



2005  
PIMA COUNTY ARIZONA

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*Comprehensive  
Annual  
Financial  
Report*

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**For the Fiscal Year Ended  
June 30, 2005**

**PIMA COUNTY, ARIZONA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2005**

**BOARD OF SUPERVISORS**

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**COUNTY ADMINISTRATOR**

C. H. Huckelberry

**Prepared by the Pima County Finance Department**

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Jennifer Serrano

Jason Urman, Intern

**PIMA COUNTY**

**Comprehensive Annual Financial Report**

For the Fiscal Year Ended June 30, 2005

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## COUNTY ADMINISTRATOR'S OFFICE

PIMA COUNTY GOVERNMENTAL CENTER  
130 W. CONGRESS, TUCSON, AZ 85701-1017  
(520) 740-8661 FAX (520) 740-8171

CHUCK FLIBBERY  
County Administrator

December 2, 2005

The Honorable Board of Supervisors  
Pima County, Arizona

We are pleased to submit, in accordance with state statutes, the Comprehensive Annual Financial Report (CAFR) of Pima County, prepared by the Finance Department, for the fiscal year ended June 30, 2005. This report presents comprehensive financial and operating information about the County's activities for the fiscal year that is useful to its property owners, businesses and other resource providers. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County.

This report is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting as established by the Governmental Accounting Standards Board (GASB) using the guidelines as recommended by the Government Finance Officers Association of the United States and Canada (GFOA). GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditors' report.

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.

The CAFR consists of three sections:

- The **INTRODUCTORY** section, which familiarizes the reader with the organizational structure of the County, the nature and scope of the services it provides, and the specifics of its legal operating environment.
- The **FINANCIAL** section, which includes the independent auditor's report, MD&A, audited basic financial statements and notes to the statements, required supplementary information, and supporting statements and schedules necessary to fairly present the financial position and results of operations of the County in conformity with generally accepted accounting principles.
- The **STATISTICAL** section, which contains comprehensive statistical data on the County's financial, physical, economic and demographic characteristics. For the fiscal year ended June 30, 2005, the County early implemented the reporting requirements of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*.

## **Pima County and its Services**

Pima County is situated in the southern part of Arizona with a portion of its southern boundary bordering Mexico. The County was organized in 1864 under the Arizona Territorial Legislature as one of the State's four original counties.

A five-member Board of Supervisors is responsible for implementing the County's governmental and administrative affairs. Each member of the Board is elected from a designated district to serve a four-year term. The Chair is selected by the Board from among its members. The Board is also responsible for establishing the policies of the County, which provide guidance to the various County constitutional officers and departments. The Board appoints a County Administrator who is responsible for the general administrative and overall operations of the various departments of the County.

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: 1) it is able to impose its will on that organization; or 2) a potential exists for that organization to provide specific benefits to, or impose specific financial burdens on, the primary government. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government.

Pima County offers a wide variety of governmental services, including:

- *Justice and Law Enforcement:* Clerk of the Superior Court, Constables, County Attorney, Superior Court, Juvenile Court, Justice Court system, Sheriff's Department, Indigent Defense and Public Fiduciary
  
- *Medical Services:* Pima Health System & Services (including Posada del Sol), Department of Institutional Health, Public Health Department (including Health & Animal Control) and Forensic Science Center
  
- *Community and Economic Developments:* Superintendent of Schools, Community Development and Neighborhood Conservation, Economic Development and Tourism, Community Services, Employment and Training, Community Resources, County Free Library District, Southwestern Fair Commission and Stadium District
  
- *Public Works:* Regional Flood Control District, Development Services (including Planning & Zoning), Transportation, Wastewater Management (including Solid Waste Management), Environmental Quality, Capital Improvement Program, Fleet Services, Natural Resources, Parks & Recreation, and Graphics Services
  
- *County Administration:* Board of Supervisors, County Administrator, Assessor's Office, Clerk of the Board, Elections, Finance, Human Resources, Information Technology, Non-Departmental (including Contingency), Procurement, Recorder, Risk Management, Treasurer, Facilities Management, Communications and Parking Garages

Pima County is also 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.

Blended and discrete component units include:

- *Southwestern Fair Commission.* Activities of the Commission are reported as a discrete component of the County in the accompanying financial statements.
- *Pima County Stadium District, Regional Flood Control District, and Library District.* Activities are reported in special revenue funds as blended component units in the accompanying financial statements.
- *Special Districts.* Pima County includes the financial activities of various improvement districts in its financial statements. Improvement districts are established to pay for the construction of specific public works projects that benefit citizens of a limited geographical area. The County's currently active improvement districts include La Cholla Boulevard, Country Club Estates, Cimarron, Hayhook and Camino Ojo De Agua Improvement Districts.

The County also has various independently governed school, irrigation, fire, and street lighting districts, and a health district. In addition, there are 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 and the Private Industry Council. 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.

### **Economic Outlook**

The local real estate market continues to thrive as the County experiences continued increases in residential building permits and in real estate sales. The corresponding increase in the property tax base is expected to generate increased revenues over the next several years.

According to the Fall 2005 issue of *Arizona's Economy*, a publication of the University of Arizona's Economic & Business Research Program, Pima County's population increased 2.6% to 953,000 persons for the year ended June 30, 2005. Over the same period, per capita income rose 7.0% to \$27,599. The County's population is expected to steadily increase over the next few years at a rate of about 2.5%. By 2007, the County's population is expected to reach one million.

For the Tucson metropolitan area, non-farm payrolls are expected to increase 3.5% to 386,600 jobs during 2006. For all of 2006, per-capita wage income is forecast to rise 5.8% to \$29,204 and aggregate retail sales are forecast to rise 5.2% to \$11.32 billion. The number of residential permits is forecast to decline 5.3% to 10,834, signaling a slow-down in the housing sector.

The property tax base will grow due to an increase in residential construction. Rising personal income and incoming wealth will increase the value per residential parcel. The numbers of residential parcels are increasing due to population growth. Commercial construction will increase to accommodate the rising population and employment growth.

In fiscal year 2001/02 revenues from State Shared Sales Tax (SSST) declined 3.5%. Since then, revenues from SSST have increased to the point that, through mid-fiscal year 2005, they are growing at over 10% per year. This growth was initially energized by private and business federal income tax incentives. Currently, the growth is caused by population growth which is driving increases in construction and sales of retail items such as furniture and home fixtures. As long term interest rates increase and construction begins to slow, the rate of SSST growth will also slow to a more modest level.

The growth rate of Vehicle License Tax (VLT) revenues has been declining since fiscal year 2001/02. This is attributed to slowing new car sales and the decreasing basis of revenue from the cars already registered in

the County. The rate of growth for VLT revenue is expected to increase in future years as the cars on the road today need replacement and population growth increases the overall vehicle count in the County.

### **Expenditure Limitation**

Arizona voters approved a proposition amending the state constitution in 1980 that established expenditure limitations for local governments, including Pima County.

### **Major Program Initiatives and Developments**

Some of the major developments that occurred in Pima County during the fiscal year ended June 30, 2005 include:

#### **Capital Improvement Program**

General Obligation and Street and Highway Revenue bonds continue to fund a significant portion of the Capital Improvement Program. In May 2005, \$65 million of general obligation bonds and \$51.2 million of Street and Highway Revenue bonds were sold.

Several ongoing projects were completed in the fiscal year, primarily consisting of land acquisitions, buildings and improvements to the sewage conveyance system. Please refer to the Management Discussion and Analysis beginning on page 13 for details on these significant projects.

## **Financial Information**

### **Accounting System and Budgetary Control**

In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal control procedures. Internal controls for accounting purposes are designed to provide reasonable, but not absolute, assurance regarding: (1) safeguarding of assets against loss from unauthorized use or disposition, and (2) reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that: (1) costs of implementing controls should not exceed their likely derived benefits, and (2) evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the County's internal control structure adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained at the elected official or department level, with each department budgeted on a cost center/account line item basis. Each year, the budget is presented emphasizing the programmatic components of County services, identifying the costs and funding of programs.

### **Capital Assets System**

This fiscal year the County has fulfilled a significant portion of the infrastructure reporting requirements of Governmental Accounting Standards Board Statement 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments. \$303.5 million of infrastructure assets have

been added to the County capital assets, comprised of \$266.7 million of roadways and \$36.8 million of flood control drainageways.

The implementation process of SPL/Synergen, a comprehensive asset management system, continued throughout the year, with the majority of County departments expected to be using the system in fiscal year 2005/06. The new asset management system provides departments with a centralized system for reporting assets, while facilitating the processing of departmental work order and project activity. The system will interface with the County's existing financial management system.

### **Cash Management**

Most cash, other than imprest accounts, is on deposit with the County Treasurer or the State Treasurer. Amounts temporarily available during the course of the fiscal year are invested on a short-term basis. To address cash flow needs in the short term, the County instituted internal borrowings among funds that were recorded formally in its accounting records.

### **Risk Management**

Pima County has established a Self Insurance Trust Fund to account for the risk management function of the County. The Fund is administered by an appointed Board of Trustees and provides self-insured coverage to the County for medical malpractice, workers' compensation, unemployment, general liability, property damage, environmental damage and employee dental benefits, as well as obtaining coverage for other risks. The Fund is financed by charges to other County funds.

### **Other Information**

#### **Independent Audit**

Arizona Revised Statutes require an annual audit of the financial statements. The County is fully compliant with this legal requirement. An independent auditors' report is included in this CAFR.

#### **Single Audit**

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

As a part of the County's single audit, tests are made to determine 1) the adequacy of the internal control structure, including that portion related to federal financial assistance programs, and 2) whether the County has complied with applicable laws and regulations.

The results of the County's single audit for the fiscal year ended June 30, 2004 included a reportable condition. The reportable condition cited inadequate policies and procedures over the Workforce Improvement Act federal programs. Specifically, the reportable condition pertained to several 2004 monthly contractor Accrued Expenditure Reports which did not agree to the County's financial records. The County has submitted a corrective plan of action and the condition is no longer in effect as of fiscal year 2004-05.

The Single Audit for Pima County for the fiscal year ended June 30, 2005 was not complete at the time of publication of this Comprehensive Annual Financial Report.

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.

### Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Pima County, Arizona for its comprehensive annual financial report for all fiscal years ended June 30, 1984 through 2004, except for fiscal years ended June 30, 1990 and June 30, 1999, due to missing the filing deadline.

In order to receive a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report with contents that conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

In addition, Pima County also received GFOA's Distinguished Budget Presentation Award for its annual budget approved on June 15, 2004. In order to qualify for the Distinguished Budget Presentation Award, the government's budget had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device. This is the sixth consecutive year the County's budget has been so recognized.

### Acknowledgements

Preparation of this report could not be accomplished without the efficient and dedicated service of the staff of the County's Finance Department. We also wish to thank the Board of Supervisors for its continued support in planning and conducting the County's financial operations in a responsible fiduciary manner.

Respectfully submitted,



C. H. Huckelberry  
County Administrator



Tom Burke  
Director, Finance Department

# 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, 2004

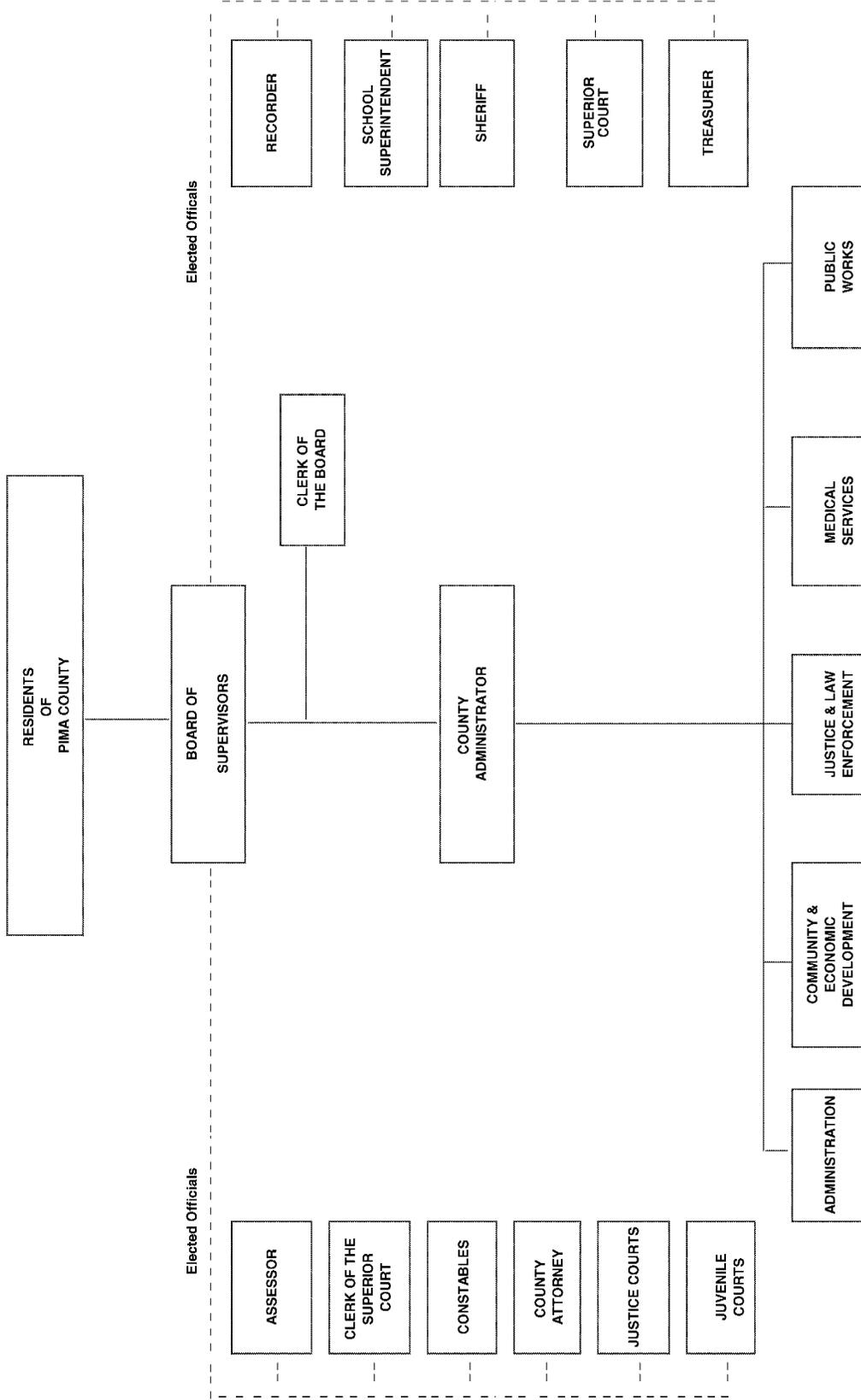
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

# PIMA COUNTY ORGANIZATIONAL CHART



DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of  
Pima County, Arizona

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain departments, a major fund, and the component unit, which account for the following percentages of the assets, liabilities, revenues, and expenses or expenditures of the opinion units affected:

Opinion Unit/Department	Assets	Liabilities	Revenues	Expenses/ Expenditures
<u>Government-wide Statements</u>				
Governmental activities:				
Stadium District	0.05%	0.04%	0.44%	0.27%
Self-Insurance Trust	2.75%	5.59%	0.23%	0.98%
Business-type activities:				
Wastewater Management	92.25%	85.18%	25.09%	22.30%
Development Services	1.98%	0.77%	3.94%	3.19%
Self-Insurance Trust	0.00%	0.00%	0.00%	0.39%
Discretely presented component unit:				
Southwestern Fair Commission	100.00%	100.00%	100.00%	100.00%
<u>Fund Statements</u>				
Major fund:				
Wastewater Management	100.00%	100.00%	100.00%	100.00%
Aggregate remaining fund information:				
Stadium District	0.16%	0.17%	1.04%	0.61%
Development Services	3.13%	1.31%	5.33%	4.06%
Self-Insurance Trust	8.99%	25.66%	5.32%	7.82%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our 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, the discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 1, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*, for the year ended June 30, 2005, which represents a change in accounting principle. Also, as described in Note 2, beginning in fiscal year 2005, the Metropolitan, Marana, and Green Valley Domestic Water Improvement Districts that were previously reported in the County's basic financial statements as discretely presented component units are no longer financially accountable to the County and, therefore, are not reported in the County's basic financial statements. This change constitutes a change in the County's reporting entity.

As described in Note 2, the County retroactively reported certain of its infrastructure as prescribed by provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

The Management's Discussion and Analysis on pages 13 through 28, the Budgetary Comparison Schedules on pages 69 through 70, and the Schedule of Agent Retirement Plans' Funding Progress on page 71 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

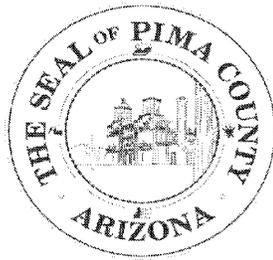
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining statements and other schedules, and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements and other schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we will also issue our report on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters at a future date. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Debbie Davenport  
Auditor General

December 2, 2005

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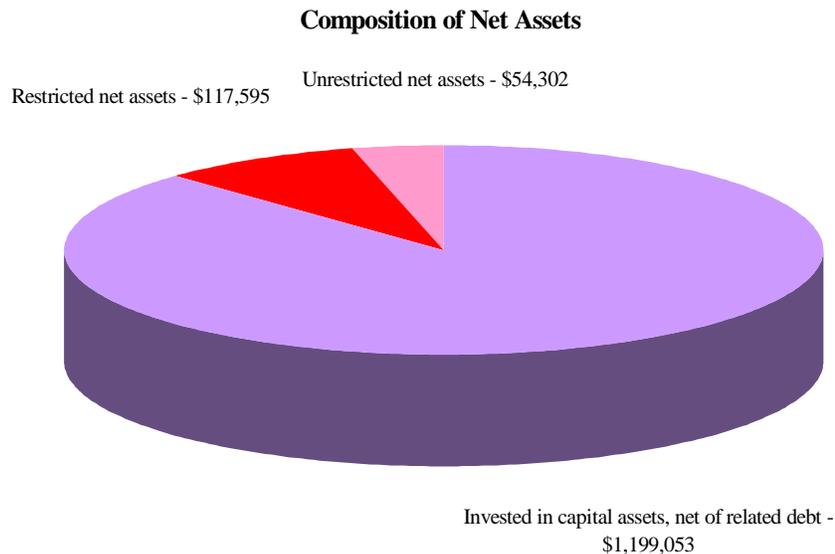
## **Management's Discussion and Analysis**

## Management's Discussion & Analysis

This section of Pima County's comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the year ended June 30, 2005, and should be read in conjunction with the County's basic financial statements in the following sections. All dollar amounts are expressed in thousands (000's) unless otherwise noted.

### FINANCIAL HIGHLIGHTS

- At June 30, 2005, the County's combined assets exceeded combined liabilities (*net assets*) by \$1,370,950, an increase of 9.1% from the prior year. Of this amount, \$54,302 is available for general government expenditures (*unrestricted net assets*), \$117,595 is restricted for specific purposes (*restricted net assets*), and \$1,199,053 is invested in capital assets, net of related debt and accumulated depreciation.



- Of the total fund balances of the County's governmental funds, total fund balance increased \$69,113 to \$252,007, with \$235,205 of this amount available for expenditure. Within the general fund, capital projects fund and the County's other governmental funds, \$33,171, \$147,650 and \$54,384 are available for future expenditures, respectively.
- The general fund unreserved fund balance increased \$7,543 from the previous year to \$33,171. This balance accounts for approximately 8.9% of the County's general fund expenditures and 4.6% of total governmental funds expenditures.
- Pima Health System and Services had operating income of \$1,165, an increase of \$40,118 from the prior year's reported operating loss. A significant portion of the prior year loss was attributed to Kino Community Hospital, which was subsequently leased to University Physicians, Inc.

## 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 four components: (1) Government-wide financial statements, (2) Fund financial statements, and (3) Notes to the basic 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 assets* presents information on all County assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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*) from other functions that are intended to recover all or in part 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, health, welfare, culture and recreation, and education and economic opportunity. The business-type activities of the County include Pima Health System & Services, Wastewater Management, Development Services and the County's downtown parking garages.

A discretely presented component unit is included in the basic financial statements and consists of a legally separate entity for which the County is financially accountable. The County previously reported discretely presented component units, including the Metropolitan Domestic Water Improvement District, the Marana Domestic Water Improvement District, the Green Valley Domestic Water Improvement District, and the Southwestern Fair Commission, which operates the County Fairgrounds and the annual Pima County Fair. An analysis of the financial and legal relationship the County maintains for the Metropolitan Domestic Water Improvement District, the Marana Domestic Water Improvement District, and the Green Valley Domestic Water Improvement District concluded that these Districts are no longer required to be reported as discretely presented component units.

**The government-wide financial statements can be found on pages 29-30 of this report.**

**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 OMB 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 funds 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 funds balance sheet and the governmental funds 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 fourteen 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 Fund and the Capital Projects fund. 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 elsewhere in this report.

**The governmental fund financial statements can be found on pages 31-34 of this report.**

*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 certain health care services, including medical and long-term health care, 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 risk management, automotive fleet maintenance and operations, and printing and communications. Because these services predominantly benefit governmental rather than business-type functions, most of the assets and liabilities 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. Wastewater Management and Pima Health System & Services operations are considered to be major funds of the County. Data from the other enterprise funds are combined into a single, aggregated presentation. Similarly, the County's internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the other enterprise and internal service funds are provided in the form of *combining statements* elsewhere in this report.

**The proprietary fund financial statements can be found on pages 35-38 of this report.**

*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 39-40 of this report.**

**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 41-68 of this report.

**Required Supplementary Information (RSI)** is presented concerning the County General Fund budgetary schedule and the schedule of retirement plans' funding progress. Required supplementary information can be found on pages 69-71 of this report.

