

2021

ANNUAL COMPREHENSIVE FINANCIAL REPORT



PIMA COUNTY

For the Fiscal Year Ended June 30, 2021 • Pima County, Arizona

**PIMA COUNTY, ARIZONA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

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C. H. Huckelberry

Acting 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

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Financial Control & Reporting

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Victoria Duran
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PIMA COUNTY, ARIZONA
Annual Comprehensive Financial Report
For the Year Ended June 30, 2021

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INTRODUCTORY SECTION

- Letter of Transmittal
- Certificate of Achievement for Excellence in Financial Reporting
- Organizational Chart

FINANCIAL SECTION

STATISTICAL SECTION

INTRODUCTORY SECTION

The purpose of the Introductory Section in an Annual Comprehensive Financial Report (ACFR) 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 CENTRAL
130 W. CONGRESS, FLOOR 10, TUCSON, AZ 85701-1317
(520) 824-8661 FAX (520) 724-8171

C.H. HUCKELBERRY
County Administrator

December 16, 2021

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

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of Pima County for the fiscal year ended June 30, 2021. 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 Arizona 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, 2021. 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 1,059,218 in 2021, 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 for fiscal year 2021-2022:

- *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; Human Resources; Information Technology; Office of Emergency Management & Homeland Security; Procurement; Recorder; Rocking K South Community Facilities District; 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; Community and Economic Development Administration; Community and Workforce Development; County Free Library; Grants Management and Innovation; School Superintendent; and the Stadium District - Kino Sports Complex.
- *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 Center.
- *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 the Capital Program Office; Development Services; Environmental Quality; Natural Resources, Parks and Recreation; Office of Sustainability and Conservation; Public Works Administration; Real Property Services; 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 Raytheon Missile Systems, University of Arizona, Banner Healthcare - UMC, Davis-Monthan Air Force Base, Pima County Government, 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 average Pima County unemployment rate for 2020 increased to 7.7% as many jobs were temporarily lost during the coronavirus pandemic (COVID-19). However, the unemployment rate recovered to 5.2% by August 2021. 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 \$1.62 billion (10.8% of Arizona direct travel spending) in 2020. This direct travel spending generated 19,290 direct jobs, \$648 million in direct earnings and \$132 million in local and state tax revenues. These amounts are substantially less than 2019 because of COVID-19 but have improved during 2021. 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 COVID-19, the Tucson Gem, Mineral and Fossil Showcase was cancelled for 2021 but the 2022 event is scheduled to be held in early 2022.
- 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. El Tour’s annual economic impact is estimated to be \$17 to \$25 million on ride weekend alone and \$65 to \$175 million year-round. Due to restrictions stemming from COVID-19, the El Tour de Tucson was cancelled for 2020, but the 2021 event was held in November.

Please refer to the MD&A beginning on page 14 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 2021-2022 includes \$195.5 million for its Capital Improvement Plan (CIP). Under this plan, five departments comprise 86% of the total CIP budget as follows:

- Transportation, with a budget of \$52.3 million
- Regional Wastewater Reclamation, with a budget of \$48.0 million
- Facilities Management, with a budget of \$37.3 million
- Regional Flood Control District, with a budget of \$17.3 million
- Stadium District, with a budget of \$14.1 million

Transportation – The Department of Transportation projects are funded by highway user revenues, vehicle license tax revenues and from funding received from the Pima County Regional Transportation Authority, a taxing entity distinct from Pima County. Transportation has four major projects included in the fiscal year 2021-2022 budget:

- South Houghton Road Widening is budgeted for \$18.7 million
- Kolb Road, Sabino to Sunrise Drive is budgeted for \$8.7 million

- Houghton Road I-10 to Golf Links Road is budgeted for \$8.2 million
- 22nd Street I-10 to Tucson Blvd. Improvements are budgeted for \$4.6 million

Regional Wastewater Reclamation – The Regional Wastewater Reclamation Department (RWR) projects are predominantly funded by Sewer Revenue Obligations. RWR has a total fiscal year 2021-2022 budget of \$48.0 million. Major projects include:

- Old Nogales Interceptor Augmentation – Aerospace Corridor project is budgeted for \$10.8 million
- Continental Ranch Pump Station - Second Force Main is budgeted for \$10.1 million
- Anammox Treatment Process project is budgeted for \$7.0 million
- Tres Rios Headworks Biofilter Odor Control project is budgeted for \$6.3 million

Facilities Management – Facilities Management has active projects with a total fiscal year 2021-2021 budget of \$37.3 million. Major projects includes:

- 130-150 W. Congress Façade Improvement project is budgeted for \$7.6 million
- Adult Detention Security Replacement project is budgeted for \$3.9 million
- Demolition and Abatement of Floors 5, 10 and 11 of the Administration East Building is budgeted for \$3.8 million
- Northwest County Service Center project is budgeted for \$3.7 million

Regional Flood Control District – The Regional Flood Control District has active projects with a total budget of \$17.3 million. Major projects include:

- Urban Drainage projects are budgeted for \$3.0 million
- Major Watercourse Infrastructure Management project is budgeted for \$3.0 million

Stadium District - Kino Sports Complex – The Stadium District has a budget of \$14.1 million. Major projects include:

- Kino South District Partnership is budgeted for \$10.5 million
- Main Parking Lot Upgrades – Paving and Renovation project is budgeted for \$2.0 million

Debt Management

Bond ratings for Pima County, given by Fitch and Standard & Poor’s, range from AA- 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 November 4, 1997 for Street and Highway Revenue Bonds. At June 30, 2021, \$16.4 million of the Street and Highway authorization 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. Pledged Revenue Obligations were issued in fiscal year 2020-21 to address the unfunded pension liability within the Public Safety and Corrections Officer Pension Plans.

Bond sales and debt issuances anticipated for fiscal year 2021-2022 include \$45 million of Sewer Obligations and \$50 million of Certificates of Participation.

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 2020-2021, the constitutional debt limit was \$1.5 billion. The actual bonded indebtedness was \$134.0 million, far below the constitutional debt limit.

Please refer to the MD&A beginning on page 14 and Note 6 beginning on page 63 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 2020-2021 are expected to be under the limit of \$612.1 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, 2020 can be found at:

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

The Single Audit for Pima County for the fiscal year ended June 30, 2021 was not complete at the time of publication of this ACFR.

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 annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2020. Pima County has received this prestigious award for thirty-five years from fiscal years ended June 30, 1984 through 2021, 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 ACFR 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 ACFR 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 2020-2021 budget document. This was the twenty-second 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,



Jan Lesher
Acting 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**

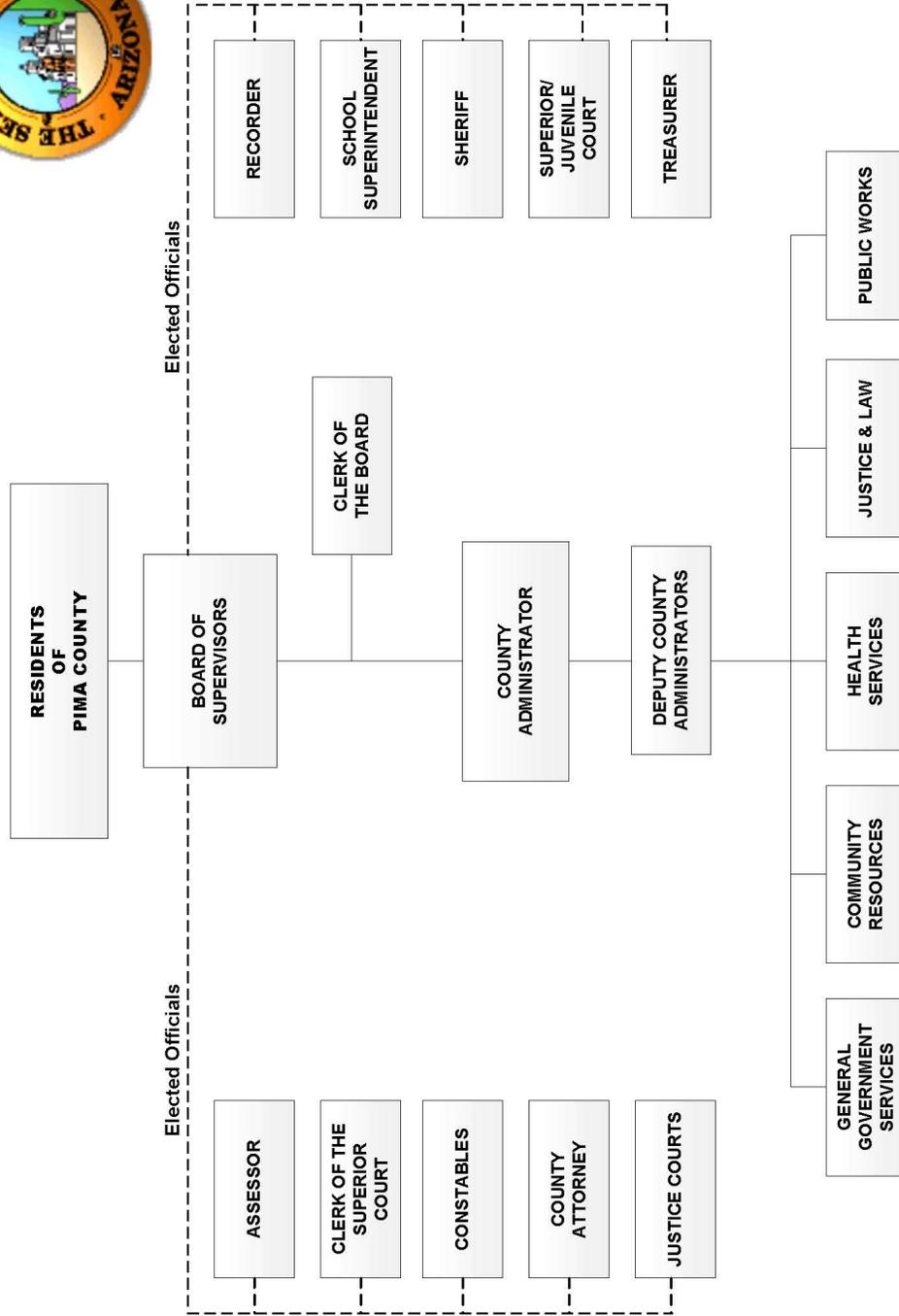
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

PIMA COUNTY ORGANIZATIONAL CHART





2021

**Annual Comprehensive
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2021 • 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, 2021, 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 or component unit	Assets and deferred outflows	Liabilities and deferred inflows	Revenues	Expenses/ expenditures
<u>Government-wide statements</u>				
Governmental activities:				
Stadium District	2.38%	0.23%	0.97%	1.29%
School Reserve Fund	0.05%	0.10%	0.14%	0.15%
Wireless Integrated Network	0.11%	0.09%	0.35%	0.24%
Self-Insurance Trust	2.63%	1.82%	1.00%	1.26%
Health Benefit Trust	0.77%	0.43%	6.76%	7.37%
Business-type activities:				
Regional Wastewater Reclamation Department	97.64%	98.64%	91.66%	94.54%
Development Services	1.08%	1.25%	6.61%	3.93%

Opinion unit/department or component unit	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	0.20%	0.93%	2.07%	2.35%
School Reserve Fund	0.10%	0.29%	0.34%	0.40%
Wireless Integrated Network	0.45%	1.59%	0.86%	0.60%
Development Services	1.95%	6.28%	3.19%	2.08%
Self-Insurance Trust	10.54%	31.66%	2.47%	3.10%
Health Benefit Trust	3.08%	7.38%	16.62%	18.20%

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, 2021, 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.

Other matters

Required supplementary information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 14 through 31, budgetary comparison schedules on pages 95 through 97, schedule of the County's proportionate share of the net pension liability—cost-sharing plans on page 98, schedule of changes in the County's net pension liability and related ratios—agent plans on pages 99 through 100, schedule of County pension contributions on page 101, and notes to pension plan schedules on pages 102 through 103 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 County's Board of Supervisors and 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

Lindsey A. Perry, CPA, CFE
Auditor General

December 16, 2021



2021

Annual Comprehensive
FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021 • Pima County, Arizona



MANAGEMENT'S DISCUSSION AND ANALYSIS

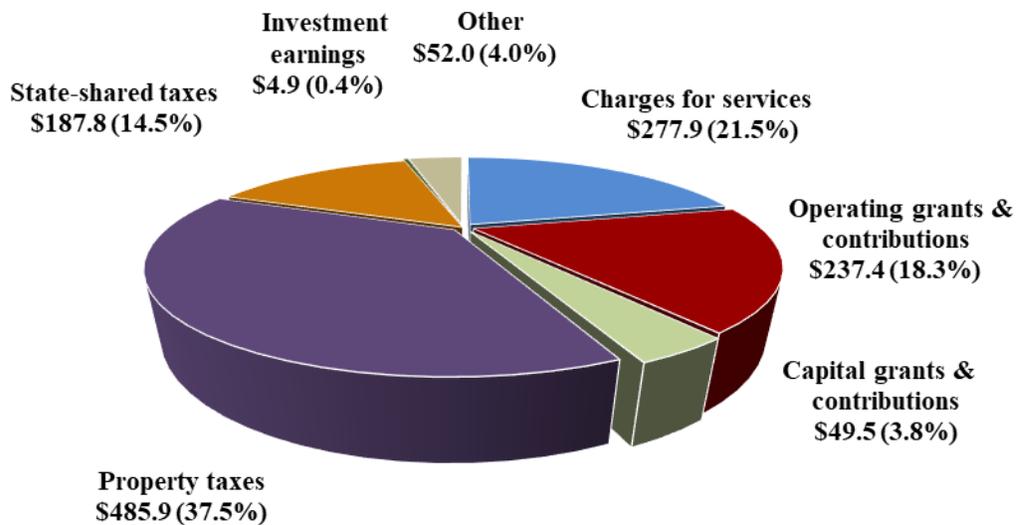
**Pima County, Arizona
Management’s Discussion and Analysis
For the Year Ended June 30, 2021**

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, 2021. 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 32. All dollar amounts are expressed in thousands (000’s) unless otherwise noted.

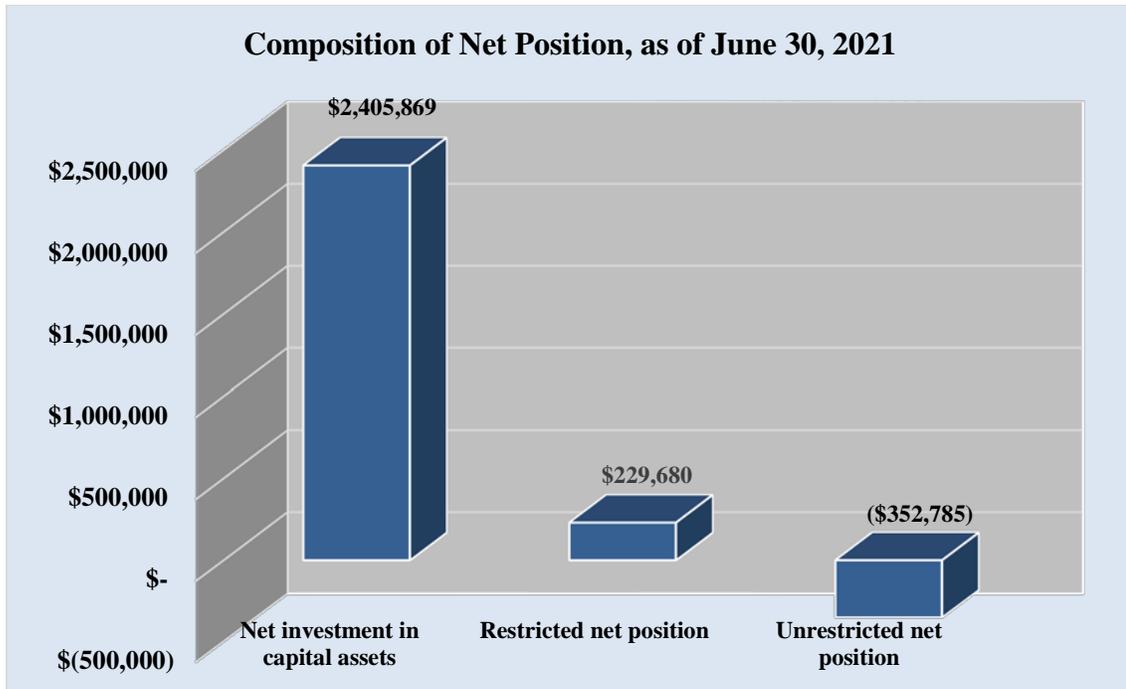
Financial Highlights

- Due to the ongoing public health emergency related to the COVID-19 pandemic, the County received \$101,711 in Coronavirus Local Fiscal Recovery Fund (CLFRF) monies in May of 2021 as part of the American Rescue Plan Act (ARPA). Of that amount, \$9,205 was spent on COVID-19 related expenses by June 30, 2021, and the remainder must be spent by December 31, 2026.
- The County issued \$21,000 in Transportation Revenue Bonds to fund various street and highway projects, \$66,110 in Certificates of Participation (COPs) to finance various pavement preservation projects and various capital improvements for the County’s Sheriff and Facilities Management Departments, and \$45,715 in Sewer Revenue Obligations to finance the construction, expansion, and improvement of sewer treatment facilities and conveyance systems. The County also issued \$300,000 in Pledged Revenue Obligations (PROs) to significantly reduce the large unfunded actuarial accrued liabilities for the Public Safety Personnel Retirement System (PSPRS) and Correction Officer Retirement Plan (CORP).
- The County’s total net position increased \$100,848 to \$2,282,764, a 4.6% increase when compared to the prior year’s total net position of \$2,181,916.
- The County’s primary sources of revenue come from property taxes, charges for services, state shared taxes, and grants and contributions as displayed below:

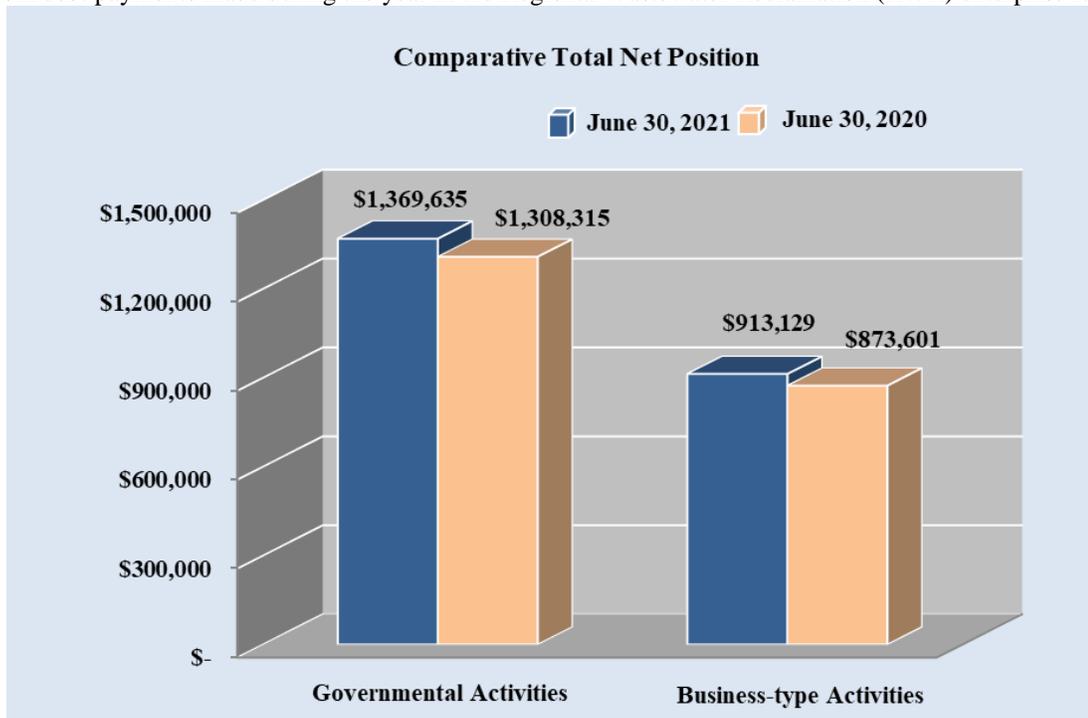
**Revenue Sources
(in millions)**



- The composition of the County's total net position at June 30, 2021 of \$2,282,764 is illustrated in the following chart.

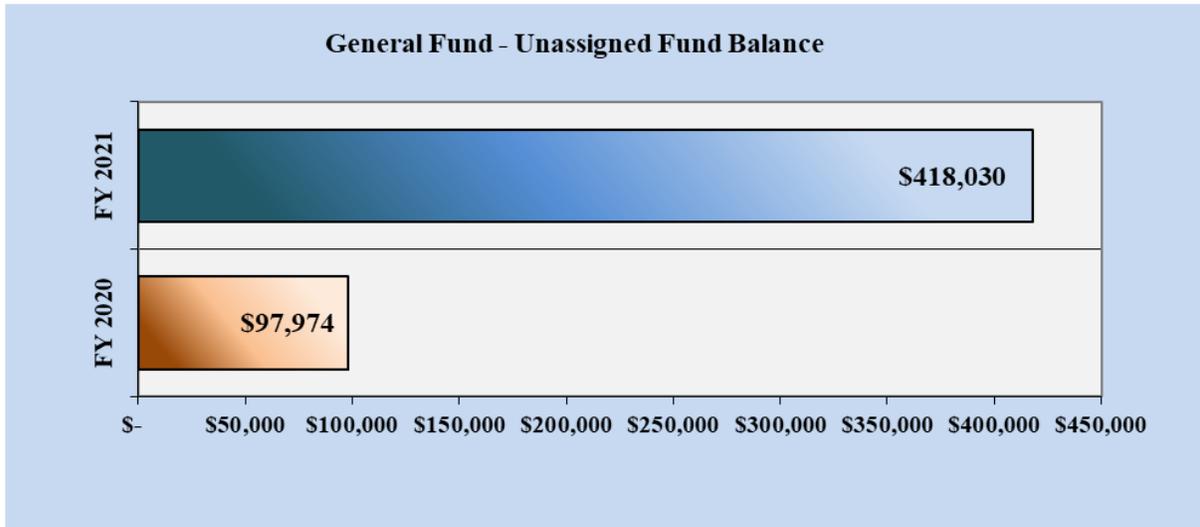


- Governmental Activities total net position at June 30, 2021, is \$1,369,635, representing an increase of \$61,320 (4.7%) from the prior fiscal year's net position, primarily due to a \$36,673 increase in due from other governments for grant monies that were due to the County, but not received by the end of the fiscal year. Business-type Activities total net position of \$913,129, increased by \$39,528 (4.5%) in the current fiscal year, primarily due to a decrease of \$28,273 in outstanding liabilities for sewer revenue obligations 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 \$418,030 is an increase of \$320,056 (326.7%) from \$97,974 in the prior fiscal year due to \$270,000 of unspent PROs proceeds, which will be used to make additional contributions to the PSPRS and CORP in the next fiscal year. The unassigned fund

balance comprises 96.4% of the total fund balance of \$433,852. Refer to the analysis of the General Fund provided on page 26 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 32-34.

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 35-38. The combining statements for non-major governmental funds can be found on pages 104-107.

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 fund's 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 39-42. The combining statements for other enterprise and internal service funds can be found on pages 122-129.

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 43-44.

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 **45-94**.

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 **95-103**.

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 **104-133**.

Government-Wide Financial Analysis

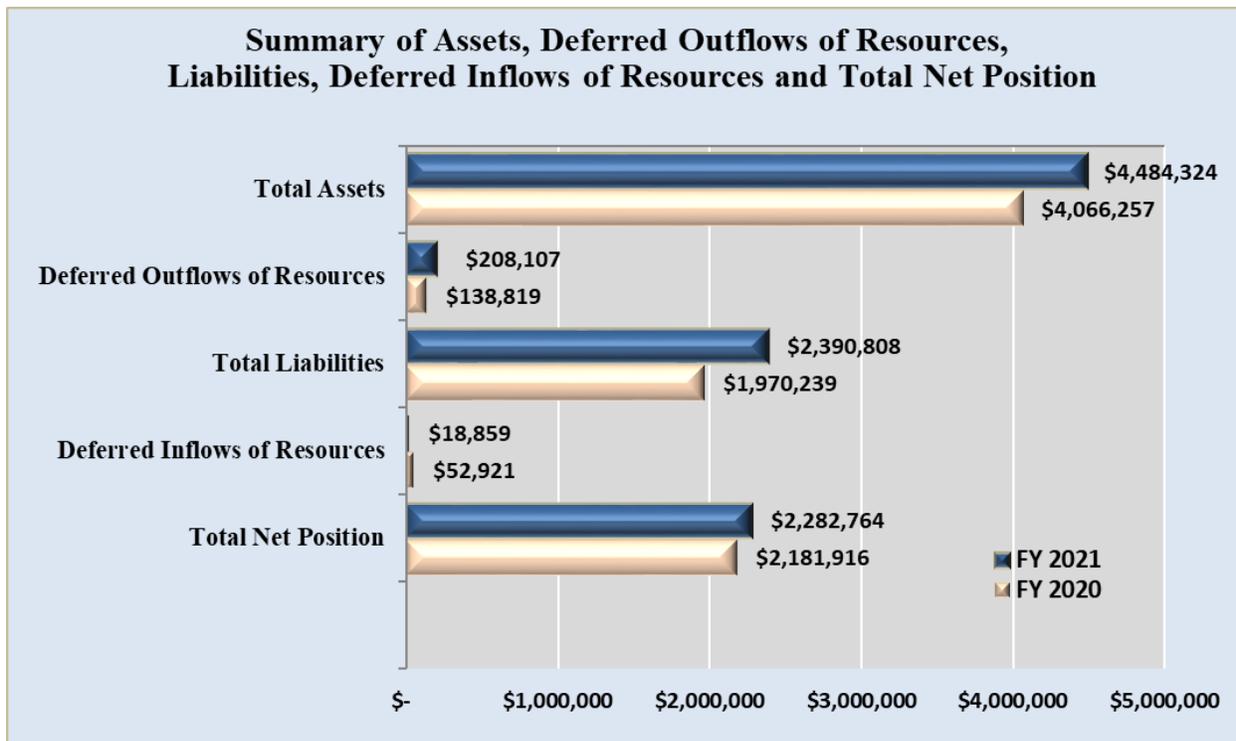
As noted earlier, net position may serve as a useful indicator of a government's financial position over time. An analysis of the results of operations is also useful. The schedule below identifies variances in the results of operations.

Schedule of Results of Operations and Net Position For the Years Ended June 30, 2021 and 2020			
	2021	2020	Variance
Charges for services	\$ 277,890	\$ 263,938	\$ 13,952
Operating grants and contributions	237,401	175,720	61,681
Capital grants and contributions	49,515	48,608	907
Total program revenues	564,806	488,266	76,540
Total general revenues and transfers	730,566	700,588	29,978
Total program and general revenues	1,295,372	1,188,854	106,518
Total expenses	1,194,524	1,079,855	114,669
Change in net position	\$ 100,848	\$ 108,999	\$ (8,151)

Total program revenues increased by \$76,540, mainly due to a \$61,681 increase in operating grants and contributions. The increase in operating grants and contributions resulted from the CARES Act funding received to assist with the response to the COVID-19 pandemic. Of the \$114,669 increase in total expenses, \$36,287 was in the health function, which was the result of additional expenses incurred in response to the COVID-19 pandemic. These variances in combination with the \$29,978 increase in total general revenues and transfers resulted in an \$8,151 decrease in the change in net position, to \$100,848.

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, 2021, and June 30, 2020.



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, 2021, was \$4,484,324, an increase of \$418,067 (10.3%) from the prior year, while total liabilities increased by \$420,569 (21.3%) from the prior year, ending at a balance of \$2,390,808. Deferred outflows of resources increased by \$69,288 (49.9%) and deferred inflows of resourced decreased by more than half \$34,062 (64.4%) from the prior year, ending at a balance of \$18,859.

