,835			500,018				494,119

Notes:

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

Sources:

The University of Arizona Interactive Fact Book and University Analytics & Institutional Research (UAIR)
Pima Association of Governments (PAG)
Economic and Business Research Center, Eller College of Management FY2019

PIMA COUNTY, ARIZONA
Population and Employment
Last Ten Calendar Years

Year	Population	Civilian Labor Force	Total Unemployment Rate	EMPLOYMENT					
				Mining	Construction	Manufacturing	Transportation & Utilities	Financial Activities	
2011	986,081	465,640	8.5%	1,900	14,500	23,300	58,000	16,900	
2012	990,380	459,349	7.4%	2,100	14,400	23,200	58,000	16,900	
2013	996,046	449,958	7.0%	2,300	15,400	23,000	59,200	17,300	
2014	1,007,162	452,429	6.4%	2,300	14,800	22,500	60,600	17,500	
2015	1,022,079	467,438	5.6%	2,300	14,600	22,600	60,600	17,600	
2016	1,016,743	476,578	5.0%	2,200	14,300	23,500	60,700	19,600	
2017	1,025,044	477,017	4.6%	1,600	14,900	23,600	59,300	17,600	
2018	1,033,781	481,835	4.3%	1,700	16,700	24,600	61,100	17,700	
2019	1,042,475	496,584	4.7%	1,900	17,500	26,300	59,300	18,300	
2020	1,050,906	501,343	8.0%	1,900	18,000	27,200	62,600	16,900	

Notes:

All Employment data presented is not seasonally adjusted. Labor Force, Unemployment and Sector Employment for 2020 represent the average through July 2020.

Sources:

UA Economic and Business Research Center, Eller College of Management
 Office of Economic Opportunity (for population data only)

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

Fiscal Year	Transportation				Real Estate		
	Aircraft Movements	No. of Air Passengers	Bus Ridership	Riders Per Mile	Residential Bldg. Permits	Units Sold	Sales Volume (In thousands)
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
2016	139,555	3,228,389	15,743,501	1.84	2,428	13,795	3,313,078
2017	132,867	3,413,451	16,388,315	1.71	2,466	15,172	3,488,123
2018	131,169	3,551,159	15,205,419	1.55	4,495	15,416	3,823,877
2019	131,416	3,783,535	14,262,758	1.73	4,404	15,468	4,042,995
2020	122,631	2,283,777	12,346,810	1.50	4,313	15,582	4,959,200

Note:

Tucson International Airport follows the Federal fiscal calendar.

Beginning with calendar year 2020, Tucson Association of Realtors report the Sales Volume under Median Sales Prices. Prior to FY2020, the sales volume was based on monthly actual sales data.

Sources:

- UA Economic and Business Research Center, Eller College of Management
- Tucson Airport Authority
- Sun Tran
- 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	Retail Sales ¹	No. of Dwelling Units Awarded ²	Change in Real Estate Sales Volume	Commercial Bank Deposits
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
2016	8,443,626	2,428	14%	14,654,142
2017	8,558,572	2,466	5%	15,226,977
2018	8,851,127	4,495	9%	15,716,917
2019	9,319,711	4,404	9%	15,573,516
2020	9,826,576	4,313	5%	18,684,759

Notes:

¹Prior to FY 2016, Retail Sales statistics were calculated in the aggregate, which included total taxable sales from the following categories: Retail, Restaurant & Bar, Food and Gasoline. As of FY 2016, only retail sales (not including food and fuel) are shown.