The combining and individual fund statements and schedules referred to earlier provide information for non-major governmental and enterprise funds and internal service funds and are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 74-104 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as a useful indicator of a government's financial position over time. In the case of the County, assets exceeded liabilities by \$1,370,950 at June 30, 2005. The following table shows condensed information for the Statement of Net Assets:

**Table 1**  
**Statement of Net Assets**  
**At June 30, 2005**

	Governmental Activities		Business-type Activities		Total	
	Fiscal Year		Fiscal Year		Fiscal Year	
	2004-2005	2003-2004*	2004-2005	2003-2004*	2004-2005	2003-2004*
Current and other assets	\$ 372,920	\$ 312,193	\$ 96,000	\$ 65,345	\$ 468,920	\$ 377,538
Capital assets:						
Land, buildings, equipment, infrastructure & other	1,058,802	979,670	596,538	584,309	1,655,340	1,563,979
Total assets	<u>1,431,722</u>	<u>1,291,863</u>	<u>692,538</u>	<u>649,654</u>	<u>2,124,260</u>	<u>1,941,517</u>
Current and other liabilities	79,660	88,779	43,514	39,066	123,174	127,845
Long-term liabilities	469,861	391,594	160,275	165,810	630,136	557,404
Total liabilities	<u>549,521</u>	<u>480,373</u>	<u>203,789</u>	<u>204,876</u>	<u>753,310</u>	<u>685,249</u>
Net assets :						
Invested in capital assets, net of related debt	741,453	695,053	457,600	441,250	1,199,053	1,136,303
Restricted	107,297	75,417	10,298	8,294	117,595	83,711
Unrestricted (deficit )	33,451	41,020	20,851	(4,766)	54,302	36,254
Total net assets	<u>\$ 882,201</u>	<u>\$ 811,490</u>	<u>\$ 488,749</u>	<u>\$ 444,778</u>	<u>\$ 1,370,950</u>	<u>\$ 1,256,268</u>

\*As restated - See Note 2 & Note 5 of the financial statements

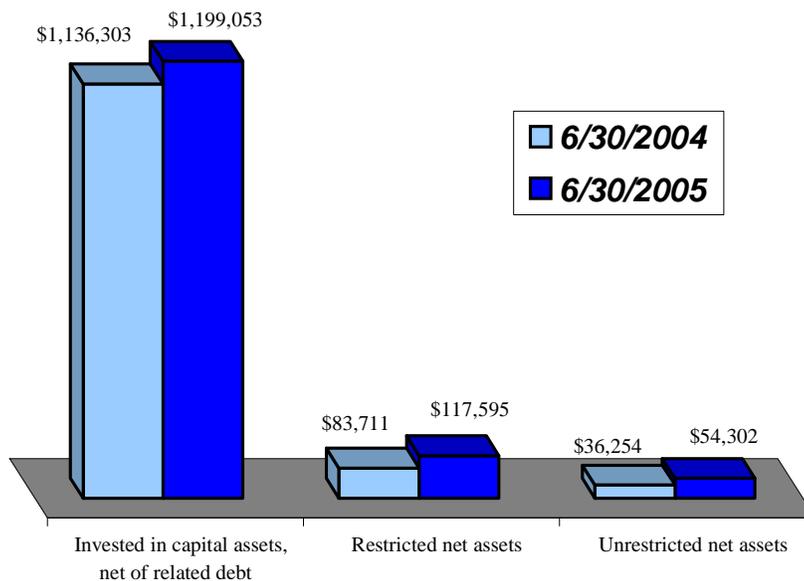
The largest portion of the County's net assets reflects its investment in capital assets (i.e. land, buildings, infrastructure, equipment), less any related outstanding debt used to acquire those assets. As of June 30, 2005, investment in capital assets totaled \$1,199,053, comprising approximately 87.5% of total net assets. 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. The \$62,750 increase in capital assets, net of related debt, is primarily due to the significant amount of capital project activity that has been completed and capitalized over the past year. Although the County's investments in capital assets are 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.

Restricted net assets represent resources that are subject to external restrictions on how they may be used. As of June 30, 2005, restricted net assets totaled \$117,595 and comprised approximately 8.6% of total net assets. This represents a \$33,884 increase in restricted net assets from the \$83,711 balance of fiscal year 2003-2004.

The remaining balance of the County's net assets represents *unrestricted net assets*, which may be used to meet the County's ongoing obligations to citizens and creditors. As of June 30, 2005, unrestricted net assets totaled \$54,302 and comprised approximately 4.0% of total net assets.

The following chart shows the composition and changes in net assets for the fiscal years ended June 30, 2004 and June 30, 2005:

### Comparative Composition of Net Assets



### Governmental activities

Governmental activities contributed \$70,711, or 61.7% of the County's \$114,682 increase, in total net assets during fiscal year 2004-2005. The following table shows changes in net assets for governmental activities:

**Table 2**  
**Governmental Activities**  
**Comparative Statements of Activities**  
**For the Years Ended June 30, 2005 and 2004**

	Fiscal Year		Variance	
	2004-2005	2003-2004	Amount	Percent
Program revenues:				
Charges for services	\$ 61,882	\$ 54,939	\$ 6,943	12.6%
Operating grants and contributions	125,121	135,119	(9,998)	-7.4%
Capital grants and contributions	23,663	17,413	6,250	35.9%
Total program revenues	<u>210,666</u>	<u>207,471</u>	<u>3,195</u>	1.5%
General revenues:				
Property taxes	294,643	272,507	22,136	8.1%
State-shared taxes	115,140	106,615	8,525	8.0%
Investment earnings	6,140	3,102	3,038	97.9%
Other general revenues	35,422	33,480	1,942	5.8%
Total general revenues	<u>451,345</u>	<u>415,704</u>	<u>35,641</u>	8.6%
Total primary government revenues	<u>662,011</u>	<u>623,175</u>	<u>38,836</u>	6.2%
Expenses:				
General government	194,873	140,827	54,046	38.4%
Public safety	118,412	151,860	(33,448)	-22.0%
Highways and streets	65,414	42,133	23,281	55.3%
Health	31,798	30,165	1,633	5.4%
Welfare	96,199	76,894	19,305	25.1%
Culture and recreation	29,663	32,727	(3,064)	-9.4%
Education and economic opportunity	39,714	33,093	6,621	20.0%
Unallocated depreciation and amortization	1,010	1,772	(762)	-43.0%
Interest on long-term debt	16,152	15,012	1,140	7.6%
Total expenses	<u>593,235</u>	<u>524,483</u>	<u>68,752</u>	13.1%
Excess before transfers	<u>68,776</u>	<u>98,692</u>	<u>(29,916)</u>	-30.3%
Transfers in (out)	1,935	(13,196)	15,131	-114.7%
Change in net assets	<u>\$ 70,711</u>	<u>\$ 85,496</u>	<u>\$ (14,785)</u>	-17.3%

Key elements of the change in net assets from governmental activities include:

- Program revenues increased \$3,195, reflecting increases by “Charges for services” and “Capital grants & contributions” and a decrease of “Operating grants & contributions”.
  - Revenue from “Charges for services” increased by \$6,943 primarily due to rate increases for impact fees, coupled with significant growth within the Avra and Rincon Valley impact areas.
  - Revenue from “Operating grants and contributions” decreased by \$9,998 due to decreased funding from several federal grants, including the High Intensity Drug Trafficking Area (HIDTA), Community Services Block Grant (CSBG)/Social Services Block Grant (SSBG) & Federal Emergency Management Agency (FEMA) grants.
  - Revenue from “Capital grants & contributions” increased by \$6,250 predominately the result of a \$9,147 increase in federal reimbursements for the Veterans Memorial Overpass project.

- General revenues increased by \$35,641, primarily due to increases in property tax revenues and state-shared tax revenues. Increases in real property assessed valuations and residential construction activity were the primary factors generating increases in property tax revenues of \$22,136.
- Investment earnings reversed a prior years' downward trend as interest rates rose during fiscal year 2004-2005. The County invests a majority of its funds in the State Treasurer's Local Government Investment Pool. The average interest rate for the pool was 1.47% for fiscal year 2003-2004 and 2.34% for fiscal year 2004-2005.
- Within each expense category, there were significant changes observed between the fiscal periods due to reclassification of the function for various fund activities:
  - General government expenses were increased by \$38,700 and \$10,000, respectively, due to activities that had been classified as public safety and welfare in the prior year. This was offset by a decrease of \$7,412 due to a reclassification of general government expenses to highways and streets.
  - Education and economic opportunity expenses were increased by \$7,795 due to activities that had been classified as general government, welfare, and culture & recreation.
- Total expenses for governmental activities increased by \$68,752 due to the following:
  - Payments of \$25,000 to University Physicians, Inc. in connection with the lease agreement for the Kino Hospital facilities, which is reported as expenses for welfare.
  - The addition of numerous streets and roads to infrastructure resulted in \$19,590 for depreciation expense. This is reflected in the highway and streets functional expense.
  - An increase of \$17,268 in personnel costs, primarily attributable to salary adjustments of 5% for County employees and a one step increase for commissioned and corrections officers. Additionally, increased costs from employee benefit programs and the absorption of employees displaced by the closing of Kino Hospital generated increases in personnel costs. This is predominately reflected in the general government category.
  - Self-Insurance Trust Fund incurred a \$6,047 loss, a portion of which was allocated out among all functions. The loss was mainly due to an actuarial report adjustment of \$4,500.

**Business-type activities**

Business-type activities contributed \$43,971, or 38.3%, of the County's increase of \$114,682 in total net assets during the year ended June 30, 2005. The following table shows changes in net assets for business-type activities:

**Table 3**  
**Business-type Activities**  
**Comparative Statements of Activities**  
**For the Years Ended June 30, 2005 and 2004**

	Fiscal Year		Variance	
	2004-2005	2003-2004	Amount	Percent
Program revenues:				
Charges for services	\$ 353,548	\$ 320,542	\$ 33,006	10.3%
Operating grants and contributions	4,238	4,777	(539)	-11.3%
Total program revenues	<u>357,786</u>	<u>325,319</u>	<u>32,467</u>	10.0%
General revenues:				
Capital contributions	20,722	22,214	(1,492)	-6.7%
Investment earnings	1,609	747	862	115.4%
Other general revenues	4,028	3,896	132	3.4%
Total general revenues	<u>26,359</u>	<u>26,857</u>	<u>(498)</u>	-1.9%
Total primary government revenues	<u>384,145</u>	<u>352,176</u>	<u>31,969</u>	9.1%
Expenses:				
Wastewater Management	76,079	71,804	4,275	6.0%
Pima Health System & Services	249,809	268,869	(19,060)	-7.1%
Development Services	10,857	9,617	1,240	12.9%
Parking Garages	1,494	1,377	117	8.5%
Total expenses	<u>338,239</u>	<u>351,667</u>	<u>(13,428)</u>	-3.8%
Excess before transfers	45,906	509	45,397	8918.9%
Transfers in (out)	(1,935)	13,196	(15,131)	-114.7%
Change in net assets	<u>\$ 43,971</u>	<u>\$ 13,705</u>	<u>\$ 30,266</u>	220.8%

Key elements of the change in net assets from business-type activities include:

- Charges for services increased by \$33,006, primarily as a result of:
  - An increase of \$20,112 within Pima Health System & Services primarily due to an increase of \$27,280 for Ambulatory Contracts and an increase of \$13,492 for Long-Term Care Contracts with AHCCCS. This was offset by the loss in revenue from Kino Hospital in the amount of \$20,721.
  - Wastewater Management having increased sewer connection fees, resulting in an increase of \$7,502 in charges for services.
- Expenses decreased by \$13,428, primarily due to changes in Pima Health System and Services. Pima Health System and Services reported a decrease in expenses of \$19,060 primarily due to the closure of Kino Hospital, which corresponded to \$57,055 of expenses in the prior year. This was partially offset by an increase of \$27,972 in the costs of Ambulatory Contracts, \$6,187 for Long-Term Care Contracts, and \$3,836 for non-AHCCCS related programs.

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental funds

The County's general government functions are accounted for in the General, Special Revenue, Debt Service, and Capital Project funds. Included in these funds are special districts governed by the Board of Supervisors. 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, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2005, the County's governmental funds reported combined fund balances of \$252,007, an increase of \$69,113 from the prior year. Approximately 93% of the combined fund balances, or \$235,205, constitutes unreserved fund balance, which is available to meet the County's current and future needs. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has been committed to the following:

- \$10,142 to pay debt service
- \$4,715 to reflect inventories and prepaid amounts
- \$1,870 to reflect a loan receivable
- \$75 for capital repairs and refurbishments

The General Fund is the chief operating fund of the County. At June 30, 2005, unreserved fund balance of the general fund was \$33,171 while total fund balance reached \$37,227. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 8.9% of total general fund expenditures, while total fund balance represents 9.9% of that same amount.

Revenues for governmental functions totaled approximately \$666,417 in fiscal year 2004-2005, which represents an increase of \$43,505 (7.0%) from the previous year.

The following table presents the amount of revenues from various sources and increases or (decreases) from the prior year.

**Table 4**  
**Revenues Classified by Source**  
**All Governmental Funds**

	Fiscal Year					
	2004-2005		2003-2004		Variance	
	Amount	Percent	Amount	Percent	Amount	Percent
Revenues by source:						
Taxes	\$ 300,972	45.2%	\$ 279,527	44.9%	\$ 21,445	7.7%
Special assessments	244	0.0%	505	0.1%	(261)	-51.7%
Licenses and permits	7,265	1.1%	6,566	1.0%	699	10.6%
Intergovernmental	278,414	41.8%	273,225	43.9%	5,189	1.9%
Charges for services	53,568	8.0%	43,505	7.0%	10,063	23.1%
Fines and forfeits	5,967	0.9%	5,010	0.8%	957	19.1%
Interest	5,181	0.8%	2,656	0.4%	2,525	95.1%
Miscellaneous	14,806	2.2%	11,918	1.9%	2,888	24.2%
Total revenues	<u>\$ 666,417</u>	<u>100.0%</u>	<u>\$ 622,912</u>	<u>100.0%</u>	<u>\$ 43,505</u>	<u>7.0%</u>

The following provides an explanation of revenues by source that changed significantly over the prior year:

- Taxes Revenues from property taxes increased \$21,445. This was a result of growth in construction activity within the County over the past year, as well as continued increases in assessed property valuations and greater real estate market values.
- Charges for services The \$10,063 increase for charges for services revenues is due primarily to an increase within the Capital Projects fund. The Board of Supervisors approved an increase in Impact Fee rates, which was coupled with significant growth within the Avra and Rincon Valley impact areas.
- Intergovernmental The \$5,189 increase in intergovernmental revenue is due primarily to a \$6,073 increase in capital projects activity. The following projects represent the most significant changes in funding received for construction projects from FHWA funding for the Veteran's Memorial Overpass project, from Urban HURF funding for the La Cholla Boulevard, River Road to Magee project; and from the City of Tucson for the River Road, Campbell to Alvernon Way project.
- Interest As previously mentioned, the County invests a majority of its funds in the State Treasurer's Local Government Investment Pool. Interest rates increased in fiscal year 2004-2005 to 2.34% from 1.47% in the prior year, and resulted in increased interest revenue.

The following table presents expenditures by function compared to prior year amounts:

**Table 5**  
**Expenditures by Function**  
**All Governmental Funds**

Government Function	Fiscal Year				Variance	
	2004-2005		2003-2004		Amount	Percent
	Amount	Percent	Amount	Percent		
General government	\$ 193,308	27.0%	\$ 140,319	21.6%	\$ 52,989	37.8%
Public safety	109,798	15.3%	146,275	22.5%	(36,477)	-24.9%
Highways and streets	38,363	5.4%	29,170	4.5%	9,193	31.5%
Health	30,802	4.3%	30,322	4.7%	480	1.6%
Welfare	96,996	13.5%	76,725	11.8%	20,271	26.4%
Culture and recreation	23,172	3.2%	27,141	4.2%	(3,969)	-14.6%
Education and economic opportunity	38,098	5.3%	32,146	5.0%	5,952	18.5%
Capital outlay	127,632	17.8%	103,167	15.9%	24,465	23.7%
<u>Debt service:</u>						
- Principal	42,891	6.0%	49,025	7.5%	(6,134)	-12.5%
- Interest	16,127	2.2%	14,851	2.3%	1,276	8.6%
- Miscellaneous	25	0.0%	161	0.0%	(136)	-84.5%
Total expenditures	<u>\$ 717,212</u>	<u>100.0%</u>	<u>\$ 649,302</u>	<u>100.0%</u>	<u>\$ 67,910</u>	<u>10.5%</u>

Total expenditures in governmental funds increased during fiscal year 2004-2005 by \$67,910. This fiscal year, the County has reclassified the functional classification of expenditures, so that each department is assigned a single function. In prior years, one department consisted of several functions. (See related discussion on page 19).

Capital outlay increased by \$24,465 this year and was due to the following factors:

- Expenditures for buildings increased \$15,571 compared to the prior year. The most significant projects were \$6,856 for the Sheriff's Detention Center, \$3,513 for the 97 E. Congress Street building, \$1,430 for the new forensic science center, \$921 for the new Kino Public Health Center, and \$702 for the addition to the Bear Canyon Library.
- Expenditures for land increased \$13,541 due primarily to open space acquisitions. The largest land purchases were \$18,505 for the Rancho Seco Ranch, \$8,696 for the Bar V Ranch, and \$2,108 for the King 98 Ranch as part of the open space preservation plan.
- Expenditures for infrastructure increased \$6,599 due primarily to continuing construction of several roadway projects. The most significant projects were \$10,653 for the Veterans Memorial Overpass project, \$2,663 for the Catalina Highway project, \$2,171 for various safety improvement projects, \$2,096 for the La Cholla Boulevard project, and \$1,425 for the La Canada Highway Drainage project.

The \$6,134 decrease in debt service principal payments was the result of \$6,880 of short-term debt that was paid in the prior fiscal year that was not included in the current year's financial activity.

#### **Budget to Actual Comparison for the General Fund**

Overall, budgeted revenues and expenditures for the General Fund were generally consistent with actual fund activity. Actual revenues exceeded budgeted revenues by \$17,192 and actual expenditures exceeded budgeted expenditures by \$796. No variances between the budget to actual amounts were significant enough to affect the County's ability to provide future services.

#### **Proprietary funds**

The County's proprietary fund functions are contained in the Enterprise and Internal Service funds. The enterprise funds of the County are Pima Health System and Services, Wastewater Management, Development Services, and Parking Garages. These business-type activities are accounted for in a similar fashion to private-sector businesses, and the costs for services provided are expected to be covered either fully or in part by current revenues generated, which include fees charged to external users.

The following table presents a comparison of this year's enterprise fund activities with the prior year:

**Table 6**  
**Summary Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Total Enterprise Funds**  
**For the Fiscal Years ended June 30, 2005 and 2004**

	Fiscal Year		Variance	
	2004-2005	2003-2004	Amount	Percent
Operating revenues:				
Net patient services	\$ 243,032	\$ 222,918	\$ 20,114	9.0%
Charges for services	73,372	67,704	5,668	8.4%
Other	2,943	3,209	(266)	-8.3%
Total net operating revenues	<u>319,347</u>	<u>293,831</u>	<u>25,516</u>	8.7%
Operating expenses:				
Employee compensation	68,266	70,673	(2,407)	-3.4%
Medical claims	202,543	183,816	18,727	10.2%
Operating supplies & services	7,146	12,663	(5,517)	-43.6%
Utilities	4,470	4,934	(464)	-9.4%
Sludge and refuse disposal	2,456	2,462	(6)	-0.2%
Repair and maintenance	4,463	3,591	872	24.3%
Landfill closure and postclosure care costs		377	(377)	-100.0%
General and administrative	13,602	16,748	(3,146)	-18.8%
Consultants and professional services	5,679	29,703	(24,024)	-80.9%
Depreciation and amortization	18,783	18,857	(74)	-0.4%
Total operating expenses	<u>327,408</u>	<u>343,824</u>	<u>(16,416)</u>	-4.8%
Operating loss	<u>(8,061)</u>	<u>(49,993)</u>	<u>41,932</u>	-83.9%
Nonoperating revenues (expenses):				
Grants	4,397	4,777	(380)	-8.0%
Shared state tax revenue	1,163	1,146	17	1.5%
Interest income	1,609	747	862	115.4%
Sewer connection fees	36,907	29,404	7,503	25.5%
Interest expense	(4,294)	(4,530)	236	-5.2%
Loss on disposal of capital assets	(577)	(109)	(468)	429.4%
Amortization of deferred charges	(97)	(91)	(6)	6.6%
Premium tax	(4,792)	(3,160)	(1,632)	51.6%
Loss on closure of business		(139)	139	-100.0%
Total nonoperating revenues	<u>34,316</u>	<u>28,045</u>	<u>6,271</u>	22.4%
Income (loss) before contributions and transfers				
	26,255	(21,948)	48,203	-219.6%
Capital contributions				
Transfers in	21,926	22,697	(771)	-3.4%
Transfers in		31,149	(31,149)	-100.0%
Transfers (out)	(3,139)	(18,436)	15,297	-83.0%
Change in net assets	<u>\$ 45,042</u>	<u>\$ 13,462</u>	<u>\$ 31,580</u>	234.6%

Key activity within the enterprise funds for fiscal year 2004-2005 include the following:

- While net operating revenues for the County's enterprise funds increased \$25,516 (8.7%), operating expenses decreased \$16,416 (4.8%), resulting in an operating loss of \$8,061, a decrease of \$41,932, or 83.9% from the prior year. The operating loss was due to Wastewater Management, which reported a loss of \$13,431, as compared to the operating income reported by Pima Health System & Services of \$1,165 and by Development Services of \$4,166.
- Net Patient Services revenues increased by \$20,114 from fiscal year 2003-2004. This is attributable to increased membership enrollment for Pima Health System and Services, which generated increases in capitation revenues and reinsurance claim revenues.
- Charges for Services revenues increased by \$5,668 as compared to the prior year. Wastewater Management reported an increase of \$2,724 due to an increase for sewer utility service fee revenue. Development Services reported an increase of \$2,900 due to an increase in building code revenues, as a result of an increase in fees charged.
- Medical claims continued to increase this year as a result of higher enrollment for Pima Health System and Services in fiscal year 2004-05. An increase in doctor fees is also responsible for a portion of the rise in medical claims expenditures.
- Consultants and professional services decreased by \$24,024 due to the closure of Kino Hospital, from which the majority of the expenses originated in the prior year.
- Sewer connection fees charged by Wastewater Management increased by \$7,502 due to increased connection fees.

## **Capital Assets and Debt Administration**

### **Capital Assets**

The County's capital assets increased significantly as a result of retroactively reporting the County's general government infrastructure assets, except for bridges. GASB Statement No. 34 allowed a phase-in period for retroactively reporting infrastructure, which the County elected to do this fiscal year. The implementation of this accounting pronouncement has resulted in a restatement of net assets of \$303,539. Additional information regarding the County's restatement of beginning net assets can be found in Note 2 of the financial statements on page 46 of this report.

The County's investment in capital for its governmental and business-type activities as of June 30, 2005 amounted to \$1,655,340 (net of accumulated depreciation), an increase of 5.84%. Of the \$91,361 increase in net capital assets, \$79,132 (87%) came from governmental activities and \$12,229 (13%) came from business-type activities. The County's investment in capital assets consists of land, buildings, sewage conveyance systems, infrastructure, equipment and construction in progress.

Major capital asset events during the current fiscal year included the following:

- Land increased by \$43,027 due primarily to the following acquisitions for governmental activities: \$18,505 for the Ranch Seco property, \$8,696 for the Bar V property, \$2,108 for the King 98 property, \$1,863 for the A-7 Ranch property, \$1,393 for the Coyote Mountain Site property, \$1,204 for the 97 E. Congress Street property, \$3,798 for various land or easements purchases related to road projects, and \$2,158 for land acquisitions related to flood control projects.

- Buildings increased \$89,195 resulting from a \$40,836 increase for governmental activities and a \$48,359 increase for business-type activities.
  - For governmental activities, the increase was due to the capitalization of \$35,327 for the new jail, \$3,525 for the 97 E. Congress Street building, and \$2,504 for the Forensic Science Center.
  - For business-type activities, the increase was due to the capitalization of \$40,939 for the Randolph Park Restoration Project, \$14,371 for the Green Valley Upgrade and Expansion project, and \$1,384 for the Avra Valley Expansion project.
- Sewage Conveyance System increased by \$42,528 due primarily to the capitalization of \$13,997 for the Northwest Outfall Rehabilitation Phase III project, \$3,897 for the Santa Cruz Interceptor-Prince to Franklin project, and \$2,982 for various sewer relocation projects.