The result of these changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources was an increase in net position of \$100,848 (4.6%), to \$2,282,764 in the current fiscal year, from \$2,181,916 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, 2021, net investment in capital assets totaled \$2,405,869, an increase of \$83,021 (3.6%) from the prior year, due to the increases of \$34,187 (2.2%) for governmental activities and \$48,834 (6.6%) 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 \$229,402, which is a decrease of \$15,582 (6.4%) from the prior year and represents approximately 10.0% 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, 2021 and 2020									
	Governmental Activities			Business-type Activities			Total		
	FY 2021	FY 2020	Variance	FY 2021	FY 2020	Variance	FY 2021	FY 2020	Variance
Current and other assets	\$ 1,069,475	\$ 679,767	\$ 389,708	\$ 209,855	\$ 195,307	\$ 14,548	\$ 1,279,330	\$ 875,074	\$ 404,256
Capital assets (net):									
Land, buildings, equipment, infrastructure & other assets	1,979,028	1,964,891	14,137	1,225,966	1,226,292	(326)	3,204,994	3,191,183	13,811
Total assets	3,048,503	2,644,658	403,845	1,435,821	1,421,599	14,222	4,484,324	4,066,257	418,067
Deferred outflows of resources									
Pension and OPEB	188,368	117,805	70,563	7,498	4,084	3,414	195,866	121,889	73,977
Deferred charges on refunding	2,279	3,809	(1,530)	5,687	8,710	(3,023)	7,966	12,519	(4,553)
Asset retirement obligations				4,275	4,411	(136)	4,275	4,411	(136)
Total deferred outflows of resources	190,647	121,614	69,033	17,460	17,205	255	208,107	138,819	69,288
Current and other liabilities	218,358	154,090	64,268	18,206	17,696	510	236,564	171,786	64,778
Long-term liabilities	1,633,239	1,254,366	378,873	521,005	544,087	(23,082)	2,154,244	1,798,453	355,791
Total liabilities	1,851,597	1,408,456	443,141	539,211	561,783	(22,572)	2,390,808	1,970,239	420,569
Deferred inflows of resources									
Pension and OPEB	17,918	49,501	(31,583)	941	3,420	(2,479)	18,859	52,921	(34,062)
Total deferred inflows of resources	17,918	49,501	(31,583)	941	3,420	(2,479)	18,859	52,921	(34,062)
Net position:									
Net investment in capital assets	1,616,368	1,582,181	34,187	789,501	740,667	48,834	2,405,869	2,322,848	83,021
Restricted	171,050	182,536	(11,486)	58,630	62,448	(3,818)	229,680	244,984	(15,304)
Unrestricted (deficit)	(417,783)	(456,402)	38,619	64,998	70,486	(5,488)	(352,785)	(385,916)	33,131
Total net position	\$ 1,369,635	\$ 1,308,315	\$ 61,320	\$ 913,129	\$ 873,601	\$ 39,528	\$ 2,282,764	\$ 2,181,916	\$ 100,848

Analysis of Net Position for Governmental Activities

The current and other assets total of \$1,069,475 in the current fiscal year is an increase of \$389,708 (57.3%) over the prior year total of \$679,767. This increase is primarily due to the increase of \$350,599 in cash and cash equivalents. This cash increase resulted from \$275,000 in PROs proceeds and \$92,506 of ARPA grant monies received from the US Treasury that were unspent at June 30, 2021. The PROs proceeds could not be spent during the current fiscal year due to budgetary restrictions, but will be used to make lump sum contributions to the PSPRS and CORP early in the next fiscal year. The grant monies will also be spent as eligible expenditures are incurred, but must be spent in their entirety by December 31, 2026.

Total liabilities increased \$443,141 (31.5%) to \$1,851,597 due to a \$378,873 increase in long-term liabilities resulting from the County issuing PROs for \$300,000. This debt was issued to significantly reduce the large unfunded actuarial accrued liabilities for the PSPRS and CORP and potentially result in more stable and predictable pension plan payments in the future. The increase in long-term liabilities was also due to an increase in unearned revenues, which primarily resulted from the \$92,506 of unspent ARPA 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 of \$69,033 (56.8%) in deferred outflows of resources and decrease of \$31,583 (63.8%) in deferred inflows of resources is due to the deferred outflows and inflows in pensions and OPEB. These variances are due to the changes of assumptions in actuarial estimates related to the net pension and OPEB liabilities.

These changes resulted in an overall increase of \$61,320 (4.7%) in the current year's governmental activities total net position to \$1,369,635.

Analysis of Net Position for Business-type Activities

Total assets of \$1,435,821 in the current fiscal year increased by \$14,222 (1.0%) from the prior year total of \$1,421,599, resulting from a \$14,548 (7.4%) increase in current and other assets and a \$326 (0.0%) decrease in capital assets. The increase in current and other assets is primarily from a \$14,162 increase in total cash and cash equivalents, with an \$8,956 increase in the RWR Fund and a \$5,206 increase 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 almost entirely offset by an increase in sewage conveyance system assets in the RWR fund as a number of large construction projects were completed in the current year.

Total liabilities decreased \$22,572 (4.0%) in the current year to \$539,211, primarily due to a decrease of \$28,273 in outstanding obligations in the RWR enterprise fund.

Total deferred outflows of resources in the current year totaled \$17,460, an increase of \$255 (1.5%) due to an increase of \$3,414 in deferred outflows for pensions and OPEB, which almost entirely offset by a \$3,023 decrease in the deferred outflows for deferred charges on refunding that are the result of debt refundings completed in prior years. Total deferred inflows decreased by \$2,479 (72.5%) due to the changes of assumptions in actuarial estimates related to the net pension and OPEB liabilities.

The changes in total assets, liabilities, deferred outflows and deferred inflows of resources resulted in a total net position of \$913,129, an increase of \$39,528 (4.5%).

Governmental Activities

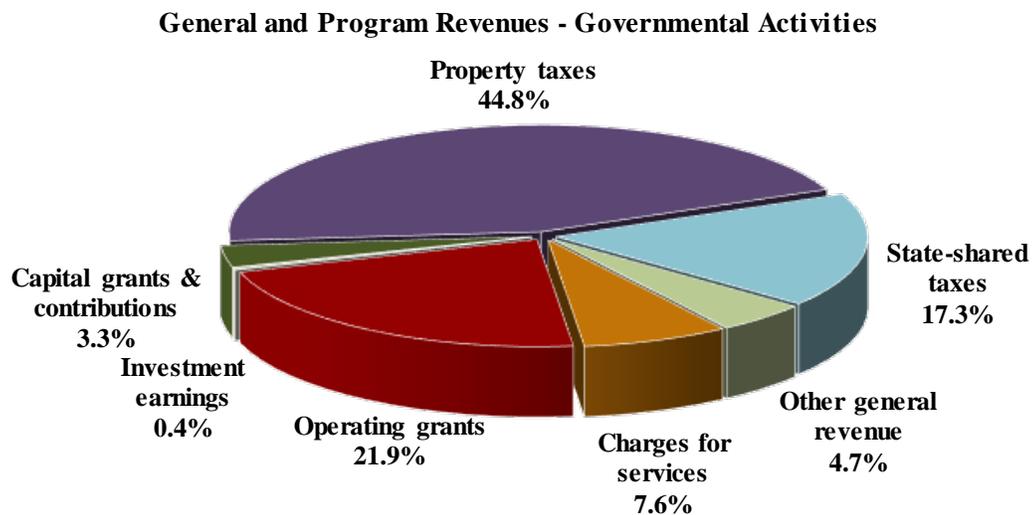
The following table shows details of the changes in net position for governmental activities:

Governmental Activities				
Schedule of Revenues, Expenses, and Changes in Net Position				
For the Years Ended June 30, 2021 and 2020				
	FY 2021	FY 2020	Variance	
			Amount	Percent
Program revenues:				
Charges for services	\$ 82,231	\$ 74,979	\$ 7,252	9.7%
Operating grants and contributions	237,401	175,720	61,681	35.1%
Capital grants and contributions	35,772	40,077	(4,305)	-10.7%
Total program revenues	355,404	290,776	64,628	22.2%
General revenues:				
Property taxes	485,886	482,079	3,807	0.8%
State-shared taxes	187,808	161,872	25,936	16.0%
Investment earnings	3,812	11,927	(8,115)	-68.0%
Other general revenues	51,380	40,004	11,376	28.4%
Total general revenues	728,886	695,882	33,004	4.7%
Total revenues	1,084,290	986,658	97,632	9.9%
Expenses:				
General government	360,851	329,566	31,285	9.5%
Public safety	215,376	197,857	17,519	8.9%
Highways and streets	136,405	118,956	17,449	14.7%
Sanitation	3,295	4,052	(757)	-18.7%
Health	79,676	43,389	36,287	83.6%
Welfare	103,038	102,033	1,005	1.0%
Culture and recreation	70,153	70,275	(122)	-0.2%
Education and economic opportunity	49,623	39,420	10,203	25.9%
Interest and amortization on long-term debt	13,991	13,237	754	5.7%
Total expenses	1,032,408	918,785	113,623	12.4%
Excess before transfers	51,882	67,873	(15,991)	-23.6%
Transfers in	9,438	7,921	1,517	19.2%
Change in net position	61,320	75,794	(14,474)	-19.1%
Beginning net position	1,308,315	1,232,521	75,794	6.1%
Ending net position	\$ 1,369,635	\$ 1,308,315	\$ 61,320	4.7%

Revenues

Total revenues of \$1,084,290 increased \$97,632 (9.9%) from the prior year, primarily due to an increase of \$61,681 (35.1%) in program revenues from increased operating grants and contributions. This increase is attributed to the significant amount of grant funding received in response to the COVID-19 pandemic. Total general revenues increased \$33,004 (4.7%) because of an increase of \$25,936 (16.0%) in State-shared tax revenues and \$11,376 (28.4%) in other general revenues compared to the prior year. The State-shared tax revenue increase was due to the large increase in retail sales as a result of the Federal stimulus payments made to citizens to assist with recovery from the negative economic impacts of the COVID-19 pandemic.

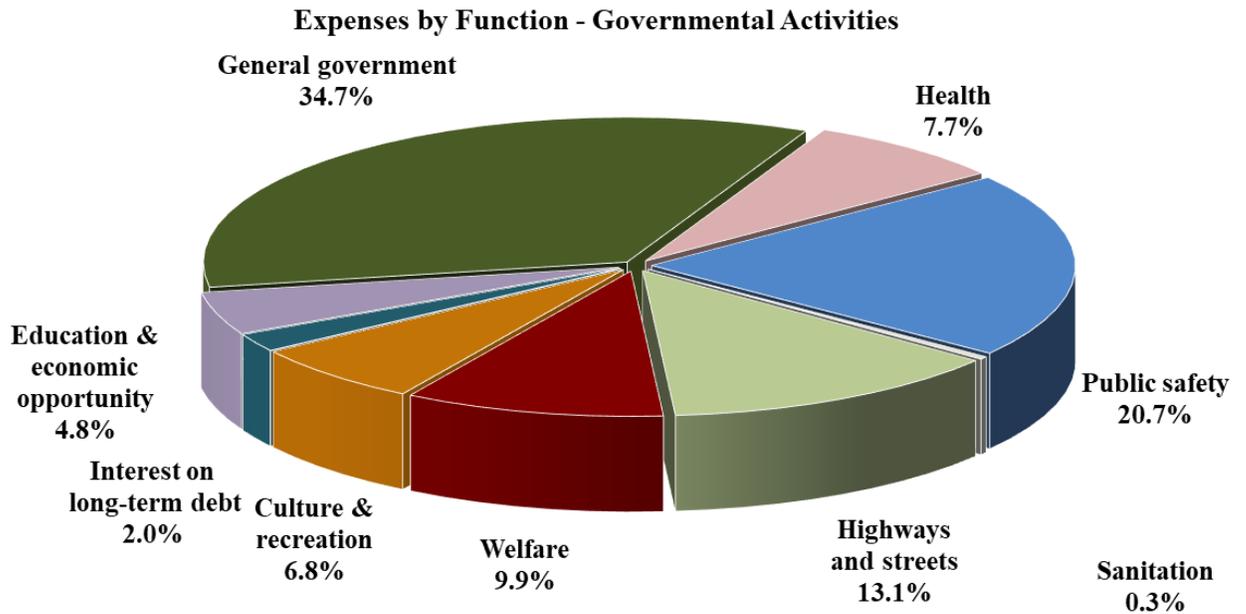
The chart below presents general and program revenues, as a percentage to total revenues. The amount provided from each revenue source for governmental activities, as a percentage to total revenue for governmental activities, has not changed significantly from the prior fiscal year. Property taxes, state-shared taxes, and operating grants account for approximately 84.0% of the County's revenues.



Expenses

Total expenses increased \$113,623 (12.4%) from the prior year, primarily due to an increase of \$36,287 (83.6%) in health expenses and \$31,285 (9.5%) in general government expenses. The increase in health expenses was the result of additional expenses incurred in response to the COVID-19 pandemic. The increase in general government expenses is due to a number of Federal and non-Federal agency grants, such as the U.S. Treasury direct allocations of CARES Act and ARPA to help respond to the negative impacts of COVID-19, the Department of Defense Readiness and Environmental Protection Integration grant program to manage encroachment around military bases, and the Center for Tech and Civil Life grant program that promoted a fair and safe presidential election.

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 57.4%.



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, 2021 and 2020				
	FY 2021	FY 2020	Variance	
			Amount	Percent
Program revenues:				
Charges for services	\$ 195,659	\$ 188,959	\$ 6,700	3.5%
Capital grants and contributions	13,743	8,531	5,212	61.1%
Total program revenues	209,402	197,490	11,912	6.0%
General revenues:				
Investment earnings	1,110	4,045	(2,935)	-72.6%
Other general revenues	570	661	(91)	-13.8%
Total general revenues	1,680	4,706	(3,026)	-64.3%
Total revenues	211,082	202,196	8,886	4.4%
Expenses:				
Regional Wastewater Reclamation	153,265	151,893	1,372	0.9%
Development Services	6,370	6,528	(158)	-2.4%
Parking Garages	2,481	2,649	(168)	-6.3%
Total expenses	162,116	161,070	1,046	0.6%
Excess before transfers	48,966	41,126	7,840	19.1%
Transfers out	(9,438)	(7,921)	(1,517)	19.2%
Change in net position	39,528	33,205	6,323	19.0%
Beginning net position	873,601	840,396	33,205	4.0%
Ending net position	<u>\$ 913,129</u>	<u>\$ 873,601</u>	<u>\$ 39,528</u>	4.5%

Revenues

Total program revenues for business-type activities increased by \$11,912 (6.0%) primarily from increases of \$5,212 (61.1%) in capital contributions and \$2,518 sewer connection fees in the RWR Fund. These increases are due to an increase in new sewer users as a result of more new housing developments being completed compared to the prior year. There was also a decrease of \$2,935 (72.6%) in investment earnings due to the interest rates dropping significantly for the State Treasurer's long-term investment pools.

Expenses

Total expenses for the business-type activities remained relatively flat with an increase of \$1,046 (0.6%), primarily due to an increase of \$1,372 (0.9%) in the RWR Fund, offset by some slight decreases in the Development Services and Parking Garages funds. The net amount of transfers out increased by \$1,517 (19.2%), primarily due to an increase of transfers out of the RWR Fund and into the Debt Service Fund for payments on outstanding certificates of participation.

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 \$12,943 (3.7%), reflecting the net impact of higher property valuations. Intergovernmental revenues increased \$24,015 (13.3%), primarily due to increases in the State-shared sales tax revenues, State-shared vehicle license tax revenues, and reimbursements from other local governments for election services during the November 2020 General Election. Charges for services increased \$3,174 (7.8%), mostly from an increase in the Recorder's statutory fees. Overall, revenues for the General Fund increased by \$44,951 (7.6%) and totaled \$632,936 for the current year.

General Fund expenditures totaled \$573,286, an increase of \$55,554 (10.7%) from the prior year. The significant changes for the fiscal year were from an increase of \$52,469 in public safety expenditures primarily due to the additional contributions of \$22,804 to the PSPRS and \$7,196 to the CORP to pay down its unfunded actuarial accrued liability. These contributions were made using proceeds from the PROs issued in the current fiscal year, which also resulted in an increase of \$298,134 for the face amount of long-term debt issued as an other financing source. The remainder of the PROs proceeds will be used to make additional lump sum contributions to the PSPRS and CORP in the next fiscal year.

Transfers out totaled \$38,245, a decrease of \$48,582 (56.0%) compared to the prior year. This decrease was primarily due to a \$15,121 transfer out to the Transportation Fund to fund the Pay-As-You-Go (PAYGO) local 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 \$44,951 increase in revenues, the \$55,554 increase in expenditures, and a total net increase of \$342,661 in other financing sources yielded a net change in fund balance of \$328,256, which ended the year at \$433,852.

Budget and Actual Comparison for the General Fund

Overall, actual revenues were higher than budgeted revenues by \$62,347, primarily due to the higher than budgeted Intergovernmental revenue mentioned above, and actual expenditures were less than budgeted expenditures by \$43,985. Actual expenditures for the General Fund were less than budgeted, primarily because the County did not need to spend \$56,164 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 \$22,289 for the Capital Projects Fund represent an increase of \$3,539 (18.9%) from the prior year, primarily due to increased funding received from the City of Tucson and the University of Arizona for the Historic Courthouse improvements. These increases were partially offset by large decreases from both State and Regional Transit Authority funding for road projects.

Total capital outlay expenditures of \$94,003 in the current year is a decrease of \$24,013 (20.3%) under the prior year, as the County's pavement preservation program was moved from the Capital Projects Fund to the Transportation Fund.

The Capital Projects Fund's other financing sources of \$91,000 represents primarily the current year's issuance of \$21,000 of Transportation Revenue Bonds to finance the costs of roads, such as the Kolb Road improvements and \$66,110 of Certificates of Participation (COPs), Series 2020C to fund the local pavement repair and rehabilitation program and various capital improvements for the Sheriff's and Facilities Management Departments.

Transfers out totaled \$81,801, an increase of \$64,188 from the prior year, mainly due to the transfer out to the Transportation Fund for the PAYGO local pavement repair and rehabilitation program.

Transfers in totaled \$33,344, a decrease of \$20,980 (38.6%) compared to the prior year's total of \$54,324. The decrease is primarily due to a decrease of transfers in from the Flood Control Fund for infrastructure projects and the General Fund for tenant improvements to the Historic Courthouse.

The above detailed financial activities yielded a decrease of \$29,171 in the Capital Projects Fund's net change in fund balance, which ended the year at \$88,615.

Debt Service Fund

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

Revenues for the Debt Service Fund decreased by \$12,496 (20.6%), primarily as a result of the decrease in the secondary tax rate from \$0.69 in FY 20 to \$0.52 in FY 21 and a decrease in investment earnings due to declining interest rates in the State Treasurer's local government investment pools.

Expenditures for the Debt Service Fund increased \$14,101 (13.1%) primarily due to an increase in principal payments for COPS Series 2020A. Principal payments toward outstanding liabilities for COPS increased by \$13,140 and debt issuance cost increased \$2,077 compared to the prior year. The debt issuance cost increase was the result of the County issuing \$300,000 in PROs to make additional contributions to the PSPRS and CORP.

The \$12,496 decrease in revenues, the \$14,101 increase in expenditures, and \$27,622 increase in other financing sources yielded an overall decrease in fund balance of \$677, which ended the year at \$4,466.

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 \$132,070 for the Grants Fund represent an increase of \$42,513 (47.5%) from the prior year, primarily due to an increase in intergovernmental revenues from the US Treasury funding received as part of the CARES Act and ARPA. Both of these grant programs were established in response to the Federal government's continuing aim to reduce the spread and provide economic recovery from the negative impacts brought about by the COVID-19 pandemic.

Grant fund expenditures totaled \$152,237, an increase of \$62,994 (70.6%) from the prior year, primarily due to increases of \$27,261 in health and \$24,876 in general government, primarily due to expenditures resulting from the County's response to COVID-19.

Transfers out totaled \$10,481, an increase of \$7,049 (205.4%) over the prior year, primarily due to the increases within the Capital Projects Fund for Federal grant monies that are passed through the Arizona Department of Transportation totaling an increase of \$6,300.

The \$42,513 increase in revenues, the \$62,994 increase in expenditures, and a total net decrease of \$6,909 in other financing uses yielded a \$25,403 net change in fund balance, which ended the year at a deficit of \$27,569.

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 an increase in the capital contributions of \$5,212 for sewage conveyance system assets constructed by developers and accepted by the RWR Fund for continuous operations and maintenance. There was also an increase of \$2,518 in sewer connection fees as a result of an increase in new sewer users as a result of more new housing developments being completed compared to the prior year.

Aside from the increases mentioned above, the activity of the RWR Fund remained relatively stable as total operating revenues and operating expenses only increased slightly. The change in net position of \$35,230 was an increase of \$3,315 (10.4%) over the prior year, which resulted in a net position of \$886,109 at the 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, 2021 and 2020									
	Governmental Activities			Business-type Activities			Total		
	FY 2021	FY 2020	Variance	FY 2021	FY 2020	Variance	FY 2021	FY 2020	Variance
Land	\$ 569,021	\$ 560,021	\$ 9,000	\$ 16,471	\$ 15,983	\$ 488	\$ 585,492	\$ 576,004	\$ 9,488
Construction in progress	61,106	86,909	(25,803)	41,661	65,930	(24,269)	102,767	152,839	(50,072)
Buildings and improvements	617,475	608,055	9,420	481,025	499,546	(18,521)	1,098,500	1,107,601	(9,101)
Infrastructure	626,728	610,147	16,581				626,728	610,147	16,581
Sewage conveyance systems				592,040	562,042	29,998	592,040	562,042	29,998
Equipment	104,698	99,759	4,939	94,769	82,791	11,978	199,467	182,550	16,917
Total	\$ 1,979,028	\$ 1,964,891	\$ 14,137	\$ 1,225,966	\$ 1,226,292	\$ (326)	\$ 3,204,994	\$ 3,191,183	\$ 13,811

The County's capital assets total is \$3,204,994 in the current year, an increase of approximately 0.4% or \$13,811 from the prior year's total of \$3,191,183. 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 \$1,979,028 is a net increase of \$14,137 (0.7%) from the prior year. The \$16,581 increase in infrastructure and \$9,420 increase in buildings and improvements are the result of the following significant projects completed and capitalized in the current fiscal year:

- The Valencia Road improvement project from Wade Road to Ajo Highway for \$23,737.
- The Old Historic Courthouse renovation for \$21,837.
- The Valencia Road extension project from Houghton Road to Old Spanish Trail for \$16,000.
- The Southeast Library construction for \$5,156.

These increases in infrastructure and buildings and improvements were offset by a \$25,803 decrease in construction in progress due to the completion of projects that were capitalized during the current fiscal year.

Business-type Activities

Capital assets of business-type activities decreased by \$326 (0.0%), due to decreases of \$24,269 in construction in progress and \$18,521 in buildings and improvements. These decreases were almost entirely offset by increases in sewage conveyance systems of \$29,998 and in equipment of \$11,978. The decrease in construction in progress was due to sewage and conveyance systems projects being completed and capitalized in the current fiscal year. The decrease in buildings and improvements was the result of annual depreciation on existing assets. These increases and decreases were almost entirely from activity within the RWR fund.

Additional information regarding capital assets activity can be found in Note 5 of the financial statements, Capital Assets, on pages 59-60.

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, 2021 and 2020		
	FY 2021	FY 2020
Pledged Revenue Obligations	\$ 300,000	
Certificates of Participation (COPs)	66,110	\$ 56,020
Sewer System Revenue Obligations	45,715	35,295
Transportation Revenue Bonds	21,000	
General Obligation Bonds	138	
Installment note payable		679
Total	\$ 432,963	\$ 91,994

During the year, the County issued \$300,000 in PROs to significantly reduce the large unfunded actuarial accrued liabilities for the PSPRS and Correction Officer Retirement Plan CORP.

In addition, the County issued COPs Series 2020B in the amount of \$15,720 to fund various Facilities Management projects and aircraft for the Sheriff’s Department and 2020C in the amount of \$50,390 to fund the Transportation Department’s local pavement repair and rehabilitation program.

The County also issued Transportation Revenue Bonds Series 2020 in the amount of \$21,000 to fund the Transportation Department’s capital improvement program.

Further, the County issued Sewer Revenue Obligations Series 2020B in the amount of \$45,715 to provide funding for the acquisition, construction and improvement of the County’s sewer treatment facilities and conveyance systems.

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

Credit Ratings				
	Standard & Poor's		Fitch Ratings	
	Rating	Date	Rating	Date
Certificates of Participation (COPs)	AA-	November-2020	AA	November-2020
General Obligation Bonds	AA	November-2020	AAA	November-2020
Pledged Revenue Obligations	AA+	March-2021	AA+	March-2021
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 \$134,103 at the end of the current fiscal year is significantly below the current debt limitation of \$1,533,959.

Additional information regarding the County’s debt can be found in Note 7 of the financial statements, Long-term Liabilities, on pages **63-71**.

Economic Factors and Next Year’s Budget

The current fiscal year 2021-22 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 \$88,700 of fiscal year 2021-22 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 2021-22 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 2021-22.

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 \$88.7 million for fiscal year 2021-22, or approximately 25% of Pima County’s primary property tax levy.

Property Taxes

The fiscal year 2021-22 Adopted Budget includes a \$0.0456 decrease in the County’s regular primary property tax rate for General Government Revenues, a \$0.0700 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 \$5.3108 to \$5.1952 per \$100 of net taxable value, a net decrease of \$0.1156.

State Shared Revenues

State shared sales tax revenue is projected to increase by \$20.2 million in fiscal year 2021-22 as more businesses reopen; creating more employment that in turn increases consumer activity without the need for pandemic assistance. This indicates improvement as the local and state economies recover from the COVID-19 pandemic.

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 2021-22 totals over \$172.8 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 2021-22 aggregate benefits will increase by \$13.5 million as compared to fiscal year 2020-21. Increases in the County's health insurance premiums, and required contribution rates for the PSPRS, and the Arizona State Retirement System primarily drive this net additional cost. In addition, beginning in fiscal year 2021-22, each department will cover short-term disability premium costs.

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 2021-22 both employer and employee medical premium costs will increase 11.48% from fiscal year 2020-21 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 2021-22 totals \$45.2 million. This reserve represents 7.3% of projected revenues for fiscal year 2021-22. 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 COVID-19 pandemic, which began in fiscal year 2019-20, had a significant impact on our fiscal year 2020-21 budget and will now have an even larger impact on our fiscal year 2021-22 budget. The fiscal year 2021-22 expenditures are significantly higher than in any other prior year. This is due in part to the County's responsibility as a regional public health agency. Our budgeted expenditures for COVID-19 testing, contact tracing, vaccination, purchase of personal protective equipment and other actions as a regional public health agency continue to increase. Fortunately, the ARPA will provide nearly \$203,000 in funding to offset our unanticipated expenditures. The expenditures for County departments directly responding to the COVID-19 pandemic continue to grow at an unprecedented rate. This increase in expenditures is justified to ensure the health and well-being of the community as we continue to deal with the challenges brought about by the pandemic. In preparation of possible future health emergencies, the fiscal year 2021-22 budget includes a \$10,000 Emergency Reserve to fund expenditures related to public health emergencies including, however not limited to, the COVID-19 pandemic.

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.