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, 2020

Exhibit D - 25

ESTIMATED POPULATION BY AGE

Age Group	Population
0-4	56,524
5-9	60,828
10-14	64,289
15-19	73,991
20-24	80,803
25-29	72,374
30-34	65,117
35-39	61,741
40-44	59,138
45-49	58,396
50-54	57,080
55-59	65,364
60-64	68,247
65-69	64,787
70-74	55,179
75+	87,048
Total	1,050,906

POPULATION PROJECTIONS

Year	Projected Population
2021	1,059,218
2026	1,099,337
2036	1,170,624
2046	1,228,256

Source:
Office of Economic Opportunity

PIMA COUNTY, ARIZONA
Average Annual Jail Population
Last Ten Fiscal Years

Exhibit D - 26

<u>Fiscal Year</u>	<u>Average Jail Population</u>
2011	1,640
2012	1,802
2013	2,000
2014	2,061
2015	1,863
2016	1,862
2017	1,863
2018	1,868
2019	1,853
2020	1,781

Source:

Pima County Sheriff's Department, Corrections Bureau

PIMA COUNTY, ARIZONA
Employees by Function
Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
General government	2,850	2,473	2,321	2,805	2,832	2,753	3,164	3,011	3,213	2,931
Public safety	1,529	1,540	1,468	1,525	1,387	1,418	1,431	1,335	1,443	1,400
Highways and streets	262	274	265	258	248	253	262	229	214	175
Sanitation	23	24	3	31	33	32	35	35	44	35
Health	412	404	174	319	282	322	237	223	225	235
Welfare	27	377	397	8	7	9	22	15	17	22
Culture and recreation	461	652	331	442	434	453	526	447	493	458
Education and economic opportunity	170	133	144	112	111	116	136	130	139	141
Total governmental activities	5,734	5,877	5,103	5,500	5,334	5,356	5,813	5,425	5,788	5,397
Business-type activities										
Regional Wastewater Reclamation	481	531	413	438	387	406	474	433	455	372
Pima Health System & Services ¹	421									
Development Services	66	59	52	60	56	52	67	58	44	44
Parking Garages	2	3	3	3	5	4	4	5	3	3
Total business-type activities	970	593	468	501	448	462	545	496	502	419
Total	6,704	6,470	5,571	6,001	5,782	5,818	6,358	5,921	6,290	5,816

Notes:

¹ Pima Health Systems & Services was sold and the department closed.

PIMA COUNTY, ARIZONA
Operating Indicators by Program
Last Ten Fiscal Years

Program:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Sheriff										
Physical arrests	24,108	24,841	25,451	24,394	21,233	21,627	16,134	15,944	12,821	11,894
Traffic violations/citations										
Criminal	4,304	4,205	4,291	5,691	8,743	9,026	7,508	7,468	4,551	3,971
Civil	32,270	32,445	33,837	34,466	30,656	24,855	23,725	27,346	24,316	19,950
Total violations/citations	36,574	36,650	38,128	40,157	39,399	33,881	31,233	34,814	28,867	23,921
Wastewater										
Avg. daily sewage treated (MGD) ¹	62.7	62.3	60.9	60.2	60.3	59.5	59.0	57.0	57.5	58.0
New connections	1,412	1,355	1,856	1,804	1,427	1,986	2,887	2,411	2,798	2,992
Cultural and Recreational										
Spring training attendance	N/A	20,850	21,944	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Soccer attendance	N/A	36,001	21,942	36,723	41,259	40,804	76,437	93,144	102,204	122,312
Parks & Recreation										
Athletic field permits issued ²	161	228	263	326	280	267	276	648	4,885	599
Community center admissions	339,550	347,379	306,841	327,257	318,524	303,293	302,821	282,616	275,936	182,937
Volunteer hours	12,168	10,787	8,213	11,366	12,108	10,512	11,094	9,483	8,616	8,277
Library										
Volumes in collection ³	1,414,928	1,326,375	1,257,821	1,193,357	1,139,730	1,237,281	1,167,135	1,230,771	1,947,628	1,194,147
Total volumes borrowed	7,199,809	7,557,865	6,098,216	4,521,039	5,484,961	6,131,049	4,808,467	5,592,306	6,068,832	5,408,548
Number of cardholders	452,400	434,841	405,419	405,507	379,631	385,945	374,293	383,777	349,999	343,406
Capital Projects										
Land	\$ 5,655,264	\$ 13,075,719	\$ 6,947	\$ 4,335,540	\$ 10,746,469	\$ 4,230,852	\$ 2,062,882	\$ 1,299,047	\$ 5,472,097	\$ 348,655
Buildings	57,876,009	5,008,707	33,313,996	8,595,432	107,899,620	6,367,369	17,107,423	24,749,318	14,780,541	9,461,317
Improvements	6,366,258	4,287,186	12,837,873	20,436,143	3,763,811	25,101,285	9,964,116	10,124,651	7,119,819	35,157,824
Infrastructure	24,259,854	46,463,053	13,291,580	108,053,960	41,041,250	58,338,363	19,323,191	61,677,576	20,196,789	13,120,104
Total Completed	\$ 94,157,385	\$ 68,834,665	\$ 59,450,396	\$ 141,421,075	\$ 163,451,150	\$ 94,037,869	\$ 48,457,612	\$ 97,850,592	\$ 47,569,246	\$ 58,087,900