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

**Table 7**  
**Capital Assets**  
**Governmental and Business-type Activities**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>Fiscal Year</u>		<u>Fiscal Year</u>		<u>Fiscal Year</u>	
	<u>2004-2005</u>	<u>2003-2004*</u>	<u>2004-2005</u>	<u>2003-2004*</u>	<u>2004-2005</u>	<u>2003-2004*</u>
Land	\$ 202,408	\$ 160,586	\$ 14,259	\$ 13,054	\$ 216,667	\$ 173,640
Buildings and improvements	268,996	228,160	188,919	140,560	457,915	368,720
Sewage conveyance systems	-	-	322,145	279,617	322,145	279,617
Machinery and equipment	35,625	34,668	7,890	8,569	43,515	43,237
Infrastructure	434,655	453,942	-	-	434,655	453,942
Construction in progress	117,118	102,314	63,325	142,509	180,443	244,823
Total	<u>\$ 1,058,802</u>	<u>\$ 979,670</u>	<u>\$ 596,538</u>	<u>\$ 584,309</u>	<u>\$ 1,655,340</u>	<u>\$ 1,563,979</u>

\*As restated - See Note 2 and Note 5 of the financial statements

The County's infrastructure assets are recorded at historical cost and estimated historical cost in the government-wide financial statements. Additional information regarding the County's capital assets can be found in Note 5 of the financial statements on pages 51-52 of this report.

### Long-term Debt

Significant, comparative long-term debt data is presented below:

**Table 8**  
**Long-Term Debt**  
**Governmental Funds**

	<u>Fiscal Year</u>	
	<u>2004-2005</u>	<u>2003-2004</u>
Bonds issued (at face value):		
General obligation	\$ 65,000	\$ 65,000
Transportation revenue	51,200	0
Capital leases	<u>0</u>	<u>2,680</u>
Total	<u>\$ 116,200</u>	<u>\$ 67,680</u>

General obligation bonds issued in fiscal year 2004-2005 amounted to \$65,000; the proceeds of this issue were allocated as follows:

- \$13,834 to Sonoran Desert Open Space and Habitat Protection,
- \$15,420 to Parks and Recreational Facilities,
- \$9,383 to River Parks and Flood Control Improvements,
- \$8,182 to Public Safety and Justice Facilities,
- \$15,947 to Public Health and Community Facilities,
- \$2,091 to improve solid waste disposal facilities,
- \$143 for issuance costs.

Transportation revenue bonds issued in fiscal year 2004-2005 amounted to \$51,200; the proceeds were allocated to various roadway projects.

Pima County maintains an “A+” rating from Standard & Poor’s and an “A1” rating from Moody’s for general obligation bonds, street and highway revenue bonds, sewer revenue bonds, and flood control general obligation bonds, except for the General Obligation Bonds, Series 2004 which Standard & Poor’s upgraded to AA-.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its net assessed valuation. The current debt limitation for Pima County is \$843,023, which is significantly in excess of Pima County’s outstanding general obligation debt.

Additional information regarding the County’s debt can be found in Note 7 of the financial statements on pages 54-62 of this report.

## **Economic Factors and Next Year’s Budget**

Pima County continues to record steady increases in various aspects of its economy. Increases in residential construction continue to contribute to increases in the real property taxes, along with increases in valuation. Increases in per-capita wage income and sales taxes have also provided indications of economic growth.

The budget for fiscal year 2005-06 has expenditures for the General Fund increasing by approximately \$31.9 million primarily due to the following:

- \$12.2 million in supplemental funding for individual departments
- \$6.4 million increase in costs to provide healthcare in County adult and juvenile detention facilities
- \$5.7 million for an employee compensation package consisting of one step for corrections staff, 2.5 percent for most other employees to address inflation, and 1.7 percent for employees who are members of the Arizona State Retirement System whose required contribution will increase by that percentage
- \$3.4 million net increase in Arizona Long Term Care System (ALTCS) payments to the state
- \$3.6 million increase in state mandated employer contributions to the various state retirement systems; \$1.4 million increase in the County’s contribution toward the cost of other non-retirement benefits
- \$3.4 million representing the annual cost of salary adjustments for deputies and sergeants approved during the last quarter of fiscal year 2004-2005
- \$5.0 million scheduled decrease in the County’s obligations under the agreement with University Physicians, Inc. to operate the former Kino Community Hospital

## **Request 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 Department, 130 W. Congress, 7<sup>th</sup> Floor, Tucson, AZ, 85701.



# **Basic Financial Statements**

PIMA COUNTY  
STATEMENT OF NET ASSETS

Exhibit A-1

As of June 30, 2005  
(in thousands)

	Primary Government			Component Unit Southwestern Fair Commission
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 74,892	\$ 66,714	\$ 141,606	\$ 1,188
Property taxes receivable (net)	8,435		8,435	
Interest receivable	1,008	191	1,199	
Internal balances	4,363	(4,363)		
Due from other governments	46,783	4,419	51,202	
Accounts receivable (net)	5,913	16,946	22,859	19
Inventories	2,768	2,927	5,695	33
Prepays	3,263	27	3,290	17
Investments	1,093		1,093	
Other assets	584	848	1,432	6
Restricted assets:				
Cash and cash equivalents	221,948	8,291	230,239	
Loans receivable	1,870		1,870	
Capital assets (net):				
Land	202,408	14,259	216,667	
Buildings and improvements	268,996	188,919	457,915	1,562
Sewage conveyance system		322,145	322,145	
Equipment	35,625	7,890	43,515	352
Infrastructure	434,655		434,655	
Construction in progress	117,118	63,325	180,443	
<b>Total assets</b>	<b>1,431,722</b>	<b>692,538</b>	<b>2,124,260</b>	<b>3,177</b>
<b>LIABILITIES</b>				
Accounts payable	29,380	5,324	34,704	315
Accrued medical and health care claims		24,556	24,556	
Interest payable	355	1,531	1,886	
Contract retentions	513		513	
Employee compensation	37,805	8,236	46,041	
Due to other governments	3,421	68	3,489	
Deposits and rebates	4,357		4,357	22
Deferred revenues	3,829	3,799	7,628	
Noncurrent liabilities:				
Due within one year	56,236	9,501	65,737	104
Due in more than one year	413,625	150,774	564,399	288
<b>Total liabilities</b>	<b>549,521</b>	<b>203,789</b>	<b>753,310</b>	<b>729</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	741,453	457,600	1,199,053	1,522
Restricted for:				
Special revenue	59,789		59,789	
Debt service	11,439	468	11,907	
Capital projects	27,027		27,027	60
Workers' compensation	9,042		9,042	
Wastewater management		3,511	3,511	
Health care		6,319	6,319	
Unrestricted	33,451	20,851	54,302	866
<b>Total net assets</b>	<b>\$ 882,201</b>	<b>\$ 488,749</b>	<b>\$ 1,370,950</b>	<b>\$ 2,448</b>

See Notes to the Financial Statements

PIMA COUNTY  
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2005  
(in thousands)

Exhibit A-2

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	Component Unit Southwestern Fair Commission
<b>Functions/Programs</b>								
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 194,873	\$ 22,881	\$ 24,866	\$ 139	\$ (146,987)	\$	(146,987)	
Public safety	118,412	6,985	12,469	698	(98,260)		(98,260)	
Highways and streets	65,414	20,549	54,161	22,186	31,482		31,482	
Health	31,798	9,526	12,673		(9,599)		(9,599)	
Welfare	96,199		271		(95,928)		(95,928)	
Education and recreation	29,663	1,643	40		(27,980)		(27,980)	
Education and economic opportunity	39,714	298	20,641	640	(18,135)		(18,135)	
Depreciation - unallocated	849				(849)		(849)	
Amortization - unallocated	161				(161)		(161)	
Interest on long-term debt	16,152				(16,152)		(16,152)	
<b>Total governmental activities</b>	<b>593,235</b>	<b>61,882</b>	<b>125,121</b>	<b>23,663</b>	<b>(382,569)</b>		<b>(382,569)</b>	
Business-type activities:								
Wastewater Management	76,079	92,379	476			\$ 16,776	16,776	
Pima Health System & Services	249,809	244,932	3,762			(1,115)	(1,115)	
Development Services	10,857	14,730				3,873	3,873	
Parking Garages	1,494	1,507				13	13	
	338,239	353,548	4,238			19,547	19,547	
<b>Total business-type activities</b>						<b>19,547</b>	<b>19,547</b>	
<b>Total primary government</b>	<b>\$ 931,474</b>	<b>\$ 415,430</b>	<b>\$ 129,359</b>	<b>\$ 23,663</b>	<b>(382,569)</b>	<b>19,547</b>	<b>(363,022)</b>	
<b>Component unit:</b>								
Southwestern Fair Commission	\$ 4,860	\$ 5,013	\$ 88				\$ 241	
<b>Total component units</b>	<b>\$ 4,860</b>	<b>\$ 5,013</b>	<b>\$ 88</b>				<b>\$ 241</b>	
<b>General revenues:</b>								
Property taxes, levied for general purposes					219,697		219,697	
Property taxes, levied for flood control district					17,373		17,373	
Property taxes, levied for library district					11,900		11,900	
Property taxes, levied for debt service					45,673		45,673	
Hotel/motel taxes, levied for sports facility and tourism					2,822		2,822	
Other taxes, levied for stadium district					1,819		1,819	
Unrestricted share of state sales tax					91,510	1,163	92,673	
Unrestricted share of state vehicle license tax					23,630		23,630	
Grants and contributions not restricted to specific programs					7,571		7,571	
Interest and penalties on delinquent taxes					6,771		6,771	
Investment earnings					6,140	1,609	7,749	
Miscellaneous					16,254	2,865	19,119	138
Capital contributions					185	20,722	20,907	
Transfers					1,935	(1,935)		
Total general revenues and transfers					453,280	24,424	477,704	138
Change in net assets					70,711	43,971	114,682	379
Net assets at beginning of year, as restated					811,490	444,778	1,256,268	2,069
Net assets at end of year					\$ 882,201	\$ 488,749	\$ 1,370,950	\$ 2,448

See Notes to the Financial Statements

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2005  
(in thousands)

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 35,194	\$ 150,293	\$ 67,409	\$ 252,896
Investments			182	182
Property taxes receivable (net)	6,306		2,129	8,435
Interest receivable	127	436	297	860
Due from other funds	5,037	902	658	6,597
Due from other governments	19,963	5,544	21,195	46,702
Accounts receivable	2,899	1,055	1,430	5,384
Inventory			2,351	2,351
Prepaid expenditures	2,186		178	2,364
Loan receivable	1,870			1,870
Restricted cash equivalent		4,246		4,246
Total assets	<u>\$ 73,582</u>	<u>\$ 162,476</u>	<u>\$ 95,829</u>	<u>\$ 331,887</u>
<u>Liabilities and fund balances</u>				
Liabilities:				
Accounts payable	\$ 8,089	\$ 9,828	\$ 9,807	\$ 27,724
Interest payable	1	19	335	355
Contract retentions		498	15	513
Employee compensation	12,731	85	4,437	17,253
Due to other funds	745	15	2,292	3,052
Due to other governments	11	1	3,409	3,421
Deposits and rebates	97	4,246	14	4,357
Deferred revenues	14,681	134	8,390	23,205
Total liabilities	<u>36,355</u>	<u>14,826</u>	<u>28,699</u>	<u>79,880</u>
Fund balances:				
Reserved for:				
Inventory			2,351	2,351
Prepaid expenditures	2,186		178	2,364
Debt service			10,142	10,142
Capital repairs and refurbishments			75	75
Loan receivable	1,870			1,870
Unreserved:	33,171	147,650	54,384	235,205
Total fund balances	<u>37,227</u>	<u>147,650</u>	<u>67,130</u>	<u>252,007</u>
Total liabilities and fund balances	<u>\$ 73,582</u>	<u>\$ 162,476</u>	<u>\$ 95,829</u>	<u>\$ 331,887</u>

See Notes to the Financial Statements

PIMA COUNTY  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2005  
(in thousands)

Exhibit A-4

Fund balances - total governmental funds		\$ 252,007
<p>Amounts reported for governmental activities in the statement of net assets 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	\$ 1,676,084	
Less accumulated depreciation	<u>(634,929)</u>	1,041,155
<p>Some liabilities and their associated issuance costs are not due and payable in the current period and therefore are not reported in the governmental funds</p>		
Bonds payable	(409,766)	
Loans and leases payable	(29,822)	
Unamortized deferred issuance costs reported as other assets	<u>584</u>	(439,004)
<p>Some compensated absences are not due and payable shortly after June 30, 2005, and therefore are not reported in the governmental funds</p>		
Employee compensation		(19,668)
<p>Deferred revenue in governmental funds is susceptible to full accrual on the government-wide statements</p>		
		19,376
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets</p>		
		28,335
Net assets of governmental activities		<u><u>\$ 882,201</u></u>

See Notes to the Financial Statements

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDSFor the Year Ended June 30, 2005  
(in thousands)

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 225,959		\$ 75,013	\$ 300,972
Special assessments			244	244
Licenses and permits	2,350		4,915	7,265
Intergovernmental	125,203	\$ 22,928	130,283	278,414
Charges for services	24,905	17,971	10,692	53,568
Fines and forfeits	5,035		932	5,967
Interest	1,357	1,885	1,939	5,181
Miscellaneous	4,435	770	9,601	14,806
Total revenues	<u>389,244</u>	<u>43,554</u>	<u>233,619</u>	<u>666,417</u>
Expenditures:				
Current:				
General government	160,378		32,930	193,308
Public safety	84,694		25,104	109,798
Highways and streets			38,363	38,363
Health	2,189		28,613	30,802
Welfare	96,996			96,996
Culture and recreation	11,236		11,936	23,172
Education and economic opportunity	14,637		23,461	38,098
Capital outlay		127,632		127,632
Debt service - principal	1,440		41,451	42,891
- interest	1,324		14,803	16,127
- miscellaneous	5		20	25
Total expenditures	<u>372,899</u>	<u>127,632</u>	<u>216,681</u>	<u>717,212</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,345</u>	<u>(84,078)</u>	<u>16,938</u>	<u>(50,795)</u>
Other financing sources (uses):				
Premium on bonds			250	250
Proceeds from sale of capital assets	8	2	17	27
Face amount of long-term debt		116,200		116,200
Transfers in	2,849	18,254	28,905	50,008
Transfers (out)	(14,671)		(32,291)	(46,962)
Total other financing sources (uses)	<u>(11,814)</u>	<u>134,456</u>	<u>(3,119)</u>	<u>119,523</u>
Net change in fund balances	4,531	50,378	13,819	68,728
Fund balance at beginning of year	32,696	97,272	52,926	182,894
Change in reserve for inventory			398	398
Change in reserve for prepaids			(13)	(13)
Fund balance at end of year	<u>\$ 37,227</u>	<u>\$ 147,650</u>	<u>\$ 67,130</u>	<u>\$ 252,007</u>

See Notes to the Financial Statements

PIMA COUNTY  
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, 2005  
(in thousands)

Exhibit A-6

Net change in fund balances - total governmental funds \$ 68,728

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	\$ 119,149		
Less current year depreciation	<u>(39,828)</u>	\$	79,321

Transfers of capital assets between governmental activities and proprietary funds are not reported in the governmental funds but are recognized in the statement of activities

Enterprise funds	\$ (1,118)		
Internal service funds	<u>533</u>	\$	(585)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds but increases long-term liabilities in the statement of net assets. 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 assets. Also, governmental funds report the effect of issuance costs, 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	\$ (116,200)		
Debt service - principal payments	42,891		
Issuance expense	242		
Premium on bonds	(250)		
Amortization expense	<u>(161)</u>	\$	(73,478)

Some revenues reported in the statement of activities do not represent the collection of current financial resources and therefore are not reported as revenues in the governmental funds. Also, collections of property taxes in the governmental funds exceeded revenues reported in the statement of activities

Donations of capital assets	\$ 172		
Property tax revenues	(258)		
Other	<u>1,529</u>	\$	1,443

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	(718)		
Net book value of capital asset disposals	(647)		
Change in reservation of fund balances	<u>385</u>	\$	(980)

Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the net revenue of the internal service funds is reported with governmental activities

			(3,738)
Change in net assets of governmental activities	<u>\$ 70,711</u>		

See Notes to the Financial Statements

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 June 30, 2005  
 (in thousands)

	Business-type Activities Enterprise Funds			Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Pima Health System & Services	Wastewater Management	Other Enterprise Funds		
<u>Assets</u>					
Current assets:					
Cash and cash equivalents	\$ 21,589	\$ 30,791	\$ 14,334	\$ 66,714	\$ 39,698
Interest receivable	75	87	29	191	148
Due from other funds	214	59		273	19
Due from other governments	3,871	530	18	4,419	81
Accounts receivable (net)	8,851	8,077	18	16,946	529
Inventory	112	2,815		2,927	417
Prepaid expense		26	1	27	899
Total current assets	<u>34,712</u>	<u>42,385</u>	<u>14,400</u>	<u>91,497</u>	<u>41,791</u>
Noncurrent assets:					
Restricted:					
Cash and cash equivalents		8,291		8,291	
Investments					911
Capital assets:					
Land and other improvements		12,398	1,861	14,259	592
Buildings and improvements	1,116	280,222	12,927	294,265	462
Sewage conveyance system		475,148		475,148	
Equipment	1,318	18,411	1,203	20,932	28,286
Less accumulated depreciation	(1,369)	(262,169)	(7,853)	(271,391)	(11,693)
Construction in progress		63,325		63,325	
Total capital assets (net of accumulated depreciation)	<u>1,065</u>	<u>587,335</u>	<u>8,138</u>	<u>596,538</u>	<u>17,647</u>
Deferred financing costs		848		848	
Total noncurrent assets	<u>1,065</u>	<u>596,474</u>	<u>8,138</u>	<u>605,677</u>	<u>18,558</u>
Total assets	<u>35,777</u>	<u>638,859</u>	<u>22,538</u>	<u>697,174</u>	<u>60,349</u>
<u>Liabilities</u>					
Current liabilities:					
Accounts payable	561	4,157	606	5,324	1,656
Accrued medical and health care claims	24,556			24,556	
Employee compensation	3,379	3,725	1,132	8,236	884
Interest payable	12	1,519		1,531	
Due to other funds	3,671	107		3,778	59
Due to other governments		12	56	68	
Deferred revenues	2	3,797		3,799	
Current portion of sewer revenue bonds		4,550		4,550	
Current portion of wastewater loans payable		4,951		4,951	
Current portion reported but unpaid losses					4,068
Current portion incurred but not reported losses					1,792
Total current liabilities	<u>32,181</u>	<u>22,818</u>	<u>1,794</u>	<u>56,793</u>	<u>8,459</u>
Noncurrent liabilities:					
Contracts and notes		4,852		4,852	
Landfill closure payable		15,636		15,636	
Sewer revenue bonds		51,259		51,259	
Wastewater loans payable		79,027		79,027	
Reported but unpaid losses					16,774
Incurred but not reported losses					7,639
Total noncurrent liabilities		<u>150,774</u>		<u>150,774</u>	<u>24,413</u>
Total liabilities	<u>32,181</u>	<u>173,592</u>	<u>1,794</u>	<u>207,567</u>	<u>32,872</u>
<u>Net assets</u>					
Invested in capital assets, net of related debt	1,065	448,397	8,138	457,600	17,647
Restricted for:					
Debt service		468		468	
Workers' compensation					9,042
Wastewater management		3,511		3,511	
Health care	6,319			6,319	
Unrestricted	<u>(3,788)</u>	<u>12,891</u>	<u>12,606</u>	<u>21,709</u>	<u>788</u>
Total net assets	<u>\$ 3,596</u>	<u>\$ 465,267</u>	<u>\$ 20,744</u>	<u>489,607</u>	<u>\$ 27,477</u>

Some amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities.

(858)

Net assets of business-type activities

\$ 488,749

See Notes to the Financial Statements

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDSFor the Year Ended June 30, 2005  
(in thousands)

	Business-type Activities Enterprise Funds			Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Pima Health System & Services	Wastewater Management	Other Enterprise Funds		
Operating revenues:					
Net patient services	\$ 243,032			\$ 243,032	
Charges for services	1,899	\$ 55,236	\$ 16,237	73,372	\$ 29,476
Other	864	1,878	201	2,943	1,564
Total net operating revenues	245,795	57,114	16,438	319,347	31,040
Operating expenses:					
Employee compensation	33,450	26,922	7,894	68,266	6,315
Medical claims	202,543			202,543	
Operating supplies and services	1,361	4,714	1,071	7,146	3,656
Utilities	347	3,818	305	4,470	891
Sludge and refuse disposal		2,456		2,456	
Repair and maintenance	405	3,603	455	4,463	2,762
Incurred losses					12,925
Insurance premiums					5,544
General and administrative	4,833	7,385	1,384	13,602	2,141
Consultants and professional services	1,469	3,539	671	5,679	478
Depreciation and amortization	222	18,108	453	18,783	1,343
Total operating expenses	244,630	70,545	12,233	327,408	36,055
Operating income (loss)	1,165	(13,431)	4,205	(8,061)	(5,015)
Nonoperating revenues (expenses):					
Intergovernmental revenue	3,762	635		4,397	
Shared state tax revenue		1,163		1,163	
Interest income	770	577	262	1,609	869
Sewer connection fees		36,907		36,907	
Interest expense	(81)	(4,213)		(4,294)	
Loss on disposal of capital assets		(565)	(12)	(577)	(150)
Amortization of deferred charges		(97)		(97)	
Premium tax	(4,792)			(4,792)	
Total nonoperating revenues (expenses)	(341)	34,407	250	34,316	719
Income (loss) before contributions and transfers	824	20,976	4,455	26,255	(4,296)
Capital contributions		20,722	1,204	21,926	26
Transfers in					198
Transfers (out)		(53)	(3,086)	(3,139)	(737)
Change in net assets	824	41,645	2,573	45,042	(4,809)
Net assets at beginning of year (as restated)	2,772	423,622	18,171	444,565	32,286
Net assets at end of year	\$ 3,596	\$ 465,267	\$ 20,744	489,607	\$ 27,477

Some amounts reported for business-type activities in the statement of activities are different because a portion of the net revenue of certain internal service funds is reported with business-type activities.