2021

Annual Comprehensive
FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021 • Pima County, Arizona



BASIC FINANCIAL STATEMENTS

PIMA COUNTY, ARIZONA

Exhibit A - 1

Statement of Net Position

June 30, 2021

(in thousands)

	Primary Government			Component Unit SW Fair Commission
	Governmental	Business-type	Total	
	Activities	Activities		
Assets				
Cash and cash equivalents	\$ 937,687	\$ 89,036	\$ 1,026,723	\$ 1,220
Property taxes receivable (net)	12,890		12,890	
Interest receivable	248	43	291	
Due from other governments	79,671	36	79,707	94
Accounts receivable (net)	4,579	19,120	23,699	8
Inventories	2,476	3,160	5,636	30
Prepays	16,304	595	16,899	68
Restricted assets:				
Cash and cash equivalents	45	97,702	97,747	
Loans receivable	10,282		10,282	
Net other postemployment benefits asset	5,293	163	5,456	
Capital assets not being depreciated:				
Land	569,021	16,471	585,492	
Construction in progress	61,106	41,661	102,767	
Capital assets being depreciated (net):				
Buildings and improvements	617,475	481,025	1,098,500	4,909
Sewage conveyance system		592,040	592,040	
Equipment	104,698	94,769	199,467	283
Infrastructure	626,728		626,728	
Total assets	3,048,503	1,435,821	4,484,324	6,612
Deferred outflows of resources				
Pension and other postemployment benefits	188,368	7,498	195,866	
Deferred charge on debt refunding	2,279	5,687	7,966	
Asset retirement obligations		4,275	4,275	
Total deferred outflows of resources	190,647	17,460	208,107	
Liabilities				
Accounts payable	84,477	16,195	100,672	112
Interest payable	2		2	
Contract retentions	3,315		3,315	
Employee compensation	15,965	1,035	17,000	
Due to other governments	110	3	113	
Deposits and rebates	529	485	1,014	204
Unearned revenue	113,960	488	114,448	64
Noncurrent liabilities:				
Due within one year	129,226	61,916	191,142	
Due in more than one year	1,504,013	459,089	1,963,102	239
Total liabilities	1,851,597	539,211	2,390,808	619
Deferred inflows of resources				
Pension and other postemployment benefits	17,918	941	18,859	
Total deferred inflows of resources	17,918	941	18,859	
Net Position				
Net investment in capital assets	1,616,368	789,501	2,405,869	5,192
Restricted for:				
Facilities, justice, library, community development, and tax stabilization	117,584		117,584	
Highways and streets	28,364		28,364	
Debt service		31,100	31,100	
Capital projects	8,134	7,447	15,581	
Regional wastewater		20,083	20,083	
Healthcare	16,968		16,968	
Unrestricted (deficit)	(417,783)	64,998	(352,785)	801
Total net position	\$ 1,369,635	\$ 913,129	\$ 2,282,764	\$ 5,993

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2021
(in thousands)

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 360,851	\$ 33,606	\$ 86,996	\$ 13,497
Public safety	215,376	18,297	6,215	599
Highways and streets	136,405	12,432	71,832	20,915
Sanitation	3,295		1,255	
Health	79,676	15,154	37,641	499
Welfare	103,038	122	147	
Culture and recreation	70,153	2,201	138	262
Education and economic opportunity	49,623	419	33,177	
Interest and amortization on long-term debt	13,991			
Total governmental activities	1,032,408	82,231	237,401	35,772
Business-type activities:				
Regional Wastewater Reclamation	153,265	179,727		13,743
Development Services	6,370	13,947		
Parking Garages	2,481	1,985		
Total business-type activities	162,116	195,659		13,743
Total primary government	\$ 1,194,524	\$ 277,890	\$ 237,401	\$ 49,515
Component unit:				
Southwestern Fair Commission	2,832	1,784	296	
Total component unit	\$ 2,832	\$ 1,784	\$ 296	
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		
\$ (226,752)		\$ (226,752)	
(190,265)		(190,265)	
(31,226)		(31,226)	
(2,040)		(2,040)	
(26,382)		(26,382)	
(102,769)		(102,769)	
(67,552)		(67,552)	
(16,027)		(16,027)	
(13,991)		(13,991)	
<u>(677,004)</u>		<u>(677,004)</u>	
	\$ 40,205	40,205	
	7,577	7,577	
	(496)	(496)	
	<u>47,286</u>	<u>47,286</u>	
<u>(677,004)</u>	<u>47,286</u>	<u>(629,718)</u>	
			\$ (752)
			<u>\$ (752)</u>
360,695		360,695	
27,894		27,894	
49,228		49,228	
47,823		47,823	
246		246	
5,816		5,816	
954		954	
152,512		152,512	
35,296		35,296	
4,892		4,892	
5,886		5,886	
3,812	1,110	4,922	126
33,832	570	34,402	110
9,438	(9,438)		
<u>738,324</u>	<u>(7,758)</u>	<u>730,566</u>	<u>236</u>
61,320	39,528	100,848	(516)
<u>1,308,315</u>	<u>873,601</u>	<u>2,181,916</u>	<u>6,509</u>
<u>\$ 1,369,635</u>	<u>\$ 913,129</u>	<u>\$ 2,282,764</u>	<u>\$ 5,993</u>

Functions/Programs

Primary government:

Governmental activities:

- General government
- Public safety
- Highways and streets
- Sanitation
- Health
- Welfare
- Culture and recreation
- Education and economic opportunity
- Interest and amortization 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, 2021
(in thousands)

Exhibit A - 3

	General	Capital Projects	Debt Service	Grants	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 436,115	\$ 115,312	\$ 4,208	\$ 89,770	\$ 159,610	\$ 805,015
Property taxes receivable (net)	9,559		1,351		1,980	12,890
Interest receivable	131	12	19	33	46	241
Due from other funds	1,563			106	10,217	11,886
Due from other governments	30,667	1,634		40,466	6,866	79,633
Accounts receivable	1,778	548		249	1,863	4,438
Interfund receivable	1,300					1,300
Inventory					1,498	1,498
Prepaid expenditures	5,059			29	1,385	6,473
Loan receivable	8,612				1,670	10,282
Restricted cash and cash equivalents					45	45
Total assets	<u>\$ 494,784</u>	<u>\$ 117,506</u>	<u>\$ 5,578</u>	<u>\$ 130,653</u>	<u>\$ 185,180</u>	<u>\$ 933,701</u>
Liabilities, deferred inflows of resources and fund balances						
Liabilities						
Accounts payable	\$ 20,821	\$ 13,913	\$ 4	\$ 14,078	\$ 28,840	\$ 77,656
Interest payable					2	2
Contract retentions	11	1,644		7	1,653	3,315
Employee compensation	12,368			630	2,490	15,488
Due to other funds	367	11,666		1,457	114	13,604
Due to other governments	4			6	100	110
Deposits and rebates	525				4	529
Interfund payable					1,300	1,300
Unearned revenue	484	199		111,430	1,841	113,954
Total liabilities	<u>34,580</u>	<u>27,422</u>	<u>4</u>	<u>127,608</u>	<u>36,344</u>	<u>225,958</u>
Deferred inflows of resources						
Unavailable revenue - intergovernmental	10,493	1,347		30,546	1,955	44,341
Unavailable revenue - property taxes	7,724		1,108		1,583	10,415
Unavailable revenue - other	8,135	122		68	486	8,811
Total deferred inflows of resources	<u>26,352</u>	<u>1,469</u>	<u>1,108</u>	<u>30,614</u>	<u>4,024</u>	<u>63,567</u>
Total liabilities and deferred inflows of resources	<u>60,932</u>	<u>28,891</u>	<u>1,112</u>	<u>158,222</u>	<u>40,368</u>	<u>289,525</u>
Fund balances						
Nonspendable	5,659			29	2,928	8,616
Restricted		66,658			108,368	175,026
Committed	10,000				17,803	27,803
Assigned	163	21,957	4,466		15,992	42,578
Unassigned	418,030			(27,598)	(279)	390,153
Total fund balances	<u>433,852</u>	<u>88,615</u>	<u>4,466</u>	<u>(27,569)</u>	<u>144,812</u>	<u>644,176</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 494,784</u>	<u>\$ 117,506</u>	<u>\$ 5,578</u>	<u>\$ 130,653</u>	<u>\$ 185,180</u>	<u>\$ 933,701</u>

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 4

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2021
(in thousands)

Fund balances - total governmental funds		\$ 644,176
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Governmental capital assets	\$ 3,314,724	
Less accumulated depreciation	<u>(1,396,177)</u>	1,918,547
<p>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.</p>		
Bonds payable	(226,449)	
Certificates of participation payable	(180,417)	
Notes and leases payable	(562)	
Pledge revenue obligations	(300,000)	
Pollution remediation	(112)	
Landfill closure liability	(10,150)	
Net pension/OPEB liability	(815,507)	
Compensated absences liability	<u>(47,738)</u>	(1,580,935)
<p>Net OPEB assets held in trust for future benefits are not available resources for county operations and, therefore, are not reported in the funds.</p>		
Net OPEB asset		5,236
<p>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.</p>		
Deferred outflows of resources related to pensions/OPEB	185,772	
Deferred inflows of resources related to pensions/OPEB	(17,591)	
Deferred outflows for bond refunding	<u>2,279</u>	170,460
<p>Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.</p>		
		63,567
<p>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.</p>		
		148,584
Net position of governmental activities		<u>\$ 1,369,635</u>

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, 2021
 (in thousands)

	General	Capital Projects	Debt Service	Grants	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 365,899		\$ 47,929		\$ 77,200	\$ 491,028
Licenses and permits	4,580				6,546	11,126
Intergovernmental	204,659	\$ 9,027	13	\$ 126,934	94,995	435,628
Charges for services	44,111	10,583			20,645	75,339
Fines and forfeits	2,944				4,078	7,022
Investment earnings	914	533	269	373	985	3,074
Miscellaneous	9,829	2,146	8	4,763	8,797	25,543
Total revenues	632,936	22,289	48,219	132,070	213,246	1,048,760
Expenditures:						
Current:						
General government	238,903			76,066	32,523	347,492
Public safety	186,259			5,222	18,909	210,390
Highways and streets				17	89,673	89,690
Sanitation	1,067				1,172	2,239
Health	14,589			38,753	24,075	77,417
Welfare	102,898			131		103,029
Culture and recreation	17,302			196	48,322	65,820
Education and economic opportunity	12,268			31,852	3,906	48,026
Capital outlay		94,003				94,003
Debt Service - principal			102,505		187	102,692
- interest			16,504		22	16,526
- miscellaneous			2,699		106	2,805
Total expenditures	573,286	94,003	121,708	152,237	218,895	1,160,129
Excess (deficiency) of revenues over (under) expenditures	59,650	(71,714)	(73,489)	(20,167)	(5,649)	(111,369)
Other financing sources (uses):						
Premium on bonds		3,890	1,713			5,603
Face amount of long-term debt issued	298,134	87,110	1,866		138	387,248
Proceeds from sale of capital assets	2				3	5
Transfers in	8,715	33,344	69,233	5,245	75,234	191,771
Transfers (out)	(38,245)	(81,801)		(10,481)	(41,283)	(171,810)
Total other financing sources (uses)	268,606	42,543	72,812	(5,236)	34,092	412,817
Net change in fund balances	328,256	(29,171)	(677)	(25,403)	28,443	301,448
Fund balances at beginning of year	105,596	117,786	5,143	(2,166)	116,370	342,729
Changes in nonspendable resources:						
Change in prepaids					(1)	(1)
Fund balances at end of year	\$ 433,852	\$ 88,615	\$ 4,466	\$ (27,569)	\$ 144,812	\$ 644,176

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 6

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, 2021
(in thousands)

Net change in fund balances - total governmental funds \$ 301,448

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	\$ 85,668	
Less current year depreciation	<u>(81,874)</u>	3,794

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	(387,248)	
Premium on bonds	(5,603)	
Debt service - principal payments	102,692	
Amortization of premiums/discounts	6,870	
Amortization of deferred charge on refunding	<u>(1,530)</u>	(284,819)

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.

Donations of capital assets	9,230	
Intergovernmental	29,359	
Property tax revenues	743	
Other	<u>4,943</u>	44,275

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	(12,122)	
Change in landfill liability	(16)	
Change in pollution remediation liability	15	
Net book value of capital asset disposals	(514)	
Other change in reserve for prepaids, School Reserve	<u>(1)</u>	(12,638)

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	94,215	
Pension/OPEB expense	<u>(75,540)</u>	18,675

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.

		<u>(9,415)</u>
Change in net position of governmental activities	\$	<u><u>61,320</u></u>

PIMA COUNTY, ARIZONA
Statement of Net Position - Proprietary Funds
June 30, 2021
(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	\$ 73,230	\$ 15,806	\$ 89,036	\$ 132,672
Restricted cash and cash equivalents	52,371		52,371	
Interest receivable	38	5	43	7
Due from other funds				1,718
Due from other governments	4	32	36	38
Accounts receivable	19,014	106	19,120	141
Inventory	3,160		3,160	978
Prepaid expense	565	30	595	9,831
Total current assets	<u>148,382</u>	<u>15,979</u>	<u>164,361</u>	<u>145,385</u>
Noncurrent assets:				
Restricted cash and cash equivalents	45,331		45,331	
Net other postemployment benefits asset	140	23	163	57
Capital assets:				
Land	14,703	1,768	16,471	459
Buildings and improvements	754,027	27,608	781,635	23,330
Sewage conveyance system	975,581		975,581	
Equipment	197,320	2,210	199,530	81,761
Less accumulated depreciation	(774,640)	(14,272)	(788,912)	(46,381)
Construction in progress	41,661		41,661	1,312
Total capital assets (net)	<u>1,208,652</u>	<u>17,314</u>	<u>1,225,966</u>	<u>60,481</u>
Total noncurrent assets	<u>1,254,123</u>	<u>17,337</u>	<u>1,271,460</u>	<u>60,538</u>
Total assets	<u>1,402,505</u>	<u>33,316</u>	<u>1,435,821</u>	<u>205,923</u>
Deferred outflows of resources				
Pension/OPEB	6,451	1,047	7,498	2,596
Deferred charge on refunding	5,687		5,687	
Asset retirement obligations	4,275		4,275	
Total deferred outflows of resources	<u>16,413</u>	<u>1,047</u>	<u>17,460</u>	<u>2,596</u>
Liabilities				
Current liabilities:				
Accounts payable	15,840	355	16,195	6,821
Employee compensation	889	146	1,035	477
Due to other governments	3		3	
Deposits and rebates		485	485	
Unearned revenue	466	22	488	6
Compensated absences payable	1,763	286	2,049	643
Sewer revenue obligations payable	59,867		59,867	
Reported but unpaid losses				4,014
Incurred but not reported losses				7,243
Total current liabilities	<u>78,828</u>	<u>1,294</u>	<u>80,122</u>	<u>19,204</u>
Noncurrent liabilities:				
Compensated absences payable	1,786	360	2,146	565
Contracts and notes payable	2,236		2,236	
Sewer revenue obligations payable	408,804		408,804	
Reported but unpaid losses				13,169
Incurred but not reported losses				12,893
Net pension/OPEB liability	34,247	5,558	39,805	13,777
Asset retirement obligations	6,098		6,098	
Total noncurrent liabilities	<u>453,171</u>	<u>5,918</u>	<u>459,089</u>	<u>40,404</u>
Total liabilities	<u>531,999</u>	<u>7,212</u>	<u>539,211</u>	<u>59,608</u>
Deferred inflows of resources				
Pension/OPEB	810	131	941	327
Total deferred inflows of resources	<u>810</u>	<u>131</u>	<u>941</u>	<u>327</u>
Net position				
Net investment in capital assets	772,187	17,314	789,501	60,481
Restricted for:				
Debt service	31,100		31,100	
Capital projects	7,447		7,447	
Healthcare				16,917
Regional wastewater reclamation	20,083		20,083	
Unrestricted	<u>55,292</u>	<u>9,706</u>	<u>64,998</u>	<u>71,186</u>
Total net position	<u>\$ 886,109</u>	<u>\$ 27,020</u>	<u>\$ 913,129</u>	<u>\$ 148,584</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, 2021
 (in thousands)

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	
Operating revenues:				
Charges for services	\$ 160,964	\$ 15,932	\$ 176,896	\$ 126,159
Other	526	44	570	5,736
Total operating revenues	<u>161,490</u>	<u>15,976</u>	<u>177,466</u>	<u>131,895</u>
Operating expenses:				
Employee compensation	27,969	4,876	32,845	12,076
Operating supplies and services	8,107	75	8,182	11,602
Utilities	6,860		6,860	
Sludge and refuse disposal	2,318		2,318	
Repair and maintenance	5,801	143	5,944	4,148
Incurred losses				67,813
Insurance premiums				12,042
General and administrative	14,191	2,790	16,981	6,825
Consultants and professional services	13,546	169	13,715	8,267
Depreciation	59,145	798	59,943	9,273
Total operating expenses	<u>137,937</u>	<u>8,851</u>	<u>146,788</u>	<u>132,046</u>
Operating income (loss)	<u>23,553</u>	<u>7,125</u>	<u>30,678</u>	<u>(151)</u>
Nonoperating revenues (expenses):				
Investment earnings	1,027	83	1,110	771
Sewer connection fees	18,763		18,763	
Interest expense	(12,881)		(12,881)	
Debt issuance cost	(429)		(429)	
Loss on disposal of capital assets	(871)		(871)	395
Loss on debt defeasance	(1,147)		(1,147)	
Total nonoperating revenues	<u>4,462</u>	<u>83</u>	<u>4,545</u>	<u>1,166</u>
Income before contributions and transfers	28,015	7,208	35,223	1,015
Capital contributions	13,743		13,743	93
Transfers in	10,003	30	10,033	3,350
Transfers (out)	<u>(16,531)</u>	<u>(2,940)</u>	<u>(19,471)</u>	<u>(13,873)</u>
Change in net position	35,230	4,298	39,528	(9,415)
Net position at beginning of year	850,879	22,722	873,601	157,999
Net position at end of year	<u>\$ 886,109</u>	<u>\$ 27,020</u>	<u>\$ 913,129</u>	<u>\$ 148,584</u>

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2021
(in thousands)

Exhibit A - 9

	Business-Type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	
Cash flows from operating activities:				
Cash received from other funds for goods and services provided				\$ 126,159
Cash received from customers for goods and services provided	\$ 160,789	\$ 16,071	\$ 176,860	
Cash received from miscellaneous operations	526		526	5,635
Cash payments to suppliers for goods and services	(40,627)	(1,594)	(42,221)	(37,982)
Cash payments to other funds for goods and services	(14,301)	(1,586)	(15,887)	(5,317)
Cash payments for incurred losses				(68,520)
Cash payments to employees for services	(28,698)	(4,809)	(33,507)	(12,218)
Net cash provided by operating activities	<u>77,689</u>	<u>8,082</u>	<u>85,771</u>	<u>7,757</u>
Cash flows from noncapital financing activities:				
Cash transfers in from other funds	10,003	30	10,033	3,350
Cash transfers out to other funds	(16,531)	(2,940)	(19,471)	(13,880)
Loans with other funds	5		5	(1,659)
Net cash used for noncapital financing activities	<u>(6,523)</u>	<u>(2,910)</u>	<u>(9,433)</u>	<u>(12,189)</u>
Cash flows from capital and related financing activities:				
Principal paid on sewer revenue obligations and loans	(76,340)		(76,340)	
Interest paid on sewer revenue obligations and loans	(23,339)		(23,339)	
Proceeds from issuance of sewer revenue obligations, including premium	59,972		59,972	
Sewer connection fees	18,763		18,763	
Proceeds from sale of capital assets	8		8	703
Purchase and construction of capital assets	(42,358)	(50)	(42,408)	(11,115)
Net cash used for capital and related financing activities	<u>(63,294)</u>	<u>(50)</u>	<u>(63,344)</u>	<u>(10,412)</u>
Cash flows from investing activities:				
Interest received on cash and investments	1,084	84	1,168	793
Net cash provided by investing activities	<u>1,084</u>	<u>84</u>	<u>1,168</u>	<u>793</u>
Net increase (decrease) in cash and cash equivalents	8,956	5,206	14,162	(14,051)
Cash and cash equivalents at beginning of year	<u>161,976</u>	<u>10,600</u>	<u>172,576</u>	<u>146,723</u>
Cash and cash equivalents at end of year	<u>\$ 170,932</u>	<u>\$ 15,806</u>	<u>\$ 186,738</u>	<u>\$ 132,672</u>

(continued)

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2021
(in thousands)

Exhibit A - 9.1

(continued)

Reconciliation of operating income (loss) to net cash provided by operating activities	Business-Type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	
Operating income (loss)	\$ 23,553	\$ 7,125	\$ 30,678	\$ (151)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	59,145	798	59,943	9,273
Changes in assets and deferred outflows of resources:				
Decrease (increase) in assets:				
Accounts receivable	(174)	(9)	(183)	(12)
Due from other governments	(1)	(23)	(24)	(30)
Inventory and other assets	(72)		(72)	63
Prepaid expense	(65)	(9)	(74)	203
Net OPEB asset	(82)	(14)	(96)	(34)
Decrease (increase) in deferred outflows of resources:				
Pension/OPEB plans	(2,920)	(494)	(3,414)	(1,213)
Asset retirement obligations	136		136	
Changes in liabilities and deferred inflows of resources:				
Increase (decrease) in liabilities:				
Accounts payable	(3,909)	26	(3,883)	(681)
Due to other governments	(26)	(20)	(46)	
Reported but unpaid losses				(538)
Incurred but not reported losses				(169)
Net Pension/OPEB liability	3,961	804	4,765	1,909
Asset retirement obligations	(169)		(169)	
Other liabilities	458	231	689	(32)
Decrease in deferred inflows of resources:				
Pension/OPEB plans	(2,146)	(333)	(2,479)	(831)
Net cash provided by operating activities	\$ 77,689	\$ 8,082	\$ 85,771	\$ 7,757

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2021:

Regional Wastewater Reclamation Enterprise Fund received developer-built conveyance systems with an estimated fair value of \$13,743. 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 \$879.

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 10

Statement of Fiduciary Net Position - Fiduciary Funds
 June 30, 2021
 (in thousands)

	Custodial funds		
	Private-purpose trust funds	External investment pool	Other
<u>Assets</u>			
Cash and cash equivalents	\$ 5,052	\$ 249,749	\$ 95,651
Property tax receivable			28,579
Interest receivable		93	
Due from other governments			442
Total assets	5,052	249,842	124,672
<u>Net position</u>			
Restricted for:			
Pooled participants		249,842	
Individuals, organizations, and other governments	5,052		124,672
Total net position	\$ 5,052	\$ 249,842	\$ 124,672

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021
(in thousands)

Exhibit A - 11

	Custodial funds		
	Private-purpose trust funds	External investment pool	Other
Additions			
Contributions from pool participants		\$ 2,097,771	
Contributions from other governments			\$ 109,172
Property tax collections for other governments			1,258,057
Fines and fees collected for other governments			9,858
Investment earnings		1,819	87
Inmate collections			2,581
Other	\$ 7,041		33,649
Total additions	7,041	2,099,590	1,413,404
Deductions			
Distributions to pool participants		2,004,987	
Distributions to other governments			115,439
Property tax distributions to other governments			1,266,389
Interest expense			138
Fines and fees distributions to other governments			9,641
Payments to inmates			2,537
Other	7,086		30,282
Total deductions	7,086	2,004,987	1,424,425
Net increase (decrease) in fiduciary net position	(45)	94,603	(11,021)
Net position, July 1, 2020	5,097	155,239	135,694
Net position, June 30, 2021	\$ 5,052	\$ 249,842	\$ 124,673

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(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, 2021, the County implemented GASB Statement No. 98, *The Annual Comprehensive Financial Report*, which establishes the term annual comprehensive financial report and its acronym ACFR. This new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

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, 2021
(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.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

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:

- 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.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

The County reports the following major enterprise fund:

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

The County also reports the following fund types:

Internal Service Funds account for fleet maintenance and operation, insurance, 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.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

E. Inventories and Prepays

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

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
Buildings, land improvements and other improvements	\$100	Straight Line	10 - 50 Years
Equipment	\$5	Straight Line	4 - 25 Years
Infrastructure/Sewer conveyance systems	\$100	Straight Line	10 - 50 Years
Intangible (Reported in land and infrastructure)	\$100	Straight Line	Varies
Software (Reported in equipment)	\$5,000	Straight Line	Varies

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

Discretely presented component unit:

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

H. Deferred Outflows and Inflows of Resources

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

I. 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.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

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.

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

Employees may accumulate up to 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, 2021
(in thousands)

Note 2: 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					\$ 1,498	\$ 1,498
Prepaid expenditures	\$ 5,059			\$ 29	1,385	6,473
Interfund receivable	600					600
Permanent fund principal					45	45
Total nonspendable	<u>5,659</u>			<u>29</u>	<u>2,928</u>	<u>8,616</u>
Restricted for:						
Community and economic development					847	847
Flood Control District		\$ 4,271			13,454	17,725
Health					2,281	2,281
Judicial activities					20,606	20,606
Law enforcement					8,063	8,063
Library District		5,224			23,136	28,360
Parks and recreation					383	383
Pima animal care					813	813
Sanitation					2,149	2,149
School reserve					222	222
Streets and highways		57,009			34,888	91,897
Other purposes		154			1,526	1,680
Total restricted		<u>66,658</u>			<u>108,368</u>	<u>175,026</u>
Committed to:						
Law enforcement	10,000					10,000
Municipal facilities					15,000	15,000
Parks and recreation					2,603	2,603
School reserve					200	200
Total committed	<u>10,000</u>				<u>17,803</u>	<u>27,803</u>
Assigned to:						
Community and economic development					2,515	2,515
Debt service reserve			\$ 4,466			4,466
Health					2,237	2,237
Judicial activities					237	237
Law enforcement	160					160
Municipal facilities		11,167			7,410	18,577
Parks and recreation	3	714			1,794	2,511
School reserve					91	91
Sports promotion (Stadium)					618	618
Streets and highways		9,949				9,949
Other purposes		127			1,090	1,217
Total assigned	<u>163</u>	<u>21,957</u>	<u>4,466</u>		<u>15,992</u>	<u>42,578</u>
Unassigned:	418,030			(27,598)	(279)	390,153
Total Fund Balance	<u>\$ 433,852</u>	<u>\$ 88,615</u>	<u>\$ 4,466</u>	<u>\$ (27,569)</u>	<u>\$ 144,812</u>	<u>\$ 644,176</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(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, 2021, the carrying amount of the County's deposits was \$108,890, and the bank balance was \$122,817.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(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, 2021, \$170 of the County’s bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments— At June 30, 2021, the County’s investments consisted of \$966,227 invested in marketable securities and \$399,767 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, 2021, 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	BBB
Corporate bonds	\$ 80,102			\$ 12,709	\$ 56,790	\$ 10,603
Municipal bonds	2,934	\$ 2,934				
Federal agency securities	38,763			38,763		
Money market mutual fund	844,428		\$ 844,428			
State Treasurer's Pool 5	174,971		174,971			
State Treasurer's Pool 500	169,373	169,373				
State Treasurer's Pool 7	55,423	55,423				
Total	\$ 1,365,994	\$ 227,730	\$ 1,019,399	\$ 51,472	\$ 56,790	\$ 10,603

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 \$1,365,994 of investments, \$121,799 consisting of the corporate bonds, municipal bonds, Federal Farm Credit Bank, and Federal Home Loan Mortgage Corporation, is uninsured and held by a counterparty in the County’s name in book entry form.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(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, 2021, the County had the following investments in debt securities:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (Years)</u>
State Treasurer Investment Pool 5	\$ 174,971	0.19
State Treasurer Investment Pool 500	169,373	2.39
State Treasurer Investment Pool 7	55,423	0.15
Corporate bonds	80,102	1.07
Municipal bonds	2,934	2.94
Federal Farm Credit Bank	20,108	0.70
Federal Home Loan Mortgage Corporation	18,655	0.89
Money market mutual fund	844,428	0.08
	<u>\$ 1,365,994</u>	

Fair Value Measurement—The County’s investments at June 30, 2021, 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	\$ 80,102	\$ 69,904	\$ 10,198
Municipal bonds	2,934		2,934
Federal Farm Credit Bank	20,108		20,108
Federal Home Loan Mortgage Corporation	18,655		18,655
Money market mutual fund	844,428	844,428	
Total investments by fair value level	<u>\$ 966,227</u>	<u>\$ 914,332</u>	<u>\$ 51,895</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 \$399,767 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, 2021
(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	\$ 108,890	\$ 1,365,994	\$ 1,474,922

	<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	\$ 937,687	\$ 89,036	\$ 5,052	\$ 249,749	\$ 95,651	\$ 1,377,175
Restricted cash and cash equivalents	45	97,702				97,747
Total	<u>\$ 937,732</u>	<u>\$ 186,738</u>	<u>\$ 5,052</u>	<u>\$ 249,749</u>	<u>\$ 95,651</u>	<u>\$ 1,474,922</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, 2021
(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	\$ 82,499	2.15-3.70%	07/21-04/24	\$ 80,102
Municipal bonds	2,800	2.66%	07/22-01/26	2,934
Federal Farm Credit Bank	20,000	0.30-3.00%	10/21-04/22	20,108
Federal Home Loan Mortgage Corporation	15,000	1.40	05/22	18,655
Money Market	819,097	VARIABLE	N/A	819,097
State Treasurer Investment Pool 5	102,888	N/A	N/A	102,888
Deposits	70,851	N/A	N/A	70,851
Interest Receivable	93	N/A	N/A	93
Total assets				<u>\$ 1,114,728</u>

Statement of Fiduciary Net Position

Assets held for:	
Internal participants	\$ 864,886
External participants	249,842
Total assets	<u>1,114,728</u>
Total net position	<u>\$ 1,114,728</u>

Statement of Changes in Fiduciary Net Position

Total additions	\$ 6,475,540
Total deductions	(6,034,247)
Net increase	<u>441,293</u>
Net position:	
July 1, 2020	<u>673,435</u>
June 30, 2021	<u>\$ 1,114,728</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
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Note 4: 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	\$ 14		\$ 10,027	\$ 204		\$ 10,245
State of Arizona:						
Taxes and shared revenues	28,194	\$ 603		6,354		35,151
Grants and contributions			28,998			28,998
Cities:						
Reimbursement for services	2,218	808	1,366	219	\$ 9	4,620
Other governments:						
Reimbursement for services	241	223	75	89	29	657
Total due from other governments fund based statements	<u>\$ 30,667</u>	<u>\$ 1,634</u>	<u>\$ 40,466</u>	<u>\$ 6,866</u>	<u>\$ 38</u>	<u>\$ 79,671</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(in thousands)

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 560,021	\$ 9,137	\$ (137)	\$ 569,021
Construction in progress	86,909	81,994	(107,797)	61,106
Total capital assets not being depreciated	<u>646,930</u>	<u>91,131</u>	<u>(107,934)</u>	<u>630,127</u>
Capital assets being depreciated:				
Buildings and improvements	968,872	39,617	(364)	1,008,125
Infrastructure	1,472,951	59,000	(678)	1,531,273
Equipment	238,750	24,155	(10,844)	252,061
Total capital assets being depreciated	<u>2,680,573</u>	<u>122,772</u>	<u>(11,886)</u>	<u>2,791,459</u>
Less accumulated depreciation for:				
Buildings and improvements	(360,817)	(30,121)	288	(390,650)
Infrastructure	(862,804)	(42,417)	676	(904,545)
Equipment	(138,991)	(18,609)	10,237	(147,363)
Total accumulated depreciation	<u>(1,362,612)</u>	<u>(91,147)</u>	<u>11,201</u>	<u>(1,442,558)</u>
Total capital assets being depreciated, net	<u>1,317,961</u>	<u>31,625</u>	<u>(685)</u>	<u>1,348,901</u>
Governmental activities capital assets, net	<u>\$ 1,964,891</u>	<u>\$ 122,756</u>	<u>\$ (108,619)</u>	<u>\$ 1,979,028</u>
	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 15,983	\$ 488		\$ 16,471
Construction in progress	65,930	45,562	\$ (69,831)	41,661
Total capital assets not being depreciated	<u>81,913</u>	<u>46,050</u>	<u>(69,831)</u>	<u>58,132</u>
Capital assets being depreciated:				
Buildings and improvements	772,980	9,064	(409)	781,635
Sewage conveyance systems	928,299	49,484	(2,202)	975,581
Equipment	174,271	25,729	(470)	199,530
Total capital assets being depreciated	<u>1,875,550</u>	<u>84,277</u>	<u>(3,081)</u>	<u>1,956,746</u>
Less accumulated depreciation for:				
Buildings and improvements	(273,434)	(27,454)	278	(300,610)
Sewage conveyance systems	(366,257)	(18,770)	1,486	(383,541)
Equipment	(91,480)	(13,719)	438	(104,761)
Total accumulated depreciation	<u>(731,171)</u>	<u>(59,943)</u>	<u>2,202</u>	<u>(788,912)</u>
Total capital assets being depreciated, net	<u>1,144,379</u>	<u>24,334</u>	<u>(879)</u>	<u>1,167,834</u>
Business-type activities capital assets, net	<u>\$ 1,226,292</u>	<u>\$ 70,384</u>	<u>\$ (70,710)</u>	<u>\$ 1,225,966</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(in thousands)