Notes:

¹MGD: Millions of Gallons per Day

²Field permit totals increased due to ActiveNet creating a permit for each field rather than lumping multiple fields together

³Volumes include physical and digital copies

PIMA COUNTY, ARIZONA
Capital Assets & Infrastructure by Program
Last Ten Fiscal Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Program:										
Sheriff										
Stations	7	7	7	7	7	7	7	7	7	7
Zone offices	4	4	2	2	2	2	2	2	2	2
Patrol units	355	358	305	354	371	362	344	354	365	383
Transportation (streets and highways)										
Streets (miles) ¹	1,892	1,897	1,905	1,854	1,854	1,870	1,866	1,891	1,904	1,907
Pothole repair	\$ 2,822,770	\$ 1,493,531	\$ 1,462,810	\$ 1,767,246	\$ 2,715,481	\$ 2,340,060	\$ 2,505,042	\$ 3,159,973	\$ 2,790,674	\$ 2,162,890
Flood Control										
Bank protection (miles) ²	141			175	195	200	201	202	204	102
Flood plain / drainage way (acres) ³	12,027	13,210	13,645	16,538	16,806	26,000	26,832	31,738	32,468	31,095
Parks & Recreation										
Urban parks (acres)	2,898	3,012	3,143	3,147	3,489	3,736	5,825	5,831	5,831	5,835
Playgrounds	39	40	40	41	38	37	38	41	41	41
Baseball/softball diamonds	86	86	87	89	91	94	94	71	71	71
Soccer/football fields	18	18	18	20	21	24	24	34	34	34
Community centers	11	11	11	11	11	11	11	11	11	11
Swimming pools / Splashpads	10	10	10	10	10	10	10	11	11	11
Wastewater										
Sanitary sewers (miles)	3,476	3,440	3,448	3,462	3,466	3,470	3,487	3,500	3,500	3,500
Treatment capacity (MGD) ⁴	97.76	97.06	97.04	95.04	95.03	95.04	92.00	95.00	95.00	95.00
Libraries										
County	26	26	26	27	27	27	27	27	27	27
Open Space Acquisitions										
Properties added	4	6	1	3	2	3	1			
Acres	275	595	1,416	823	389	676	95			
Cumulative acreage	57,791	58,386	59,802	60,625	61,014	61,690	61,785	61,785	61,785	61,785
Total properties	94	100	101	104	106	109	110	110	110	110

Notes:

¹Annexation by other jurisdictions resulted in a decrease of Transportation (Streets and Highways).

²No soil cement bank protection projects in 2012 and 2013.

³Regional Flood Control District maintained acreage only.

⁴On Jan. 3, 2012 capacity was reduced when the Town of Marana obtained ownership of the Marana Wastewater Treatment Facility.



PIMA COUNTY

Board of Supervisors

Ramón Valadez, *Chairman*, District 2

Sharon Bronson, *Vice Chair*, District 3

Ally Miller, District 1

Stephen W. Christy, District 4

Betty Villegas, District 5

Pima County Administrator

Chuck Huckelberry