(1,071)

Change in net assets of business-type activities

\$ 43,971

See Notes to the Financial Statements

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDSFor the Year Ended June 30, 2005  
(in thousands)

	Pima Health System & Services	Wastewater Management	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Cash flows from operating activities:					
Cash received from other funds for goods and services provided	\$ 94		\$ 408	\$ 502	\$ 29,476
Cash received from customers for goods and services provided	241,684	\$ 53,578	16,231	311,493	
Cash received from miscellaneous operations	864	1,492	201	2,557	1,226
Cash payments to suppliers for goods and services	(204,741)	(15,961)	(1,982)	(222,684)	(13,755)
Cash payments to other funds for goods and services	(3,093)	(9,121)	(3,114)	(15,328)	(2,218)
Cash payments for incurred losses					(8,348)
Cash payments to employees for services	(33,403)	(26,595)	(6,982)	(66,980)	(6,165)
Net cash provided by operating activities	1,405	3,393	4,762	9,560	216
Cash flows from noncapital financing activities:					
Interest paid on short-term credit	(71)			(71)	
Cash transfers in from other funds					198
Cash transfers out to other funds	(3,500)	(53)	(3,000)	(6,553)	(191)
Loan payments from other funds	1,023		93	1,116	33
Loan payments to other funds	(214)	16		(198)	(13)
Shared State tax revenues		1,163		1,163	
Premium Tax	(4,792)			(4,792)	
Intergovernmental revenues	3,432	635		4,067	
Net cash provided by (used for) noncapital financing activities	(4,122)	1,761	(2,907)	(5,268)	27
Cash flows from capital and related financing activities:					
Principal paid on bonds and loans		(4,705)		(4,705)	
Interest paid on bonds and loans		(2,276)		(2,276)	
Sewer connection fees		35,689		35,689	
Proceeds from sale of capital assets					233
Proceeds from intergovernmental contract		188		188	
Purchase of capital assets	(73)	(10,873)	(261)	(11,207)	(3,117)
Net cash provided by (used for) capital and related financing activities	(73)	18,023	(261)	17,689	(2,884)
Cash flows from investing activities:					
Purchase of investments					(911)
Interest received on cash and investments	724	502	244	1,470	814
Net cash provided by investing activities	724	502	244	1,470	(97)
Net increase (decrease) in cash and cash equivalents	(2,066)	23,679	1,838	23,451	(2,738)
Cash and cash equivalents at beginning of year	23,655	15,403	12,496	51,554	42,436
Cash and cash equivalents at end of year	\$ 21,589	\$ 39,082	\$ 14,334	\$ 75,005	\$ 39,698

(Continued)

See Notes to the Financial Statements

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS

For the Year Ended June 30, 2005

(in thousands)

(Continued)

Reconciliation of operating income (loss) to net cash provided (used) by operating activities	Pima Health System & Services	Wastewater Management	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Operating income (loss)	\$ 1,165	\$ (13,431)	\$ 4,205	\$ (8,061)	\$ (5,015)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	222	18,108	453	18,783	1,343
Landfill closure and postclosure care costs		(385)		(385)	
Increase in accounts receivable	(3,721)	(1,566)	(6)	(5,293)	(336)
Decrease (increase) in due from other governments	568	(91)		477	(2)
Increase in inventory and other assets	(15)	(53)		(68)	(5)
Increase in prepaid expenses			19	19	
Increase (decrease) in accounts payable	2,822	486	273	3,581	(496)
Decrease in interfund payables	(97)			(97)	
Decrease in due to other funds		(12)	(350)	(362)	
Increase (decrease) in due to other governments		11	(51)	(40)	
Increase in reported but unpaid losses					10,000
Decrease in incurred but not reported losses					(5,423)
Increase in other current liabilities	461	326	219	1,006	150
Net cash provided by operating activities	\$ 1,405	\$ 3,393	\$ 4,762	\$ 9,560	\$ 216

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2005:

Wastewater Management Enterprise Fund retired assets with a net book value of \$564.

Wastewater Management Enterprise Fund received contributed developer-built conveyance systems with estimated fair values totaling \$21,820. These contributions were recorded as an increase in capital assets and capital contributions (a non-cash transaction).

Wastewater Management Enterprise Fund recorded Board of Supervisor approved \$1,098 of connection fee credit agreements. These credits were recorded as an increase to deferred revenue and a decrease to capital contributions (a non-cash transaction).

Wastewater Management Enterprise Fund decreased the landfill liability to adjust Corrective Action Costs, increasing miscellaneous revenue by \$385.

Wastewater Management Enterprise Fund transferred \$197 of completely depreciated capital assets to Internal Service Funds.

Other Enterprise Funds disposed of capital assets with a net book value of \$12.

Other Enterprise Funds transferred assets to the County's general government with a net book value of \$86

Other Enterprise Funds received capital assets with a net book value of \$1,204 from the County's general capital assets.

Internal Service Funds transferred \$546 of capital assets to the County's general capital assets.

Internal Service Funds disposed of assets with a net book value of \$383.

Internal Service Funds received capital assets with a value of \$13 from the County's general capital assets.

See Notes to the Financial Statements

PIMA COUNTY  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
June 30, 2005  
(in thousands)

Exhibit A-10

	Investment Trust Funds	Agency Funds
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 201,426	\$ 53,873
Interest receivable	731	
Due from other governments		2,447
<b>Total assets</b>	<u>202,157</u>	<u>56,320</u>
<b>LIABILITIES</b>		
Employee compensation		1,183
Due to other governments		31,870
Deposits and rebates		23,267
<b>Total liabilities</b>		<u>\$ 56,320</u>
<b>NET ASSETS</b>		
Held in trust for pool participants	<u>\$ 202,157</u>	

See Notes to the Financial Statements

PIMA COUNTY  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2005  
(in thousands)

Exhibit A-11

	Investment Trust Funds
	<u>                    </u>
<b>ADDITIONS</b>	
Contributions from participants	\$ 2,103,957
<b>Total contributions</b>	<u>2,103,957</u>
Investment interest earnings	3,570
<b>Total investment earnings</b>	<u>3,570</u>
<b>Total additions</b>	<u>2,107,527</u>
<b>DEDUCTIONS</b>	
Distributions to participants	2,041,505
<b>Total deductions</b>	<u>2,041,505</u>
<b>Change in net assets</b>	66,022
<b>Net assets held in trust July 1, 2004</b>	136,135
<b>Net assets held in trust June 30, 2005</b>	<u><u>\$ 202,157</u></u>

See Notes to the Financial Statements

## PIMA COUNTY

Notes to Financial Statements  
June 30, 2005  
(in thousands)

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

During the year ended June 30, 2005, the County implemented the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. GASB Statement No. 40 establishes and modifies the risk disclosures about the County's deposits and investments. The implementation of GASB Statement No. 40 requires only additional disclosures, and had no effect on reported amounts for deposits, investments, net assets, or changes in net assets. The County also implemented the provisions of GASB Statement No. 34 that require retroactive reporting of major general infrastructure assets. The effects of retroactive reporting of major general infrastructure assets are described in Note 2.

#### A. Reporting Entity

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

Component units are legally separate entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the County's operations. Therefore, data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined 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 Pima County Stadium District, a legally separate entity, was formed to promote and establish major league baseball spring training in Pima County. The Board of Directors of the District comprises the same individuals who constitute the Pima County Board of Supervisors. 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 Finance Department 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 Board of Directors is the Pima County Board of Supervisors. The Library District and the City of Tucson have had intergovernmental agreements to provide library services since 1986 through June 30, 2005. The City of Tucson has requested the Library District take over the operations and maintenance of library services, effective July 1, 2006. The District and the City are currently negotiating an intergovernmental agreement that, if approved by both jurisdictions, would accomplish a transfer of the library operations from the City to 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 June 5, 1978, and became operational on July 1, 1978. The District is responsible for floodplain management activities for the unincorporated areas of Pima County (except national forests, parks, monuments and Native American Nations), the City of South Tucson, and the Town of Sahuarita. The Pima County Board of Supervisors is the Board of Directors for the Flood Control District. The Regional Flood Control District is reported as a special revenue fund (blended component unit) in these financial statements. Separate financial statements for the District are not available.

## PIMA COUNTY

### Notes to Financial Statements June 30, 2005 (in thousands)

The Southwestern Fair Commission, Inc. (SFC) is a nonprofit corporation, which manages and maintains the fairgrounds owned by the County and conducts an 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 Finance Department 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-based financial statements. The government-wide statements focus on the County as a whole, while the fund-based 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 usefulness of the information.

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

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

- Charges for services (fines and forfeitures, licenses and permits, and special assessments),
- Operating grants and contributions, and
- Capital grants and contributions.

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes, are reported as general revenues. The net effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double counting of internal activities.

**Fund-based 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-based 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.

## PIMA COUNTY

### Notes to Financial Statements June 30, 2005 (in thousands)

Proprietary funds are financed mainly by fees and charges to users of the services provided by the funds' operations. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and 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 Capital Projects Fund** – accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

The County reports the following major enterprise funds:

**Pima Health System and Services** – provides payment for health care services including inpatient hospital care and outpatient clinical care for medical and psychiatric problems, indigent health care under the Arizona Health Care Cost Containment System (AHCCCS), an alternative to Medicaid, home health services, and long-term nursing care.

**Wastewater Management Fund** – accounts for the management and operation of wastewater treatment, water pollution control programs, and solid waste management throughout the County.

The County reports the following fund types:

**Internal Service Funds** – account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governmental units, on a cost-reimbursement basis. These funds account for fleet maintenance and operation, insurance, graphics services, and communications services.

**Investment Trust Funds** – account for assets held by the County Treasurer in an external investment pool and individual investment accounts for the benefit of outside jurisdictions.

**Agency Funds** – account for the assets held by the County as an agent for individuals, private organizations or other governmental units. The agency fund is custodial in nature and does not present results of operations.

#### C. Basis of Accounting

##### Primary government:

The government-wide, proprietary funds, and investment trust funds 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 imposed by the provider have been met.

Governmental funds in the fund-based 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 measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within 30 days after 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, and compensated absences, which are recognized as expenditures to the extent they are due and payable.

## PIMA COUNTY

### Notes to Financial Statements June 30, 2005 (in thousands)

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

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

The County's business-type activities and enterprise funds follow FASB Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The County has chosen the option not to follow FASB statements and interpretations issued after November 30, 1989.

Discretely presented component unit:

SFC's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The Commission's policy is to apply all FASB pronouncements issued after November 30, 1989.

#### D. Cash and Investments

Primary government:

For purposes of its statement of cash flows, the County considers only those highly liquid investments with a maturity period of 3 months or less when purchased to be cash equivalents. All other investments are stated at fair value.

If an individual fund has a deficit balance in the amount on deposit with the County Treasurer at year-end, that balance is reclassified as an amount due to other funds.

Discretely presented component unit:

SFC's cash and cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less.

#### E. Inventories and Prepaids

The County accounts for its inventories in the governmental funds using the purchase method.

Inventories of the governmental funds consist of expendable supplies held for consumption and are recorded as expenditures at the time of purchase. Amounts on hand at year-end are shown on the balance sheet as an asset for informational purposes only and are offset by a fund balance reserve to indicate that they do not constitute "available spendable resources." These inventories are stated at cost using the first-in, first-out method or average cost method.

Inventories of Pima Health System and Services, an enterprise fund, are valued at the lower of cost or market, cost being determined on the first-in, first-out method.

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

Inventories of Fleet Services, an internal service fund, are valued at the lower of cost or market, cost being determined using the moving average method.

PIMA COUNTY

Notes to Financial Statements  
 June 30, 2005  
 (in thousands)

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 purchases 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 estimated fair value at the time received.

Excluding component units, capitalization thresholds, depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	<b>Capitalization Threshold</b>	<b>Depreciation Method</b>	<b>Estimated Useful Life</b>
Land	All	N/A	N/A
Buildings and building improvements	All	Straight Line	7 to 40 Years
Equipment	\$ 5	Straight Line	4 to 25 Years
Fleet service vehicles	\$ 5	Units of Production based on number of hours or miles	5 to 15 Years
Infrastructure	\$100	Straight Line	20 to 50 Years
Land improvements	All	Straight Line	20 to 25 Years
Wastewater sewer conveyance	\$ 20	Straight Line	50 Years
Wastewater treatment facilities, transfer stations and other property and equipment	\$ 20	Straight Line	50 Years

Discretely presented component unit: SFC capital assets are reported at actual cost. Depreciation is provided by the straight-line method over the assets estimated useful life, which range from 3 to 40 years.

H. Investment Income

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

PIMA COUNTY

Notes to Financial Statements  
 June 30, 2005  
 (in thousands)

I. Compensated Absences

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

Employees may accumulate up to 240 hours of vacation depending upon years of service, but any vacation hours in excess of the maximum amount that are unused at year end are forfeited. Upon termination of employment, all unused and unforfeited vacation benefits are paid to employees. Accordingly, vacation benefits are accrued as a liability in the financial statements.

Employees may accumulate a limited number of sick leave hours. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but are forfeited upon termination of employment. Sick leave benefits do not vest with employees, however an estimate is made for non-vested sick leave. Employees who are eligible to retire from County service into the Arizona State Retirement System, Public Safety Personnel Retirement System, or Corrections Officer Retirement Plan may request sick leave be converted to annual leave, on a predetermined conversion basis. An estimate of those retirement payouts is accrued.

NOTE 2: NET ASSET BEGINNING BALANCES RESTATED

In compliance with GASB Statement No. 34, Pima County retroactively reported its Transportation roadways and Flood Control drainageways infrastructure networks that were acquired or received substantial improvement subsequent to December 31, 1974. The retroactive capitalization amount at July 1, 2004, was based on historical cost, where applicable, and on estimated historical cost, where determining historical cost was not practical due to inadequate records. The depreciation amount was calculated using the straight line method and useful lives of 25 years for drainageways and 30 years for roadways.

Bridges that were acquired or received substantial improvement prior to July 1, 2001, are not included in the County's governmental activities capital assets. This nonmajor infrastructure network will be reported as capital assets at July 1, 2005.

The following summarizes the restatement for infrastructure:

	Governmental Activities
Net assets – June 30, 2004, as previously reported	\$ 507,951
Transportation roadways	266,688
Flood Control drainageways	36,851
Net assets – July 1, 2004, as restated	<u>\$ 811,490</u>

In addition, due to a misclassification in reporting Wastewater Management Enterprise Fund construction in progress in prior years, beginning net asset balances were restated as follows:

	Business-type Activities	Enterprise Funds
Net assets – June 30, 2004, as previously reported	\$ 454,690	\$ 454,477
Correction of error	(9,912)	(9,912)
Net assets – July 1, 2004, as restated	<u>\$ 444,778</u>	<u>\$ 444,565</u>

PIMA COUNTY

Notes to Financial Statements  
June 30, 2005  
(in thousands)

Finally, the Metropolitan, Marana, and Green Valley Domestic Water Improvement Districts were removed from the County's reporting entity. These discretely presented component units were removed because the County was not financially accountable for them, as previously reported. This resulted in the following restatement:

	Component Units
Net assets – June 30, 2004, as previously reported	\$ 20,026
Correction of error	(17,957)
Net assets – July 1, 2004, as restated	<u>\$ 2,069</u>

NOTE 3: CASH AND INVESTMENTS

**PRIMARY GOVERNMENT**

The County's cash and investment policies are governed by State statutes and by bond covenants. The County Treasurer is authorized to invest public monies in the State Treasurer's Investment Pool; interest bearing savings accounts, certificates of deposit and repurchase agreements in eligible depositories; bonds or other obligations issued or guaranteed by the United States government or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporation, or instrumentalities; specified state and local government bonds; specified commercial paper, bonds, debentures, and notes issued by corporations organized and doing business in the United States; and bonds of the State of Arizona or any of its counties, cities, towns, school districts as specified by statute. In addition, the County Treasurer may invest trust funds in fixed income securities of corporations doing business in the United States or District of Columbia.

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

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

Custodial credit risk—State statutes also require collateral for demand deposits, certificates of deposit and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

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

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

Foreign currency risk—State statutes do not allow foreign investments.

Deposits—At June 30, 2005, the carrying amount of the County's deposits was \$29,312 and the bank balance was \$47,173.

PIMA COUNTY

Notes to Financial Statements  
June 30, 2005  
(in thousands)

Custodial credit risk—Custodial credit risk is the risk 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, 2005, \$1,595 of the County’s bank balance was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	1,488
Uninsured with collateral held by the bank’s safekeeping department but not in the County’s name		<u>107</u>
Total	\$	<u><u>1,595</u></u>

Investments—At June 30, 2005, the County’s investments consisted of \$597,752 invested in the State Treasurer’s Investment Pool and \$1,093 invested in a local government bond. The State Board of Investment provides oversight for the State Treasurer’s pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant’s position in the pool approximates the value of that participant’s pool shares and the participant’s shares are not identified with specific investments.

Credit risk—Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The County does not have a formal investment policy with respect to credit risk. The State Treasurer’s Investment Pool and the local government bond are unrated.

Interest rate risk—Interest rate risk is the risk that changes in interest rates will adversely affect an investment’s fair value. The County does not have a formal investment policy with respect to interest rate risk.

As of June 30, 2005, the County had the following investments:

Investment Type	Amount	Weighted Average Maturity (Years)
State Treasurer’s investment pool 5	\$ 526,303	0.22
State Treasurer’s investment pool 7	71,449	0.41
Local government bonds	1,093	3.00
	<u><u>\$ 598,845</u></u>	

PIMA COUNTY

Notes to Financial Statements  
June 30, 2005  
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A reconciliation of cash, deposits, and investments to amounts shown on the Statements of Net Assets follows:

Cash deposits and investments:

Cash on hand	\$	80
Amount of deposits		29,312
Amount of investments		598,845
Total	\$	<u>628,237</u>

	Governmental Activities	Business-Type Activities	Investment Trust Funds	Agency Funds	Totals
Statement of Net Assets:					
Cash and cash equivalents	\$ 296,840	\$ 75,005	\$ 201,426	\$ 53,873	\$ 627,144
Investments	1,093				1,093
Total	\$ <u>297,933</u>	\$ <u>75,005</u>	\$ <u>201,426</u>	\$ <u>53,873</u>	\$ <u>628,237</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 idle 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 of the County Treasurer's investment pool is invested in the State Treasurer investment pool 5. Therefore, the investment risks of the County Treasurer's investment pool are the same as the investment risks of the State Treasurer's investment pool 5, which are described above.

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

Statement of Net Assets

Net assets held in trust for:	
Internal participants	\$ 249,352
External participants	130,304
Total Liabilities	\$ 0
Total net assets held in trust	\$ <u>379,656</u>

Statement of Changes in Net Assets

Total additions	\$ 5,324,053
Total deductions	<u>(5,234,164)</u>
Net increase	89,889
Net assets held in trust:	
July 1, 2004	289,767
June 30, 2005	\$ <u>379,656</u>

PIMA COUNTY

Notes to Financial Statements  
 June 30, 2005  
 (in thousands)

**DISCRETELY PRESENTED COMPONENT UNITS**

*Southwestern Fair Commission*—At June 30, 2005, the commission’s cash and cash equivalents were \$1,188 consisted of deposits with financial institutions. Of the total balance, \$888 was exposed to custodial credit risk because it was uninsured and uncollateralized.

NOTE 4: DUE FROM OTHER GOVERNMENTS

**Governmental Activities:**

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Total Governmental Activities</u>
Federal government:					
Grants and contributions	\$ 77	\$ 4,007	\$ 9,591	\$ 1	\$ 13,676
State of Arizona:					
Taxes and shared revenues	19,112		5,885		24,997
Grants and contributions		1,114	5,013	4	6,131
Reimbursement for services			90		90
City of Tucson:					
Reimbursement for services	217	423	548		1,188
Due from other governments:					
Reimbursement for services	557		68	76	701
Total due from other governments	<u>\$ 19,963</u>	<u>\$ 5,544</u>	<u>\$ 21,195</u>	<u>\$ 81</u>	<u>\$ 46,783</u>

**Business-type Activities:**

	<u>Pima Health System &amp; Services</u>	<u>Wastewater Management</u>	<u>Other Business-type Activities</u>	<u>Total Business-type Activities</u>
Federal Government:				
Grants and contributions		\$ 257		\$ 257
State of Arizona:				
Grants and contributions	\$ 3,871	273		4,144
City of Tucson:				
Reimbursement for services			\$ 15	15
Due from other governments:				
Reimbursement for services			3	3
Total due from other governments	<u>\$ 3,871</u>	<u>\$ 530</u>	<u>\$ 18</u>	<u>\$ 4,419</u>

PIMA COUNTY

Notes to Financial Statements  
June 30, 2005  
(in thousands)

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005, was as follows:

	<b>Balance July 1, 2004 (as restated)</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2005</b>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 160,586	\$ 43,041	\$ (1,219)	\$ 202,408
Construction in progress	102,314	66,744	(51,940)	117,118
Total capital assets not being depreciated	<u>262,900</u>	<u>109,785</u>	<u>(53,159)</u>	<u>319,526</u>
Capital assets being depreciated:				
Buildings and improvements	323,964	48,178	(268)	371,874
Infrastructure	768,901	7,476	(130)	776,247
Equipment	75,044	9,030	(4,622)	79,452
Total capital assets being depreciated	<u>1,167,909</u>	<u>64,684</u>	<u>(5,020)</u>	<u>1,227,573</u>
Less accumulated depreciation for:				
Buildings and improvements	(95,804)	(7,342)	268	(102,878)
Infrastructure	(314,959)	(26,633)		(341,592)
Equipment	(40,376)	(7,196)	3,745	(43,827)
Total accumulated depreciation	<u>(451,139)</u>	<u>(41,171)</u>	<u>4,013</u>	<u>(488,297)</u>
Total capital assets being depreciated, net	<u>716,770</u>	<u>23,513</u>	<u>(1,007)</u>	<u>739,276</u>
Governmental activities capital assets, net	<u>\$ 979,670</u>	<u>\$ 133,298</u>	<u>\$ (54,166)</u>	<u>\$ 1,058,802</u>
	<b>Balance July 1, 2004 (as restated)</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2005</b>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 13,054	\$ 1,205		\$ 14,259
Construction in progress	142,509	7,668	(86,852)	63,325
Total capital assets not being depreciated	<u>155,563</u>	<u>8,873</u>	<u>(86,852)</u>	<u>77,584</u>
Capital assets being depreciated:				
Buildings and improvements	239,050	56,915	(1,700)	294,265
Sewage conveyance system	423,337	51,818	(7)	475,148
Equipment	21,092	931	(1,091)	20,932
Total capital assets being depreciated	<u>683,479</u>	<u>109,664</u>	<u>(2,798)</u>	<u>790,345</u>
Less accumulated depreciation for:				
Buildings and improvements	(98,490)	(8,006)	1,150	(105,346)
Sewage conveyance system	(143,720)	(9,285)	2	(153,003)
Equipment	(12,523)	(1,492)	973	(13,042)
Total accumulated depreciation	<u>(254,733)</u>	<u>(18,783)</u>	<u>2,125</u>	<u>(271,391)</u>
Total capital assets being depreciated, net	<u>428,746</u>	<u>90,881</u>	<u>(673)</u>	<u>518,954</u>
Business-type activities capital assets, net	<u>\$ 584,309</u>	<u>\$ 99,754</u>	<u>\$ (87,525)</u>	<u>\$ 596,538</u>

PIMA COUNTY

Notes to Financial Statements  
June 30, 2005  
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Business-type activities capital assets, net	\$	<u>584,309</u>	\$	<u>99,754</u>	\$	<u>(87,525)</u>	\$	<u>596,538</u>
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The July 1, 2004, governmental activities capital asset balance was restated to include recognition of roadways and drainageways networks' major general infrastructure assets, as explained in Note 2 to the financial statements. In addition, \$4,744, which was capitalized to infrastructure the prior year, was reclassified as construction in progress.

The July 1, 2004 Wastewater Management capital asset balance was restated to correct capitalization errors made in previous years, as explained in Note 2 to the financial statements.