Note 5: Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 18,291
Public safety	12,339
Highway and streets	39,514
Sanitation	393
Health	1,428
Welfare	9
Culture and recreation	9,103
Education and economic opportunity	797
Internal service funds	<u>9,273</u>
Total governmental activities depreciation expense	<u>\$ 91,147</u>

Business-type activities:

Development Services	\$ 2
Parking Garages	796
Regional Wastewater Reclamation Department	<u>59,145</u>
Total business-type activities depreciation expense	<u>\$ 59,943</u>

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Discretely presented component units:				
Southwestern Fair Commission (SFC):				
Capital assets being depreciated:				
Buildings and improvements	\$ 11,425		\$ (525)	\$ 10,900
Equipment	2,707		(141)	2,566
Total capital assets being depreciated	<u>14,132</u>		<u>(666)</u>	<u>13,466</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,915)	\$ (601)	525	(5,991)
Equipment	(2,333)	(91)	141	(2,283)
Total accumulated depreciation	<u>(8,248)</u>	<u>(692)</u>	<u>666</u>	<u>(8,274)</u>
Total capital assets being depreciated, net	<u>5,884</u>	<u>(692)</u>		<u>5,192</u>
SFC capital assets, net	<u>\$ 5,884</u>	<u>\$ (692)</u>	<u>\$</u>	<u>\$ 5,192</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
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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, 2021, claims liabilities for each insurable category are as follows:

Automobile liability	\$	651
General liability		13,884
Workers' compensation		15,971
Medical malpractice		13
Environmental liability		1,500
		\$ 32,019

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
2019-20	\$ 33,809	\$ 5,021	\$ (5,904)	\$ 32,926
2020-21	32,926	3,163	(4,070)	32,019

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, 2021
(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, 2021, for the HDHP plans are as follows:

High-Deductible Health Plan:	
Medical	\$ 3,763
Pharmacy	<u>1,537</u>
	<u>\$ 5,300</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
2019-20	\$ 4,800	\$ 62,453	\$ (62,153)	\$ 5,100
2020-21	5,100	64,650	(64,450)	5,300

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 \$112 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, 2021
(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, 2021:

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>	<u>Due within 1 year</u>
Governmental activities:					
General obligation bonds	\$ 172,950		\$ 38,985	\$ 133,965	\$ 40,350
Bonds from direct placement	1,960	\$ 138	1,960	138	7
Unamortized premium/discount	6,518		2,430	4,088	1,873
Total general obligation funds	<u>181,428</u>	<u>138</u>	<u>43,375</u>	<u>138,191</u>	<u>42,230</u>
Transportation revenue bonds	76,105	21,000	13,440	83,665	13,465
Unamortized premium/discount	4,794	1,137	1,338	4,593	1,062
Total transportation revenue bonds	<u>80,899</u>	<u>22,137</u>	<u>14,778</u>	<u>88,258</u>	<u>14,527</u>
Certificates of participation	150,810	66,110	48,120	168,800	31,760
Unamortized premium/discount	10,253	4,466	3,102	11,617	2,319
Total certificates of participation	<u>161,063</u>	<u>70,576</u>	<u>51,222</u>	<u>180,417</u>	<u>34,079</u>
Pledged Revenue Obligations		300,000		300,000	4,000
Installment notes from direct borrowing	749		187	562	178
Net pension/OPEB liabilities (Note 10)	745,210	84,188	114	829,284	
Reported but unpaid losses (Note 6)	17,721	633	1,171	17,183	4,014
Incurred but not reported losses (Note 6)	20,305	1,449	1,618	20,136	7,243
Landfill closure and post-closure care costs (Note 8)	10,134	16		10,150	
Pollution remediation (Note 6)	127		15	112	
Compensated absences payable	36,730	32,340	20,124	48,946	22,955
Total long-term liabilities	<u>\$ 1,254,366</u>	<u>\$ 511,477</u>	<u>\$ 132,604</u>	<u>\$ 1,633,239</u>	<u>\$ 129,226</u>
Business-type activities:					
Sewer revenue obligations	\$ 417,140	\$ 45,715	\$ 73,435	\$ 389,420	\$ 45,840
Obligations from direct borrowing	36,750		2,905	33,845	2,985
Unamortized premium/discount	43,054	14,686	12,334	45,406	11,042
Total revenue obligations payable	<u>496,944</u>	<u>60,401</u>	<u>88,674</u>	<u>468,671</u>	<u>59,867</u>
Net pension/OPEB liabilities (Note 10)	35,040	4,765		39,805	
Contracts and notes	2,120	1,774	1,658	2,236	
Compensated absences payable	3,716	2,002	1,523	4,195	2,049
Asset retirement obligations	6,267	70	239	6,098	
Total long-term liabilities	<u>\$ 544,087</u>	<u>\$ 69,012</u>	<u>\$ 92,094</u>	<u>\$ 521,005</u>	<u>\$ 61,916</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(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, pledged revenue obligations, 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 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, 2021, consisted of the outstanding general obligation bonds presented below.

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 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.

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, 2021</u>
Series of 2011	\$ 75,000	5.00%	2022	July 1, 2021	\$ 3,840
Series of 2012A	60,000	3.25 – 4.00%	2022-27	July 1, 2022	23,050
Series of 2013A	50,000	3.00 – 4.00%	2022-28	July 1, 2023	25,695
Series of 2014	10,000	3.00 – 5.00%	2022-28	July 1, 2023	5,480
Series of 2015	15,000	2.25 – 3.50%	2022-29	July 1, 2025	7,080
Series of 2016 Refunding	122,070	4.00%	2022-26		68,820
Subtotal					<u>133,965</u>
Series of 2020A Direct Placement	138	4.50%	2022-36		138
G.O. bonds outstanding					<u>134,103</u>
Plus unamortized premium/discount:					4,088
			Total G.O. bonds outstanding		<u>\$ 138,191</u>

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2021:

<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>
2022	\$ 40,350	\$ 5,173	\$ 7	\$ 6
2023	28,810	3,561	7	6
2024	20,215	2,448	7	5
2025	13,630	1,693	8	5
2026	14,160	1,164	8	5
2027-2031	16,800	895	45	18
2032-2036			56	7
Total	<u>\$ 133,965</u>	<u>\$ 14,934</u>	<u>\$ 138</u>	<u>\$ 52</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(in thousands)

Note 7: Long-Term Liabilities (continued)

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, 2021, \$17,380 of Series 2011 was considered defeased.

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, \$16,375 from the November 4, 1997 bond election remains unissued.

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.

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, 2021</u>
Series of 2012	\$ 18,425	3.00 – 4.00%	2022-27	July 1, 2022	\$ 8,600
Series of 2014	16,000	3.00 – 5.00%	2022-28	July 1, 2023	9,270
Series of 2016 Refunding	28,315	1.75 – 5.00%	2022-24		13,510
Series of 2018	11,000	5.00%	2022-33	July 1, 2028	8,525
Series of 2019	25,000	3.00 – 4.00%	2022-33	July 1, 2028	23,445
Series of 2020	21,000	2.00%	2022-35	July 1, 2030	20,315
Transportation bonds outstanding					<u>83,665</u>
Plus unamortized premium/discount:					4,593
			Total transportation bonds outstanding		<u>\$ 88,258</u>

The following schedule details transportation bond debt service requirements to maturity at June 30, 2021:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 13,465	\$ 2,856
2023	9,025	2,265
2024	9,280	2,012
2025	6,505	1,742
2026	6,730	1,516
2027-2031	25,775	4,511
2032-2035	12,885	742
Total	<u>\$ 83,665</u>	<u>\$ 15,644</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(in thousands)

Note 7: Long-Term Liabilities (continued)

Pima County has pledged future street and highway revenues, to repay \$83,665 in transportation revenue bonds issued between 2012 and 2020. 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 2035. Total principal and interest remaining to be paid on the bonds is \$99,309. It is expected that approximately 10 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 \$16,684 and \$70,646, respectively.

CERTIFICATES OF PARTICIPATION

Governmental Activities

(Payments made from General Fund revenues)

Certificates of Participation represent proportionate interests in semiannual lease payments. The County's obligation to make lease payments is subject to annual appropriations being made by the County for that purpose.

On 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.

The following schedule details outstanding Certificates of Participation payable at June 30, 2021:

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Call Date</u>	<u>Outstanding June 30, 2021</u>
Series of 2013A	\$ 80,175	5.00%	2022-23		\$ 5,315
Series of 2014	52,160	5.00%	2022-29	December 1, 2023	32,975
Series of 2016A Refunding	9,640	5.00%	2022		3,065
Series of 2016B	15,185	2.54 – 4.04%	2022-31	June 1, 2026	10,990
Series of 2019	20,940	5.00%	2022-34	December 1, 2028	19,325
Series of 2019A	12,975	5.00%	2022-34	December 1, 2029	12,975
Series of 2020A	43,045	5.00%	2022-23		18,045
Series of 2020B	15,720	5.00%	2022-36	December 1, 2030	15,720
Series of 2020C	50,390	0.38 – 1.06%	2022-26		50,390
Certificates of participation outstanding					<u>168,800</u>
Plus unamortized premium/discount:					11,617
			Total certificates of participation outstanding		<u>\$ 180,417</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details debt service requirements to maturity for the County's Certificates of Participation payable at June 30, 2021:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 31,760	\$ 5,549
2023	28,130	4,531
2024	17,715	3,850
2025	18,170	3,396
2026	18,655	2,900
2027-2031	38,175	8,086
2032-2036	16,195	1,594
Total	\$ 168,800	\$ 29,906

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	2019	2019A	2020A	2020B	2020C		Adult Detention Facility
2013A	2014	2016A	2016B	2019	2019A	2020A	2020B	2020C		Public Works Building and Parking Garage
2013A	2014	2016A	2016B	2019	2019A	2020A	2020B	2020C		Legal Services Building
	2014	2016A	2016B	2019	2019A	2020A	2020B	2020C		Public Service Center Office Tower and Parking Garage
				2019	2019A	2020A	2020B	2020C		Justice Building

PLEGDED REVENUE OBLIGATIONS
Governmental Activities

During the year ended June 30, 2021, the County issued \$300,000 of Pledged Revenue Obligations to pay down its unfunded actuarial liabilities in the County's Public Safety Personnel Retirement System and the Corrections Officers Retirement Plan.

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, 2021</u>
Series of 2021	\$ 300,000	0.17 – 2.51%	2022-36		\$ 300,000
Pledged revenue obligations outstanding					300,000
Plus unamortized premium/discount:					
			Total pledged revenue obligations outstanding		\$ 300,000

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details pledged revenue obligations debt service requirements to maturity at June 30, 2021:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 4,000	\$ 4,741
2023	6,000	5,104
2024	20,870	5,088
2025	22,540	4,979
2026	23,190	4,776
2027-2031	119,290	18,742
2032-2036	104,110	7,250
Total	<u>\$ 300,000</u>	<u>\$ 50,680</u>

The County has pledged future State-shared sales tax revenues, State vehicle license tax revenues, County excise tax revenues, and payments in lieu of property tax revenues to repay \$300,000 in pledged revenue obligations issued in the current fiscal year. Proceeds from the obligations will be used to pay down the unfunded actuarial liabilities for the Public Safety Personnel Retirement System and the Corrections Officers Retirement Plan. The obligations are payable from the various revenues mentioned above and are payable through 2036. Total principal and interest remaining to be paid on the obligations is \$350,680. It is expected that approximately 15 percent of total future revenues will be used to pay annual principal and interest on the obligations. Prior year pledged revenues are required to be greater than two times the maximum annual debt service payment. There was no principal or interest paid for the obligations in the current year. The total amount of these pledged revenues in the current year was \$151,339.

**INSTALLMENT NOTES
Governmental Activities**

Installment Notes from Direct Borrowing

The following schedule details debt service requirements to maturity for the County's installment notes from direct borrowing at June 30, 2021:

<u>Year Ending June 30,</u>	<u>Installment Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 178	\$ 13
2023	137	8
2024	140	5
2025	107	1
Total	<u>\$ 562</u>	<u>\$ 27</u>

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

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(in thousands)

Note 7: Long-Term Liabilities (continued)

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

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

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.

During the year ended June 30, 2021, the County defeased \$23,175 of Sewer Revenue Obligations, Series 2011B 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 \$23,770 of existing cash in an irrevocable trust to provide resources for the future debt service payments of \$23,754 on the defeased debt.

During the year ended June 30, 2021, the County defeased \$9,310 of Sewer Revenue Obligations, Series 2012A 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 \$9,898 of existing cash in an irrevocable trust to provide resources for the future debt service payments of \$9,888.

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, 2021</u>
Series of 2012A	\$ 128,795	5.00%	2023-27	July 1, 2022	\$ 53,575
Series of 2014	48,500	5.00%	2022-28	July 1, 2023	28,280
Series of 2016 Refunding	211,595	5.00%	2022-26		179,775
Series of 2018	38,205	5.00%	2026-33	July 1, 2028	38,205
Series of 2019	21,245	5.00%	2022-32	July 1, 2029	18,575
Series of 2020A	35,295	5.00%	2022-27		25,295
Series of 2020B	45,715	5.00%	2022-31	July 1, 2030	45,715
Subtotal					389,420
Series of 2017 Direct Placement	45,000	2.77%	2022-31		33,845
Sewer Revenue Obligations outstanding					423,265
Plus unamortized premium/discount:					45,406
			Total sewer revenue obligations outstanding		\$ 468,671

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details sewer revenue obligation debt service requirements to maturity at June 30, 2021:

<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>
2022	\$ 45,840	\$ 19,471	\$ 2,985	\$ 937
2023	67,445	17,179	3,065	855
2024	60,905	13,807	3,150	770
2025	59,800	10,761	3,240	683
2026	47,210	7,772	3,330	593
2027-2031	96,275	15,686	18,075	1,529
2032-2033	11,945	879		
Total	<u>\$ 389,420</u>	<u>\$ 85,555</u>	<u>\$ 33,845</u>	<u>\$ 5,367</u>

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, 2021 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 \$389,420 in sewer obligations and \$33,845 in sewer obligations from direct placement issued between 2012 and 2021. 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 24 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 \$474,975 and \$39,212 respectively. Principal and interest paid in the current year on revenue obligations and direct placement totaled \$61,534, and principal and interest paid on the direct borrowing totaled \$3,923. Total customer net revenues in the current year were \$101,006.

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 23 years.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(in thousands)

Note 7: Long-Term Liabilities (continued)

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 2021, the County paid for compensated absences from governmental funds with 77 percent from the General Fund, 16 percent from Other Special Revenue funds, 4 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 85 percent from the Regional Wastewater Reclamation fund and 15 percent from other enterprise funds.

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, 2021, is as follows:

Net assessed valuation		\$ 10,226,395
Debt limit (15% of net assessed valuation):		1,533,959
Less amount of debt applicable to debt limit:		
General obligation bonds outstanding	\$ 134,103	
Less fund balance in debt service fund available for payment of general obligation bond principal	(3,038)	131,065
Legal debt margin available		\$ 1,402,894

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(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 \$10,150 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 \$4,196 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, 2021; actual costs may change due to inflation, changes in technology, or changes in regulations.

Landfill Site	Capacity Used June 30, 2021	Estimated Remaining Service Life
Ajo	78%	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 the 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 \$12,215 and has currently paid \$1,711 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, 2021
(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 \$4,014 for the year ended June 30, 2021. These operating leases have remaining lease terms from one to thirty-four 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, 2021, are as follows:

	Governmental Activities	Business-type Activities
Year ending June 30		
2022	\$ 2,424	\$ 556
2023	1,762	485
2024	1,221	428
2025	481	404
2026	230	221
2027-31	50	1,020
2032-36	5	1,020
2037-41		1,020
2042-46		1,020
2047-51		1,020
2052-56		697
Total maximum lease payments	\$ 6,173	\$ 7,891

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(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, 2021, 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	\$ 5,293	\$ 163	\$ 5,456
Net pension and OPEB liabilities	829,284	39,805	869,089
Deferred outflows of resources related to pensions and OPEB	188,368	7,498	195,866
Deferred inflows of resources related to pensions and OPEB	17,918	941	18,859
Pension and OPEB expense	78,017	1,785	79,802

The County's accrued payroll and employee benefits includes \$2,055 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2021. Also, the County reported \$94,215 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, 2021
(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 earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the retirement benefit option chosen determines the survivor 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, 2021, statute required active ASRS members to contribute at the actuarially determined rate of 12.04 percent of the members' annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 11.65 percent of the active members' annual covered payroll.

In addition, the County was required by statute to contribute at the actuarially determined rate of 10.14 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, 2021, were \$28,261.

During fiscal year 2021, the County paid for ASRS pension contributions as follows: 63 percent from the General Fund, 15 percent from major funds, and 22 percent from other funds.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(in thousands)

Note 10: Pensions and Other Postemployment Benefits (continued)

Liability - At June 30, 2021, the County reported the following liability for its proportionate share of the ASRS' net pension liability.

ASRS	Net pension liability
Pension	\$ 390,909

The net pension liability was measured as of June 30, 2020. 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, 2019, to the measurement date of June 30, 2020.

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, 2020. The County's proportions measured as of June 30, 2020, and the change from its proportions measured as of June 30, 2019, were:

ASRS	Proportion June 30, 2020	Decrease from June 30, 2019
Pension	2.26%	(0.02)

Expense - For the year ended June 30, 2021, the County recognized the following pension expense.

ASRS	Pension expense
Pension	\$ 28,274

Deferred outflows/inflows of resources - At June 30, 2021, 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	\$ 3,536	
Net difference between projected and actual earnings on pension plan investments	37,704	
Changes in proportion and differences between county contributions and proportionate share of contributions	35	\$ 6,247
County contributions subsequent to the measurement date	28,261	
Total	\$ 69,536	\$ 6,247

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(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, 2022. 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	
2022	\$ (549)
2023	10,277
2024	13,638
2025	11,662

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

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

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

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

ASRS		Long-term expected geometric real rate of return
Asset class	Target allocation	
Equity	50%	6.39%
Fixed income – credit	20%	5.44%
Fixed income – interest rate sensitive	10%	0.22%
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, 2021
(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	\$ 534,563	\$ 390,909	\$ 270,822

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, 2021
(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, 2021
(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, 2021, the following employees were covered by the agent plans' benefit terms:

	PSPRS Sheriff	CORP Detention
Inactive employees or beneficiaries currently receiving benefits	436	231
Inactive employees entitled to but not yet receiving benefits	132	183
Active employees	425	381
Total	993	795

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(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 benefits. 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. Contribution rates for the year ended June 30, 2021, are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active member - pension	County - pension
PSPRS Sheriff	7.65% - 11.65%	76.04%
CORP Detention	8.41%	35.20%
CORP AOC	8.41% or 10.18%	33.58%

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	63.02%
CORP Detention	28.38%
CORP AOC	27.84%

The County's contributions to the plans for the year ended June 30, 2021, were:

	Pension
PSPRS Sheriff	\$ 44,478
CORP Detention	14,872
CORP AOC	4,372

During fiscal year 2021, the County paid for PSPRS and CORP pension contributions as follows: 95 percent from the General Fund, 1 percent from the Grants Fund and 4 percent from other non-major funds.

Liability - At June 30, 2021, the County reported the following liabilities:

	Net pension liability
PSPRS Sheriff	\$ 272,974
CORP Detention	87,567
CORP AOC (County's proportionate share)	52,009

The net pension liabilities were measured as of June 30, 2020, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(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, 2020
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, 2020, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

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
US public equity	23%	4.93%
International public equity	15%	6.09%
Global private equity	18%	8.42%
Other assets (capital appreciation)	7%	5.61%
Core bonds	2%	0.22%
Private credit	22%	5.31%
Diversifying strategies	12%	3.22%
Cash - Mellon	<u>1%</u>	-0.60%
Total	<u>100%</u>	

Discount rate - At June 30, 2020, the discount rate used to measure the PSPRS and CORP total pension liabilities was 7.3 percent. 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, 2021
(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, 2020	\$ 423,041	\$ 166,836	\$ 256,205
Changes for the year:			
Service cost	6,136		6,136
Interest on the total liability	30,453		30,453
Differences between expected and actual experience in the measurement of the liability	6,619		6,619
Contributions—employer		22,601	(22,601)
Contributions—employee		1,848	(1,848)
Net investment income		2,144	(2,144)
Benefit payments, including refunds of employee contributions	(24,017)	(24,017)	
Administrative expense		(175)	175
Other changes		21	(21)
Net changes	19,191	2,422	16,769
Balances at June 30, 2021	\$ 442,232	\$ 169,258	\$ 272,974

CORP – Detention

	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) – (b)
Balances at June 30, 2020	\$ 143,985	\$ 64,528	\$ 79,457
Changes for the year:			
Service cost	3,003		3,003
Interest on the total liability	10,471		10,471
Differences between expected and actual experience in the measurement of the liability	5,157		5,157
Contributions—employer		7,119	(7,119)
Contributions—employee		1,708	(1,708)
Net investment income		1,777	(1,777)
Benefit payments, including refunds of employee contributions	(7,109)	(7,109)	
Administrative expense		(68)	68
Other changes		(15)	15
Net changes	11,522	3,412	8,110
Balances at June 30, 2021	\$ 155,507	\$ 67,940	\$ 87,567

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(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, 2020. The County's proportion measured as of June 30, 2020, and the change from its proportions measured as of June 30, 2019, were:

CORP AOC	Proportion June 30, 2020	Decrease from June 30, 2019
Pension	10.89%	(0.55)

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	\$ 329,514	\$ 272,974	\$ 226,483
CORP Detention			
Net pension liability	\$ 109,578	\$ 87,567	\$ 69,734
CORP AOC			
County's proportionate share of the net pension liability	\$ 66,068	\$ 52,009	\$ 40,524

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, 2021, the County recognized the following pension expense:

	Pension Expense
PSPRS Sheriff	\$ 31,460
CORP Detention	11,450
CORP AOC (County's proportionate share)	6,109

Pension deferred outflows/inflows of resources - At June 30, 2021, 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	\$ 9,320	\$ 2,138
Changes of assumptions or other inputs	9,426	
Net difference between projected and actual earnings on pension plan investments	9,022	
County contributions subsequent to the measurement date	44,478	
Total	\$ 72,246	\$ 2,138

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(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	\$ 7,310	\$ 1,522
Changes of assumptions or other inputs	3,699	
Net difference between projected and actual earnings on pension plan investments	2,724	
County contributions subsequent to the measurement date	14,872	
Total	\$ 28,605	\$ 1,522

CORP – AOC	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 5,417	\$ 619
Changes of assumptions or other inputs	1,673	
Net difference between projected and actual earnings on pension plan investments	2,255	
Changes in proportion and differences between county contributions and proportionate share of contributions		2,620
County contributions subsequent to the measurement date	4,372	
Total	\$ 13,717	\$ 3,239

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, 2022. 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			
2022	\$ 8,129	\$ 3,527	\$ 1,416
2023	7,161	3,365	1,727
2024	7,008	3,689	2,167
2025	3,332	1,630	796
	\$ 25,630	\$ 12,211	\$ 6,106

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. The 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, 2021
(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, 2021
(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, 2021, 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 49.39 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, 2021, were \$4,520.

During fiscal year 2021, the County paid for EORP pension contributions entirely from the General Fund.

Liability - At June 30, 2021, 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	\$ 61,427
State's proportionate share of the EORP net pension liability associated with the County	5,838
Total	\$ 67,265

The net pension liability was measured as of June 30, 2020, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date.

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, 2020. The County's proportion measured as of June 30, 2020, and the change from its proportion measured as of June 30, 2019, were:

EORP	<u>Proportion</u> <u>June 30, 2020</u>	<u>Increase from</u> <u>June 30, 2019</u>
Pension	9.10%	0.04

Expense - For the year ended June 30, 2021, the County recognized pension expense for EORP of \$1,737, and revenue of \$1,606 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, 2021
(in thousands)

Note 10: Pensions and Other Postemployment Benefits (continued)

Deferred outflows/inflows of resources - At June 30, 2021, 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		\$ 50
Net difference between projected and actual earnings on pension plan investments	\$ 1,184	
Changes in proportion and differences between county contributions and proportionate share of contributions	151	
County contributions subsequent to the measurement date	4,520	
Total	\$ 5,855	\$ 50

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, 2022. 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	
2022	\$ 263
2023	382
2024	373
2025	267

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

EORP	
Actuarial valuation date	June 30, 2020
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, 2020, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(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 Asset class	Target allocation	Long-term expected geometric real rate of return
US public equity	23%	4.93%
International public equity	15%	6.09%
Global private equity	18%	8.42%
Other assets (capital appreciation)	7%	5.61%
Core bonds	2%	0.22%
Private credit	22%	5.31%
Diversifying strategies	12%	3.22%
Cash – Mellon	<u>1%</u>	-0.60%
Total	<u>100%</u>	

Discount rates - At June 30, 2020, the discount rate used to measure the EORP total pension liability was 7.3 percent. 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 6.3%	Current Discount Rate 7.3%	1% Increase 8.3%
County’s proportionate share of the net pension liability	\$ 70,075	\$ 61,427	\$ 54,032

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, 2021
(in thousands)

Note 11: Interfund Transactions

A. Interfund Assets/Liabilities

Interfund Receivables/Payables - interfund balances at June 30, 2021 were as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Other Governmental – Wireless Integrated Network	\$ 1,300
Total General Fund interfund receivable		<u>\$ 1,300</u>

The interfund receivable of \$1,300 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 \$600 is due in more than one year.

Due from/Due to other funds for the year ended June 30, 2021 were as follows:

		Amounts recorded as due to:				
		<u>General</u>	<u>Capital Projects</u>	<u>Grants</u>	<u>Other Governmental</u>	<u>Total</u>
Amounts recorded as due from:	General			\$ 1,450	\$ 113	\$ 1,563
	Capital Projects					
	Grants	\$ 106				106
	Other Governmental	261	\$ 9,949	7		10,217
	Internal Service		1,717		1	1,718
	<u>\$ 367</u>	<u>\$ 11,666</u>	<u>\$ 1,457</u>	<u>\$ 114</u>	<u>\$ 13,604</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 to Other Governmental Funds from the Capital Projects Fund represents a portion of the proceeds from Certificates of Participation, Series 2020C to fund road repair within the Transportation Fund, while the amount to the Internal Services Funds represents a portion of same proceeds for rehabilitation of various fuel islands for Fleet Services.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(in thousands)

Note 11: 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, 2021 were as follows:

	Amounts recorded as transfers out:							Total
	General	Capital Projects	Grants	Other Governmental	Regional Wastewater Reclamation	Other Enterprise	Internal Service	
General		\$ 984	\$ 1,394	\$ 1,433	\$ 67	\$ 2,311	\$ 2,526	\$ 8,715
Capital Projects	\$ 4,140		8,934	18,895	1,375			33,344
Debt Service	10,296	14,642		17,800	14,939	629	10,927	69,233
Grants	3,925			1,320				5,245
Other Governmental	18,695	54,014	123	1,835	150		417	75,234
Regional Wastewater Reclamation		10,000					3	10,003
Other Enterprise			30					30
Internal Service	1,189	2,161						3,350
Total	\$ 38,245	\$ 81,801	\$ 10,481	\$ 41,283	\$ 16,531	\$ 2,940	\$ 13,873	\$205,154

The following is a summary of the significant transfer activity for the fiscal year ended June 30, 2021:

The transfers out of the General Fund were made to the Other Governmental Funds to support Health Fund operations, such as funding for the Banner - University of Arizona Medical Center South Campus, and to support Stadium District Fund operations, such as subsidizing debt service obligations and field maintenance costs in connection with the Kino Sports Complex.

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

The transfers out of the Other Governmental Funds were made for this year's pay-as-you-go pavement repair and rehabilitation program within the Transportation Fund.

The transfers out of the Other Governmental Funds were made to the Capital Projects Fund for the support of construction-related activity in connection with projects for the Flood Control District, new and existing branch locations for the Library District, and grant-funded portions of road improvement projects for the Transportation department.

The transfers out of the Capital Projects 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, 2021
(in thousands)

Note 12: Construction and Other Significant Commitments

At June 30, 2021, Pima County had the following major contractual commitments:

Community & Workforce Development

The Community & Workforce Development Department had construction contractual commitments of \$346 and other contractual commitments related to service contracts of \$40,478. Funding for these expenditures will be provided from reimbursements on intergovernmental grant awards, including federal and state entities.

Facilities Management

The Facilities Management Department had construction contractual commitments of \$22,436 and other contractual commitments related to service contracts of \$6,353. 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 \$74,931. Funding for these expenditures will be provided from general fund revenues.