Depreciation expense was charged to functions as follows:

**Governmental activities:**

General government	\$	4,293
Public safety		7,930
Highway and streets		22,188
Health		1,222
Welfare		9
Culture and recreation		3,108
Education and economic opportunity		229
Unallocated		849
Internal service funds		<u>1,343</u>
Total governmental activities depreciation	\$	<u>41,171</u>

**Business-type activities:**

Pima Health System & Services	\$	222
Parking Garages		335
Wastewater Management		18,108
Development Services		<u>118</u>
Total business-type activities depreciation	\$	<u>18,783</u>

	<u>Balance</u> <u>July 1, 2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2005</u>
<b>Discretely presented component unit:</b>				
Southwestern Fair Commission (SFC):				
Capital assets being depreciated:				
Buildings and improvements	\$ 3,554	\$ 202	\$ (102)	\$ 3,654
Equipment	<u>1,335</u>	<u>184</u>	<u>(27)</u>	<u>1,492</u>
Total capital assets being depreciated	<u>4,889</u>	<u>386</u>	<u>(129)</u>	<u>5,146</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,080)	(114)	102	(2,092)
Equipment	<u>(1,098)</u>	<u>(69)</u>	<u>27</u>	<u>(1,140)</u>
Total accumulated depreciation	<u>(3,178)</u>	<u>(183)</u>	<u>\$ 129</u>	<u>(3,232)</u>
Total capital assets being depreciated, net	<u>1,711</u>	<u>203</u>		<u>1,914</u>
SFC capital assets, net	<u>\$ 1,711</u>	<u>\$ 203</u>		<u>\$ 1,914</u>

PIMA COUNTY

Notes to Financial Statements  
 June 30, 2005  
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NOTE 6: CLAIMS, JUDGMENTS and RISK MANAGEMENT

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.

Wastewater Management

The County has entered into settlement negotiations with Arizona Department of Environmental Quality (ADEQ) to resolve litigation associated with the cleanup of the Camino del Cerro landfill. Cleanup expenses have been incurred and include a soil vapor extraction system, a series of drainage improvements, re-grade landfill cap and groundwater remediation. The liability is not presented within the financial statements because the outcome of the litigation is uncertain and the amount of the loss cannot be reasonably estimated.

Other

The County is exposed to various risks 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. Claims against the County are accounted for in the Self Insurance Trust Fund (the Fund), an internal service fund. Annually, an actuarial evaluation is performed to determine the County's anticipated losses except for environmental, unemployment, and dental losses. Environmental losses are based on reported claims and the County risk manager's knowledge and experience. Unemployment and dental losses are based on claims that have been submitted but not yet paid by the Fund. Losses accounted for include reported and paid, reported but unpaid, and incurred but not reported. All liabilities of the Fund except for environmental, unemployment and dental losses are reported at their present value using an expected future investment yield assumption of four percent. The County purchases commercial insurance for claims in excess of coverage provided by the Fund and for some other risks of loss. Settled claims have not exceeded insurance coverage in any of the last three fiscal years.

All funds of the County participate in the Fund. With the exception of environmental, unemployment and dental losses, payments to the Fund are based on actuarial estimates of the amounts needed to pay prior and current-year claims and to establish some reserve for catastrophic losses. That reserve was estimated to be \$500 at June 30, 2005, and is included in the Fund net assets. Payments to the Fund for environmental losses are based on historical experience, since an actuarial basis is not available. Payments for unemployment and dental losses are based on claims made.

The claims liability of \$30,273 reported in the Fund at June 30, 2005, is based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The ultimate cost of claims includes incremental claim adjustment expenses that have been allocated to specific claims, as well as salvage and subrogation. No other claim adjustment expenses have been included.

	<u>2005</u>	<u>2004</u>
Claims liability balance—beginning	\$25,696	\$25,954
Current year claims and changes in estimates	12,925	7,468
Claims payments	<u>(8,348)</u>	<u>(7,726)</u>
Claims liability balance—ending	<u>\$30,273</u>	<u>\$25,696</u>

PIMA COUNTY

Notes to Financial Statements  
June 30, 2005  
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NOTE 7: LONG-TERM LIABILITIES

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2005.

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2005</u>	<u>Due within 1 year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 232,105	\$ 65,000	\$ 29,835	\$ 267,270	\$ 35,960
Plus unamortized deferred amount	448	245	36	657	49
Total general obligation bonds	<u>232,553</u>	<u>65,245</u>	<u>29,871</u>	<u>267,927</u>	<u>36,009</u>
Flood control bonds	<u>3,805</u>		<u>795</u>	<u>3,010</u>	<u>780</u>
Transportation revenue bonds	95,250	51,200	8,905	137,545	10,710
Plus unamortized deferred amount	211	5	25	191	26
Total transportation revenue bonds	<u>95,461</u>	<u>51,205</u>	<u>8,930</u>	<u>137,736</u>	<u>10,736</u>
Special assessment bonds with governmental commitment	<u>1,736</u>		<u>643</u>	<u>1,093</u>	<u>182</u>
Loans and Leases:					
Transportation loans payable	<u>3,020</u>		<u>1,077</u>	<u>1,943</u>	<u>1,040</u>
Capital leases payable:					
Jail capital lease	31,525		1,440	30,085	1,750
Less unamortized deferred amount	(2,489)		(192)	(2,297)	(191)
Other capital leases	287		196	91	70
Total capital leases	<u>29,323</u>		<u>1,444</u>	<u>27,879</u>	<u>1,629</u>
Total loans and leases	<u>32,343</u>		<u>2,521</u>	<u>29,822</u>	<u>2,669</u>
Reported but unpaid losses (Note 6)	10,843	12,925	2,926	20,842	4,068
Incurred but not reported losses (Note 6)	<u>14,853</u>		<u>5,422</u>	<u>9,431</u>	<u>1,792</u>
Total governmental activities long-term liabilities	<u>\$ 391,594</u>	<u>\$ 129,375</u>	<u>\$ 51,108</u>	<u>\$ 469,861</u>	<u>\$ 56,236</u>

PIMA COUNTY

Notes to Financial Statements  
June 30, 2005  
(in thousands)

	<u>Balance</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2005</u>	<u>Due within</u> <u>1 year</u>
<b>Business-type activities:</b>					
Sewer revenue bonds	\$ 64,780		\$ 4,705	\$ 60,075	\$ 4,550
Less unamortized deferred amount	(4,716)		(450)	(4,266)	
Total revenue bonds payable	<u>60,064</u>		<u>4,255</u>	<u>55,809</u>	<u>4,550</u>
Wastewater loans payable	84,232			84,232	4,951
Less unamortized deferred amount	(291)		(37)	(254)	
Total loans payable	<u>83,941</u>		<u>(37)</u>	<u>83,978</u>	<u>4,951</u>
Landfill closure and post-closure care costs (Note 9)	16,022		386	15,636	
Contracts and notes	5,783	\$ 286	1,217	4,852	
Total business-type activities long-term liabilities	<u>\$ 165,810</u>	<u>\$ 286</u>	<u>\$ 5,821</u>	<u>\$ 160,275</u>	<u>\$ 9,501</u>
<b>Discretely presented component unit:</b>					
Southwestern Fair Commission notes payable	\$ 534		\$ 142	\$ 392	\$ 104

**GENERAL OBLIGATION BONDS OUTSTANDING**  
**Governmental Activities**

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

General obligation bonds payable at June 30, 2005, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, \$3,069 from the November 2, 1982 bond election, \$36,161 from the May 20, 1997, and \$480,451 from the May 18, 2004 bond election remain unissued.

The following table presents amounts outstanding by issue.

<u>Issue</u>	<u>Issue</u> <u>Amount</u>	<u>Interest</u> <u>Rates</u>	<u>Maturities</u>	<u>Outstanding</u> <u>June 30, 2005</u>
Series of 1998	\$ 42,420	4.40 – 5.00%	2006-13	\$ 22,515
Series of 1999	50,000	5.00 – 5.08%	2006-10	23,615
Series of 2000	50,000	4.00 – 5.00%	2006-14	31,000
Series of 2001 Refunding	17,835	4.00 – 5.00%	2006-09	10,515
Series of 2002	20,000	3.75 – 4.50%	2006-16	11,500
Series of 2003	50,000	3.25 – 4.25%	2006-17	43,350
Series of 2004	65,000	3.00 – 5.00%	2006-19	59,775
Series of 2005	65,000	3.50 – 5.00%	2005-20	<u>65,000</u>
G.O. bonds outstanding				267,270
Plus unamortized deferred amount:				<u>657</u>
Total G.O. bonds outstanding				<u>\$ 267,927</u>

PIMA COUNTY

Notes to Financial Statements  
June 30, 2005  
(in thousands)

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2005.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 35,960	\$ 12,107
2007	32,335	10,028
2008	25,005	8,539
2009	20,260	7,417
2010	19,790	6,503
2011-2015	81,800	20,368
2016-2020	<u>52,120</u>	<u>4,976</u>
Total	<u>\$ 267,270</u>	<u>\$ 69,938</u>

**ADVANCED REFUNDINGS OF GENERAL OBLIGATION BONDS**

In prior years, the County defeased certain General Obligation Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for these defeased bonds are not included in the County's financial statements. At June 30, 2005, the following outstanding bonds were considered defeased:

<u>Issue</u>	<u>Outstanding June 30, 2005</u>
1979 General Obligation Refunding Bonds Series of 1999	\$ 2,910 \$ 5,785

**FLOOD CONTROL REFUNDING BONDS OUTSTANDING  
Governmental Activities**

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

The Pima County Regional Flood Control District outstanding bonds payable at June 30th is presented below.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2005</u>
Series 2001 Refunding	\$ 4,585	4.00 - 4.20%	2006-09	\$ 3,010

The following schedule details flood control bond debt service requirements to maturity at June 30, 2005.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 780	\$ 123
2007	760	91
2008	745	61
2009	<u>725</u>	<u>30</u>
Total	<u>\$ 3,010</u>	<u>\$ 305</u>

PIMA COUNTY

Notes to Financial Statements  
June 30, 2005  
(in thousands)

**TRANSPORTATION BONDS**  
**Governmental Activities**

(Payments made from street and highway revenues)

Pima County transportation revenue bonds of 1998 were issued to provide monies to construct improvements to the County's streets and highways. Of the total amount originally authorized, \$168,800 from the November 4, 1997, bond election remains unissued.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2005</u>
Series of 1998	\$ 40,000	4.50%	2006-08	\$ 12,000
Series of 2002	55,000	4.00 - 4.50%	2006-12	40,845
Series of 2003	35,000	3.38 - 4.38%	2006-18	33,500
Series of 2005	51,200	3.50 - 5.00%	2006-20	<u>51,200</u>
Transportation bonds outstanding				137,545
Plus unamortized deferred amount:				<u>191</u>
Total transportation bonds outstanding				<u>\$ 137,736</u>

The following schedule details transportation bond debt service requirements to maturity at June 30, 2005.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 10,710	\$ 6,058
2007	11,435	5,257
2008	11,745	4,752
2009	11,465	4,276
2010	11,935	3,821
2011-2015	46,155	11,892
2016-2020	<u>34,100</u>	<u>3,679</u>
Total	<u>\$ 137,545</u>	<u>\$ 39,735</u>

**TRANSPORTATION LOANS PAYABLE**  
**Governmental Activities**

During the fiscal year ended June 30, 2002, Pima County Transportation Department entered into loan agreements to provide funds for the construction and improvement of certain highways and streets. Interest is payable semiannually and is calculated based on the principal amount of the loan outstanding during such period. On July 15, 2004 additional principal was paid in the amount of \$37.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2005</u>
2002 HELP Loan – Ajo	\$ 3,700	3.23%	2006-07	\$ 1,443
2002 HELP Loan – Shannon	1,400	3.23%	2006-07	<u>500</u>
Total transportation loans payable				<u>\$ 1,943</u>

The following schedule details transportation loans debt service requirements to maturity at June 30, 2005.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 1,040	\$ 54
2007	<u>903</u>	<u>22</u>
Total	<u>\$ 1,943</u>	<u>\$ 76</u>

PIMA COUNTY

Notes to Financial Statements  
 June 30, 2005  
 (in thousands)

**SPECIAL ASSESSMENT BONDS OUTSTANDING**  
**Governmental Activities**  
 (Payments made from assessments received  
 in the Debt Service Fund and the Transportation Fund)

At June 30, 2005, there was only one special assessment district with outstanding bonds. Special assessment bonds are secured by pledges of revenues from special assessments levied against the benefiting property owners. The proceeds of the bond issues were used to finance construction in the Improvement District.

Effective July 31, 2004, one bond in the amount of \$182 was called, which changed the final maturity date on the remaining bonds to the year 2011 and resulted in savings of \$77 interest over the life of the remaining bonds.

<u>Improvement District</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2005</u>
La Cholla Boulevard	\$ 1,821	6.50%	2006-11	\$ <u>1,093</u>
Total special assessment bonds outstanding				\$ <u>1,093</u>

The following schedule details special assessment bond debt service requirements to maturity at June 30, 2005.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 182	\$ 65
2007	182	53
2008	182	41
2009	182	30
2010	182	18
2011	<u>183</u>	<u>6</u>
Total	\$ <u>1,093</u>	\$ <u>213</u>

**CAPITAL LEASES**  
**Governmental Activities**

On February 1, 1997, the County entered into an agreement to sell certain jail facilities and then lease them back for a 15-year term. The jail facilities were sold for \$34,500, and the proceeds were used to finance the construction of the baseball stadium. On September 1, 1999 and October 1, 2003, Pima County amended the capital lease agreement between U.S. Bank Trust National Association and Pima County. The amendments extended the lease term to 2014 and 2018 respectively, increased the range of interest rates and increased the County's obligation under the lease agreement.

The County has also entered into capital leases for election and other equipment. The outstanding balance as of June 30, 2005, for these leases totaled \$91.

The net book value of assets acquired through capital leases consists of \$20,788 of buildings and \$166 of equipment.

PIMA COUNTY

Notes to Financial Statements  
June 30, 2005  
(in thousands)

The following schedule details capital lease debt service requirements to maturity at June 30, 2005.

Governmental Activities:

<u>Year Ending June 30,</u>	<u>Buildings</u>		<u>Equipment</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 1,750	\$ 1,292	\$ 70	\$ 3
2007	1,785	1,230	21	
2008	1,870	1,139		
2009	1,965	1,062		
2010	2,025	982		
2011-2015	12,225	3,211		
2016-2018	8,465	536		
Total	<u>\$30,085</u>	<u>\$ 9,452</u>	<u>\$ 91</u>	<u>\$ 3</u>

**SEWER REVENUE BONDS**

**Business-type Activities**

(Payments made from user charges received  
in the Wastewater Management Enterprise Fund)

Pima County sewer revenue bonds, as presented below, were issued to provide monies to construct improvements to the County's wastewater management system. Of the total amount originally authorized, \$5,895 from the May 20, 1997, and \$150,000 from the May 18, 2004 bond election remain unissued.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2005</u>
Series of 1998	\$ 29,185	4.00 - 5.50%	2006-15	\$ 19,660
Series 2001 Refunding	19,440	4.00 - 5.40%	2006-15	16,070
Series 2004 Refunding	25,770	2.25 - 5.50%	2006-15	<u>24,345</u>
Sewer revenue bonds outstanding				60,075
Less unamortized deferred amount:				<u>(4,266)</u>
Total sewer revenue bonds outstanding				<u>\$ 55,809</u>

The following schedule details sewer revenue bond debt service requirements to maturity at June 30, 2005.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 4,550	\$ 2,760
2007	5,570	2,573
2008	5,800	2,340
2009	6,025	2,098
2010	5,280	1,816
2011-2015	<u>32,850</u>	<u>5,040</u>
Total	<u>\$60,075</u>	<u>\$16,627</u>

PIMA COUNTY

Notes to Financial Statements  
 June 30, 2005  
 (in thousands)

**LOANS PAYABLE**

**Business-type Activities**

(Payments made from user charges received  
 in the Wastewater Management Enterprise Fund)

Wastewater Management (WWM) entered into loan agreements (1996, 1997, 2000 and 2004 loans payable) to provide funds for the defeasance of prior sewer revenue bonds and the construction and improvement of wastewater treatment facilities. Interest is payable semiannually and is calculated based on the principal amount of the loan outstanding during such period. For the 2004 loan payable, principal payments to maturity are subject to change based upon the total amounts drawn down. As of June 30, 2005, WWM has drawn down \$17,452 of the available \$18,015 from the 2004 loan amount.

As of December 1, 2004, the Water Infrastructure Financing Authority of Arizona (WIFA) has been authorized to process loan payments via EFT debit. Since the debit payment this year was processed effective July 1, 2005, the principal loan amount outstanding at June 30, 2005 remained unchanged.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2005</u>
1996 Loan Payable	\$11,313	3.19%	2005-12	\$10,616
1997 Loan Payable	7,500	2.95%	2005-11	4,222
2000 Loan Payable	61,180	2.20%	2005-16	51,942
2004 Loan Payable	17,452	1.81%	2005-24	<u>17,452</u>
Loans payable				84,232
Less unamortized deferred amount				<u>(254)</u>
Total loans payable				<u>\$83,978</u>

The following schedule details loans payable debt service requirements to maturity at June 30, 2005.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 4,951	\$ 2,947
2007	5,503	2,755
2008	5,641	2,552
2009	5,871	2,343
2010	6,230	2,124
2011-2015	34,259	6,774
2016-2020	16,237	1,771
2021-2024	<u>5,540</u>	<u>434</u>
Total	<u>\$84,232</u>	<u>\$21,700</u>

**CONTRACTS AND NOTES**

**Business-type Activities**

(Payments made from restricted assets in the Wastewater  
 Management Fund)

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

PIMA COUNTY

Notes to Financial Statements  
June 30, 2005  
(in thousands)

**NOTES PAYABLE**  
**Component Unit - Southwestern Fair Commission (SFC)**  
(Payments made from user charges)

Southwestern Fair Commission has a note payable to Pima County, due in annual installments of \$50, unsecured, non-interest bearing.

<u>Description</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2005</u>
Pima County	None	Annual installments until June 2007	\$100

Southwestern Fair Commission's other notes payable are due in monthly installments and are secured by equipment, inventory, and accounts receivable.

<u>Description</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2005</u>
Bank	Prime with 4% floor	Monthly installments until July 2008	\$224
Bank	Wall Street Journal interest rate	Monthly installments until July 2008	<u>68</u>
Total			<u>\$292</u>

The following schedule details Southwestern Fair Commission's notes payable debt service requirements to maturity at June 30, 2005.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2006	\$104	\$17
2007	104	14
2008	53	10
2009	<u>131</u>	<u>0</u>
Total	<u>\$392</u>	<u>\$41</u>

**LEGAL DEBT MARGIN**

**COUNTY GENERAL OBLIGATION BONDS**

General obligation debt may not exceed six percent of the value of the County's taxable property as of the latest assessment. However, Pima County received voter approval to increase the debt limit to 15 percent of the value of taxable property. The legal debt margin at June 30, 2005, is as follows:

Net assessed valuation:		\$5,620,156
<u>Debt Limit (15% of net assessed valuation):</u>		843,023
<u>Amount of debt applicable to debt limit:</u>		
General obligation bonds outstanding	\$267,270	
Less net assets in debt service fund available for payment of general obligation bond principal	<u>(8,899)</u>	<u>(258,371)</u>
Legal debt margin available		<u>\$ 584,652</u>

PIMA COUNTY

Notes to Financial Statements  
 June 30, 2005  
 (in thousands)

**FLOOD CONTROL GENERAL OBLIGATION BONDS**

Flood Control general obligation debt may not exceed five percent of the value of the Flood Control District's taxable property as of the latest assessment. Legal debt margin at June 30, 2005, is as follows:

Net assessed valuation:		\$4,907,357
<u>Debt Limit (5% of net assessed valuation):</u>		245,368
<u>Amount of debt applicable to debt limit:</u>		
Flood Control general obligation bonds outstanding	\$3,010	
Less net assets in debt service fund available for payment of flood control bond principal	<u>(25)</u>	<u>(2,985)</u>
Legal debt margin available		<u>\$ 242,383</u>

NOTE 8: SHORT-TERM DEBT

**LINE OF CREDIT**

The County maintains a revolving line of credit with Bank of America National Trust and Savings Association to meet its short-term cash needs. At June 30, 2005, the County had an outstanding balance of \$0. Advances on the line of credit are payable on demand. The credit line is secured by the County's general taxing authority.

	<u>Beginning Balance</u>	<u>Draws</u>	<u>Repayments</u>	<u>Ending Balance</u>
Line of credit	\$ 0	\$ 82,400	\$ 82,400	\$ 0

NOTE 9: LANDFILL LIABILITIES

**SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE 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 postclosure 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 postclosure care costs as a long-term liability in each period based on landfill capacity used as of each balance sheet date. The \$15,636 reported as landfill closure and postclosure care liability in the Wastewater Management Enterprise Fund represents the cumulative amount reported to date based on the percentage used of each landfill's total estimated capacity and the elimination of \$1,250 in prior years' corrective action costs. The County will recognize the remaining estimated cost of closure and postclosure care of \$5,077 as the remaining estimated capacities are used. These amounts are based on what it would cost to perform all closure and postclosure care in the fiscal year ended June 30, 2005; actual costs may change due to inflation, changes in technology, or changes in regulations.

PIMA COUNTY

Notes to Financial Statements  
June 30, 2005  
(in thousands)

<u>Landfill Site</u>	<u>Capacity Used June 30, 2005</u>	<u>Estimated Year of Closure</u>
Ajo *	100%	2005
Sahuarita **	41%	2022
Tangerine **	89%	2008

\* Life extending facility development options are presently being considered for the Ajo Landfill, including vertical and/or horizontal expansion.

\*\* The Sahuarita and Tangerine Landfill capacities were increased from 5,130,192 cu. yd. and 5,530,000 cu. yd. at June 30, 2004 to 5,233,952 cu. yd. and 5,737,761 cu. yd. at June 30, 2005, respectively. Concurrently, the estimated years of closure were adjusted to 2022 and 2008, respectively.

The County plans to fund the estimated closure and postclosure care costs with proceeds of general obligation bonds and with solid waste tipping fees.

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, postclosure, and corrective action when needed. The County is in compliance with these requirements.

NOTE 10: RETIREMENT PLANS

Plan Descriptions

The County contributes to the Arizona State Retirement System (**ASRS**), the Corrections Officer Retirement Plan (**CORP**), the Public Safety Personnel Retirement System (**PSPRS**), consisting of Pima County Sheriffs and Pima County - County Attorney Investigators, and the Elected Officials Retirement Plan (**EORP**). The **EORP** and the **PSPRS** - Pima County - County Attorney Investigators, are not described due to their relative insignificance to the County's financial statements. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits.

The **ASRS** administers a cost-sharing multiple-employer defined benefit pension plan that covers general employees of the County. The **ASRS** is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The **PSPRS** is an agent multiple-employer defined benefit pension plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The **PSPRS**, acting as a common investment and administrative agent, is governed by a five-member board, known as the Fund Manager, and 209 local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The **CORP** is an agent multiple-employer defined benefit pension plan that covers certain employees of the State of Arizona's Department of Corrections and Juvenile Corrections, and County employees whose primary duties require direct inmate contact. The **CORP** is governed by the Fund Manager of **PSPRS** and 19 local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report may be obtained by contacting the applicable plan.

ASRS

3300 N. Central Ave.  
P.O. Box 33910  
Phoenix, AZ 85067-3910  
(602) 240-2000 or (800) 621-3778

PSPRS and CORP

3010 East Camelback Road  
Suite 200  
Phoenix, AZ 85016-4416  
(602) 255-5575

PIMA COUNTY

Notes to Financial Statements  
June 30, 2005  
(in thousands)

**Funding Policy**

The Arizona State Legislature establishes and may amend active plan members' and the County's contribution rates.

**Cost-sharing plans** For the year ended June 30, 2005, active **ASRS** members and the County were each required by statute to contribute at the actuarially determined rate of 5.70 percent (5.2 percent retirement and 0.50 percent long-term disability) of the members' annual covered payroll. The County's contributions to **ASRS** for the years ended June 30, 2005, 2004, and 2003 were \$12,602, \$13,231 and \$6,307 respectively, which were equal to the required contributions for the year.

**Agent plans** For the year ended June 30, 2005, active **PSPRS** members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 10.04 percent. As allowed by statute, the County contributed 3.65 percent of the members' required contribution, with the members contributing 4.00 percent. Active **CORP** members were required by statute to contribute 8.50 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 5.00 percent.

**Annual Pension Cost:** The County's pension cost for the two agent plans for the year ended June 30, 2005, and related information follow:

	<u>PSPRS</u>	<u>CORP</u>
Contribution rates:		
County	13.69%	5.00%
Plan members	4.00%	8.50%
Annual pension cost	\$ 3,325	\$ 782
Contributions made	\$ 3,325	\$ 782
Actuarial valuation date	June 30, 2003	June 30, 2003
Actuarial cost method	Entry age	Entry age
Actuarial assumptions:		
Investment rate of return	9.00%	9.00%
Projected salary increases	6.50% - 9.50%	5.50% - 9.50%
includes inflation at	5.50%	5.50%
Amortization method	Level percent open	Level percent open
Remaining amortization period	20 years	20 years
Asset valuation method	smoothed market	smoothed market

**Trend Information:** Information for each of the three most recent actuarial valuations for each of the agent plans follows:

Plan	Year Ended June 30	Contributions Required and Contributions Made		
		Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PSPRS	2005	\$ 3,325	100%	\$ -
	2004	2,694	100%	-
	2003	1,463	100%	-
CORP	2005	\$ 782	100%	\$ -
	2004	632	100%	-
	2003	296	100%	-

PIMA COUNTY

Notes to Financial Statements  
 June 30, 2005  
 (in thousands)

NOTE 11: SEGMENT INFORMATION

Liquid Waste, a division of Pima County's Department of Wastewater Management, is reported within the Wastewater Management Enterprise Fund. Liquid Waste operates the sewer system, which provides wastewater collection, treatment, and disposal throughout Pima County. All revenues generated by the ownership, use, and operation of Pima County's sewer system are pledged in support of sewer system debt. In addition, debt covenants require sewer system revenues, expenses, gains, losses, assets, and liabilities to be accounted for separately. As a result, condensed financial information for Liquid Waste is presented in the following table.

Condensed Statement of Net Assets

	<b>Wastewater Management Liquid Waste</b>
Assets:	
Current assets	\$ 37,616
Due from other funds	59
Restricted assets	8,291
Capital assets, net	576,001
Other non-current assets	848
Total Assets	<u>622,815</u>
Liabilities:	
Current liabilities	22,152
Due to other funds	102
Non-current liabilities	135,138
Total Liabilities	<u>157,392</u>
Net Assets:	
Invested in capital assets (net of related debt)	437,062
Restricted	3,979
Unrestricted	24,382
Total Net Assets	<u>\$ 465,423</u>

Condensed Statement of Revenues, Expenses and Change in Net Assets

	<b>Wastewater Management Liquid Waste</b>
Operating revenues/(expenses):	
Charges for services	\$ 51,862
Depreciation expense	(17,655)
Other operating expenses	(47,037)
Operating loss	<u>(12,830)</u>
Non-operating revenues/(expenses):	
Sewer connection revenue	36,907
Other non-operating revenues	1,133
Interest expense	(4,213)
Loss on disposal of fixed assets	(565)
Other non-operating expenses	(97)
Capital contributions	20,722
Change in net assets	<u>41,057</u>
Beginning net assets (as restated)	<u>424,366</u>
Ending net assets	<u>\$ 465,423</u>

PIMA COUNTY

Notes to Financial Statements  
June 30, 2005  
(in thousands)

Condensed Statement of Cash Flows

Net cash provided by:

Operating activities	\$ 4,001
Non-capital financing activities	689
Capital and related financing activities	18,242
Investing activities	429
	<hr/>
Net increase	23,361
Beginning cash and cash equivalents	11,639
Ending cash and cash equivalents	<u>\$ 35,000</u>

NOTE 12: INTERFUND TRANSACTIONS

A. Interfund Assets/Liabilities

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

**The following funds recorded amounts as due to:**

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental</u>	<u>PHS &amp; Services</u>	<u>Wastewater Management</u>	<u>Internal Service</u>	<u>Total</u>
The following funds recorded amounts as due from:		1	1,363	3,668	5		5,037
General							
Capital Projects			830		72		902
Other Governmental	531	14	92	3	18		658
Pima Health System & Services	214						214
Wastewater Management						59	59
Internal Service			7		12		19
Total	<u>745</u>	<u>15</u>	<u>2,292</u>	<u>3,671</u>	<u>107</u>	<u>59</u>	<u>6,889</u>

B. Transfers

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

**The following funds recorded amounts as transfers out:**

	<u>General</u>	<u>Other Governmental</u>	<u>Wastewater Management</u>	<u>Other Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
The following funds recorded amounts as transfers in:		2,849				2,849
General						
Capital Projects	1,360	13,650	53	3,000	191	18,254
Other Governmental	13,113	15,792				28,905
Internal Service	198					198
Total	<u>14,671</u>	<u>32,291</u>	<u>53</u>	<u>3,000</u>	<u>191</u>	<u>50,206</u>
Transfers out of capital assets:				86	546	632
Total:	<u>14,671</u>	<u>32,291</u>	<u>53</u>	<u>3,086</u>	<u>737</u>	<u>50,838</u>

PIMA COUNTY

Notes to Financial Statements  
June 30, 2005  
(in thousands)

In the fund financial statements, total transfers in of \$50,206 are less than total transfers out of \$50,838 because proprietary funds transferred capital assets to governmental activities as follows:

Parking Garages Enterprise Fund	\$ 86
Other Internal Service Fund	311
Self-Insurance Trust Internal Service Fund	235
	<u>\$ 632</u>

The government-wide financial statements include transfers between governmental and business-type activities that are reported above, as well as a \$1,204 capital asset transfer into the Parking Garages Enterprise Fund. This amount is reported as a capital contribution in the Other Enterprise Funds.

**NOTE 13: CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

At June 30, 2005, Pima County had the following major contractual commitments related to Transportation Projects, Flood Control Projects, General Government Projects and Wastewater Management Projects.

**Transportation Projects**

At June 30, 2005, the Pima County Transportation Department had contractual commitments of \$169,475. Funding for these expenditures will be primarily provided from Transportation Revenue Bonds and Highway User Tax Revenue, the primary source of revenue for the Transportation Department.

**Flood Control Projects**

At June 30, 2005, the Pima County Flood Control District had contractual commitments of \$18,838. Funding for these expenditures will be primarily provided from general obligation bonds and the Flood Control District's tax levy of property within Pima County, the primary source of revenue for the Flood Control District.

**General Government Projects**

At June 30, 2005, Pima County had contractual commitments related to various Facilities Management Projects of \$23,777, Neighborhood Reinvestment Projects of \$71 and Parks and Recreation Projects of \$5,619. Funding for these expenditures will be primarily provided from general obligation bonds.

**Wastewater Management Projects**

At June 30, 2005, the Wastewater Management Enterprise fund had commitments under construction contracts that totaled \$20,020.

**Operating Leases**

The County enters into operating leases for various equipment and office space. These leases are entered into with the provision that they may be canceled at the end of each fiscal year if future funding is not provided. Rental expenditures under the terms of the leases were \$3,851 for the year ended June 30, 2005.

PIMA COUNTY

Notes to Financial Statements  
June 30, 2005  
(in thousands)

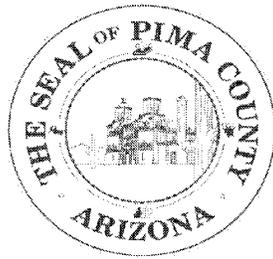
NOTE 14: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY  
(DEFICIT FUND BALANCES)

The Special Revenue Grants Fund (a non-major governmental fund) had a deficit fund balance at June 30, 2005, of \$1,187. This deficit can be eliminated in the future through normal operations.

NOTE 15: SUBSEQUENT EVENTS

On September 1, 2005, at the request of Pima County, the Water Infrastructure Authority of Arizona (WIFA) amended the 2004 WIFA loan agreement with Pima County, increasing available funding from \$18,015 to \$19,967. There was no change to the interest rate or terms of repayment of the original loan.

On August 15, 2005, Pima County approved an Arizona Department of Transportation Highway Expansion and Extension Loan (HELP) for \$4,836 to provide funds for the construction and improvement of certain highways and streets. The interest rate is 3.059% and the loan is payable at June 1, annually through 2009.



## **Required Supplementary Information**

### **Other Than MD&A**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended June 30, 2005  
(in thousands)

	Original Budget	Final Amended Budget	Actual	Variance Favorable/(Unfavorable)
<b>Revenues:</b>				
Taxes	\$ 223,091	\$ 223,091	\$ 225,959	\$ 2,868
Licenses and permits	2,259	2,259	2,350	91
Intergovernmental	116,460	116,460	125,203	8,743
Charges for services	23,648	23,648	24,905	1,257
Fines and forfeits	3,884	3,884	5,035	1,151
Interest	1,040	1,040	1,357	317
Miscellaneous	1,670	1,670	4,435	2,765
<b>Total revenues</b>	<b>372,052</b>	<b>372,052</b>	<b>389,244</b>	<b>17,192</b>
<b>Expenditures:</b>				
Assessor	7,133	7,133	7,168	(35)
Board of Supervisors	1,461	1,461	1,419	42
Clerk of Superior Court	9,189	9,189	9,196	(7)
Community & Economic Development	14,083	14,083	13,463	620
Constables	754	754	712	42
County Administration	35,601	35,340	35,169	171
County Attorney	16,102	16,102	16,092	10
Justice Courts	5,761	5,761	5,574	187
Juvenile Court	20,933	21,059	21,053	6
Justice & Law Enforcement	20,904	20,904	22,926	(2,022)
Department of Institutional Health	96,563	96,563	96,996	(433)
Forensic Science Center	2,023	2,023	2,189	(166)
Public Works	22,824	22,824	22,419	405
Recorder	2,210	2,210	2,172	38
Sheriff	84,379	84,379	84,694	(315)
Superior Court	24,530	24,665	24,531	134
Superior Court Mandated Services	1,575	1,575	1,481	94
Superintendent of Schools	1,166	1,166	1,174	(8)
Treasurer	2,142	2,142	1,702	440
Debt Service - principal	1,440	1,440	1,440	
- interest	1,324	1,324	1,324	
- miscellaneous	6	6	5	1
<b>Total expenditures</b>	<b>372,103</b>	<b>372,103</b>	<b>372,899</b>	<b>(796)</b>
Excess of revenues over expenditures	(51)	(51)	16,345	16,396
<b>Other financing sources (uses):</b>				
Proceeds from sale of fixed assets			8	8
Transfers in	5,843	5,843	2,849	(2,994)
Transfers (out)	(10,550)	(10,550)	(14,671)	(4,121)
<b>Total other financing uses</b>	<b>(4,707)</b>	<b>(4,707)</b>	<b>(11,814)</b>	<b>(7,107)</b>
<b>Net change in fund balance</b>	<b>(4,758)</b>	<b>(4,758)</b>	<b>4,531</b>	<b>9,289</b>
Fund balance at beginning of year	17,758	17,758	32,696	14,938
Fund balance at end of year	<u>\$ 13,000</u>	<u>\$ 13,000</u>	<u>\$ 37,227</u>	<u>\$ 24,227</u>

See Notes to this schedule on the following page

PIMA COUNTY

Required Supplementary Information

Notes to Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund  
June 30, 2005  
(in thousands)

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

On or before the third Monday in July of each year, the Board of Supervisors adopts a tentative budget for the fiscal year. A public hearing and special board meeting is scheduled at which time the final budget is adopted.

The County adopts, on a modified accrual basis, budgets for all governmental fund types (General, Special Revenue, Debt Service, and Capital Projects). Operating plans for all Enterprise Funds are also adopted as part of the budget document. Per state statute, expenditures may not exceed appropriations at the department or elected official level. Each Special Revenue Fund maintains budgetary control at the fund or sub-fund level where applicable. Budgetary control for the Capital Projects Fund and the Debt Service Fund are at the fund level.

Adopted budgets provide that the beginning unreserved fund balance plus revenues and other financing sources equal expenditures and other uses. State statute requires that amendments to the budget, including transfers of appropriations between departments or funds, are not permissible unless the Board of Supervisors determines that it is in the public interest and it is based on a demonstrated need.

NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2005, expenditures exceeded appropriations in the following General Fund departments (the legal level of budgetary control) by the following amounts: Justice & Law Enforcement, \$2,022; Dept. of Institutional Health, \$433; Sheriff, \$315; Forensic Science Center, \$166; Assessor, \$35; Supt. Of Schools, \$8; and Clerk of Superior Court, \$7. These over expenditures were funded by greater than anticipated revenues.

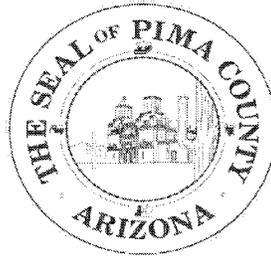
PIMA COUNTY  
 SCHEDULE OF AGENT RETIREMENT PLANS' FUNDING PROGRESS

Exhibit B-2

June 30, 2005  
 (in thousands)

Plan	Year Ended June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Funding Liability (Excess)	Funded Ratio	Annual Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
PSPRS	2005	\$ 132,736	\$ 164,826	\$ 32,090	80.5%	\$ 24,313	132.0%
	2004	132,797	145,427	12,630	91.3%	23,493	53.8%
	2003	135,555	133,541	(2,014)	101.5%	23,834	0.0%
CORP	2005	\$ 41,729	\$ 47,383	\$ 5,654	88.1%	\$ 15,681	36.1%
	2004	39,537	41,741	2,204	94.7%	15,401	14.3%
	2003	38,297	37,800	(497)	101.3%	14,636	0.0%

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# **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 and Animal Control 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 flood waters. Revenues are provided by taxes on real property and government grants. The Regional Flood Control District is a blended component unit of Pima County.

Employment and Training Fund - to account for resources controlled by the County as a prime sponsor under the Workforce Investment Act. Financing is provided by the Federal Government.

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.

Library District Fund – to account for the resources used to finance activities to provide Library services to Pima County and the City of Tucson. Revenues are provided primarily by Library District taxes. 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.

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

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 grants 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.

Special Districts Fund - to account for financial activity related to Improvement Districts, which are legally separate districts not accounted for elsewhere.

Debt Service Fund - to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

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PIMA COUNTY

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2005  
(in thousands)

	Special Revenue Funds					
	Transportation	Health and Animal Control	Regional Flood Control District	Employment and Training	Other	Library District
<u>Assets</u>						
Cash and cash equivalents	\$ 17,869	\$ 431	\$ 4,997		\$ 28,141	\$ 2,269
Investments	182					
Property taxes receivable (net of allowances for uncollectables)			483			340
Interest receivable	54		19		75	22
Due from other funds	44	6	11	\$ 12	234	
Due from other governments	9,564	3,252	19	3,392	228	
Accounts receivable	578	73		5	632	
Inventory	2,153	169			29	
Prepaid expenditures	29	47	1	25	12	2
Total assets	<u>\$ 30,473</u>	<u>\$ 3,978</u>	<u>\$ 5,530</u>	<u>\$ 3,434</u>	<u>\$ 29,351</u>	<u>\$ 2,633</u>
<u>Liabilities and fund balances</u>						
Liabilities:						
Accounts payable	\$ 2,185	\$ 1,619	\$ 232	\$ 1,364	\$ 1,352	\$ 49
Interest payable					1	
Contract retentions					15	
Employee compensation	1,287	914	197	255	339	4
Due to other funds	529	64	8	1,210	443	
Due to other governments	3,194	3	1	43	12	153
Deposits and rebates	14					
Deferred revenues	3,471		413	266	930	287
Total liabilities	<u>10,680</u>	<u>2,600</u>	<u>851</u>	<u>3,138</u>	<u>3,092</u>	<u>493</u>
Fund balances:						
Reserved for inventory	2,153	169			29	
Reserved for prepaid expenditures	29	47	1	25	12	2
Reserved for debt service						
Reserved for capital repairs and refurbishments						
Unreserved	17,611	1,162	4,678	271	26,218	2,138
Total fund balances	<u>19,793</u>	<u>1,378</u>	<u>4,679</u>	<u>296</u>	<u>26,259</u>	<u>2,140</u>
Total liabilities and fund balances	<u>\$ 30,473</u>	<u>\$ 3,978</u>	<u>\$ 5,530</u>	<u>\$ 3,434</u>	<u>\$ 29,351</u>	<u>\$ 2,633</u>

Special Revenue Funds							Total
Stadium District	Other Grants	School Reserve	Environmental Quality	Special Districts	Debt Service Fund	Governmental Funds	
\$ 139	\$ 741	\$ 1,136	\$ 1,387	\$ 137	\$ 10,162	\$ 67,409	
						182	
	4		3	1	1,306	2,129	
214	99		38		119	297	
293	3,679	253	515			658	
41	18	4	79			21,195	
						1,430	
						2,351	
	61		1			178	
<u>\$ 687</u>	<u>\$ 4,602</u>	<u>\$ 1,393</u>	<u>\$ 2,023</u>	<u>\$ 138</u>	<u>\$ 11,587</u>	<u>\$ 95,829</u>	
\$ 39	\$ 2,797	\$ 78	\$ 92			\$ 9,807	
1	1				\$ 332	335	
						15	
18	1,266		157			4,437	
	38					2,292	
	2		1			3,409	
						14	
145	1,685	9	85		1,099	8,390	
203	5,789	87	335		1,431	28,699	
						2,351	
	61		1			178	
				138	10,004	10,142	
75						75	
409	(1,248)	1,306	1,687		152	54,384	
484	(1,187)	1,306	1,688	138	10,156	67,130	
<u>\$ 687</u>	<u>\$ 4,602</u>	<u>\$ 1,393</u>	<u>\$ 2,023</u>	<u>\$ 138</u>	<u>\$ 11,587</u>	<u>\$ 95,829</u>	

PIMA COUNTY

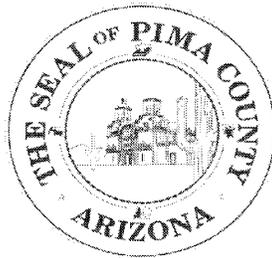
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2005  
(in thousands)

	Special Revenue Funds					Library District
	Transportation	Health and Animal Control	Regional Flood Control District	Employment and Training	Other	
Revenues:						
Taxes			\$ 17,381			\$ 11,911
Special assessments						
Licenses and permits	\$ 347	\$ 2,295				
Intergovernmental	55,792	12,453	23	\$ 15,177	\$ 3,132	2
Charges for services	687	2,159			6,747	
Fines and forfeits		225			669	
Interest	406	1	122		595	146
Miscellaneous	587	249	163	63	7,449	48
Total revenues	<u>57,819</u>	<u>17,382</u>	<u>17,689</u>	<u>15,240</u>	<u>18,592</u>	<u>12,107</u>
Expenditures:						
Current:						
General government					10,180	
Public safety			6,697		5,201	
Highways and streets	38,349				14	
Health		24,706				
Culture and recreation					5	10,283
Education and economic opportunity				16,078		
Debt service - principal					158	
- interest					4	
- miscellaneous					2	
Total expenditures	<u>38,349</u>	<u>24,706</u>	<u>6,697</u>	<u>16,078</u>	<u>15,564</u>	<u>10,283</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19,470</u>	<u>(7,324)</u>	<u>10,992</u>	<u>(838)</u>	<u>3,028</u>	<u>1,824</u>
Other financing sources (uses):						
Proceeds from sale of capital assets	17					
Premium on bonds						
Transfers in	22	6,617	3	289	820	2
Transfers (out)	(16,509)		(9,153)		(2,846)	(750)
Total other financing sources (uses)	<u>(16,470)</u>	<u>6,617</u>	<u>(9,150)</u>	<u>289</u>	<u>(2,026)</u>	<u>(748)</u>
Net change in fund balances	3,000	(707)	1,842	(549)	1,002	1,076
Fund balance at beginning of year	16,388	2,086	2,837	845	25,263	1,064
Change in reserve for inventory	405	(1)			(6)	
Change in reserve for prepaid expenditures						
Fund balance at end of year	<u>\$ 19,793</u>	<u>\$ 1,378</u>	<u>\$ 4,679</u>	<u>\$ 296</u>	<u>\$ 26,259</u>	<u>\$ 2,140</u>

Special Revenue Funds					Debt Service Fund	Total Other Governmental Funds
Stadium District	Other Grants	School Reserve	Environmental Quality	Special Districts		
				\$ 222	\$ 45,721	\$ 75,013
			\$ 2,273		22	244
\$ 1,795	\$ 37,547	\$ 2,785	1,568		9	4,915
1,084	3		12			130,283
			38			10,692
32			22	4	611	932
33	976		22		11	1,939
<u>2,944</u>	<u>38,526</u>	<u>2,785</u>	<u>3,935</u>	<u>226</u>	<u>46,374</u>	<u>9,601</u>
	22,750					32,930
	13,206					25,104
	4		3,903			38,363
1,607	41					28,613
	4,536	2,847				11,936
	38				41,255	23,461
	5				14,794	41,451
					18	14,803
<u>1,607</u>	<u>40,580</u>	<u>2,847</u>	<u>3,903</u>		<u>56,067</u>	<u>20</u>
<u>1,337</u>	<u>(2,054)</u>	<u>(62)</u>	<u>32</u>	<u>226</u>	<u>(9,693)</u>	<u>16,938</u>
						17
4,934	83		362	376	250	250
(2,562)	(7)			(464)	15,397	28,905
<u>2,372</u>	<u>76</u>		<u>362</u>	<u>(88)</u>	<u>15,647</u>	<u>(32,291)</u>
3,709	(1,978)	(62)	394	138	5,954	13,819
(3,225)	791	1,381	1,294		4,202	52,926
		(13)				398
						(13)
<u>\$ 484</u>	<u>\$ (1,187)</u>	<u>\$ 1,306</u>	<u>\$ 1,688</u>	<u>\$ 138</u>	<u>\$ 10,156</u>	<u>\$ 67,130</u>

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# **Combining Statements and Other Schedules**

Budget and Actual – Other Governmental Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

## CAPITAL PROJECTS FUND

For the Year Ended June 30, 2005  
(in thousands)

	Budget	Actual	Variance Favorable/(Unfavorable)
Revenues:			
Intergovernmental	\$ 18,888	\$ 22,928	\$ 4,040
Charges for services	2,493	17,971	15,478
Interest	2,000	1,885	(115)
Miscellaneous	64	770	706
Total revenues	<u>23,445</u>	<u>43,554</u>	<u>20,109</u>
Expenditures:			
Capital outlay	132,118	127,632	4,486
Total expenditures	<u>132,118</u>	<u>127,632</u>	<u>4,486</u>
Deficiency of revenues under expenditures	<u>(108,673)</u>	<u>(84,078)</u>	<u>24,595</u>
Other financing sources:			
Face amount of long-term debt	96,000	116,200	20,200
Proceeds from sale of capital assets		2	2
Transfers in	11,171	18,254	7,083
Total other financing sources	<u>107,171</u>	<u>134,456</u>	<u>27,285</u>
Net change in fund balance	(1,502)	50,378	51,880
Fund balance at beginning of year	51,398	97,272	45,874
Fund balance at end of year	<u>\$ 49,896</u>	<u>\$ 147,650</u>	<u>\$ 97,754</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