Regional Flood Control

The Regional Flood Control fund had construction contractual commitments of \$5,176 and other contractual commitments related to services contracts of \$6,054. 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 \$53,208 and other contractual commitments related to services of \$11,880. Funding for these expenses will be primarily from the Sewer Revenue Obligations and sewer user fees.

Transportation

The Transportation Department had construction commitments of \$46,353 and other contractual commitments related to services of \$15,483. 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, 2021
(in thousands)

Note 13: Stewardship, Compliance, and Accountability

At June 30, 2021, the following nonmajor fund reported a deficit in fund balance:

Fund	Deficit
Governmental Fund:	
Health	258

The Health Fund had a deficit fund balance of \$258. This is primarily due to the significant increase in expenditures from the ongoing response to the public health emergency related to the COVID-19 pandemic. Many of the expenditures incurred by the Health Department met the eligibility criteria for grant funding that was received and were therefore reported within the Grants Fund. However, for some of the larger grants received there were eligibility restrictions related to the timing of when costs were incurred which resulted in expenditures being ineligible for grant funding and therefore reported within the Health Fund. This caused the Health Fund to end the fiscal year with a deficit fund balance that will be eliminated in the next fiscal year through subsidies from the General Fund.

For the year ended June 30, 2021, expenditures exceeded final budget amounts at the department level as follows:

Function/Department	Excess
Public Safety:	
Finance – General Fund	\$30,000
Health:	
Health – Grants Fund	23,518

The excess expenditures listed above were funded by greater than anticipated revenues and unspent appropriations.

For the Finance Department – General Fund, the excess was due to the County issuing \$300,000 of Pledged Revenue Obligations to significantly reduce the large unfunded actuarial accrued liabilities for the PSPRS and CORP. During the current fiscal year, the County used \$30,000 of the debt proceeds to make lump sum contributions to these retirement plans. These lump sum contributions were not a consideration at the time the budgetary process was completed, which resulted in the \$30,000 excess.

For the Health – Grants Fund, the excess was due to a large number of grants received in response to the public health emergency related to the COVID-19 pandemic. The County developed the Health – Grant Fund estimated budget based on the guidelines initially established by the grantors. However, after the budgetary process was completed, updated guidance was issued by the grantors which provided clarity on what types of expenditures would be allowable and additional funding was made available. As a result, additional expenditures were incurred by this fund over what was originally budgeted.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2021
(in thousands)

Note 14: Subsequent Events

Advanced Retirement Payments – On July 9, 2021, the County used the proceeds from the Pledged Revenue Obligations, Series 2021, to make advanced payments of \$203,822 for the County’s Public Safety Personnel Retirement System and \$64,312 for the County’s Corrections Officers Retirement Plan to pay down its unfunded actuarial liability.

Sewer System Revenue Obligations – On November 4, 2021, the County issued Sewer System Revenue Obligations, Series 2021 in the amount of \$45,000. 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 November 4, 2021, the County issued Certificates of Participation, Series 2021 in the amount of \$50,000. The proceeds will be used to be used to fund the Road Repair Program and will be repaid within five years using General Fund PAYGO revenues.



2021

Annual Comprehensive
FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021 • Pima County, Arizona



REQUIRED SUPPLEMENTARY INFORMATION

Other Than Management's Discussion & Analysis

PIMA COUNTY, ARIZONA

Exhibit B - 1

Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual – General Fund
For the Year Ended June 30, 2021
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 354,878	\$ 354,878	\$ 365,899	\$ 11,021
Licenses and permits	3,795	3,795	4,580	785
Intergovernmental	157,733	157,733	204,659	46,926
Charges for services	41,332	41,332	44,111	2,779
Fines and forfeits	3,402	3,402	2,944	(458)
Investment earnings	1,022	1,022	914	(108)
Miscellaneous	8,427	8,427	9,829	1,402
Total revenues	<u>570,589</u>	<u>570,589</u>	<u>632,936</u>	<u>62,347</u>
Expenditures:				
General government				
Analytics & Data Governance	2,918	2,918	2,663	255
Assessor	8,067	8,067	7,550	517
Board of Supervisors	2,456	2,456	2,373	83
Clerk of Superior Court	10,859	10,859	10,633	226
Constables	1,550	1,550	1,479	71
County Administration	119,276	119,276	63,112	56,164
County Attorney	23,096	23,096	22,982	114
Justice Courts	8,631	8,631	8,770	(139)
Juvenile Courts	21,095	21,095	21,096	(1)
Justice & Law Enforcement	30,989	30,989	32,770	(1,781)
Public Works (Facilities Management)	24,806	24,806	22,813	1,993
Recorder	6,673	6,673	5,086	1,587
Superior Court	32,630	32,630	34,005	(1,375)
Superior Court Mandated Services	1,756	1,756	1,376	380
Treasurer	2,496	2,496	2,195	301
Public safety				
Finance			30,000	(30,000)
Sheriff	159,492	159,492	155,449	4,043
Office of Emergency Management & Homeland Security	595	595	810	(215)
Sanitation				
Environmental Quality	1,340	1,340	1,067	273
Health				
Forensic Science Center	4,596	4,596	4,495	101
Pima Animal Care	11,090	11,090	10,094	996
Welfare				
Finance	15,000	15,000	15,000	
Behavioral Health	28,109	28,109	23,828	4,281
County Administration	66,247	66,247	64,070	2,177
Culture and recreation				
Public Works (Parks and Recreation)	18,059	18,059	17,302	757
Education and economic opportunity				
Community & Workforce Development	13,539	13,539	10,574	2,965
School Superintendent	1,906	1,906	1,694	212
Total expenditures	<u>617,271</u>	<u>617,271</u>	<u>573,286</u>	<u>43,985</u>
Excess (deficiency) of revenues over (under) expenditures	(46,682)	(46,682)	59,650	106,332
Other financing sources (uses):				
Face amount of long-term debt issued			298,134	298,134
Proceeds from sale of capital assets			2	2
Transfers in	10,351	10,351	8,715	(1,636)
Transfers (out)	(35,163)	(35,163)	(38,245)	(3,082)
Total other financing sources (uses)	<u>(24,812)</u>	<u>(24,812)</u>	<u>268,606</u>	<u>293,418</u>
Net change in fund balances	(71,494)	(71,494)	328,256	399,750
Fund balances at beginning of year	<u>71,494</u>	<u>71,494</u>	<u>105,596</u>	<u>34,102</u>
Fund balances at end of year	<u>\$</u>	<u>\$</u>	<u>\$ 433,852</u>	<u>\$ 433,852</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual – Grants Fund
For the Year Ended June 30, 2021
(in thousands)

Exhibit B - 1

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 159,840	\$ 159,840	\$ 126,934	\$ (32,906)
Investment earnings	10	10	373	363
Miscellaneous	4,952	4,952	4,763	(189)
Total revenues	164,802	164,802	132,070	(32,732)
Expenditures:				
General government				
Clerk of the Superior Court			20	(20)
Constables	30	30		30
County Administration	90,963	90,963	62,873	28,090
County Attorney	4,298	4,298	3,525	773
Justice Courts	7	7	1	6
Juvenile Courts	1,087	1,087	865	222
Public Defender Services	1,589	1,589	158	1,431
Public Works	250	250	5,871	(5,621)
Recorder			1,515	(1,515)
Superior Court	1,498	1,498	1,238	260
Public safety				
Flood Control	1,259	1,259	714	545
Sheriff	5,373	5,373	3,184	2,189
Office of Emergency Management & Homeland Security	1,273	1,273	1,324	(51)
Highways and streets				
Transportation			17	(17)
Health				
Environmental Quality	1,310	1,310	987	323
Forensic Science Center	111	111	83	28
Health	13,326	13,326	36,844	(23,518)
Pima Animal Care	928	928	839	89
Welfare				
Behavioral Health	355	355	131	224
Culture and recreation				
Public Works (Parks and Recreation)	403	403	196	207
Education and economic opportunity				
Community & Workforce Development	32,604	32,604	31,852	752
Total expenditures	156,664	156,664	152,237	4,427
Excess (deficiency) of revenues over (under) expenditures	8,138	8,138	(20,167)	(28,305)
Other financing sources (uses):				
Transfers in	8,373	8,373	5,245	(3,128)
Transfers (out)	(12,858)	(12,858)	(10,481)	2,377
Total other financing sources (uses)	(4,485)	(4,485)	(5,236)	(751)
Net change in fund balance	3,653	3,653	(25,403)	(29,056)
Fund balance at beginning of year	(4,238)	(4,238)	(2,166)	2,072
Fund balance at end of year	<u>\$ (585)</u>	<u>\$ (585)</u>	<u>\$ (27,569)</u>	<u>\$ (26,984)</u>

Notes to Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual
June 30, 2021
(in thousands)

Note 1: Budgeting and Budgetary Control

Arizona Revised Statutes (A.R.S.) require 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: Budgetary basis of accounting

The County's budget is prepared on a basis consistent with generally accepted accounting principles.

Note 3: Expenditures in Excess of Appropriations

For the year ended June 30, 2021, 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:	
Clerk of the Superior Court - Grants Fund	\$ 20
Justice Courts - General Fund	139
Juvenile Courts - General Fund	1
Justice & Law Enforcement - General Fund	1,781
Public Works - Grants Fund	5,621
Recorder - Grants Fund	1,515
Superior Court - General Fund	1,375
Total general government	<u>10,452</u>
Public safety:	
Finance - General Fund	30,000
Office of Emergency Management & Homeland Security - General Fund	215
Office of Emergency Management & Homeland Security - Grants Fund	51
Total public safety	<u>30,266</u>
Highways and streets:	
Transportation - Grants Fund	17
Total highways and streets	<u>17</u>
Health:	
Health - Grants Fund	23,518
Total health	<u>23,518</u>

The excess expenditures listed above were funded by greater than anticipated revenues and unspent appropriations.

For the Finance Department – General Fund, the excess was due to the County issuing \$300,000 of Pledged Revenue Obligations to significantly reduce the large unfunded actuarial accrued liabilities for the PSPRS and CORP. During the current fiscal year, the County used \$30,000 of the debt proceeds to make lump sum contributions to these retirement plans. These lump sum contributions were not a consideration at the time the budgetary process was completed, which resulted in the \$30,000 excess.

For the Health – Grants Fund, the excess was due to a large number of grants received in response to the public health emergency related to the COVID-19 pandemic. The County developed the Health – Grant Fund estimated budget based on the guidelines initially established by the grantors. However, after the budgetary process was completed, updated guidance was issued by the grantors which provided clarity on what types of expenditures would be allowable and additional funding was made available. As a result, additional expenditures were incurred by this fund over what was originally budgeted.

PIMA COUNTY, ARIZONA
Schedule of the County's Proportionate Share of the Net Pension Liability
Cost-Sharing Pension Plans
June 30, 2021
(in thousands)

Exhibit B - 2

Arizona State Retirement System

	Reporting Fiscal Year (Measurement Date)							2014 thru 2012
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
County's proportion of the net pension liability	2.26%	2.28%	2.36%	2.41%	2.44%	2.51%	2.56%	Information not available
County's proportionate share of the net pension liability	\$ 390,909	\$ 332,203	\$ 328,958	\$ 375,197	\$ 393,174	\$ 391,629	\$ 379,139	
County's covered payroll	\$ 246,354	\$ 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	158.68%	137.75%	140.62%	159.40%	172.35%	169.12%	164.91%	
Plan fiduciary net position as a percentage of the total pension liability	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	

Corrections Officer Retirement Plan—Administrative Office of the Courts

	Reporting Fiscal Year (Measurement Date)							2014 thru 2012
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
County's proportion of the net pension liability	10.89%	11.44%	11.51%	11.95%	12.42%	12.45%	12.43%	Information not available
County's proportionate share of the net pension liability	\$ 52,009	\$ 48,276	\$ 41,436	\$ 47,929	\$ 35,046	\$ 30,274	\$ 27,888	
County's covered payroll	\$ 13,127	\$ 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	396.20%	358.40%	310.48%	357.68%	256.17%	218.47%	212.66%	
Plan fiduciary net position as a percentage of the total pension liability	50.07%	51.99%	53.72%	49.21%	54.81%	57.89%	58.59%	

Elected Officials Retirement Plan

	Reporting Fiscal Year (Measurement Date)							2014 thru 2012
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
County's proportion of the net pension liability	9.10%	9.06%	10.24%	7.42%	7.90%	7.55%	7.64%	Information not available
County's proportionate share of the net pension liability	\$ 61,427	\$ 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	5,838	5,644	11,051	29,292	15,406	18,405	15,717	
Total	<u>\$ 67,265</u>	<u>\$ 65,695</u>	<u>\$ 75,546</u>	<u>\$ 119,770</u>	<u>\$ 90,021</u>	<u>\$ 77,442</u>	<u>\$ 66,976</u>	
County's covered payroll	\$ 7,252	\$ 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	847.04%	828.75%	923.47%	1283.38%	1127.63%	923.75%	739.45%	
Plan fiduciary net position as a percentage of the total pension liability	29.80%	30.14%	30.36%	19.66%	23.42%	28.32%	31.91%	

98 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, 2021
(in thousands)

Exhibit B-2

Public Safety Personnel Retirement System - Sheriff

	Reporting Fiscal Year (Measurement Date)							2014 thru 2012
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension liability								
Service cost	\$ 6,136	\$ 5,936	\$ 6,125	\$ 8,078	\$ 6,068	\$ 6,421	\$ 6,346	
Interest on the total pension liability	30,453	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	6,619	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	(24,017)	(21,667)	(21,357)	(20,634)	(22,727)	(19,209)	(17,811)	
Net change in total pension liability	19,191	28,392	9,943	29,283	22,968	7,630	50,807	
Total pension liability - beginning	423,041	394,649	384,706	355,423	332,455	324,825	274,018	
Total pension liability - ending (a)	<u>\$ 442,232</u>	<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	\$ 22,601	\$ 20,232	\$ 18,847	\$ 16,871	\$ 15,122	\$ 11,490	\$ 10,627	
Contributions - employee	1,848	1,741	2,787	3,900	3,877	3,505	3,415	
Net investment income	2,144	8,618	10,343	16,189	808	5,053	17,221	
Benefit payments, including refunds of employee contributions	(24,017)	(21,667)	(21,357)	(20,634)	(22,727)	(19,209)	(17,811)	
Hall/Parker settlement			(4,953)					
Administrative expense	(175)	(151)	(158)	(144)	(117)	(124)	(139)	
Other changes	21	(57)	(223)	(238)	(397)	(148)	(92)	
Net change in plan fiduciary net position	2,422	8,716	5,286	15,944	(3,434)	567	13,221	
Plan fiduciary net position - beginning	166,836	158,120	152,923	136,979	140,413	139,846	126,625	
Plan fiduciary net position - ending (b)	<u>\$ 169,258</u>	<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)	\$ 272,974	\$ 256,205	\$ 236,440	\$ 231,783	\$ 218,444	\$ 192,042	\$ 184,979	
Plan fiduciary net position as a percentage of the total pension liability	38.27%	39.44%	40.09%	39.75%	38.54%	42.24%	43.05%	
Covered payroll	\$ 30,257	\$ 29,862	\$ 29,261	\$ 32,156	\$ 30,384	\$ 31,515	\$ 31,543	
County's net pension liability as a percentage of covered payroll	902.18%	857.96%	808.04%	720.81%	718.94%	609.37%	586.43%	

Information not available

99 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, 2021
(in thousands)

Exhibit B - 2

Corrections Officer Retirement Plan - Detention

	Reporting Fiscal Year (Measurement Date)							2014 thru 2012
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension liability								
Service cost	\$ 3,003	\$ 3,271	\$ 3,359	\$ 3,235	\$ 2,893	\$ 2,798	\$ 2,852	
Interest on the total pension liability	10,471	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	5,157	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	(7,109)	(6,990)	(6,741)	(6,489)	(6,013)	(5,988)	(6,975)	
Net change in total pension liability	11,522	15,350	(3,903)	23,034	7,167	2,004	13,905	
Total pension liability - beginning	143,985	128,635	132,538	109,504	102,337	100,333	86,428	
Total pension liability - ending (a)	<u>\$ 155,507</u>	<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	\$ 7,119	\$ 6,721	\$ 5,167	\$ 4,871	\$ 4,634	\$ 3,441	\$ 2,970	
Contributions - employee	1,708	1,692	1,771	1,814	1,730	1,737	1,686	
Net investment income	1,777	3,302	3,970	5,953	302	1,765	6,030	
Benefit payments, including refunds of employee contributions	(7,109)	(6,990)	(6,741)	(6,489)	(6,013)	(5,988)	(6,975)	
Administrative expense	(68)	(60)	(61)	(52)	(43)	(44)	(48)	
Other changes	(15)		(76)	(38)	(38)	(69)	11	
Net change in plan fiduciary net position	3,412	4,665	4,030	6,059	572	842	3,674	
Plan fiduciary net position - beginning	64,528	59,863	55,833	49,774	49,202	48,360	44,686	
Plan fiduciary net position - ending (b)	<u>\$ 67,940</u>	<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)	\$ 87,567	\$ 79,457	\$ 68,772	\$ 76,705	\$ 59,730	\$ 53,135	\$ 51,973	
Plan fiduciary net position as a percentage of the total pension liability	43.69%	44.82%	46.54%	42.13%	45.45%	48.08%	48.20%	
Covered payroll	\$ 23,254	\$ 21,342	\$ 20,738	\$ 21,574	\$ 20,263	\$ 20,816	\$ 20,051	
County's net pension liability as a percentage of covered payroll	376.57%	372.30%	331.62%	355.55%	294.77%	255.26%	259.20%	

Information not available

See accompanying notes to pension schedules
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PIMA COUNTY, ARIZONA
Schedule of County Pension Contributions
June 30, 2021
(in thousands)

Exhibit B - 2

Arizona State Retirement System

	Reporting Fiscal Year								2013 thru 2012
	2021	2020	2019	2018	2017	2016	2015	2014	
Statutorily required contribution	\$ 28,261	\$ 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	28,261	28,242	26,908	25,552	25,320	24,752	25,218	24,600	
County's contribution deficiency (excess)									
County's covered payroll	\$ 242,422	\$ 246,354	\$ 241,159	\$ 233,929	\$ 235,375	\$ 228,129	\$ 231,570	\$ 229,907	
County's contributions as a percentage of covered payroll	11.66%	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 2012
	2021	2020	2019	2018	2017	2016	2015	2014	
Statutorily required contribution	\$ 4,372	\$ 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	4,372	3,993	4,258	3,003	2,691	2,613	2,062	1,933	
County's contribution deficiency (excess)									
County's covered payroll	\$ 15,769	\$ 13,127	\$ 13,470	\$ 13,346	\$ 13,400	\$ 13,681	\$ 13,857	\$ 13,114	
County's contributions as a percentage of covered payroll	27.73%	30.42%	31.61%	22.50%	20.08%	19.10%	14.88%	14.74%	

Elected Officials Retirement Plan

	Reporting Fiscal Year								2013 thru 2012
	2021	2020	2019	2018	2017	2016	2015	2014	
Statutorily required contribution	\$ 4,520	\$ 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	4,520	4,218	3,204	460	1,566	1,555	1,502	1,629	
County's contribution deficiency (excess)			\$ 964	\$ 1,048					
County's covered payroll	\$ 9,801	\$ 7,252	\$ 7,246	\$ 6,984	\$ 7,050	\$ 6,617	\$ 6,391	\$ 6,932	
County's contributions as a percentage of covered payroll	46.12%	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 2012
	2021	2020	2019	2018	2017	2016	2015	2014	
Actuarially determined contribution	\$ 21,673	\$ 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 determined contribution	44,478	21,439	18,766	14,407	16,861	15,119	11,490	10,627	
County's contribution deficiency (excess)	\$ (22,805)			\$ 4,364					
County's covered payroll	\$ 29,027	\$ 30,257	\$ 29,862	\$ 29,261	\$ 32,156	\$ 30,384	\$ 31,515	\$ 31,543	
County's contributions as a percentage of covered payroll	153.23%	70.86%	62.84%	49.24%	52.44%	49.76%	36.46%	33.69%	

Corrections Officer Retirement Plan - Detention

	Reporting Fiscal Year								2013 thru 2012
	2021	2020	2019	2018	2017	2016	2015	2014	
Actuarially determined contribution	\$ 7,676	\$ 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 determined contribution	14,872	7,261	6,515	5,155	4,872	4,618	3,441	2,970	
County's contribution deficiency (excess)	\$ (7,196)								
County's covered payroll	\$ 26,048	\$ 23,254	\$ 21,342	\$ 20,738	\$ 21,574	\$ 20,263	\$ 20,816	\$ 20,051	
County's contributions as a percentage of covered payroll	57.09%	31.22%	30.53%	24.86%	22.58%	22.79%	16.53%	14.81%	

See accompanying notes to pension schedules
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PIMA COUNTY, ARIZONA
Notes to Pension Plan Schedules
June 30, 2021
(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 2019 actuarial valuation	PSPRS members with initial membership date before July 1, 2017, and CORP members with initial membership date before July 1, 2018: 17 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, 2021
(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.

Note 3: Excess Contributions

On May 28, 2021, the County made additional contributions of \$22,805 for the County's Public Safety Personnel Retirement System and \$7,196 for the County's Correction Officers Retirement Plan to pay down its unfunded actuarial liability.

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2021

Annual Comprehensive
FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021 • 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, 2021
(in thousands)

	Special Revenue Funds					
	Transportation	Health	Regional Flood Control District	Other	Wireless Integrated Network	School Reserve
Assets						
Cash and cash equivalents	\$ 43,222	\$ 1,588	\$ 13,958	\$ 64,718	\$ 3,510	\$ 542
Property taxes receivable (net)			648			
Interest receivable	10		4	20	1	
Due from other funds	9,949	3		82		27
Due from other governments	5,607	199	5	351		180
Accounts receivable	242	84	12	774		79
Inventory	1,359				139	
Prepaid expenditures	237	21	91	267	17	3
Loan receivable	1,670					
Restricted cash equivalents						
Total assets	<u>\$ 62,296</u>	<u>\$ 1,895</u>	<u>\$ 14,718</u>	<u>\$ 66,212</u>	<u>\$ 3,667</u>	<u>\$ 831</u>
Liabilities, deferred inflows of resources and fund balances						
Liabilities						
Accounts payable	\$ 21,949	\$ 1,733	\$ 512	\$ 2,771	\$ 174	\$ 58
Interest payable		2				
Contract retentions	1,580			73		
Employee compensation	442	412	137	675	23	75
Due to other funds	1			111		
Due to other governments	7		1	1	91	
Deposits and rebates	1		2	1		
Interfund payable					1,300	
Unearned revenue	4	1	4	1,252	127	2
Total liabilities	<u>23,984</u>	<u>2,148</u>	<u>656</u>	<u>4,884</u>	<u>1,715</u>	<u>135</u>
Deferred inflows of resources						
Unavailable revenue - intergovernmental	1,675		2	1		180
Unavailable revenue - property taxes			504			
Unavailable revenue - other	153	5	11	159		
Total deferred inflows of resources	<u>1,828</u>	<u>5</u>	<u>517</u>	<u>160</u>		<u>180</u>
Total liabilities and deferred inflows of resources	<u>25,812</u>	<u>2,153</u>	<u>1,173</u>	<u>5,044</u>	<u>1,715</u>	<u>315</u>
Fund balances						
Nonspendable	1,596	21	91	267	156	3
Restricted	34,888		13,454	30,252	1,796	222
Committed				17,603		200
Assigned				13,046		91
Unassigned		(279)				
Total fund balances	<u>36,484</u>	<u>(258)</u>	<u>13,545</u>	<u>61,168</u>	<u>1,952</u>	<u>516</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 62,296</u>	<u>\$ 1,895</u>	<u>\$ 14,718</u>	<u>\$ 66,212</u>	<u>\$ 3,667</u>	<u>\$ 831</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	
\$ 4,645	\$ 2,112	\$ 24,026	\$ 1,091	\$ 50	\$ 148	\$ 159,610
		1,298		5	29	1,980
1	1	9				46
4			152			10,217
	327	7	190			6,866
53		436	183			1,863
						1,498
2		743	4			1,385
						1,670
		45				45
<u>\$ 4,705</u>	<u>\$ 2,440</u>	<u>\$ 26,564</u>	<u>\$ 1,620</u>	<u>\$ 55</u>	<u>\$ 177</u>	<u>\$ 185,180</u>
\$ 16	\$ 291	\$ 803	\$ 522		11	\$ 28,840
						2
						1,653
102		522	102			2,490
		2				114
						100
						4
						1,300
44		139	268			1,841
<u>162</u>	<u>291</u>	<u>1,466</u>	<u>892</u>		<u>11</u>	<u>36,344</u>
		6	91			1,955
		1,048		5	26	1,583
23		120	15			486
<u>23</u>		<u>1,174</u>	<u>106</u>	<u>5</u>	<u>26</u>	<u>4,024</u>
185	291	2,640	998	5	37	40,368
2		788	4			2,928
2,281	2,149	23,136		50	140	108,368
						17,803
2,237			618			15,992
						(279)
<u>4,520</u>	<u>2,149</u>	<u>23,924</u>	<u>622</u>	<u>50</u>	<u>140</u>	<u>144,812</u>
<u>\$ 4,705</u>	<u>\$ 2,440</u>	<u>\$ 26,564</u>	<u>\$ 1,620</u>	<u>\$ 55</u>	<u>\$ 177</u>	<u>\$ 185,180</u>

PIMA COUNTY, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2021
(in thousands)

	Special Revenue Funds					
	Transportation	Health	Regional Flood Control District	Other	Wireless Integrated Network	School Reserve
Revenues:						
Property taxes	\$ 4		\$ 27,813			
Licenses and permits	1,645	\$ 2,240	3			
Intergovernmental	71,048	199	15	\$ 20,073		\$ 1,370
Charges for services	166	2,423	2,735	10,280	\$ 3,686	
Fines and forfeits	11		2	4,010		
Investment earnings	162	36	66	458	27	
Miscellaneous	376	80	90	7,696	80	88
Total revenues	73,412	4,978	30,724	42,517	3,793	1,458
Expenditures:						
General government				32,310		
Public safety			14,056	2,330	2,523	
Highways and streets	89,673					
Sanitation						
Health		21,100		5		
Culture and recreation				4,772		
Education and economic opportunity				2,220		1,686
Debt service - principal				187		
- interest				19		
- miscellaneous						
Total expenditures	89,673	21,100	14,056	41,843	2,523	1,686
Excess (deficiency) of revenues over (under) expenditures	(16,261)	(16,122)	16,668	674	1,270	(228)
Other financing sources (uses):						
Face amount of long-term debt issued						
Proceeds from sale of capital assets		3				
Transfers in	53,309	7,593	742	5,161		29
Transfers (out)	(16,843)	(1,397)	(10,877)	(2,789)		
Total other financing sources (uses)	36,466	6,199	(10,135)	2,372		29
Net change in fund balances	20,205	(9,923)	6,533	3,046	1,270	(199)
Fund balances at beginning of year	16,279	9,665	7,012	58,122	682	716
Change in nonspendable resources:						
Change in prepaids						(1)
Fund balances at end of year	\$ 36,484	\$ (258)	\$ 13,545	\$ 61,168	\$ 1,952	\$ 516

Environmental Quality	Special Revenue Funds					Total Other Governmental Funds
	Waste Tire	Library District	Stadium District	Rocking K South CFD	Improvement & Other Districts	
		\$ 49,120		\$ 15	\$ 248	\$ 77,200
\$ 2,658						6,546
	\$ 1,255	110	\$ 925			94,995
7		764	584			20,645
55						4,078
32	15	181	7		1	985
14		314	59			8,797
<u>2,766</u>	<u>1,270</u>	<u>50,489</u>	<u>1,575</u>	<u>15</u>	<u>249</u>	<u>213,246</u>
					213	32,523
						18,909
						89,673
	1,172					1,172
2,970						24,075
		36,444	7,106			48,322
						3,906
						187
				3		22
				106		106
<u>2,970</u>	<u>1,172</u>	<u>36,444</u>	<u>7,106</u>	<u>109</u>	<u>213</u>	<u>218,895</u>
<u>(204)</u>	<u>98</u>	<u>14,045</u>	<u>(5,531)</u>	<u>(94)</u>	<u>36</u>	<u>(5,649)</u>
						138
						3
850			7,550			75,234
(5)		(6,620)	(2,726)		(26)	(41,283)
<u>845</u>		<u>(6,620)</u>	<u>4,824</u>	<u>138</u>	<u>(26)</u>	<u>34,092</u>
641	98	7,425	(707)	44	10	28,443
3,879	2,051	16,499	1,329	6	130	116,370
						(1)
<u>\$ 4,520</u>	<u>\$ 2,149</u>	<u>\$ 23,924</u>	<u>\$ 622</u>	<u>\$ 50</u>	<u>\$ 140</u>	<u>\$ 144,812</u>

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2021

Annual Comprehensive
FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021 • 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, 2021
(in thousands)

Exhibit C - 3

	Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 6,928	\$ 9,027	\$ 2,099
Charges for services	7,695	10,583	2,888
Investment earnings	539	533	(6)
Miscellaneous	765	2,146	1,381
Total revenues	<u>15,927</u>	<u>22,289</u>	<u>6,362</u>
Expenditures:			
Capital outlay	111,438	94,003	17,435
Total expenditures	<u>111,438</u>	<u>94,003</u>	<u>17,435</u>
Deficiency of revenues under expenditures	<u>(95,511)</u>	<u>(71,714)</u>	<u>23,797</u>
Other financing sources (uses):			
Premium on bonds		3,890	3,890
Face amount of long-term debt issued	91,000	87,110	(3,890)
Transfers in	34,504	33,344	(1,160)
Transfers (out)	(80,563)	(81,801)	(1,238)
Total other financing sources	<u>44,941</u>	<u>42,543</u>	<u>(2,398)</u>
Net change in fund balance	(50,570)	(29,171)	21,399
Fund balance at beginning of year	69,323	117,786	48,463
Fund balance at end of year	<u>\$ 18,753</u>	<u>\$ 88,615</u>	<u>\$ 69,862</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, 2021
(in thousands)

Exhibit C - 4

	Budget	Actual	Variance
Revenues:			
Property taxes	\$ 47,320	\$ 47,929	\$ 609
Intergovernmental		13	13
Investment earnings	602	269	(333)
Miscellaneous		8	8
Total revenues	<u>47,922</u>	<u>48,219</u>	<u>297</u>
Expenditures:			
Debt service - principal	101,820	102,505	(685)
- interest	16,675	16,504	171
- miscellaneous	20	2,699	(2,679)
Total expenditures	<u>118,515</u>	<u>121,708</u>	<u>(3,193)</u>
Deficiency of revenues under expenditures	<u>(70,593)</u>	<u>(73,489)</u>	<u>(2,896)</u>
Other financing sources:			
Premium on bonds		1,713	1,713
Face amount of long-term debt issued		1,866	1,866
Transfers in	69,546	69,233	(313)
Total other financing sources	<u>69,546</u>	<u>72,812</u>	<u>3,266</u>
Net change in fund balance	(1,047)	(677)	370
Fund balance at beginning of year	4,813	5,143	330
Fund balance at end of year	<u>\$ 3,766</u>	<u>\$ 4,466</u>	<u>\$ 700</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, 2021
(in thousands)

Exhibit C - 5

	Budget	Actual	Variance
Revenues:			
Property taxes	\$ (1)	\$ 4	\$ 5
Licenses and permits	907	1,645	738
Intergovernmental	56,749	71,048	14,299
Charges for services	195	166	(29)
Fines and forfeits		11	11
Investment earnings	20	162	142
Miscellaneous	268	376	108
Total revenues	<u>58,138</u>	<u>73,412</u>	<u>15,274</u>
Expenditures:			
Highways and streets	94,723	89,673	5,050
Total expenditures	<u>94,723</u>	<u>89,673</u>	<u>5,050</u>
Excess of revenues over expenditures	<u>(36,585)</u>	<u>(16,261)</u>	<u>20,324</u>
Other financing sources (uses):			
Proceeds from sale of capital assets			
Transfers in	53,121	53,309	188
Transfers (out)	(16,205)	(16,843)	(638)
Total other financing sources	<u>36,916</u>	<u>36,466</u>	<u>(450)</u>
Net change in fund balance	331	20,205	19,874
Fund balance at beginning of year	13,234	16,279	3,045
Fund balance at end of year	<u>\$ 13,565</u>	<u>\$ 36,484</u>	<u>\$ 22,919</u>

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, 2021
(in thousands)

Exhibit C - 6

	Budget	Actual	Variance
Revenues:			
Licenses and permits	\$ 2,288	\$ 2,240	\$ (48)
Intergovernmental		199	199
Charges for services	2,359	2,423	64
Investment earnings	82	36	(46)
Miscellaneous	3	80	77
Total revenues	<u>4,732</u>	<u>4,978</u>	<u>246</u>
Expenditures:			
Health	16,507	21,100	(4,593)
Total expenditures	<u>16,507</u>	<u>21,100</u>	<u>(4,593)</u>
Deficiency of revenues under expenditures	<u>(11,775)</u>	<u>(16,122)</u>	<u>(4,347)</u>
Other financing sources (uses):			
Proceeds from sale of capital assets		3	3
Transfers in	7,579	7,593	14
Transfers (out)	(2,897)	(1,397)	1,500
Total other financing sources	<u>4,682</u>	<u>6,199</u>	<u>1,517</u>
Net change in fund balance	(7,093)	(9,923)	(2,830)
Fund balance at beginning of year	7,760	9,665	1,905
Fund balance at end of year	<u>\$ 667</u>	<u>\$ (258)</u>	<u>\$ (925)</u>

PIMA COUNTY, ARIZONA
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, 2021
(in thousands)

Exhibit C - 7

	Budget	Actual	Variance
Revenues:			
Property taxes	\$ 27,733	\$ 27,813	\$ 80
Licenses and permits	6	3	(3)
Intergovernmental	58	15	(43)
Charges for services	1,299	2,735	1,436
Fines and forfeits	3	2	(1)
Investment earnings	135	66	(69)
Miscellaneous	91	90	(1)
Total revenues	<u>29,325</u>	<u>30,724</u>	<u>1,399</u>
Expenditures:			
Flood control	15,810	14,056	1,754
Total expenditures	<u>15,810</u>	<u>14,056</u>	<u>1,754</u>
Excess of revenues over expenditures	<u>13,515</u>	<u>16,668</u>	<u>3,153</u>
Other financing sources (uses):			
Transfers in	6	742	736
Transfers (out)	(12,070)	(10,877)	1,193
Total other financing sources (uses)	<u>(12,064)</u>	<u>(10,135)</u>	<u>1,929</u>
Net change in fund balance	1,451	6,533	5,082
Fund balance at beginning of year	4,411	7,012	2,601
Fund balance at end of year	<u>\$ 5,862</u>	<u>\$ 13,545</u>	<u>\$ 7,683</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Other - Special Revenue Fund
For the Year Ended June 30, 2021
(in thousands)

Exhibit C - 8

	Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 25,489	\$ 20,073	\$ (5,416)
Charges for services	9,284	10,280	996
Fines and forfeits	3,463	4,010	547
Investment earnings	631	458	(173)
Miscellaneous	7,242	7,696	454
Total revenues	<u>46,109</u>	<u>42,517</u>	<u>(3,592)</u>
Expenditures:			
General government	45,555	32,310	13,245
Public safety	5,985	2,330	3,655
Health	20	5	15
Culture and recreation	3,955	4,772	(817)
Education and economic opportunity	2,916	2,220	696
Debt service - principal	57	187	(130)
- interest	4	19	(15)
Total expenditures	<u>58,492</u>	<u>41,843</u>	<u>16,649</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,383)</u>	<u>674</u>	<u>13,057</u>
Other financing sources (uses):			
Transfers in	3,101	5,161	2,060
Transfers (out)	(4,207)	(2,789)	1,418
Total other financing sources (uses)	<u>(1,106)</u>	<u>2,372</u>	<u>3,478</u>
Net change in fund balance	(13,489)	3,046	16,535
Fund balance at beginning of year	45,694	58,122	12,428
Fund balance at end of year	<u>\$ 32,205</u>	<u>\$ 61,168</u>	<u>\$ 28,963</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, 2021
(in thousands)

Exhibit C - 9

	Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 40		\$ (40)
Charges for services	3,528	\$ 3,686	158
Investment earnings	13	27	14
Miscellaneous	66	80	14
Total revenues	<u>3,647</u>	<u>3,793</u>	<u>146</u>
Expenditures:			
Public safety	2,798	2,523	275
Total expenditures	<u>2,798</u>	<u>2,523</u>	<u>275</u>
Excess of revenues over expenditures	<u>849</u>	<u>1,270</u>	<u>421</u>
Other financing uses			
Transfers (out)	(1,300)		1,300
Total other financing uses	<u>(1,300)</u>		<u>1,300</u>
Net change in fund balance	(451)	1,270	1,721
Fund balance at beginning of year	(758)	682	1,440
Fund balance at end of year	<u>\$ (1,209)</u>	<u>\$ 1,952</u>	<u>\$ 3,161</u>

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
School Reserve - Special Revenue Fund
For the Year Ended June 30, 2021
(in thousands)

Exhibit C - 10

	Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 3,297	\$ 1,370	\$ (1,927)
Charges for services	662		(662)
Miscellaneous		88	88
Total revenues	<u>3,959</u>	<u>1,458</u>	<u>(2,501)</u>
Expenditures:			
School Reserve grants	3,147	1,686	1,461
Total expenditures	<u>3,147</u>	<u>1,686</u>	<u>1,461</u>
Excess (deficiency) of revenues over (under) expenditures	<u>812</u>	<u>(228)</u>	<u>(1,040)</u>
Other financing sources:			
Transfers in		29	29
Total other financing sources		<u>29</u>	<u>29</u>
Net change in fund balance	812	(199)	(1,011)
Fund balance at beginning of year	(195)	716	911
Changes in nonspendable fund balance:			
Change in prepaid expense		(1)	(1)
Fund balance at end of year	<u>\$ 617</u>	<u>\$ 516</u>	<u>\$ (101)</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, 2021
(in thousands)

Exhibit C - 11

	Budget	Actual	Variance
Revenues:			
Licenses and permits	\$ 2,477	\$ 2,658	\$ 181
Charges for services		7	7
Fines and forfeits		55	55
Investment earnings	71	32	(39)
Miscellaneous	19	14	(5)
Total revenues	<u>2,567</u>	<u>2,766</u>	<u>199</u>
Expenditures:			
Environmental Quality	3,294	2,970	324
Total expenditures	<u>3,294</u>	<u>2,970</u>	<u>324</u>
Deficiency of revenues under expenditures	<u>(727)</u>	<u>(204)</u>	<u>523</u>
Other financing sources (uses):			
Transfers in	842	850	8
Transfers (out)		(5)	(5)
Total other financing sources	<u>842</u>	<u>845</u>	<u>3</u>
Net change in fund balance	115	641	526
Fund balance at beginning of year	3,658	3,879	221
Fund balance at end of year	<u>\$ 3,773</u>	<u>\$ 4,520</u>	<u>\$ 747</u>

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, 2021
 (in thousands)

	Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 1,280	\$ 1,255	\$ (25)
Investment earnings	35	15	(20)
Total revenues	<u>1,315</u>	<u>1,270</u>	<u>(45)</u>
Expenditures:			
Sanitation	1,264	1,172	92
Total expenditures	<u>1,264</u>	<u>1,172</u>	<u>92</u>
Excess of revenues over expenditures	<u>51</u>	<u>98</u>	<u>47</u>
Net change in fund balance	51	98	47
Fund balance at beginning of year	2,040	2,051	11
Fund balance at end of year	<u>\$ 2,091</u>	<u>\$ 2,149</u>	<u>\$ 58</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, 2021
(in thousands)

Exhibit C - 13

	Budget	Actual	Variance
Revenues:			
Property taxes	\$ 48,479	\$ 49,120	\$ 641
Intergovernmental	240	110	(130)
Charges for services	1,000	764	(236)
Investment earnings	250	181	(69)
Miscellaneous	460	314	(146)
Total revenues	<u>50,429</u>	<u>50,489</u>	<u>60</u>
Expenditures:			
Culture and recreation	42,950	36,444	6,506
Total expenditures	<u>42,950</u>	<u>36,444</u>	<u>6,506</u>
Excess of revenues over expenditures	<u>7,479</u>	<u>14,045</u>	<u>6,566</u>
Other financing uses:			
Transfers (out)	(6,620)	(6,620)	
Total other financing uses	<u>(6,620)</u>	<u>(6,620)</u>	
Net change in fund balance	859	7,425	6,566
Fund balance at beginning of year	13,341	16,499	3,158
Fund balance at end of year	<u>\$ 14,200</u>	<u>\$ 23,924</u>	<u>\$ 9,724</u>

Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual
 Stadium District - Special Revenue Fund
 For the Year Ended June 30, 2021
 (in thousands)

	Budget	Actual	Variance
Revenues:			
Intergovernmental	\$ 1,229	\$ 925	\$ (304)
Charges for services	2,092	584	(1,508)
Investment earnings		7	7
Miscellaneous	27	59	32
Total revenues	<u>3,348</u>	<u>1,575</u>	<u>(1,773)</u>
Expenditures:			
Culture and recreation	8,360	7,106	1,254
Total expenditures	<u>8,360</u>	<u>7,106</u>	<u>1,254</u>
Deficiency of revenues under expenditures	<u>(5,012)</u>	<u>(5,531)</u>	<u>(519)</u>
Other financing sources (uses):			
Transfers in	7,292	7,550	258
Transfers (out)	(2,861)	(2,726)	135
Total other financing sources	<u>4,431</u>	<u>4,824</u>	<u>393</u>
Net change in fund balance	(581)	(707)	(126)
Fund balance at beginning of year	1,436	1,329	(107)
Fund balance at end of year	<u>\$ 855</u>	<u>\$ 622</u>	<u>\$ (233)</u>

PIMA COUNTY, ARIZONA

Exhibit C - 15

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, 2021
(in thousands)

	Budget	Actual	Variance
Revenues:			
Property taxes	\$ 19	\$ 15	\$ (4)
Total revenues	<u>19</u>	<u>15</u>	<u>(4)</u>
Expenditures:			
Education and economic opportunity	84		84
Debt service - principal	7		7
- interest	9	3	6
- miscellaneous		106	(106)
Total expenditures	<u>100</u>	<u>109</u>	<u>(9)</u>
Deficiency of revenues under expenditures	<u>(81)</u>	<u>(94)</u>	<u>(13)</u>
Other financing sources:			
Proceeds from sale of debt	1,500	138	(1,362)
Total other financing sources	<u>1,500</u>	<u>138</u>	<u>(1,362)</u>
Net change in fund balance	1,419	44	(1,375)
Fund balance at beginning of year	21	6	(15)
Fund balance at end of year	<u>\$ 1,440</u>	<u>\$ 50</u>	<u>\$ (1,390)</u>

PIMA COUNTY, ARIZONA

Exhibit C - 16

Schedule of Revenues, Expenditures and Changes in
 Fund Balance - Budget and Actual
 Improvement and Other Districts - Special Revenue Fund
 For the Year Ended June 30, 2021
 (in thousands)

	Budget	Actual	Variance
Revenues:			
Property taxes	\$ 267	\$ 248	\$ (19)
Investment earnings		1	1
Total revenues	<u>267</u>	<u>249</u>	<u>(18)</u>
Expenditures:			
General government	233	213	20
Total expenditures	<u>233</u>	<u>213</u>	<u>20</u>
Excess of revenues over expenditures	<u>34</u>	<u>36</u>	<u>2</u>
Other financing uses:			
Transfers (out)		(26)	(26)
Total other financing uses		<u>(26)</u>	<u>(26)</u>
Net change in fund balance	34	10	(24)
Fund balance at beginning of year	101	130	29
Fund balance at end of year	<u>\$ 135</u>	<u>\$ 140</u>	<u>\$ 5</u>

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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

Exhibit C - 17

Combining Statement of Net Position
 Nonmajor Enterprise Funds
 June 30, 2021
 (in thousands)

	Development Services	Parking Garages	Total Nonmajor Enterprise Funds
Assets			
Current assets:			
Cash and cash equivalents	\$ 14,574	\$ 1,232	\$ 15,806
Interest receivable	4	1	5
Due from other governments		32	32
Accounts receivable	103	3	106
Prepaid expense	18	12	30
Total current assets	<u>14,699</u>	<u>1,280</u>	<u>15,979</u>
Noncurrent assets:			
Net OPEB asset	22	1	23
Capital assets:			
Land		1,768	1,768
Buildings and improvements		27,608	27,608
Equipment	8	2,202	2,210
Less accumulated depreciation	(3)	(14,269)	(14,272)
Total capital assets (net)	<u>5</u>	<u>17,309</u>	<u>17,314</u>
Total noncurrent assets	<u>27</u>	<u>17,310</u>	<u>17,337</u>
Total assets	<u>14,726</u>	<u>18,590</u>	<u>33,316</u>
Deferred outflows of resources			
Pension/OPEB	995	52	1,047
Total deferred outflows of resources	<u>995</u>	<u>52</u>	<u>1,047</u>
Liabilities			
Current liabilities:			
Accounts payable	100	255	355
Employee compensation	136	10	146
Deposits and rebates	485		485
Unearned revenue		22	22
Compensated absences payable	275	11	286
Total current liabilities	<u>996</u>	<u>298</u>	<u>1,294</u>
Noncurrent liabilities:			
Compensated absences payable	350	10	360
Net Pension/OPEB liability	5,284	274	5,558
Total noncurrent liabilities	<u>5,634</u>	<u>284</u>	<u>5,918</u>
Total liabilities	<u>6,630</u>	<u>582</u>	<u>7,212</u>
Deferred inflows of resources			
Pension/OPEB	125	6	131
Total deferred inflows of resources	<u>125</u>	<u>6</u>	<u>131</u>
Net position			
Net investment in capital assets	5	17,309	17,314
Unrestricted	8,961	745	9,706
Total net position	<u>\$ 8,966</u>	<u>\$ 18,054</u>	<u>\$ 27,020</u>

Combining Statement of Revenues, Expenses and
Changes in Fund Net Position
Nonmajor Enterprise Fund
For the Year Ended June 30, 2021
(in thousands)

	Development Services	Parking Garages	Total Nonmajor Enterprise Funds
Operating revenues:			
Charges for services	\$ 13,947	\$ 1,985	\$ 15,932
Other	2	42	44
Total operating revenues	<u>13,949</u>	<u>2,027</u>	<u>15,976</u>
Operating expenses:			
Employee compensation	4,474	402	4,876
Operating supplies and services	32	43	75
Repair and maintenance	7	136	143
General and administrative	1,790	1,000	2,790
Consultants and professional services	65	104	169
Depreciation	2	796	798
Total operating expenses	<u>6,370</u>	<u>2,481</u>	<u>8,851</u>
Operating income (loss)	<u>7,579</u>	<u>(454)</u>	<u>7,125</u>
Nonoperating revenues (expenses):			
Investment earnings	73	10	83
Total nonoperating revenues	<u>73</u>	<u>10</u>	<u>83</u>
Income (loss) before transfers	7,652	(444)	7,208
Transfers in	30		30
Transfers (out)	<u>(2,311)</u>	<u>(629)</u>	<u>(2,940)</u>
Change in net position	5,371	(1,073)	4,298
Net position at beginning of year	<u>3,595</u>	<u>19,127</u>	<u>22,722</u>
Net position at end of year	<u>\$ 8,966</u>	<u>\$ 18,054</u>	<u>\$ 27,020</u>

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2021
(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	\$ 14,011	\$ 2,060	\$ 16,071
Cash payments to suppliers for goods and services	(460)	(1,134)	(1,594)
Cash payments to other funds for goods and services	(1,440)	(146)	(1,586)
Cash payments to employees for services	(4,445)	(364)	(4,809)
Net cash provided by operating activities	<u>7,666</u>	<u>416</u>	<u>8,082</u>
Cash flows from noncapital financing activities:			
Cash transfers in from other funds	30		30
Cash transfers out to other funds	(2,311)	(629)	(2,940)
Net cash used for noncapital financing activities	<u>(2,281)</u>	<u>(629)</u>	<u>(2,910)</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets		(50)	(50)
Net cash used for capital and related financing activities		<u>(50)</u>	<u>(50)</u>
Cash flows from investing activities:			
Interest received on cash and investments	74	10	84
Net cash provided by investing activities	<u>74</u>	<u>10</u>	<u>84</u>
Net increase (decrease) in cash and cash equivalents	5,459	(253)	5,206
Cash and cash equivalents at beginning of year	<u>9,115</u>	<u>1,485</u>	<u>10,600</u>
Cash and cash equivalents at end of year	<u>\$ 14,574</u>	<u>\$ 1,232</u>	<u>\$ 15,806</u>

(continued)

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2021
(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)	\$ 7,579	\$ (454)	\$ 7,125
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	2	796	798
Changes in assets and deferred outflows of resources:			
Decrease (increase) in assets:			
Accounts receivable	(43)	34	(9)
Due from other governments		(23)	(23)
Inventory and other assets			
Prepaid expense	3	(12)	(9)
Net OPEB asset	(13)	(1)	(14)
Decrease in deferred outflows of resources:			
Pension/OPEB plans	(464)	(30)	(494)
Changes in liabilities and deferred inflows of resources:			
Increase (decrease) in liabilities:			
Accounts payable	(9)	35	26
Due to other governments		(20)	(20)
Net Pension/OPEB liability	730	74	804
Other liabilities	201	30	231
Increase in deferred inflows of resources:			
Pension/OPEB plans	(320)	(13)	(333)
Net cash provided by operating activities	\$ 7,666	\$ 416	\$ 8,082



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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, 2021
(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	\$ 83,279	\$ 16,677	\$ 24,521	\$ 8,195	\$ 132,672
Interest receivable	4		1	2	7
Due from other funds		1,717		1	1,718
Due from other governments				38	38
Accounts receivable		59	58	24	141
Inventory		754		224	978
Prepaid expense	1,121	37	51	8,622	9,831
Total current assets	<u>84,404</u>	<u>19,244</u>	<u>24,631</u>	<u>17,106</u>	<u>145,385</u>
Noncurrent assets:					
Net OPEB asset	5	17	5	30	57
Capital assets:					
Land	459				459
Buildings and improvements		23,106		224	23,330
Equipment	71	56,458		25,232	81,761
Less accumulated depreciation	(55)	(33,947)		(12,379)	(46,381)
Construction in progress		704		608	1,312
Total capital assets (net)	<u>475</u>	<u>46,321</u>		<u>13,685</u>	<u>60,481</u>
Total noncurrent assets	<u>480</u>	<u>46,338</u>	<u>5</u>	<u>13,715</u>	<u>60,538</u>
Total assets	<u>84,884</u>	<u>65,582</u>	<u>24,636</u>	<u>30,821</u>	<u>205,923</u>
Deferred outflows of resources					
Pension/OPEB	236	760	221	1,379	2,596
Total deferred outflows of resources	<u>236</u>	<u>760</u>	<u>221</u>	<u>1,379</u>	<u>2,596</u>
Liabilities					
Current liabilities:					
Accounts payable	451	1,209	1,319	3,842	6,821
Employee compensation	179	91	25	182	477
Unearned revenue			5	1	6
Compensated absences payable	71	188	44	340	643
Reported but unpaid losses	3,227		787		4,014
Incurred but not reported losses	2,783		4,460		7,243
Total current liabilities	<u>6,711</u>	<u>1,488</u>	<u>6,640</u>	<u>4,365</u>	<u>19,204</u>
Noncurrent liabilities:					
Compensated absences payable	76	79	45	365	565
Reported but unpaid losses	13,161		8		13,169
Incurred but not reported losses	12,848		45		12,893
Net Pension/OPEB liability	1,252	4,032	1,174	7,319	13,777
Total noncurrent liabilities	<u>27,337</u>	<u>4,111</u>	<u>1,272</u>	<u>7,684</u>	<u>40,404</u>
Total liabilities	<u>34,048</u>	<u>5,599</u>	<u>7,912</u>	<u>12,049</u>	<u>59,608</u>
Deferred inflows of resources					
Pension/OPEB	30	96	28	173	327
Total deferred inflows of resources	<u>30</u>	<u>96</u>	<u>28</u>	<u>173</u>	<u>327</u>
Net position					
Net investment in capital assets	475	46,321		13,685	60,481
Restricted for healthcare			16,917		16,917
Unrestricted	50,567	14,326		6,293	71,186
Total net position	<u>\$ 51,042</u>	<u>\$ 60,647</u>	<u>\$ 16,917</u>	<u>\$ 19,978</u>	<u>\$ 148,584</u>

PIMA COUNTY, ARIZONA

Exhibit C - 21

Combining Statement of Revenues, Expenses and
Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2021
(in thousands)

	Self- Insurance Trust	Fleet Services	Health Benefit Trust	Other Internal Service	Total Internal Service Funds
Operating revenues:					
Charges for services	\$ 10,150	\$ 17,502	\$ 68,186	\$ 30,321	\$ 126,159
Other	238	192	4,960	346	5,736
Total operating revenues	<u>10,388</u>	<u>17,694</u>	<u>73,146</u>	<u>30,667</u>	<u>131,895</u>
Operating expenses:					
Employee compensation	1,587	3,280	1,112	6,097	12,076
Operating supplies and services	219	4,252	40	7,091	11,602
Incurred losses	3,163		64,650		67,813
Insurance premiums	4,941	1,105	5,958	38	12,042
General and administrative	1,350	1,800	755	2,920	6,825
Repair and maintenance	2	730		3,416	4,148
Consultants and professional services	1,244	100	3,525	3,398	8,267
Depreciation	10	6,111		3,152	9,273
Total operating expenses	<u>12,516</u>	<u>17,378</u>	<u>76,040</u>	<u>26,112</u>	<u>132,046</u>
Operating income (loss)	<u>(2,128)</u>	<u>316</u>	<u>(2,894)</u>	<u>4,555</u>	<u>(151)</u>
Nonoperating revenues (expenses):					
Investment earnings	442	100	178	51	771
Gain (loss) on disposal of capital assets		401		(6)	395
Total nonoperating revenues	<u>442</u>	<u>501</u>	<u>178</u>	<u>45</u>	<u>1,166</u>
Income (loss) before contributions and transfers	<u>(1,686)</u>	<u>817</u>	<u>(2,716)</u>	<u>4,600</u>	<u>1,015</u>
Capital contributions		93			93
Transfers in	54	2,107		1,189	3,350
Transfers (out)	<u>(446)</u>	<u>(2,443)</u>		<u>(10,984)</u>	<u>(13,873)</u>
Change in net position	<u>(2,078)</u>	<u>574</u>	<u>(2,716)</u>	<u>(5,195)</u>	<u>(9,415)</u>
Net position at beginning of year	<u>53,120</u>	<u>60,073</u>	<u>19,633</u>	<u>25,173</u>	<u>157,999</u>
Net position at end of year	<u>\$ 51,042</u>	<u>\$ 60,647</u>	<u>\$ 16,917</u>	<u>\$ 19,978</u>	<u>\$ 148,584</u>

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2021
(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	\$ 10,150	\$ 17,502	\$ 68,186	\$ 30,321	\$ 126,159
Cash received from miscellaneous operations	239	203	4,902	291	5,635
Cash payments to suppliers for goods and services	(6,683)	(6,061)	(9,601)	(15,637)	(37,982)
Cash payments to other funds for goods and services	(1,346)	(2,056)	(639)	(1,276)	(5,317)
Cash payments for incurred losses	(4,070)		(64,450)		(68,520)
Cash payments to employees for services	(1,667)	(3,213)	(1,177)	(6,161)	(12,218)
Net cash provided by (used for) operating activities	<u>(3,377)</u>	<u>6,375</u>	<u>(2,779)</u>	<u>7,538</u>	<u>7,757</u>
Cash flows from noncapital financing activities:					
Cash transfers in from other funds	54	2,107		1,189	3,350
Cash transfers out to other funds	(453)	(2,443)		(10,984)	(13,880)
Loans with other funds		(1,717)		58	(1,659)
Net cash used for noncapital financing activities	<u>(399)</u>	<u>(2,053)</u>		<u>(9,737)</u>	<u>(12,189)</u>
Cash flows from capital and related financing activities:					
Proceeds from sale of capital assets		703			703
Purchase of capital assets		(6,879)		(4,236)	(11,115)
Net cash used for capital and related financing activities		<u>(6,176)</u>		<u>(4,236)</u>	<u>(10,412)</u>
Cash flows from investing activities:					
Interest received on cash and investments	451	103	179	60	793
Net cash provided by investing activities	<u>451</u>	<u>103</u>	<u>179</u>	<u>60</u>	<u>793</u>
Net decrease in cash and cash equivalents	(3,325)	(1,751)	(2,600)	(6,375)	(14,051)
Cash and cash equivalents at beginning of year	<u>86,604</u>	<u>18,428</u>	<u>27,121</u>	<u>14,570</u>	<u>146,723</u>
Cash and cash equivalents at end of year	<u>\$ 83,279</u>	<u>\$ 16,677</u>	<u>\$ 24,521</u>	<u>\$ 8,195</u>	<u>\$ 132,672</u>

(continued)

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2021
(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
Operating income (loss)	\$ (2,128)	\$ 316	\$ (2,894)	\$ 4,555	\$ (151)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	10	6,111		3,152	9,273
Changes in assets and deferred outflows of resources:					
Decrease (increase) in assets:					
Accounts receivable		11	(2)	(21)	(12)
Due from other governments	1			(31)	(30)
Inventory and other assets		(30)		93	63
Prepaid expense	(227)	(3)	22	411	203
Net OPEB assets	(2)	(11)	(3)	(18)	(34)
Decrease in deferred outflows of resources:					
Pension/OPEB plans	(77)	(372)	(121)	(643)	(1,213)
Changes in liabilities and deferred inflows of resources:					
Increase (decrease) in liabilities:					
Accounts payable	(46)	(97)	16	(554)	(681)
Reported but unpaid losses	(568)		30		(538)
Incurred but not reported losses	(339)		170		(169)
Net pension/OPEB liability	(111)	707	310	1,003	1,909
Other liabilities	213	(28)	(251)	34	(32)
Increase in deferred inflows of resources:					
Pension/OPEB plans	(103)	(229)	(56)	(443)	(831)
Net cash provided by (used for) operating activities	<u>\$ (3,377)</u>	<u>\$ 6,375</u>	<u>\$ (2,779)</u>	<u>\$ 7,538</u>	<u>\$ 7,757</u>

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2021:

Fleet Services Fund disposed of capital assets with a net book value of \$302.



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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

Exhibit C - 23

Combining Statement of Fiduciary Net Position
 Private Purpose Trust Funds
 June 30, 2021
 (in thousands)

	Irrevocable Burial Trust	Public Fiduciary Trust Fund	Total Private Purpose Trust Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 2,799	\$ 2,253	\$ 5,052
Total assets	<u>2,799</u>	<u>2,253</u>	<u>5,052</u>
<u>Net position</u>			
Restricted for:			
Individuals, organizations, and other governments	2,799	2,253	5,052
Total net position	<u>\$ 2,799</u>	<u>\$ 2,253</u>	<u>\$ 5,052</u>

Combining Statement of Changes in Fiduciary Net Position
 Private Purpose Trust Funds
 For the Year Ended June 30, 2021
 (in thousands)

	Irrevocable Burial Trust	Public Fiduciary Trust Fund	Total Private Purpose Trust Funds
<u>Additions</u>			
Other	\$ 6,547	\$ 494	\$ 7,041
Total additions	<u>6,547</u>	<u>494</u>	<u>7,041</u>
<u>Deductions</u>			
Other	6,875	211	7,086
Total deductions	<u>6,875</u>	<u>211</u>	<u>7,086</u>
Change in net position	(328)	283	(45)
Net position held in trust July 1, 2020	<u>3,127</u>	<u>1,970</u>	<u>5,097</u>
Net position held in trust June 30, 2021	<u><u>\$ 2,799</u></u>	<u><u>\$ 2,253</u></u>	<u><u>\$ 5,052</u></u>

PIMA COUNTY, ARIZONA
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2021
(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	\$ 168,150	\$ 70,989	\$ 10,610	\$ 249,749	\$ 7,927	\$ 78,139	\$ 9,585	\$ 95,651
Property tax receivable					28,579			28,579
Interest receivable	63	27	3	93				
Due from other governments					442			442
Total assets	168,213	71,016	10,613	249,842	36,948	78,139	9,585	124,672
Net position								
Restricted for:								
Pool participants	168,213	71,016	10,613	249,842				
Individuals, organizations, and other governments					36,948	78,139	9,585	124,672
Total net position	\$ 168,213	\$ 71,016	\$ 10,613	\$ 249,842	\$ 36,948	\$ 78,139	\$ 9,585	\$ 124,672

PIMA COUNTY, ARIZONA
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2021
(in thousands)

Exhibit C - 26

	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	\$ 1,933,231	\$ 140,798	\$ 23,742	\$ 2,097,771				
Contributions from other governments						\$ 109,172		\$ 109,172
Property tax collections for other governments					\$ 1,258,057			1,258,057
Fines and fees collected for other governments					9,858			9,858
Investment earnings	1,301	414	104	1,819		87		87
Inmate collections							\$ 2,581	2,581
Other					418		33,231	33,649
Total additions	<u>1,934,532</u>	<u>141,212</u>	<u>23,846</u>	<u>2,099,590</u>	<u>1,268,333</u>	<u>109,259</u>	<u>35,812</u>	<u>1,413,404</u>
Deductions:								
Distributions to pool participants	1,862,034	122,383	20,570	2,004,987				
Distributions to other governments						115,439		115,439
Property tax distributions to other governments					1,266,389			1,266,389
Interest expense					138			138
Fines and fees distributed to other governments					9,641			9,641
Payments to inmates							2,537	2,537
Other					882		29,400	30,282
Total deductions	<u>1,862,034</u>	<u>122,383</u>	<u>20,570</u>	<u>2,004,987</u>	<u>1,277,050</u>	<u>115,439</u>	<u>31,937</u>	<u>1,424,426</u>
Net increase (decrease) in fiduciary net position	72,498	18,829	3,276	94,603	(8,717)	(6,180)	3,875	(11,022)
Net position July 1, 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>
Net position June 30, 2021	<u>\$ 168,213</u>	<u>\$ 71,016</u>	<u>\$ 10,613</u>	<u>\$ 249,842</u>	<u>\$ 36,948</u>	<u>\$ 78,139</u>	<u>\$ 9,585</u>	<u>\$ 124,672</u>



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

Exhibit D - 1

Net Position by Component
Last Ten Fiscal Years
(in thousands)
(accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 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	\$ 1,616,368
Restricted for:										
Facilities, justice, library, tax stabilization and community development	103,592	100,423	61,936	60,285	58,269	66,828	68,636	63,103	102,881	117,584
Highways and streets	32,322	27,033	10,988	8,039	8,269	5,416	28,365	13,337	16,551	28,364
Capital projects	30,224	9,853	66,885	64,612	62,386	76,278	80,619	34,549	34,384	8,134
Healthcare	1,360	1,163	3,591	28,610	34,342	40,686	44,032	39,545	28,720	16,968
Unrestricted (deficit)	157,315	145,618	84,514	(507,127)	(494,395)	(503,936)	(530,353)	(435,478)	(456,402)	(417,783)
Total governmental activities net position	<u>\$ 1,570,040</u>	<u>\$ 1,592,147</u>	<u>\$ 1,582,370</u>	<u>\$ 1,040,415</u>	<u>\$ 1,045,632</u>	<u>\$ 1,114,879</u>	<u>\$ 1,143,410</u>	<u>\$ 1,232,521</u>	<u>\$ 1,308,315</u>	<u>\$ 1,369,635</u>
Business-type activities										
Net investment in capital assets	\$ 564,561	\$ 531,945	\$ 586,868	\$ 592,351	\$ 636,369	\$ 654,168	\$ 686,418	\$ 717,994	\$ 740,667	\$ 789,501
Restricted for:										
Debt service	22,538	29,100	31,615	36,683	36,666	38,247	40,271	41,762	36,905	31,100
Capital projects	31,680	42,841	22,720	7,980	3,440	1,667	2,267	6,447	5,963	7,447
Regional Wastewater	18,449	17,785	18,820	19,419	19,223	19,668	19,351	19,158	19,580	20,083
Unrestricted	66,470	101,759	117,425	87,010	88,906	75,231	56,307	55,035	70,486	64,998
Total business-type activities net position	<u>\$ 703,698</u>	<u>\$ 723,430</u>	<u>\$ 777,448</u>	<u>\$ 743,443</u>	<u>\$ 784,604</u>	<u>\$ 788,981</u>	<u>\$ 804,614</u>	<u>\$ 840,396</u>	<u>\$ 873,601</u>	<u>\$ 913,129</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 2,405,869
Restricted for:										
Facilities, justice, library, tax stabilization and community development	103,592	100,423	61,936	60,285	58,269	66,828	68,636	63,103	102,881	117,584
Highways and streets	32,322	27,033	10,988	8,039	8,269	5,416	28,365	13,337	16,551	28,364
Debt service	22,538	29,100	31,615	36,683	36,666	38,247	40,271	41,762	36,905	31,100
Capital projects	61,904	52,694	89,605	72,592	65,826	77,945	82,886	40,996	40,347	15,581
Regional Wastewater	18,449	17,785	18,820	19,419	19,223	19,668	19,351	19,158	19,580	20,083
Healthcare	1,360	1,163	3,591	28,610	34,342	40,686	44,032	39,545	28,720	16,968
Unrestricted (deficit)	223,785	247,377	201,939	(420,117)	(405,489)	(428,705)	(474,046)	(380,443)	(385,916)	(352,785)
Total primary government net position	<u>\$ 2,273,738</u>	<u>\$ 2,315,577</u>	<u>\$ 2,359,818</u>	<u>\$ 1,783,858</u>	<u>\$ 1,830,236</u>	<u>\$ 1,903,860</u>	<u>\$ 1,948,024</u>	<u>\$ 2,072,917</u>	<u>\$ 2,181,916</u>	<u>\$ 2,282,764</u>

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 Department

PIMA COUNTY, ARIZONA

Exhibit D - 2

Changes in Net Position
Last Ten Fiscal Years
(in thousands)
(accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 223,005	\$ 233,984	\$ 230,742	\$ 259,734	\$ 267,658	\$ 260,251	\$ 279,678	\$ 254,241	\$ 329,566	\$ 360,851
Public safety	150,349	166,476	188,782	188,189	201,759	214,648	214,460	199,402	197,857	215,376
Highways and streets	69,183	80,087	93,675	85,618	102,461	86,886	110,159	111,826	118,956	136,405
Sanitation	7,224	6,409	4,252	(4,882)	3,089	5,195	2,683	2,798	4,052	3,295
Health	47,248	36,540	36,085	38,219	38,386	39,454	38,186	39,658	43,389	79,676
Welfare	94,409	95,428	93,224	93,524	88,515	90,013	94,567	95,737	102,033	103,038
Culture and recreation	61,900	65,341	63,961	62,981	65,770	68,350	65,827	62,513	70,275	70,153
Education and economic opportunity	55,126	49,924	35,756	35,051	35,833	36,658	43,492	42,810	39,420	49,623
Amortization-unallocated	805	(286)	(5,758)	(6,237)	(6,862)	(9,348)	(7,806)	(6,551)	(6,909)	(6,870)
Interest on long-term debt	24,776	23,915	27,994	27,696	27,464	27,066	23,049	21,650	20,146	20,861
Total governmental activities expenses	<u>734,025</u>	<u>757,818</u>	<u>768,713</u>	<u>779,893</u>	<u>824,073</u>	<u>819,173</u>	<u>864,295</u>	<u>824,084</u>	<u>918,785</u>	<u>1,032,408</u>
Business-type activities:										
Regional Wastewater Reclamation	117,774	144,085	145,117	184,884	155,566	155,257	148,405	149,576	151,893	153,265
Pima Health System & Services	58,773									
Development Services	6,912	7,231	6,796	6,888	6,691	6,091	5,523	6,187	6,528	6,370
Parking Garages	1,988	1,825	1,877	1,814	2,350	2,840	2,821	2,963	2,649	2,481
Total business-type activities expenses	<u>185,447</u>	<u>153,141</u>	<u>153,790</u>	<u>193,586</u>	<u>164,607</u>	<u>164,188</u>	<u>156,749</u>	<u>158,726</u>	<u>161,070</u>	<u>162,116</u>
Total primary government expenses	<u>\$ 919,472</u>	<u>\$ 910,959</u>	<u>\$ 922,503</u>	<u>\$ 973,479</u>	<u>\$ 988,680</u>	<u>\$ 983,361</u>	<u>\$ 1,021,044</u>	<u>\$ 982,810</u>	<u>\$ 1,079,855</u>	<u>\$ 1,194,524</u>
Program revenues										
Governmental activities:										
Charges for services										
General government	\$ 30,444	\$ 28,910	\$ 27,355	\$ 27,974	\$ 27,149	\$ 28,331	\$ 27,713	\$ 26,789	\$ 28,754	\$ 33,606
Public safety	12,047	10,238	14,846	12,883	12,733	13,657	13,737	13,975	14,665	18,297
Highways and streets	5,059	6,511	6,307	6,136	5,263	6,696	8,356	7,908	9,236	12,432
Sanitation	3,487	3,577	31							
Health	12,605	12,495	13,259	12,894	13,437	13,831	13,727	14,576	14,614	15,154
Welfare		320	80	200	50			252	289	122
Culture and recreation	2,254	2,865	2,548	3,144	2,855	3,876	3,266	3,702	6,907	2,201
Education and economic opportunity	1,008	1,544	430	577	545	593	581	577	514	419
Operating grants and contributions	143,388	116,121	113,129	126,862	127,536	130,049	131,222	131,487	175,720	237,401
Capital grants and contributions	47,528	59,298	54,583	42,570	45,579	37,502	26,842	30,361	40,077	35,772
revenues	<u>\$ 257,820</u>	<u>\$ 241,879</u>	<u>\$ 232,568</u>	<u>\$ 233,240</u>	<u>\$ 235,147</u>	<u>\$ 234,535</u>	<u>\$ 225,444</u>	<u>\$ 229,627</u>	<u>\$ 290,776</u>	<u>\$ 355,404</u>

(continued)

Source:

Pima County Finance & Risk Management Department

PIMA COUNTY, ARIZONA

Exhibit D - 2

Changes in Net Position
Last Ten Fiscal Years
(in thousands)
(accrual basis of accounting)

(continued)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Program revenues										
Business-type activities:										
Charges for services										
Regional Wastewater Reclamation	\$ 154,601	\$ 156,573	\$ 171,650	\$ 172,597	\$ 167,856	\$ 170,255	\$ 176,108	\$ 180,118	\$ 176,208	\$ 179,727
Pima Health System & Services	58,722									
Development Services	6,073	6,519	7,553	6,324	6,212	8,076	8,791	8,859	10,396	13,947
Parking Garages	2,083	2,073	2,362	2,271	2,209	2,399	2,524	2,605	2,355	1,985
Operating grants and contributions	1,275			35	35					
Capital grants and contributions	2,676	3,914	6,807	5,854	7,297	5,119	7,354	10,968	8,531	13,743
revenues	225,430	169,079	188,372	187,081	183,609	185,849	194,777	202,550	197,490	209,402
Total primary government program revenues	\$ 483,250	\$ 410,958	\$ 420,940	\$ 420,321	\$ 418,756	\$ 420,384	\$ 420,221	\$ 432,177	\$ 488,266	\$ 564,806
Net (expense) revenue										
Governmental activities	(476,205)	(515,939)	(536,145)	(546,653)	(588,926)	(584,638)	(638,851)	(594,457)	(628,009)	(677,004)
Business-type activities	39,983	15,938	34,582	(6,505)	19,002	21,661	38,028	43,824	36,420	47,286
Total governmental activities net expense	(436,222)	(500,001)	(501,563)	(553,158)	(569,924)	(562,977)	(600,823)	(550,633)	(591,589)	(629,718)
position										
Governmental activities:										
Taxes										
Property taxes	\$ 394,963	\$ 383,508	\$ 378,032	\$ 423,538	\$ 444,194	\$ 453,004	\$ 476,365	\$ 463,547	\$ 482,079	\$ 485,886
Hotel/motel taxes	6,285	6,076	6,262	6,155	6,620	6,885	6,569	7,192	5,539	5,816
district	1,608	1,524	1,509	1,536	1,614	1,590	1,612	1,544	1,270	954
Shared sales tax	93,123	97,685	101,605	105,522	107,966	111,922	118,702	124,999	131,125	152,512
Shared vehicle licenses	23,537	22,043	23,899	24,976	26,302	27,761	28,933	30,282	30,747	35,296
Unrestricted grants and contributions	4,268	3,207	5,035	4,562	4,199	4,550	4,733	4,877	5,890	4,892
taxes	8,235	7,439	6,976	6,164	5,590	6,504	5,157	5,624	5,286	5,886
Investment earnings	3,416	2,627	2,955	1,931	3,268	3,297	5,549	12,328	11,927	3,812
Miscellaneous	22,676	21,267	16,810	16,889	15,712	17,731	18,381	21,320	22,019	33,832
Transfers	25,688	(7,330)	(16,715)	(17,133)	(20,190)	20,146	25,393	11,855	7,921	9,438
Total governmental activities	583,799	538,046	526,368	574,140	595,275	653,390	691,394	683,568	703,803	738,324
Business-type activities:										
Investment earnings	1,001	1,017	1,237	903	1,291	1,512	2,228	4,224	4,045	1,110
Miscellaneous	1,903	580	1,484	549	678	1,350	763	1,038	661	570
Transfers	(25,688)	7,330	16,715	17,133	20,190	(20,146)	(25,393)	(11,855)	(7,921)	(9,438)
Total business-type activities	(22,784)	8,927	19,436	18,585	22,159	(17,284)	(22,402)	(6,593)	(3,215)	(7,758)
Total primary government	\$ 561,015	\$ 546,973	\$ 545,804	\$ 592,725	\$ 617,434	\$ 636,106	\$ 668,992	\$ 676,975	\$ 700,588	\$ 730,566
Change in net position:										
Governmental activities	107,594	22,107	(9,777)	27,487	6,349	68,752	52,543	89,111	75,794	61,320
Business-type activities	17,199	24,865	54,018	12,080	41,161	4,377	15,626	37,231	33,205	39,528
Total primary government	\$ 124,793	\$ 46,972	\$ 44,241	\$ 39,567	\$ 47,510	\$ 73,129	\$ 68,169	\$ 126,342	\$ 108,999	\$ 100,848

Source:

Pima County Finance & Risk Management Department

PIMA COUNTY, ARIZONA

Exhibit D - 3

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$ 2,720	\$ 3,848	\$ 5,278	\$ 4,053	\$ 2,931	\$ 4,318	\$ 4,566	\$ 7,287	\$ 7,487	\$ 5,659
Restricted	333									
Committed										10,000
Assigned	118	158	181	194	201	80	101	121	135	163
Unassigned	77,596	56,526	42,731	47,878	77,550	97,638	108,825	101,990	97,974	418,030
Total General Fund	<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>	<u>\$ 433,852</u>
All other governmental funds										
Unreserved, reported in:										
Special revenue funds										
Nonspendable	\$ 1,550	\$ 1,939	\$ 1,894	\$ 2,515	\$ 2,323	\$ 2,496	\$ 2,676	\$ 2,540	\$ 2,400	2,928
Restricted	105,468	76,570	60,984	53,155	57,141	62,263	90,924	77,122	80,990	108,368
Committed	10,264	7,746	6,308	6,320	6,962	2,821	1,972	3,993	18,422	17,803
Assigned	16,682	23,784	4,204	3,769	3,289	9,421	4,747	9,836	14,558	15,992
Unassigned	(9,013)	(8,385)	(6,536)	(4,770)	(9,097)	(7,006)	(7,690)	(4,370)		(279)
Capital projects funds										
Restricted	157,688	187,855	145,256	126,827	104,274	96,228	136,889	78,107	72,010	66,658
Committed	7,234	6,958	3,836	3,065	1,508					
Assigned					195	209	9,492	41,234	45,776	21,957
Unassigned	(3,553)	(83)	(80)	(57)						
Debt service: Assigned	28,298	25,640	7,848	8,424	6,656	3,127	5,004	6,845	5,143	4,466
Grants										
Nonspendable									180	29
Unassigned									(2,345)	(27,598)
Total other governmental funds	<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>	<u>\$ 210,324</u>

Source:
Pima County Finance & Risk Management Department

PIMA COUNTY, ARIZONA

Exhibit D - 4

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$ 407,711	\$ 391,630	\$ 385,829	\$ 431,371	\$ 450,054	\$ 460,312	\$ 481,222	\$ 469,605	\$ 486,074	\$ 491,028
Special assessments	245									
Licenses and permits	8,155	8,371	8,275	8,456	8,824	9,305	9,906	10,261	9,856	11,126
Intergovernmental	327,939	301,223	292,082	296,628	314,918	308,555	302,668	326,678	364,610	435,628
Charges for services	56,881	53,521	57,826	60,222	62,258	66,852	63,917	61,171	68,435	75,339
Fines and forfeits	10,249	9,904	8,652	9,509	8,420	8,110	7,526	7,004	6,062	7,022
Investment earnings	2,286	2,282	1,737	1,155	1,812	2,257	4,022	7,564	7,417	3,074
Miscellaneous	24,796	22,182	17,464	15,680	16,835	17,908	19,941	20,980	21,272	25,543
Total revenues	838,262	789,113	771,865	823,021	863,121	873,299	889,202	903,263	963,726	1,048,760
Expenditures										
General government	236,020	238,582	247,507	256,331	255,639	258,350	257,511	269,391	318,476	347,492
Public safety	145,711	152,373	157,572	161,484	169,292	174,105	172,696	173,195	158,046	210,390
Highways and streets	33,651	35,866	37,772	39,664	45,625	41,523	42,038	39,953	63,254	89,690
Sanitation	6,317	5,328	2,521	2,403	2,237	2,343	2,314	2,405	2,511	2,239
Health	46,672	35,581	35,357	37,787	38,390	39,263	39,182	42,909	42,141	77,417
Welfare	94,360	95,339	93,193	93,418	88,436	89,915	94,594	95,907	102,043	103,029
Culture and recreation	52,103	55,691	56,745	68,987	58,710	64,725	62,070	64,003	64,731	65,820
Education and economic opportunity	47,798	44,299	34,196	34,280	35,121	35,872	40,102	42,345	38,583	48,026
Capital outlay	149,612	174,976	135,746	100,788	70,473	73,922	78,370	118,275	118,016	94,003
Debt service - principal	78,688	68,342	113,337	81,933	86,957	101,579	97,574	129,912	90,018	102,692
- interest	24,762	23,904	26,777	26,439	26,279	23,920	20,244	18,730	17,630	16,526
- miscellaneous	1,179	1,654	1,030	863	488	1,376	729	620	622	2,805
Total expenditures	916,873	931,935	941,753	904,377	877,647	906,893	907,424	997,645	1,016,071	1,160,129
Deficiency of revenues under expenditures	(78,611)	(142,822)	(169,888)	(81,356)	(14,526)	(33,594)	(18,222)	(94,382)	(52,345)	(111,369)
Other financing sources (uses):										
Issuance of refunding debts	30,745	51,280	8,805	13,685	9,640	150,385				
Premium on bonds	7,349	11,959	9,488	5,949	2,552	17,661	2,621	6,709	5,588	5,603
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	1,938	31	360	119	89	246	566	1,676	268	5
Face amount of long-term debt	78,425	130,175	78,160	72,025	34,295	25,680	73,660	45,940	56,020	387,248
Transfers in	141,924	113,227	162,683	121,497	114,358	110,044	121,810	169,544	170,977	191,771
Transfers (out)	(115,914)	(122,244)	(190,140)	(148,744)	(132,865)	(87,640)	(94,524)	(162,458)	(163,167)	(171,810)
Total other financing sources (uses)	112,348	129,769	59,464	60,781	17,208	51,260	104,133	61,581	70,365	412,817
Change in reserves - net	(27)								4	(1)
Net change in fund balances	\$ 33,710	\$ (13,053)	\$ (110,424)	\$ (20,575)	\$ 2,682	\$ 17,666	\$ 85,911	\$ (32,801)	\$ 18,024	\$ 301,447
Debt service as a percentage of noncapital expenditures	13.35%	11.67%	16.44%	13.51%	13.41%	14.94%	13.74%	16.11%	11.55%	11.10%

Source:

Pima County Finance & Risk Management Department

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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

Exhibit D - 5

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
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%
2021	2,650,189	6,667,859	309,971	68,132	9,696,151	5.2346	95,585,663	10.14%

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 Department

PIMA COUNTY, ARIZONA

Direct and Overlapping Property Tax Rates
(per \$100 of assessed value)

County Direct Rates

Tax Year	County Primary	County Secondary	Flood Control District ¹	County Library District	Fire District Assistance	Total
2012	3.4178	0.7800	0.2635	0.3460	0.0447	4.8520
2013	3.6665	0.7800	0.2635	0.3753	0.0456	5.1309
2014	4.2779	0.7000	0.3035	0.4353	0.0472	5.7639
2015	4.3877	0.7000	0.3135	0.5153	0.0467	5.9632
2016	4.2896	0.7000	0.3335	0.5153	0.0468	5.8852
2017	4.4596	0.7000	0.3135	0.5053	0.0459	6.0243
2018	4.0696	0.6900	0.3335	0.5153	0.0441	5.6525
2019	3.9996	0.6900	0.3335	0.5353	0.0430	5.6014
2020	3.9220	0.5200	0.3335	0.5353	0.0416	5.3524
2021	3.8764	0.4500	0.3335	0.5353	0.0394	5.2346

Overlapping Rates

Tax Year	State of Arizona	Education Assistance	Community College District	City of Tucson	City of South Tucson	Street Lighting District	Central AZ Water Conservation District	Flowing Wells Irrigation District ²	Silverbell Irrigation District ²	Cortaro-Marana Irrigation District ²	Mobile Home Relocation District ³	Gladden Farms Community Facilities District	Vanderbilt Farms Community Facilities District	Quail Creek Community Facilities District	Gladden Farms Phase II Community Facilities District	Saguaro Springs Community Facilities District
2012		0.4717	1.1741	1.2639	2.7640	9.6038	0.1000	19.3500	3.0000	66.0000	0.5000	2.8000	0.3000	3.3000	0.3000	0.3000
2013		0.5123	1.2933	1.4304	2.9776	10.1900	0.1400	19.3500	3.0000	69.0000	0.5000	2.8000	0.3000	3.3000	0.3000	0.3000
2014		0.5089	1.3344	1.4606	0.2528	12.0787	0.1400	19.3500	3.0000	69.0000	0.5000	2.8000	0.3000	3.3000	0.3000	0.3000
2015		0.5054	1.3689	1.5960	0.2528	12.3345	0.1400	19.3500	3.0000	72.0000	0.5000	2.8000	0.3000	3.3000	0.3000	0.3000
2016		0.5010	1.3733	1.5982	0.2528	12.4384	0.1400	19.3500	3.0000	75.0000		2.8000	0.3000	3.3000	0.3000	0.3000
2017		0.4875	1.3890	1.4342	0.2487	12.4505	0.1400	19.3500	3.0000	75.0000		2.8000	0.3000	3.3000	0.3000	0.3000
2018		0.4741	1.3983	1.4819	0.2512	15.3127	0.1400	19.3500	3.0000	78.0000		2.4400	0.3000	3.3000	0.3000	2.8000
2019		0.4566	1.3758	1.3810	0.2434	17.9248	0.1400	19.3500	3.0000	79.5000		2.8000	0.3000	3.3000	2.8000	2.8000
2020		0.4426	1.3359	1.3573	0.2527	14.4901	0.1400	19.3500	3.0000	80.2500		2.8000		3.3000	2.8000	2.8000
2021		0.4263	1.2733	1.3123	0.2370	15.2590	0.1400	19.3500	3.0000	84.0000		2.8000		3.3000	2.8000	2.8000

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.

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

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

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

⁴ Vanderbilt Farms Community Facilities District was dissolved in fiscal year 2020.

Source:

Pima County Finance & Risk Management Department

PIMA COUNTY, ARIZONA

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

School Distric	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Tucson Unified (#1)	7.3187	7.4319	7.5094	7.3425	7.1258	6.9218	6.5554	6.3328	6.1243	6.1032
Marana Unified (#6)	5.5863	6.0085	6.2288	6.3370	6.3871	6.2334	6.0840	5.8650	5.7594	5.9491
Flowing Wells Unified (#8)	5.9778	6.7146	6.6135	6.6292	6.8971	6.7539	6.8860	6.8539	6.6839	6.4855
Amphitheater Unified (#10)	5.5539	5.9226	5.8044	5.6725	5.4917	5.6311	5.4919	5.4507	5.4522	5.1034
Sunnyside Unified (#12)	6.3154	5.0003	6.0364	3.9987	5.5498	5.7009	5.6636	5.3009	5.1530	4.6605
Tanque Verde Unified (#13)	4.1538	5.0012	5.0329	5.3069	5.2329	5.7574	5.4150	5.3974	5.2384	5.2731
Ajo Unified (#15)	3.5338	3.8882	4.8452	4.5540	4.7673	4.7107	4.5585	4.3771	4.2246	4.1276
Catalina Foothills Unified (#16)	4.7472	4.8264	4.7066	4.9985	5.9893	5.6661	5.4212	4.9943	5.5878	5.1980
Vail Elementary (#20)	5.9120	7.1703	7.3000	7.0189	7.0523	7.2630	7.1643	7.4759	7.1640	7.1497
Sahuarita Unified (#30)	5.5183	6.6341	7.2885	7.2847	7.3670	9.0399	8.4240	7.8712	7.4213	7.3042
San Fernando Elementary (#35)	4.0331	5.7831	5.8244	5.9538	4.4826	4.5003	4.3145	2.3087	1.9243	1.9959
Empire Elementary (#37)	1.2484	1.1287	2.1687	1.7677	2.4363	5.4021	6.4884	3.7643	2.4307	3.6087
Continental Elementary (#39)	1.5729	1.7027	2.6146	2.6512	2.4626	2.4991	2.5037	2.3785	2.3249	2.2488
Redington Elementary (#44)	5.9198	4.8200	4.7711	4.5901	8.9614	8.6853	8.6853	7.3742	7.3742	7.3742
Altar Valley Elementary (#51)	6.4355	6.2676	6.7381	7.6184	5.9857	5.7738	5.9852	5.5805	5.6522	6.7208
Unorganized ¹	1.9585	2.1265	2.1123	2.0977	2.0793	2.0234	1.9679	1.8954	1.8371	1.7694

Notes:

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

Source:

Pima County Finance & Risk Management Department

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		Collections in Subsequent Years	Collected to June 30, 2021 ¹		Delinquent Taxes Receivable ²
						Amount	Percent of Original Levy		Amount	Percent of Adjusted Levy	
2011-12	\$ 335,467	\$ 48,242	\$ 383,709		\$ 383,709	\$ 369,100	96.19%	\$ 13,041	\$ 382,141	99.59%	\$ 1,568
2012-13	324,786	46,136	370,922		370,922	357,556	96.40%	11,845	369,401	99.59%	1,521
2013-14	323,026	45,287	368,313		368,313	355,338	96.48%	11,459	366,797	99.59%	1,516
2014-15	359,298	52,186	411,484		411,484	397,670	96.64%	12,543	410,213	99.69%	1,271
2015-16	374,101	59,448	433,549		433,549	418,716	96.58%	13,645	432,361	99.73%	1,188
2016-17	378,249	62,645	440,894		440,894	430,628	97.67%	8,853	439,481	99.68%	1,413
2017-18	382,611	81,772	464,383		464,383	453,822	97.73%	9,443	463,265	99.76%	1,118
2018-19	383,920	67,031	450,951		450,951	441,154	97.83%	3,354	444,508	98.57%	6,443
2019-20	397,391	72,146	469,537		469,537	458,509	97.65%		458,509	97.65%	11,028
2020-21	396,965	76,329	473,294		473,294	462,317	97.68%		462,317	97.68%	10,977

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, 2021.
- 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 Department
 Pima County Treasurer's Office

PIMA COUNTY, ARIZONA

Exhibit D - 9

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

Fiscal Year		Net Assessed Value	Limited and Full Cash Value ¹	Ratio of Net Assessed to Full Cash Value
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%
2020-21	Primary	9,140,425	90,656,154	10.08%
2020-21	Secondary	10,226,395	101,016,359	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 Department

PIMA COUNTY, ARIZONA

Exhibit D - 10

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

Jurisdiction	FY 2020-21 (Tax Year 2020)		FY 2021-22 (Tax Year 2021)	
	Valuation	Rate	Valuation	Rate
<u>State of Arizona</u>	\$ 9,140,426	0	\$ 9,696,150	0
<u>Pima County</u>				
General Fund - Primary	9,140,426	3.9220	9,696,150	3.8764
Debt Service - Secondary	9,140,426	0.5200	9,696,150	0.4500
Free Library - Secondary	9,140,426	0.5353	9,696,150	0.5353
Total County - Primary		3.9220		3.8764
Total County - Secondary		1.0553		0.9853
Grand Total		<u>4.9773</u>		<u>4.8617</u>
<u>Education Assistance</u>	9,140,426	0.4426	9,696,150	0.4263
<u>Flood Control District - Secondary</u>	8,388,663	0.3335	8,794,452	0.3335
<u>Fire District Assistance - Secondary</u>	9,140,426	0.0416	9,696,150	0.0394
<u>Pima Community College District</u>				
Primary	9,140,426	1.3359	9,696,150	1.2733
Total		<u>1.3359</u>		<u>1.2733</u>
<u>Central Arizona Water Conservation District</u>				
Secondary	9,140,426	0.1400	9,696,150	0.1400
<u>Cities & Towns</u>				
City of Tucson				
Primary	3,724,572	0.4883	3,962,585	0.4430
Secondary	3,724,572	0.8690	3,962,585	0.8693
Total		<u>1.3573</u>		<u>1.3123</u>
City of South Tucson				
Primary	23,304	0.2527	24,976	0.2370
Total		<u>0.2527</u>		<u>0.2370</u>
<u>School Districts</u>				
Unorganized - Primary	17,570	1.8371	17,294	1.7694
Tucson Unified (District #1)				
Primary	3,572,216	3.8594	3,761,018	3.9489
Secondary	3,572,216	2.2649	3,761,018	2.1543
Total		<u>6.1243</u>		<u>6.1032</u>

Source:

Pima County Finance & Risk Management Department

(continued)

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

Exhibit D - 10

(continued)

Jurisdiction	FY 2020-21 (Tax Year 2020)		FY 2021-22 (Tax Year 2021)	
	Valuation	Rate	Valuation	Rate
Marana Unified (District #6)				
Primary	\$ 957,271	3.8563	\$ 1,033,705	4.1052
Secondary	957,271	1.9031	1,033,705	1.8439
Total		<u>5.7594</u>		<u>5.9491</u>
Flowing Wells Unified (District #8)				
Primary	205,199	3.8232	221,076	3.8535
Secondary	205,199	2.8607	221,076	2.6320
Total		<u>6.6839</u>		<u>6.4855</u>
Amphitheater Unified (District #10)				
Primary	1,658,281	3.7551	1,750,677	3.6038
Secondary	1,658,281	1.6971	1,750,677	1.4996
Total		<u>5.4522</u>		<u>5.1034</u>
Sunnyside Unified (District #12)				
Primary	461,636	3.8264	520,919	3.6737
Secondary	461,636	1.3266	520,919	0.9868
Total		<u>5.1530</u>		<u>4.6605</u>
Tanque Verde Unified (District #13)				
Primary	207,516	3.7511	212,455	3.7341
Secondary	207,516	1.4873	212,455	1.5390
Total		<u>5.2384</u>		<u>5.2731</u>
Ajo Unified (District #15)				
Primary	18,821	4.2246	19,582	4.1276
Total		<u>4.2246</u>		<u>4.1276</u>
Catalina Foothills Unified (District #16)				
Primary	652,860	3.7134	677,142	3.6473
Secondary	652,860	1.8744	677,142	1.5507
Total		<u>5.5878</u>		<u>5.1980</u>
Vail Elementary (District #20)				
Primary	589,974	3.8529	649,978	4.1032
Secondary	589,974	3.3111	649,978	3.0465
Total		<u>7.1640</u>		<u>7.1497</u>

Source:

Pima County Finance & Risk Management Department

(continued)

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

Exhibit D - 10

(continued)

Jurisdiction	FY 2020-21 (Tax Year 2020)		FY 2021-22 (Tax Year 2021)	
	Valuation	Rate	Valuation	Rate
Sahuarita Unified (District #30)				
Primary	\$ 348,701	3.8488	\$ 351,874	3.9287
Secondary	348,701	3.5725	351,874	3.3755
Total		<u>7.4213</u>		<u>7.3042</u>
San Fernando Elementary (District #35)				
Primary	11,464	1.9243	13,243	1.9959
Total		<u>1.9243</u>		<u>1.9959</u>
Empire Elementary (District #37)				
Primary	6,770	2.4307	7,078	3.6087
Total		<u>2.4307</u>		<u>3.6087</u>
Continental Elementary (District #39)				
Primary	380,956	1.8917	404,979	1.8200
Secondary	380,956	0.4332	404,979	0.4288
Total		<u>2.3249</u>		<u>2.2488</u>
Baboquivari Unified School (District #40)				
Primary	2,184	0	2,162	0
Total		<u>0</u>		<u>0</u>
Redington Elementary (District #44)				
Primary	1,399	7.3742	1,487	7.3742
Total		<u>7.3742</u>		<u>7.3742</u>
Altar Valley Elementary (District #51)				
Primary	47,633	4.7140	51,481	5.8384
Secondary	47,633	0.9382	51,481	0.8824
Total		<u>5.6522</u>		<u>6.7208</u>

Source:

Pima County Finance & Risk Management Department

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

Fiscal Year	Hotel Excise Tax ¹	Car Rental Surcharges ²	Recreational Vehicle Tax ^{3,4}
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	
2020-21	5,354	925	

Notes

¹Tax 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.

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

³Recreational 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.

⁴Recreational 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
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
2020-21	70,647	52,118	18,529

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.

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				Total Primary Government
	General Obligation Bonds	Transportation Revenue Bonds	Certificates of Participation	Capital Leases	Installment Note Payable	Sewer Revenue Bonds	Sewer Revenue Obligations	Regional Wastewater Loans Payable	Contracts and Notes	
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
2020-21	138,191	88,258	180,417		562		468,671		2,236	878,335

Fiscal Year	Total Primary Government	Personal Income ¹	Percentage of Personal Income	Population at July 1 ¹	Debt per Capita
2011-12	\$ 1,248,820	\$ 36,412,855	3.43%	990,380	\$ 1,261
2012-13	1,431,672	36,935,363	3.88%	996,046	1,437
2013-14	1,405,771	38,025,100	3.70%	1,007,162	1,396
2014-15	1,350,118	39,106,000	3.45%	1,022,079	1,321
2015-16	1,245,339	40,359,300	3.09%	1,016,743	1,225
2016-17	1,172,737	41,349,550	2.84%	1,025,044	1,144
2017-18	1,115,312	43,223,000	2.58%	1,033,781	1,079
2018-19	988,695	46,497,700	2.13%	1,042,475	948
2019-20	923,203	49,961,000	1.85%	1,050,906	878
2020-21	878,335	55,047,000	1.60%	1,059,218	829

Notes:

Details regarding outstanding debt can be found in Note 7 to the Financial Statements, pages 63-71.
¹Personal income and population statistics are based on calendar year.

Source:

Pima County Finance & Risk Management Department
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
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	446
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%	1,050,906	170
2020-21	138,191	3,038	135,153	10,226,395	1.32%	1,059,218	128

Notes:

Details regarding outstanding debt can be found in Note 7 to the Financial Statements, pages 63-71.

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 Department
 Office of Economic Opportunity

PIMA COUNTY, ARIZONA

Exhibit D - 14a

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 ^a
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%	1,050,906	1,190
2020-21	1,194,283	10,226,395	11.68%	1,059,218	1,128

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 Department
Office of Economic Opportunity

PIMA COUNTY, ARIZONA
 Computation of Direct and Overlapping
 Governmental Activities Debt Outstanding
 At June 30, 2021
 (in thousands)

Exhibit D - 15

Governmental Uni	Debt Outstanding	Amount Overlapping
Debt repaid with property tax:		
School Districts	\$ 644,710	\$ 644,710
Pima Community College	2,205	2,205
City of Tucson	139,940	139,940
Total overlapping		<u>\$ 786,855</u>
Debt repaid with property tax Direct:		
Pima County*	\$ 138,191	\$ 138,191
Total direct repaid with property tax		<u>\$ 138,191</u>
Other Debt:		
Certificates of participation	\$ 180,417	\$ 180,417
Installment note payable	562	562
Transportation bonds	88,258	88,258
Total other debt		<u>\$ 269,237</u>
Total direct		<u>\$ 407,428</u>
Total direct and overlapping debt		<u>\$ 1,194,283</u>

Notes:

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

*Excludes improvement districts.

Source:

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

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

Exhibit D - 16

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Full Cash Net Assessed Value	\$ 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	\$ 10,226,395
Legal Debt Margin										
Debt limit (15% of assessed value)	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	1,533,959
Debt applicable to limit:										
General obligation bonds	456,145	456,690	407,275	383,935	344,620	321,285	275,990	227,335	174,910	134,103
Less: Net assets reserved for repayment of general obligation debt	(22,602)	(22,900)	(5,326)	(6,037)	(5,606)	(2,793)	(2,911)	(2,639)	(2,545)	(3,038)
Total net debt applicable to the limit	433,543	433,790	401,949	377,898	339,014	318,492	273,079	224,696	172,365	131,065
Legal debt margin	<u>\$ 833,699</u>	<u>\$ 791,892</u>	<u>\$ 741,605</u>	<u>\$ 759,087</u>	<u>\$ 846,915</u>	<u>\$ 920,908</u>	<u>\$ 1,003,270</u>	<u>\$ 1,129,829</u>	<u>\$ 1,274,515</u>	<u>\$ 1,402,894</u>
Total net debt applicable to the limit as a percentage of debt limit.	34.21%	35.39%	35.15%	33.24%	28.59%	25.70%	21.40%	16.59%	11.91%	8.54%

Please see Note 7 to the Financial Statements, page 71 for additional details on calculation of the legal debt margin for the current year.

Source:

Pima County Finance & Risk Management Department

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: Ending cash Balances of Prior Fiscal Year (unrestricted)	Pledged Revenues ³	Debt Service ⁶			Coverage Ratio ^{4,5}
						Principal	Interest	Total	
2011-12	\$ 155,614	\$ 73,241	\$ 82,373	\$ 32,806	\$ 115,179	\$ 20,895	\$ 21,658	\$ 42,553	2.71
2012-13	157,907	73,577	84,330	99,491	183,821	29,759	28,243	58,002	3.17
2013-14	174,271	77,893	96,378	128,735	225,113	37,025	30,386	67,411	3.34
2014-15	173,977	84,492	89,485	121,426	210,911	41,026	30,306	71,332	2.96
2015-16	169,730	83,423	86,307	110,741	197,048	40,320	28,529	68,849	2.86
2016-17	173,058	80,165	92,893	110,451	203,344	47,951	26,621	74,572	2.73
2017-18	178,933	79,208	99,725	89,316	189,041	44,434	25,371	69,805	2.71
2018-19	185,142	78,957	106,185	78,192	184,377	45,142	24,395	69,537	2.65
2019-20	180,593	81,357	99,236	66,724	165,960	39,200	22,364	61,564	2.70
2020-21	181,281	80,276	101,005	82,883	183,888	43,855	22,181	66,036	2.78

Notes:

- ¹ Includes sewer connection fees, interest income, and other miscellaneous revenues.
- ² Excludes grants, depreciation, interest expense and amortization.
- ³ Pledged revenues defined by BOS Resolution 2010-50.
- ⁴ Sewer revenue debt rate covenants require minimum coverage of 120%.
- ⁵ For fiscal year 2009-2010, a new Debt Coverage calculation was implemented.
- ⁶ Debt 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 Department

PIMA COUNTY, ARIZONA

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

Fiscal Year	Transportation Revenue	Less: Operating Expense	Available Net Revenue	Debt Service ¹		Coverage Ratio
				Principal	Interest	
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
2020-21	73,408	89,673	(16,265)	13,465	2,856	(1.00)

Notes:

Details regarding outstanding debt can be found in Note 7 to the Financial Statements, page 71. 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 Department

PIMA COUNTY, ARIZONA

Exhibit D - 17c

Historic Pledged Revenue Collections
(dollar amounts in thousands)

	<u>FY 15-16</u>	<u>FY 16-17</u>	<u>FY 17-18</u>	<u>FY 18-19</u>	<u>FY 19-20</u>	<u>FY 20-21</u>
County Excise Revenues	\$ 16,773	\$ 17,813	\$ 17,296	\$ 16,922	\$ 20,220	\$ 23,392
Gross State Shared Sales Tax Revenues ^(a)	107,515	111,443	115,777	127,899	131,541	151,796
Less: ALTCS contribution ^(b)	(41,888)	(41,862)	(43,631)	(43,333)	(46,805)	(47,416)
Less: AHCCCS contribution ^(c)	(14,952)	(14,952)	(14,952)	(14,952)	(14,952)	(14,952)
Net State Shared Sales Tax Revenue ^(d)	<u>50,675</u>	<u>54,629</u>	<u>57,194</u>	<u>69,614</u>	<u>69,784</u>	<u>89,428</u>
Vehicle License Tax Revenues ^(d)	26,301	27,761	28,933	30,282	30,747	35,296
PILT revenues	<u>3,342</u>	<u>3,680</u>	<u>3,682</u>	<u>3,615</u>	<u>3,795</u>	<u>3,788</u>
Total Pledged Revenues	<u>\$ 97,091</u>	<u>\$ 103,883</u>	<u>\$ 107,105</u>	<u>\$ 120,433</u>	<u>\$ 124,546</u>	<u>\$ 151,904</u>

Notes:

^(a)Does not include amounts allocated from the Education Tax described under “State Shared Revenues” above.

^(b)Pursuant to Section 11-292, Arizona Revised Statutes, the Treasurer of the State withholds an amount of the State Shared Sales Tax Revenues sufficient to meet the County’s portion of the non-federal costs of providing the long-term care system in the State (“ALTCS”) from moneys otherwise payable to the County in accordance with the State’s distribution of the State Shared Sales Tax Revenues. The County’s contribution is based on a fixed State formula. In the event that the State Shared Sales Tax Revenues withheld from the County by the Treasurer of the State are insufficient to meet the funding requirement of ALTCS, the Treasurer of the State may withhold any other moneys payable to the County from any available State funding source.

^(c)Pursuant to Section 11-292, Arizona Revised Statutes, the Treasurer of the State withholds an amount of the State Shared Sales Tax Revenues determined by statutory formula for the administrative costs of implementing certain provisions of the Arizona Health Care Cost Containment System (“AHCCCS”). If the County does not make required contributions to the AHCCCS fund, which is used to offset certain indigent and related health care costs, the Treasurer of the State may withhold any amounts owed, plus interest retroactive to the first date the funding was due, from the County’s State Shared Sales Tax Revenues.

^(d)The distribution of State Shared Sales Tax Revenues and Vehicle License Tax Revenues is subject to change by the State Legislature, and the distribution of PILT Revenues is subject to change by the federal government.

Source:

Pima County Finance & Risk Management Department

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

Function/Department	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	FY 21-22
Clerk of Superior Court - Equipment		\$ 63	\$ 84	\$ 96	\$ 73	\$ 51	\$ 38	\$ 55	\$ 57	\$ 45
Superior Court - Equipment									130	133
Jail ¹	\$ 3,427									
Sheriff - Equipment	160	160	160	160	160					
Solid Waste - Equipment	298	298								
County Administration:										
Culture & Recreation				3,625	2,722	3,289	1,565	567		
	<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>	<u>\$ 178</u>

Notes:

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

Source:

Pima County Finance & Risk Management Department

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)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures*	Ratio of Debt Service To General Expenditures
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%
2020-21	102,505	16,504	119,009	1,066,126	11.2%

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

Source:

Pima County Finance & Risk Management Department

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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
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%
2021	1,059,218	55,047,000	51,969	6.9%

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

Exhibit D - 21

Employer	2012			2013			2014			2015			2016		
	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
Raytheon	10,500	2	2.3%	10,300	2	2.3%	9,933	2	2.2%	9,600	2	2.1%	9,600	2	2.1%
University of Arizona	10,681	1	2.3%	10,846	1	2.4%	11,047	1	2.4%	11,235	1	2.4%	11,251	1	2.4%
Banner Healthcare - UMC	5,594	10	1.2%	6,099	8	1.3%	6,329	7	1.4%	6,542	7	1.4%	6,272	7	1.3%
Davis-Monthan AFB	8,566	4	1.9%	9,100	3	2.0%	8,933	4	2.0%	8,335	4	1.8%	8,406	4	1.8%
Pima County Government	6,170	8	1.4%	6,076	9	1.3%	7,328	5	1.6%	7,023	6	1.5%	7,023	5	1.5%
Tucson Unified School District	6,674	6	1.5%	6,790	6	1.5%	6,525	6	1.4%	7,134	5	1.5%	6,770	6	1.4%
State of Arizona	9,061	3	2.0%	8,807	4	1.9%	9,439	3	2.1%	8,524	3	1.8%	8,580	3	1.8%
Wal-Mart Stores, Inc.	7,300	5	1.6%	7,450	5	1.6%	5,200	10	1.1%	5,400	10	1.2%	5,500	10	1.2%
Tucson Medical Center															
City of Tucson															
U.S. Customs & Border Protection	6,000	9	1.3%	6,500	7	1.4%				6,470	8	1.4%	5,739	8	1.2%
UA Healthcare Network															
Freeport-McMoran Inc.				5,463	10	1.2%	5,600	9	1.2%	5,800	9	1.2%	5,530	9	1.2%
Fort Huachuca ¹	6,198	7	1.4%				5,717	8	1.3%						
Total	76,744		16.8%	77,431		17.1%	76,051		16.8%	76,063		16.3%	74,671		16.0%
Total Work Force			455,900			453,200			452,429			467,438			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

Exhibit D - 21

(continued)

Employer	2017			2018			2019			2020			2021		
	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
Raytheon	10,300	2	2.2%	11,471	3	2.4%	11,295	2	2.3%	12,606	1	2.6%	13,305	1	2.7%
University of Arizona	10,846	1	2.3%	12,531	1	2.6%	16,217	1	3.2%	12,517	2	2.5%	12,517	2	2.5%
Banner Healthcare - UMC				6,476	6	1.3%	6,499	7	1.3%	7,500	3	1.5%	7,703	3	1.5%
Davis-Monthan AFB	9,100	3	1.9%	11,769	2	2.4%	7,211	4	1.5%	7,211	4	1.5%	7,648	4	1.5%
Pima County Government	6,076	9	1.3%	5,921	7	1.2%	7,697	3	1.5%	6,937	5	1.4%	7,412	5	1.5%
Tucson Unified School District	7,688	5	1.6%	6,879	5	1.4%	6,872	5	1.4%	6,872	6	1.4%	6,532	6	1.3%
State of Arizona	8,807	4	1.8%	8,585	4	1.8%	6,654	6	1.3%	6,538	7	1.3%	4,817	7	1.0%
Wal-Mart Stores, Inc.	7,450	6	1.6%	4,341	8	0.9%	4,414	8	0.9%	4,564	8	0.9%	4,773	8	1.0%
Tucson Medical Center				4,051	10	80.0%	3,987	10	0.8%	4,482	9	0.9%	4,453	9	0.9%
City of Tucson				4,093	9	0.8%	4,093	9	0.8%	4,025	10	0.8%	4,356	10	0.9%
U.S. Customs & Border Protection	6,500	7	1.4%												
UA Healthcare Network	6,099	8	1.3%												
Freeport-McMoran Inc.	5,463	10	1.1%												
Fort Huachuca ¹															
Total	<u>78,329</u>		16.4%	<u>76,117</u>		15.8%	<u>74,939</u>		15.0%	<u>73,252</u>		14.8%	<u>73,516</u>		14.8%
Total County Work Force			477,017			481,835			500,018			494,119			497,659

Notes:

¹ Fort 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

Exhibit D - 22

Population and Employment
Last Ten Calendar Years

Year	Population	Civilian Labor Force	Total Unemployment Rate	EMPLOYMENT				
				Mining	Construction	Manufacturing	Transportation & Utilities	Financial Activities
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
2021	1,059,218	498,822	6.9%	1,900	18,400	27,500	68,000	18,000

Notes:

All Employment data presented is not seasonally adjusted. Labor Force, Unemployment and Sector Employment for 2019 represent the average through July

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

Exhibit D - 23

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)
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
2021	140,182	2,257,581	10,894,760	1.38	4,958	17,856	5,839,650

Note:

Tucson International Airport follows the Federal fiscal calendar.

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 Volum	Commercial Bank Deposits
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	5%	15,573,516
2020	9,826,576	4,313	5%	18,684,759
2021	10,176,236	4,958	30%	20,558,194

Notes:

¹ Prior 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.

² Beginning 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, 2021

Exhibit D - 25

ESTIMATED POPULATION BY AGE

Age Group	Population
0-4	56,454
5-9	60,314
10-14	64,323
15-19	73,956
20-24	82,086
25-29	72,668
30-34	66,067
35-39	62,042
40-44	60,150
45-49	57,563
50-54	58,131
55-59	63,322
60-64	69,100
65-69	65,875
70-74	57,924
75+	89,243
Total	1,059,218

POPULATION PROJECTIONS

Year	Projected Population
2022	1,067,441
2027	1,106,963
2037	1,177,004
2047	1,233,576

Source:
Office of Economic Opportunity

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

<u>Fiscal Year</u>	<u>Average Jail Population</u>
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
2021	1,531

Source:
Pima County Sheriff's Department, Corrections Bureau

STATISTICAL SECTION

OPERATING INFORMATION:

The objective of the operating information is to provide contextual information about a government's operations and resources to assist users in using financial information to understand and assess a government's economic condition. Two types of information are considered important:

1. Basic information about infrastructure assets, utilities, and public works; in essence, the capital resources at the government's disposal. Examples include miles of streets and sewers and wastewater treatment volume.
2. Descriptive service information, which would help to evaluate the size of the government. This would include types of services, the related demand and volume, and the non-financial resources employed to provide the services.

PIMA COUNTY, ARIZONA
Employees by Function
Last Ten Fiscal Years

Exhibit D - 27

<u>Function/Program</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>	<u>2021</u>
Governmental activities										
General government	2,473	2,321	2,805	2,832	2,753	3,164	3,011	3,213	2,931	3,086
Public safety	1,540	1,468	1,525	1,387	1,418	1,431	1,335	1,443	1,400	1,410
Highways and streets	274	265	258	248	253	262	229	214	175	177
Sanitation	24	3	31	33	32	35	35	44	35	35
Health	404	174	319	282	322	237	223	225	235	346
Welfare	377	397	8	7	9	22	15	17	22	24
Culture and recreation	652	331	442	434	453	526	447	493	458	486
Education and economic opportunity	133	144	112	111	116	136	130	139	141	134
Total governmental activities	5,877	5,103	5,500	5,334	5,356	5,813	5,425	5,788	5,397	5,698
Business-type activities										
Regional Wastewater Reclamation	531	413	438	387	406	474	433	455	372	397
Development Services	59	52	60	56	52	67	58	44	44	51
Parking Garages	3	3	3	5	4	4	5	3	3	7
Total business-type activities	593	468	501	448	462	545	496	502	419	455
Total	6,470	5,571	6,001	5,782	5,818	6,358	5,921	6,290	5,816	6,153

Notes:

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

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

Exhibit D - 28

Program:	<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>	<u>2021</u>
Sheriff										
Physical arrests	24,841	25,451	24,394	21,233	21,627	16,134	15,944	12,821	11,894	9,712
Traffic violations/citations										
Criminal	4,205	4,291	5,691	8,743	9,026	7,508	7,468	4,551	3,971	3,481
Civil	32,445	33,837	34,466	30,656	24,855	23,725	27,346	24,316	19,950	17,659
Total violations/citations	<u>36,650</u>	<u>38,128</u>	<u>40,157</u>	<u>39,399</u>	<u>33,881</u>	<u>31,233</u>	<u>34,814</u>	<u>28,867</u>	<u>23,921</u>	<u>21,140</u>
Wastewater										
Avg. daily sewage treated (MGD) ¹	62.3	60.9	60.2	60.3	59.5	59.0	57.0	57.5	58.0	56.9
New connections	1,355	1,856	1,804	1,427	1,986	2,887	2,411	2,798	2,992	3,666
Cultural and Recreational²										
Spring training attendance	20,850	21,944	N/A							
Soccer attendance	36,001	21,942	36,723	41,259	40,804	76,437	93,144	102,204	122,312	54,928
Parks & Recreation										
Athletic field permits issued ³	228	263	326	280	267	276	648	4,885	599	599
Community center admissions	347,379	306,841	327,257	318,524	303,293	302,821	282,616	275,936	182,937	68,076
Volunteer hours	10,787	8,213	11,366	12,108	10,512	11,094	9,483	8,616	8,277	76,611
Library										
Volumes in collection ⁴	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	1,116,211
Total volumes borrowed	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	3,881,675
Number of cardholders	434,841	405,419	405,507	379,631	385,945	374,293	383,777	349,999	343,406	320,486
Capital Projects										
Land	\$ 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	\$ 1,251,708
Buildings	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	30,193,194
Improvements	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	8,871,339
Infrastructure	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	47,010,744
Total Completed	<u>\$ 68,834,665</u>	<u>\$ 59,450,396</u>	<u>\$141,421,075</u>	<u>\$163,451,150</u>	<u>\$ 94,037,869</u>	<u>\$ 48,457,612</u>	<u>\$ 97,850,592</u>	<u>\$ 47,569,246</u>	<u>\$ 58,087,900</u>	<u>\$ 87,326,985</u>

Notes:

¹ MGD: Millions of Gallons per Day

² For fiscal year 2010-11 there were no Spring Training games in Tucson

³ Field permit totals increased due to ActiveNet creating a permit for each field rather than lumping multiple fields together

⁴ Volumes include physical and digital copies

PIMA COUNTY, ARIZONA

Exhibit D - 29

Capital Assets & Infrastructure by Program
Last Ten Fiscal Years

	<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>	<u>2021</u>
Program:										
Sheriff										
Stations	7	7	7	7	7	7	7	7	7	7
Zone offices	4	2	2	2	2	2	2	2	2	2
Patrol units	358	305	354	371	362	344	354	365	383	362
Transportation (streets and highways)										
Streets (miles) ¹	1,897	1,905	1,854	1,854	1,870	1,866	1,891	1,904	1,907	1,926
Pothole repair ²	\$ 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	\$ 2,162,630
Flood Control										
Bank protection (miles) ³			175	195	200	201	202	204	102	207
Flood plain / drainage way (acres) ⁴	13,210	13,645	16,538	16,806	26,000	26,832	31,738	32,468	31,095	31,690
Parks & Recreation										
Urban parks (acres)	3,012	3,143	3,147	3,489	3,736	5,825	5,831	5,831	5,835	5,835
Playgrounds	40	40	41	38	37	38	41	41	41	42
Baseball/softball diamonds	86	87	89	91	94	94	71	71	71	104
Soccer/football fields	18	18	20	21	24	24	34	34	34	34
Community centers	11	11	11	11	11	11	11	11	11	11
Swimming pools / Splashpads	10	10	10	10	10	10	11	11	11	11
Wastewater										
Sanitary sewers (miles)	3,440	3,448	3,462	3,466	3,470	3,487	3,500	3,500	3,500	3,542
Treatment capacity (MGD) ⁵	97.06	97.04	95.04	95.03	95.04	92.00	95.00	95.00	95.00	94.74
Libraries										
County	26	26	27	27	27	27	27	27	27	27
Open Space Acquisitions										
Properties added	6	1	3	2	3	1				
Acres	595	1,416	823	389	676	95				
Cumulative acreage	58,386	59,802	60,625	61,014	61,690	61,785	61,785	61,785	61,785	61,785
Total properties	100	101	104	106	109	110	110	110	110	110

Notes:

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

² Pothole repair figures were unavailable in FY 2009-10.

³ No soil cement bank protection projects in 2012 and 2013.

⁴ Regional Flood Control District maintained acreage only.

⁵ On Jan. 3, 2012 capacity was reduced when the Town of Marana obtained ownership of the Marana Wastewater Treatment Facility.

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