TRANSPORTATION - SPECIAL REVENUE FUND

For the Year Ended June 30, 2005  
(in thousands)

	Budget	Actual	Variance Favorable/(Unfavorable)
Revenues:			
Licenses and permits	\$ 260	\$ 347	\$ 87
Intergovernmental	54,284	55,792	1,508
Charges for services	425	687	262
Interest	350	406	56
Miscellaneous	390	587	197
Total revenues	<u>55,709</u>	<u>57,819</u>	<u>2,110</u>
Expenditures:			
Highways and streets	44,758	38,349	6,409
Total expenditures	<u>44,758</u>	<u>38,349</u>	<u>6,409</u>
Excess of revenues over expenditures	<u>10,951</u>	<u>19,470</u>	<u>8,519</u>
Other financing sources (uses):			
Transfers in		22	22
Transfers (out)	(15,709)	(16,509)	(800)
Proceeds from sale of capital assets		17	17
Total other financing uses	<u>(15,709)</u>	<u>(16,470)</u>	<u>(761)</u>
Net change in fund balance	(4,758)	3,000	7,758
Fund balance at beginning of year	5,906	16,388	10,482
Change in reserve for inventory		405	405
Fund balance at end of year	<u>\$ 1,148</u>	<u>\$ 19,793</u>	<u>\$ 18,645</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

HEALTH & ANIMAL CONTROL - SPECIAL REVENUE FUND

For the Year Ended June 30, 2005  
(in thousands)

	Budget	Actual	Variance Favorable/(Unfavorable)
Revenues:			
Licenses and permits	\$ 2,178	\$ 2,295	\$ 117
Intergovernmental	12,273	12,453	180
Charges for services	1,942	2,159	217
Fines and forfeits	163	225	62
Interest		1	1
Miscellaneous	71	249	178
Total revenues	<u>16,627</u>	<u>17,382</u>	<u>755</u>
Expenditures:			
Health	12,688	13,057	(369)
Health grants	11,330	11,649	(319)
Total expenditures	<u>24,018</u>	<u>24,706</u>	<u>(688)</u>
Deficiency of revenues under expenditures	<u>(7,391)</u>	<u>(7,324)</u>	<u>67</u>
Other financing sources:			
Transfers in	6,617	6,617	
Total other financing sources	<u>6,617</u>	<u>6,617</u>	
Net change in fund balance	(774)	(707)	67
Fund balance at beginning of year	2,126	2,086	(40)
Change in reserve for inventory		(1)	(1)
Fund balance at end of year	<u>\$ 1,352</u>	<u>\$ 1,378</u>	<u>\$ 26</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

REGIONAL FLOOD CONTROL DISTRICT - SPECIAL REVENUE FUND

For the Year Ended June 30, 2005  
(in thousands)

	Budget	Actual	Variance Favorable/(Unfavorable)
<b>Revenues:</b>			
Taxes	\$ 17,264	\$ 17,381	\$ 117
Intergovernmental	3	23	20
Interest	120	122	2
Miscellaneous	17	163	146
Total revenues	<u>17,404</u>	<u>17,689</u>	<u>285</u>
<b>Expenditures:</b>			
Flood control	7,438	6,697	741
Total expenditures	<u>7,438</u>	<u>6,697</u>	<u>741</u>
Excess of revenues over expenditures	<u>9,966</u>	<u>10,992</u>	<u>1,026</u>
<b>Other financing sources (uses):</b>			
Transfers in		3	3
Transfers (out)	(9,855)	(9,153)	702
Total other financing uses	<u>(9,855)</u>	<u>(9,150)</u>	<u>705</u>
Net change in fund balance	111	1,842	1,731
Fund balance at beginning of year	3,233	2,837	(396)
Fund balance at end of year	<u>\$ 3,344</u>	<u>\$ 4,679</u>	<u>\$ 1,335</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

EMPLOYMENT AND TRAINING - SPECIAL REVENUE FUND

For the Year Ended June 30, 2005  
(in thousands)

	Budget	Actual	Variance Favorable/(Unfavorable)
Revenues:			
Intergovernmental	\$ 15,984	\$ 15,177	\$ (807)
Miscellaneous	6	63	57
Total revenues	<u>15,990</u>	<u>15,240</u>	<u>(750)</u>
Expenditures:			
Employment and training	15,382	16,078	(696)
Total expenditures	<u>15,382</u>	<u>16,078</u>	<u>(696)</u>
Deficiency of revenues under expenditures	<u>608</u>	<u>(838)</u>	<u>(1,446)</u>
Other financing sources:			
Transfers in	289	289	
Total other financing sources	<u>289</u>	<u>289</u>	
Net change in fund balance	897	(549)	(1,446)
Fund balance at beginning of year	1,057	845	(212)
Fund balance at end of year	<u>\$ 1,954</u>	<u>\$ 296</u>	<u>\$ (1,658)</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

OTHER - SPECIAL REVENUE FUND

For the Year Ended June 30, 2005  
(in thousands)

	Budget	Actual	Variance Favorable/(Unfavorable)
<b>Revenues:</b>			
Intergovernmental	\$ 1,865	\$ 3,132	\$ 1,267
Charges for services	6,237	6,747	510
Fines and forfeits	710	669	(41)
Interest	182	595	413
Miscellaneous	6,850	7,449	599
Total revenues	<u>15,844</u>	<u>18,592</u>	<u>2,748</u>
<b>Expenditures:</b>			
Current:			
General government	17,039	10,180	6,859
Public Safety	4,046	5,201	(1,155)
Highways and streets	85	14	71
Culture and recreation	1,450	5	1,445
Debt service - principal	158	158	
- interest	12	4	8
- miscellaneous		2	(2)
Total expenditures	<u>22,790</u>	<u>15,564</u>	<u>7,226</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,946)</u>	<u>3,028</u>	<u>9,974</u>
<b>Other financing sources (uses):</b>			
Transfers in	687	820	133
Transfers (out)	(120)	(2,846)	(2,726)
Total other financing sources (uses)	<u>567</u>	<u>(2,026)</u>	<u>(2,593)</u>
Net change in fund balance	(6,379)	1,002	7,381
Fund balance at beginning of year	17,957	25,263	7,306
Change in reserve for inventory		(6)	(6)
Fund balance at end of year	<u>\$ 11,578</u>	<u>\$ 26,259</u>	<u>\$ 14,681</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

LIBRARY DISTRICT - SPECIAL REVENUE FUND

For the Year Ended June 30, 2005  
(in thousands)

	Budget	Actual	Variance Favorable/(Unfavorable)
Revenues:			
Taxes	\$ 11,743	\$ 11,911	\$ 168
Intergovernmental	2	2	
Interest		146	146
Miscellaneous		48	48
Total revenues	<u>11,745</u>	<u>12,107</u>	<u>362</u>
Expenditures:			
Culture and recreation	10,519	10,283	236
Total expenditures	<u>10,519</u>	<u>10,283</u>	<u>236</u>
Excess of revenues over expenditures	<u>1,226</u>	<u>1,824</u>	<u>598</u>
Other financing sources (uses):			
Transfers in		2	2
Transfers (out)	(750)	(750)	
Total other financing uses	<u>(750)</u>	<u>(748)</u>	<u>2</u>
Net change in fund balance	476	1,076	600
Fund balance at beginning of year	<u>1,059</u>	<u>1,064</u>	<u>5</u>
Fund balance at end of year	<u>\$ 1,535</u>	<u>\$ 2,140</u>	<u>\$ 605</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

STADIUM DISTRICT - SPECIAL REVENUE FUND

For the Year Ended June 30, 2005  
(in thousands)

	Budget	Actual	Variance Favorable/(Unfavorable)
Revenues:			
Intergovernmental	\$ 1,615	\$ 1,795	\$ 180
Charges for services	1,067	1,084	17
Interest		32	32
Miscellaneous	12	33	21
Total revenues	<u>2,694</u>	<u>2,944</u>	<u>250</u>
Expenditures:			
Stadium District	1,482	1,607	(125)
Total expenditures	<u>1,482</u>	<u>1,607</u>	<u>(125)</u>
Excess of revenues over expenditures	<u>1,212</u>	<u>1,337</u>	<u>125</u>
Other financing sources (uses):			
Transfers in	1,350	4,934	3,584
Transfers (out)	(2,562)	(2,562)	
Total other financing sources (uses)	<u>(1,212)</u>	<u>2,372</u>	<u>3,584</u>
Net change in fund balance		3,709	3,709
Fund balance at beginning of year	(5,181)	(3,225)	1,956
Fund balance at end of year	<u>\$ (5,181)</u>	<u>\$ 484</u>	<u>\$ 5,665</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

## OTHER GRANTS - SPECIAL REVENUE FUND

For the Year Ended June 30, 2005  
(in thousands)

	Budget	Actual	Variance Favorable/(Unfavorable)
<b>Revenues:</b>			
Intergovernmental	\$ 49,667	\$ 37,547	\$ (12,120)
Charges for services		3	3
Interest	1		(1)
Miscellaneous	60	976	916
Total revenues	<u>49,728</u>	<u>38,526</u>	<u>(11,202)</u>
<b>Expenditures:</b>			
Clerk of Superior Court Grants		12	(12)
Community Services Grants	7,202	4,536	2,666
County Attorney Grants	3,207	2,464	743
Justice Court Grants	41	45	(4)
Juvenile Court Grants	11,860	10,836	1,024
Legal Defender Grants	20	13	7
Parks and Recreation Grants		41	(41)
Public Defender Grants	40	44	(4)
Adult Probation Grants	8,333	8,291	42
Sheriff Grants	18,223	13,206	5,017
Superior Court Grants	445	808	(363)
Medical Assistance Grants		4	(4)
County Administrator	1,000	237	763
Debt Service - principal		38	(38)
- interest		5	(5)
Total expenditures	<u>50,371</u>	<u>40,580</u>	<u>9,791</u>
Deficiency of revenues under expenditures	<u>(643)</u>	<u>(2,054)</u>	<u>(1,411)</u>
<b>Other financing sources (uses):</b>			
Transfers in		83	83
Transfers (out)		(7)	(7)
Total other financing sources		<u>76</u>	<u>76</u>
Net change in fund balance	(643)	(1,978)	(1,335)
Fund balance at beginning of year	(124)	791	915
Fund balance at end of year	<u>\$ (767)</u>	<u>\$ (1,187)</u>	<u>\$ (420)</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

SCHOOL RESERVE - SPECIAL REVENUE FUND

For the Year Ended June 30, 2005  
(in thousands)

	Budget	Actual	Variance Favorable/(Unfavorable)
Revenues:			
Intergovernmental	\$ 4,327	\$ 2,785	\$ (1,542)
Total revenues	<u>4,327</u>	<u>2,785</u>	<u>(1,542)</u>
Expenditures:			
School Reserve Grants	4,327	2,847	1,480
Total expenditures	<u>4,327</u>	<u>2,847</u>	<u>1,480</u>
Deficiency of revenues under expenditures		<u>(62)</u>	<u>(62)</u>
Net change in fund balance		(62)	(62)
Fund balance at beginning of year	1,475	1,381	(94)
Change in reserve for prepaid expenditures		(13)	(13)
Fund balance at end of year	<u>\$ 1,475</u>	<u>\$ 1,306</u>	<u>\$ (169)</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

## ENVIRONMENTAL QUALITY - SPECIAL REVENUE FUND

For the Year Ended June 30, 2005

(in thousands)

	Budget	Actual	Variance Favorable/(Unfavorable)
Revenues:			
Licenses and permits	\$ 1,917	\$ 2,273	\$ 356
Intergovernmental	1,627	1,568	(59)
Charges for services	15	12	(3)
Fines and forfeits		38	38
Interest	10	22	12
Miscellaneous	13	22	9
Total revenues	<u>3,582</u>	<u>3,935</u>	<u>353</u>
Expenditures:			
Environmental quality	2,970	2,663	307
Environmental quality grants	1,186	1,240	(54)
Total expenditures	<u>4,156</u>	<u>3,903</u>	<u>253</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(574)</u>	<u>32</u>	<u>606</u>
Other financing sources:			
Transfers in	363	362	(1)
Total other financing sources	<u>363</u>	<u>362</u>	<u>(1)</u>
Net change in fund balance	(211)	394	605
Fund balance at beginning of year	334	1,294	960
Fund balance at end of year	<u>\$ 123</u>	<u>\$ 1,688</u>	<u>\$ 1,565</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

SPECIAL DISTRICTS - SPECIAL REVENUE FUND

For the Year Ended June 30, 2005  
(in thousands)

	Budget	Actual	Variance Favorable/(Unfavorable)
Revenues:			
Special assessments	\$ 318	\$ 222	\$ (96)
Interest	3	4	1
Total revenues	<u>321</u>	<u>226</u>	<u>(95)</u>
Expenditures:			
Debt service - principal	224		224
Debt service - interest	94		94
Total expenditures	<u>318</u>		<u>318</u>
Excess of revenues over expenditures	<u>3</u>	<u>226</u>	<u>223</u>
Other financing uses:			
Transfers in		376	376
Transfers (out)		(464)	(464)
Total other financing uses		<u>(88)</u>	<u>(88)</u>
Net change in fund balance	3	138	135
Fund balance at beginning of year			
Fund balance at end of year	<u>\$ 3</u>	<u>\$ 138</u>	<u>\$ 135</u>

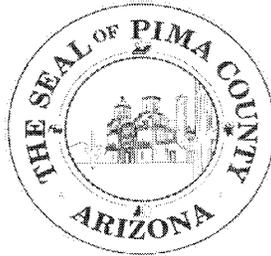
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

## DEBT SERVICE FUND

For the Year Ended June 30, 2005  
(in thousands)

	Budget	Actual	Variance Favorable/(Unfavorable)
Revenues:			
Taxes	\$ 45,150	\$ 45,721	\$ 571
Special assessments	288	22	(266)
Intergovernmental	5	9	4
Interest	301	611	310
Miscellaneous	11	11	11
Total revenues	<u>45,744</u>	<u>46,374</u>	<u>630</u>
Expenditures:			
Debt service - principal	44,970	41,255	3,715
- interest	16,746	14,794	1,952
- miscellaneous	14	18	(4)
Total expenditures	<u>61,730</u>	<u>56,067</u>	<u>5,663</u>
Deficiency of revenues under expenditures	<u>(15,986)</u>	<u>(9,693)</u>	<u>6,293</u>
Other financing sources:			
Premium on bonds	250	250	250
Transfers in	16,028	15,397	(631)
Total other financing sources	<u>16,028</u>	<u>15,647</u>	<u>(381)</u>
Net change in fund balance	42	5,954	5,912
Fund balance at beginning of year	1,824	4,202	2,378
Fund balance at end of year	<u>\$ 1,866</u>	<u>\$ 10,156</u>	<u>\$ 8,290</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 six public parking garages located in downtown Tucson.

## COMBINING STATEMENT OF NET ASSETS - NONMAJOR ENTERPRISE FUNDS

June 30, 2005

(in thousands)

	Development Services	Parking Garages	Total Other Enterprise Funds
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 13,286	\$ 1,048	\$ 14,334
Interest receivable	26	3	29
Due from other governments	18		18
Accounts receivable		18	18
Prepaid expense	1		1
Total current assets	<u>13,331</u>	<u>1,069</u>	<u>14,400</u>
Noncurrent assets:			
Capital assets:			
Land and other improvements		1,861	1,861
Buildings and improvements		12,927	12,927
Equipment	952	251	1,203
Less accumulated depreciation	(600)	(7,253)	(7,853)
Total capital assets (net of accumulated depreciation)	<u>352</u>	<u>7,786</u>	<u>8,138</u>
Total noncurrent assets	<u>352</u>	<u>7,786</u>	<u>8,138</u>
Total assets	<u>13,683</u>	<u>8,855</u>	<u>22,538</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	461	145	606
Employee compensation	1,110	22	1,132
Due to other governments	1	55	56
Total current liabilities	<u>1,572</u>	<u>222</u>	<u>1,794</u>
Total liabilities	<u>1,572</u>	<u>222</u>	<u>1,794</u>
<u>Net assets</u>			
Invested in capital assets	352	7,786	8,138
Unrestricted	<u>11,759</u>	<u>847</u>	<u>12,606</u>
Total net assets	<u>\$ 12,111</u>	<u>\$ 8,633</u>	<u>\$ 20,744</u>

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -  
NONMAJOR ENTERPRISE FUNDSFor the Year Ended June 30, 2005  
(in thousands)

	Development Services	Parking Garages	Total Other Enterprise Funds
Operating revenues:			
Charges for services	\$ 14,730	\$ 1,507	\$ 16,237
Other	201		201
Total net operating revenues	<u>14,931</u>	<u>1,507</u>	<u>16,438</u>
Operating expenses:			
Employee compensation	7,738	156	7,894
Operating supplies and services	1,063	8	1,071
Utilities	126	179	305
Repair and maintenance	219	236	455
General and administrative	1,129	255	1,384
Consultants and professional services	372	299	671
Depreciation and amortization	118	335	453
Total operating expenses	<u>10,765</u>	<u>1,468</u>	<u>12,233</u>
Operating income	<u>4,166</u>	<u>39</u>	<u>4,205</u>
Nonoperating revenues (expenses):			
Interest income	205	57	262
Loss on disposal of capital assets	(12)		(12)
Total nonoperating revenues (expenses):	<u>193</u>	<u>57</u>	<u>250</u>
Income before contributions and transfers	4,359	96	4,455
Capital contributions		1,204	1,204
Transfers (out)		(3,086)	(3,086)
Change in net assets	4,359	(1,786)	2,573
Net assets at beginning of year	<u>7,752</u>	<u>10,419</u>	<u>18,171</u>
Net assets at end of year	<u>\$ 12,111</u>	<u>\$ 8,633</u>	<u>\$ 20,744</u>

COMBINING STATEMENT OF CASH FLOWS -  
NONMAJOR ENTERPRISE FUNDS

For the Year Ended June 30, 2005

(in thousands)

	Development Services	Parking Garages	Total Other Enterprise Funds
Cash flows from operating activities:			
Cash received from other funds for goods and services provided	\$ 408		\$ 408
Cash received from customers for goods and services provided	14,730	\$ 1,501	16,231
Cash received from miscellaneous operations	201		201
Cash payments to suppliers for goods and services	(1,035)	(947)	(1,982)
Cash payments to other funds for goods and services	(3,007)	(107)	(3,114)
Cash payments to employees for services	(6,835)	(147)	(6,982)
Net cash provided by operating activities	<u>4,462</u>	<u>300</u>	<u>4,762</u>
Cash flows from noncapital financing activities:			
Transfers out		(3,000)	(3,000)
Loan payments from other funds		93	93
Net cash used for noncapital financing activities		<u>(2,907)</u>	<u>(2,907)</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(153)	(108)	(261)
Net cash used for capital and related financing activities	<u>(153)</u>	<u>(108)</u>	<u>(261)</u>
Cash flows from investing activities:			
Interest on cash and investments	187	57	244
Net cash provided by investing activities	<u>187</u>	<u>57</u>	<u>244</u>
Net increase (decrease) in cash and cash equivalents	4,496	(2,658)	1,838
Cash and cash equivalents at beginning of year	<u>8,790</u>	<u>3,706</u>	<u>12,496</u>
Cash and cash equivalents at end of year	<u>\$ 13,286</u>	<u>\$ 1,048</u>	<u>\$ 14,334</u>

(Continued)

COMBINING STATEMENT OF CASH FLOWS -  
NONMAJOR ENTERPRISE FUNDS  
(Continued)

For the Year Ended June 30, 2005  
(in thousands)

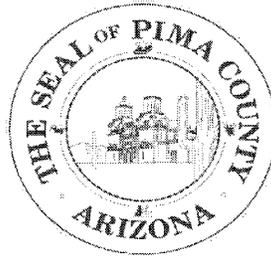
Reconciliation of operating income to net cash provided by operating activities	Development Services	Parking Garages	Total Other Enterprise Funds
Operating income	\$ 4,166	\$ 39	\$ 4,205
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	118	335	453
Increase in accounts receivable		(6)	(6)
Decrease in prepaid expenses	19		19
Increase (decrease) in accounts payable	298	(25)	273
Decrease in due to other funds	(350)		(350)
Increase (decrease) in due to other governments	1	(52)	(51)
Increase in other current liabilities	210	9	219
Net cash provided by operating activities	<u>\$ 4,462</u>	<u>\$ 300</u>	<u>\$ 4,762</u>

Noncash investing, capital, and financing activities:

During the year ended June 30, 2005, the Development Services Enterprise Fund disposed of capital assets with an original cost of \$49 and accumulated depreciation of \$37 for a loss on disposal of \$12.

During the year ended June 30, 2005, the Parking Garages Enterprise Fund transferred capital assets with a net book value of \$86 to the County's general capital assets.

During the year ended June 30, 2005, the Parking Garages Enterprise Fund received capital assets with a net book value of \$1,204 from the County's general capital assets.



# **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, dental, general liability, environmental liability and property damage as well as acquiring coverage for other risks.

Other Internal Service – to account for the acquisition, operation and maintenance of automotive equipment provided to County departments, as well as to account for the provision of printing and telecommunication services to County departments.

## COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS

June 30, 2005  
(in thousands)

	Self Insurance Trust	Other Internal Service	Total Internal Service Funds
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 36,279	\$ 3,419	\$ 39,698
Interest receivable	140	8	148
Due from other funds	12	7	19
Due from other governments		81	81
Accounts receivable	519	10	529
Inventory		417	417
Prepaid expense	844	55	899
Total current assets	<u>37,794</u>	<u>3,997</u>	<u>41,791</u>
Noncurrent assets:			
Investments	911		911
Capital assets:			
Land and other improvements	592		592
Buildings and improvements		462	462
Equipment	94	28,192	28,286
Less accumulated depreciation	<u>(87)</u>	<u>(11,606)</u>	<u>(11,693)</u>
Total capital assets (net of accumulated depreciation)	<u>599</u>	<u>17,048</u>	<u>17,647</u>
Total noncurrent assets	<u>1,510</u>	<u>17,048</u>	<u>18,558</u>
Total assets	<u>39,304</u>	<u>21,045</u>	<u>60,349</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	197	1,459	1,656
Employee compensation	178	706	884
Due to other funds	59		59
Current portion reported but unpaid losses	4,068		4,068
Current portion incurred but not reported losses	1,792		1,792
Total current liabilities	<u>6,294</u>	<u>2,165</u>	<u>8,459</u>
Noncurrent liabilities:			
Reported but unpaid losses	16,774		16,774
Incurred but not reported losses	7,639		7,639
Total noncurrent liabilities	<u>24,413</u>		<u>24,413</u>
Total liabilities	<u>30,707</u>	<u>2,165</u>	<u>32,872</u>
<u>Net assets</u>			
Invested in capital assets	599	17,048	17,647
Restricted for workers' compensation	9,042		9,042
Unrestricted	<u>(1,044)</u>	<u>1,832</u>	<u>788</u>
Total net assets	<u>\$ 8,597</u>	<u>\$ 18,880</u>	<u>\$ 27,477</u>

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -  
INTERNAL SERVICE FUNDSFor the Year Ended June 30, 2005  
(in thousands)

	Self Insurance Trust	Other Internal Service	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 13,565	\$ 15,911	\$ 29,476
Other	736	828	1,564
Total operating revenues	<u>14,301</u>	<u>16,739</u>	<u>31,040</u>
Operating expenses:			
Employee compensation	1,852	4,463	6,315
Operating supplies and services	160	3,496	3,656
Utilities	30	861	891
Incurred losses	12,925		12,925
Insurance premiums	4,500	1,044	5,544
General and administrative	741	1,400	2,141
Repair and maintenance	49	2,713	2,762
Consultants and professional services	460	18	478
Depreciation and amortization	5	1,338	1,343
Total operating expenses	<u>20,722</u>	<u>15,333</u>	<u>36,055</u>
Operating income (loss)	<u>(6,421)</u>	<u>1,406</u>	<u>(5,015)</u>
Nonoperating revenues (expenses):			
Interest income	800	69	869
Loss on disposal of capital assets		(150)	(150)
Total nonoperating revenues (expenses):	<u>800</u>	<u>(81)</u>	<u>719</u>
Income (loss) before capital contributions and transfers:	(5,621)	1,325	(4,296)
Capital contributions		26	26
Transfers in		198	198
Transfers out	(426)	(311)	(737)
Change in net assets	(6,047)	1,238	(4,809)
Net assets at beginning of year	<u>14,644</u>	<u>17,642</u>	<u>32,286</u>
Net assets at end of year	<u>\$ 8,597</u>	<u>\$ 18,880</u>	<u>\$ 27,477</u>

COMBINING STATEMENT OF CASH FLOWS -  
INTERNAL SERVICE FUNDSFor the Year Ended June 30, 2005  
(in thousands)

	Self Insurance Trust	Other Internal Service	Total Internal Service Funds
Cash flows from operating activities:			
Cash received from other funds for goods and services provided	\$ 13,565	\$ 15,911	\$ 29,476
Cash received from miscellaneous operations	369	857	1,226
Cash payments to suppliers for goods and services	(5,725)	(8,030)	(13,755)
Cash payments to other funds for goods and services	(622)	(1,596)	(2,218)
Cash payments for incurred losses	(8,348)		(8,348)
Cash payments to employees for services	(1,793)	(4,372)	(6,165)
Net cash provided by (used for) operating activities	<u>(2,554)</u>	<u>2,770</u>	<u>216</u>
Cash flows from noncapital financing activities:			
Transfers in		198	198
Transfers out	(191)		(191)
Loan payments from other funds	33		33
Loan payments to other funds		(13)	(13)
Net cash provided by (used for) noncapital financing activities	<u>(158)</u>	<u>185</u>	<u>27</u>
Cash flows from capital and related financing activities:			
Proceeds from sale of equipment		233	233
Purchase of capital assets	(235)	(2,882)	(3,117)
Net cash used for capital and related financing activities	<u>(235)</u>	<u>(2,649)</u>	<u>(2,884)</u>
Cash flows from investing activities:			
Purchase of investments	(911)		(911)
Interest on cash and investments	750	64	814
Net cash provided by (used for) investing activities	<u>(161)</u>	<u>64</u>	<u>(97)</u>
Net increase (decrease) in cash and cash equivalents	(3,108)	370	(2,738)
Cash and cash equivalents at beginning of year	<u>39,387</u>	<u>3,049</u>	<u>42,436</u>
Cash and cash equivalents at end of year	<u>\$ 36,279</u>	<u>\$ 3,419</u>	<u>\$ 39,698</u>

(Continued)

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
(Continued)

For the Year Ended June 30, 2005  
(in thousands)

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	Self Insurance Trust	Other Internal Service	Total Internal Service Funds
Operating income (loss)	\$ (6,421)	\$ 1,406	\$ (5,015)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	5	1,338	1,343
(Increase) decrease in accounts receivable	(367)	31	(336)
Increase in due from other governments		(2)	(2)
Increase (decrease) in inventory and other assets	71	(76)	(5)
Decrease in accounts payable	(478)	(18)	(496)
Increase in reported but unpaid losses	10,000		10,000
Decrease in incurred but not reported losses	(5,423)		(5,423)
Increase in other current liabilities	59	91	150
Net cash provided by (used for) operating activities	<u>\$ (2,554)</u>	<u>\$ 2,770</u>	<u>\$ 216</u>

Noncash investing, capital, and financing activities:

During the year ended June 30, 2005, the Self Insurance Trust Fund transferred \$235 of capital assets to the County's general capital assets.

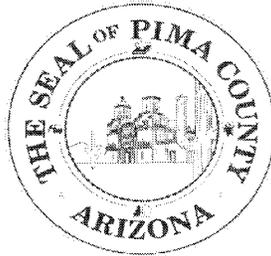
During the year ended June 30, 2005, Other Internal Service Funds (Fleet Services) received proceeds of \$233 for retired assets that cost \$2,028 with accumulated depreciation of \$1,690 resulting in a loss on disposal of \$105.

During the year ended June 30, 2005, Other Internal Service Funds (Fleet Services) retired assets with original cost of \$79 and accumulated depreciation of \$41, resulting in a loss on disposal of \$38.

During the year ended June 30, 2005, Other Internal Service Funds (Fleet Services) acquired assets from the County's general capital assets with a value of \$13.

During the year ended June 30, 2005, Other Internal Service Funds (Graphic Services) retired assets with original cost of \$75 and accumulated depreciation of \$68, resulting in a loss on disposal of \$7.

During the year ended June 30, 2005, Other Internal Service Funds (Communications) transferred \$311 of capital assets to the County's general capital assets.



# **Combining Statements and Other Schedules**

Fiduciary Funds

PIMA COUNTY  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 INVESTMENT TRUST FUNDS  
 June 30, 2005  
 (in thousands)

Exhibit C-22

	Treasurer's Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 129,977	\$ 71,449	\$ 201,426
Interest receivable	327	404	731
<b>Total assets</b>	<u>130,304</u>	<u>71,853</u>	<u>202,157</u>
<b>LIABILITIES</b>			
<b>Total liabilities</b>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>NET ASSETS</b>			
Held in trust for pool participants	<u>\$ 130,304</u>	<u>\$ 71,853</u>	<u>\$ 202,157</u>

PIMA COUNTY  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 INVESTMENT TRUST FUNDS  
 For the Year Ended June 30, 2005  
 (in thousands)

Exhibit C-23

	Treasurer's Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
<b>ADDITIONS</b>			
Contributions:			
Participants	\$ 1,950,006	\$ 153,951	\$ 2,103,957
<b>Total contributions</b>	<u>1,950,006</u>	<u>153,951</u>	<u>2,103,957</u>
Investment earnings:			
Interest	2,298	1,272	3,570
<b>Total investment earnings</b>	<u>2,298</u>	<u>1,272</u>	<u>3,570</u>
<b>Total additions</b>	<u>1,952,304</u>	<u>155,223</u>	<u>2,107,527</u>
<b>DEDUCTIONS</b>			
Distributions to participants	1,942,210	99,295	2,041,505
<b>Total deductions</b>	<u>1,942,210</u>	<u>99,295</u>	<u>2,041,505</u>
<b>Net increase</b>	10,094	55,928	66,022
<b>Net assets held in trust July 1, 2004</b>	120,210	15,925	136,135
<b>Net assets held in trust June 30, 2005</b>	<u>\$ 130,304</u>	<u>\$ 71,853</u>	<u>\$ 202,157</u>

PIMA COUNTY  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 AGENCY FUNDS  
 June 30, 2005  
 (in thousands)

Exhibit C-24

	Payroll	Treasurer's Clearing	Other	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,183	\$ (1,526)	\$ 54,216	\$ 53,873
Due from other governments		2,447		2,447
<b>Total assets</b>	<u>1,183</u>	<u>921</u>	<u>54,216</u>	<u>56,320</u>
<b>LIABILITIES</b>				
Employee compensation	1,183			1,183
Due to other governments		1	31,869	31,870
Deposits and rebates		920	22,347	23,267
<b>Total liabilities</b>	<u>\$ 1,183</u>	<u>\$ 921</u>	<u>\$ 54,216</u>	<u>\$ 56,320</u>

PIMA COUNTY  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 AGENCY FUNDS  
 For the Year Ended June 30, 2005  
 (in thousands)

Exhibit C-25

	Balance 06/30/04	Additions	Deductions	Balance 06/30/05
<b>Payroll Clearing</b>				
Assets				
Cash and cash equivalents	\$ 73	\$ 343,376	\$ 342,266	\$ 1,183
Total assets	<u>73</u>	<u>343,376</u>	<u>342,266</u>	<u>1,183</u>
Liabilities				
Employee compensation	73	343,376	342,266	1,183
Total liabilities	<u>73</u>	<u>343,376</u>	<u>342,266</u>	<u>1,183</u>
<b>Treasurer's Clearing</b>				
Assets				
Cash and cash equivalents	(2,578)	1,164,300	1,163,248	(1,526)
Due from other governments	3,101	2,447	3,101	2,447
Total assets	<u>523</u>	<u>1,166,747</u>	<u>1,166,349</u>	<u>921</u>
Liabilities				
Deposits and rebates	523	318,684	318,287	920
Due to other governments		848,063	848,062	1
Total liabilities	<u>523</u>	<u>1,166,747</u>	<u>1,166,349</u>	<u>921</u>
<b>Other</b>				
Assets				
Cash and cash equivalents	39,083	540,354	525,221	54,216
Total assets	<u>39,083</u>	<u>540,354</u>	<u>525,221</u>	<u>54,216</u>
Liabilities				
Due to other governments	16,200	407,226	391,557	31,869
Deposits and rebates	22,883	133,128	133,664	22,347
Total liabilities	<u>39,083</u>	<u>540,354</u>	<u>525,221</u>	<u>54,216</u>
<b>Totals - All Agency Funds</b>				
Assets				
Cash and cash equivalents	36,578	2,048,030	2,030,735	53,873
Due from other governments	3,101	2,447	3,101	2,447
Total assets	<u>39,679</u>	<u>2,050,477</u>	<u>2,033,836</u>	<u>56,320</u>
Liabilities				
Employee compensation	73	343,376	342,266	1,183
Due to other governments	16,200	1,255,289	1,239,619	31,870
Deposits and rebates	23,406	451,812	451,951	23,267
Total liabilities	<u>\$ 39,679</u>	<u>\$ 2,050,477</u>	<u>\$ 2,033,836</u>	<u>\$ 56,320</u>

PIMA COUNTY  
NET ASSETS BY COMPONENT  
Last Four Fiscal Years  
( In Thousands)  
(Accrual basis of accounting)

	Fiscal Year			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	\$ 215,646	\$ 272,130	\$ 391,514	\$ 741,453
Restricted for:				
Special revenue	43,339	29,322	52,363	59,789
Debt service	5,450	2,926	5,686	11,439
Capital projects	33,752	35,686	17,368	27,027
Unrestricted	60,050	66,015	41,020	42,493
Total governmental activities net assets	<u>358,237</u>	<u>406,079</u>	<u>507,951</u>	<u>882,201</u>
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	380,916	444,590	451,162	457,600
Restricted for:				
Debt service	1,216	1,245	499	468
Capital projects	18,982	3,008	88	
Wastewater Management	15,748	3,669	3,696	3,511
Health care	19,684	13,217	4,011	6,319
Unrestricted (deficit)	(4,109)	(24,744)	(4,766)	20,851
Total business-type activities net assets	<u>432,437</u>	<u>440,985</u>	<u>454,690</u>	<u>488,749</u>
<b>Primary government</b>				
Invested in capital assets, net of related debt	596,562	716,720	842,676	1,199,053
Restricted for:				
Special revenue	43,339	29,322	52,363	59,789
Debt service	6,666	4,171	6,185	11,907
Capital projects	52,734	38,694	17,456	27,027
Wastewater management	15,748	3,669	3,696	3,511
Health care	19,684	13,217	4,011	6,319
Unrestricted	55,941	41,271	36,254	63,344
Total primary government net assets	<u>\$ 790,674</u>	<u>\$ 847,064</u>	<u>\$ 962,641</u>	<u>\$ 1,370,950</u>

PIMA COUNTY  
CHANGES IN NET ASSETS  
Last Four Fiscal Years  
(Amounts in thousands)  
(Accrual basis of accounting)

	Fiscal Year			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Expenses</b>				
Governmental activities:				
General government	\$ 137,296	\$ 131,925	\$ 140,827	\$ 194,873
Public safety	123,513	132,939	151,860	118,412
Highways and streets	42,515	39,492	42,133	65,414
Health	23,120	23,917	30,165	31,798
Welfare	73,243	84,457	76,894	96,199
Culture and recreation	27,081	31,326	32,727	29,663
Education and economic opportunity	37,565	35,033	33,093	39,714
Depreciation-unallocated	727	820	805	849
Amortization-unallocated	649	654	967	161
Interest on long-term debt	14,391	15,779	15,012	16,152
Total governmental activities expenses	<u>480,100</u>	<u>496,342</u>	<u>524,483</u>	<u>593,235</u>
Business-type activities:				
Wastewater Management	65,494	74,816	71,804	76,079
Pima Health System & Services	195,445	221,970	268,869	249,809
Development Services	7,917	8,373	9,617	10,857
Parking Garages	1,254	1,346	1,377	1,494
Total business-type activities expenses	<u>270,110</u>	<u>306,505</u>	<u>351,667</u>	<u>338,239</u>
Total primary government expenses	<u>750,210</u>	<u>802,847</u>	<u>876,150</u>	<u>931,474</u>
<b>Program revenues</b>				
Governmental activities:				
Charges for services				
General government	21,542	18,667	21,422	22,881
Public safety	8,498	10,804	10,289	6,985
Highways and streets	4,916	5,339	11,728	20,549
Health	6,971	7,822	8,772	9,526
Welfare	1,379	1,037	918	
Culture and recreation	1,787	1,662	1,709	1,643
Education and economic opportunity	214	196	101	298
Operating grants and contributions	121,934	121,587	135,119	125,121
Capital grants and contributions	18,207	5,665	17,413	23,663
Subtotal governmental activities program revenues	<u>\$ 185,448</u>	<u>\$ 172,779</u>	<u>\$ 207,471</u>	<u>\$ 210,666</u>

(continued)

PIMA COUNTY  
CHANGES IN NET ASSETS  
Last Four Fiscal Years  
(Amounts in thousands)  
(Accrual Basis of Accounting)  
(continued)

	Fiscal Year			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Program revenues</b>				
Business-type activities:				
Charges for services				
Wastewater Management	\$ 63,601	\$ 71,626	\$ 82,432	\$ 92,379
Pima Health System & Services	179,322	195,872	224,820	244,932
Development Services	7,754	8,464	11,830	14,730
Parking Garages	1,454	1,413	1,460	1,507
Operating grants and contributions	6,505	4,909	4,777	4,238
Capital grants and contributions				
Total business-type activities program revenues	<u>258,636</u>	<u>282,284</u>	<u>325,319</u>	<u>357,786</u>
Total primary government program revenues	<u>444,084</u>	<u>455,063</u>	<u>532,790</u>	<u>568,452</u>
<b>Net (expense) revenue</b>				
Governmental activities	(294,652)	(323,563)	(317,012)	(382,569)
Business-type activities	(11,474)	(24,221)	(26,348)	19,547
Total governmental activities net expense	<u>(306,126)</u>	<u>(347,784)</u>	<u>(343,360)</u>	<u>(363,022)</u>
<b>General revenues and other changes in net assets</b>				
Governmental activities:				
Taxes				
Property taxes	237,049	251,844	272,507	294,643
Hotel/motel taxes	2,495	2,557	2,745	2,822
Other taxes levied for stadium district	1,600	1,597	1,709	1,819
Shared sales tax	76,752	78,504	83,202	91,510
Shared vehicle licenses	21,093	21,904	23,413	23,630
Unrestricted grants and contributions	9,550	9,216	3,201	7,571
Interest and penalties on delinquent taxes	5,479	7,052	6,321	6,771
Investment earnings	8,157	5,064	3,102	6,140
Miscellaneous	10,340	12,774	14,063	16,254
Capital contributions		2,789	5,441	185
Extraordinary item		(7,447)		
Transfers	(13,954)	(17,980)	(13,196)	1,935
Total governmental activities	<u>358,561</u>	<u>367,874</u>	<u>402,508</u>	<u>453,280</u>
Business-type activities:				
State shared tax	905	959	1,146	1,163
Investment earnings	2,888	1,727	747	1,609
Miscellaneous	3,309	5,828	2,750	2,865
Capital contributions	11,261	12,479	22,214	20,722
Extraordinary item		(2,673)		
Transfers	13,954	17,980	13,196	(1,935)
Total business-type activities	<u>32,317</u>	<u>36,300</u>	<u>40,053</u>	<u>24,424</u>
Total primary government	<u>390,878</u>	<u>404,174</u>	<u>442,561</u>	<u>477,704</u>
Change in net assets				
Governmental activities	63,909	44,311	85,496	70,711
Business-type activities	20,843	12,079	13,705	43,971
Total primary government	<u>\$ 84,752</u>	<u>\$ 56,390</u>	<u>\$ 99,201</u>	<u>\$ 114,682</u>

PIMA COUNTY  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 Last Ten Fiscal Years  
 (Amounts in thousands)  
 (Modified accrual basis of accounting)

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General Fund										
Reserved	\$ 1,648	\$ 2,866	\$ 1,602	\$ 2,479	\$ 1,846	\$ 2,233	\$ 2,486	\$ 2,549	\$ 7,068	\$ 4,056
Unreserved	13,632	4,526	2,332	6,030	24,721	19,653	28,656	30,999	25,628	33,171
Subtotal general fund	<u>15,280</u>	<u>7,392</u>	<u>3,934</u>	<u>8,509</u>	<u>26,567</u>	<u>21,886</u>	<u>31,142</u>	<u>33,548</u>	<u>32,696</u>	<u>37,227</u>
All other governmental funds										
Reserved	17,650	10,663	14,335	10,472	10,412	9,176	8,542	6,742	7,603	12,746
Unreserved, reported in:										
Special revenue funds	17,365	19,216	16,009	27,114	40,785	48,616	61,134	42,312	45,325	54,384
Capital projects funds	10,475	25,906	77,252	34,580	27,790	30,986	46,985	82,793	97,270	147,650
Total all other governmental funds	<u>\$ 45,490</u>	<u>\$ 55,785</u>	<u>\$ 107,596</u>	<u>\$ 72,166</u>	<u>\$ 78,987</u>	<u>\$ 88,778</u>	<u>\$ 116,661</u>	<u>\$ 131,847</u>	<u>\$ 150,198</u>	<u>\$ 214,780</u>

PIMA COUNTY  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
 Last Ten Fiscal Years  
 (Amounts in thousands)  
 (Modified accrual basis of accounting)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>Revenues</b>										
Taxes	\$ 164,015	\$ 167,357	\$ 181,398	\$ 194,948	\$ 214,332	\$ 227,542	\$ 244,807	\$ 258,375	\$ 279,527	\$ 300,972
Special assessments	587	1,024	925	874	703	845	598	1,023	505	244
Licenses and permits	3,210	3,275	3,389	4,306	4,541	4,882	6,077	6,087	6,566	7,265
Intergovernmental	163,920	177,630	180,970	211,006	241,225	253,863	260,218	245,378	273,225	278,414
Charges for services	22,058	22,283	18,714	24,404	27,308	26,613	31,112	31,121	43,505	53,568
Fines and forfeits	2,940	3,802	3,411	3,930	4,245	4,365	4,882	5,047	5,010	5,967
Interest	5,681	4,714	4,119	9,009	11,384	15,468	6,952	4,152	2,656	5,181
Miscellaneous	8,805	14,494	16,485	10,208	9,452	8,131	8,143	10,356	11,918	14,806
<b>Total revenues</b>	<b>371,216</b>	<b>394,579</b>	<b>409,411</b>	<b>458,685</b>	<b>513,190</b>	<b>541,709</b>	<b>562,789</b>	<b>566,139</b>	<b>622,912</b>	<b>666,417</b>
<b>Expenditures</b>										
General government	88,764	132,240	101,156	102,390	110,022	122,023	125,416	132,416	140,319	193,308
Public safety	89,473	91,563	91,835	103,679	109,815	117,058	123,021	127,155	146,275	109,798
Highways and streets	20,567	22,715	21,166	21,923	25,689	24,977	27,835	26,741	29,170	38,363
Sanitation	4,747	4,754	18,763	20,142	22,579	22,584	23,102	24,029	30,322	30,802
Health	16,272	18,632	18,632	69,687	69,368	71,260	73,136	84,238	76,725	96,996
Welfare	60,671	63,808	68,101	19,447	20,263	22,242	25,581	25,214	27,141	23,172
Culture and recreation	15,568	17,364	18,605	17,364	20,263	22,242	25,581	25,214	27,141	23,172
Education and economic opportunity	26,915	28,720	29,486	30,103	33,135	32,438	37,524	35,057	32,146	38,098
Capital outlay	33,490	39,596	50,139	66,671	89,215	87,673	109,670	97,147	103,167	127,632
Debt service - principal	25,953	34,539	27,472	42,833	37,480	39,823	37,342	45,544	49,025	42,891
- interest	14,792	13,332	13,329	14,860	13,981	15,003	14,128	15,695	14,851	16,127
- miscellaneous	22	53	29	76	83	186	391	24	161	25
<b>Total expenditures</b>	<b>397,234</b>	<b>467,316</b>	<b>440,081</b>	<b>491,811</b>	<b>531,630</b>	<b>555,287</b>	<b>597,146</b>	<b>613,260</b>	<b>649,302</b>	<b>717,212</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(26,018)</b>	<b>(72,737)</b>	<b>(30,670)</b>	<b>(33,126)</b>	<b>(18,440)</b>	<b>(13,578)</b>	<b>(34,357)</b>	<b>(47,121)</b>	<b>(26,390)</b>	<b>(50,795)</b>
<b>Other financing sources (uses):</b>										
Refunding bonds			7,466				22,420	(163)	6,880	
Issuance cost on bonds							796	410	148	250
Premium on bonds			(7,466)				(22,551)		(6,846)	
Payments to refunded bond escrow agent							590	177		
Capital leases								37	406	27
Proceeds from sale of capital assets	30	34,500	332	332	54,129	50,358	81,921	85,000	65,000	116,200
Face amount of long-term debt	21,090	49,685	28,565	25,976	33,084	34,335	52,753	78,457	68,583	50,008
Transfers in	(21,266)	(49,733)	(28,613)	(26,024)	(46,218)	(72,276)	(65,658)	(93,597)	(89,916)	(46,962)
Transfers (out)										
<b>Total other financing sources (uses)</b>	<b>(146)</b>	<b>71,951</b>	<b>77,121</b>	<b>591</b>	<b>40,995</b>	<b>12,417</b>	<b>70,271</b>	<b>70,321</b>	<b>44,255</b>	<b>119,523</b>
<b>Extraordinary item</b>								(6,237)		
<b>Residual equity - net</b>	<b>2,843</b>	<b>3,139</b>	<b>1,126</b>	<b>1,588</b>	<b>348</b>	<b>4315</b>				<b>385</b>
<b>Change in reserves - net</b>	<b>40</b>	<b>54</b>	<b>204</b>	<b>92</b>	<b>160</b>	<b>(107)</b>	<b>50</b>	<b>629</b>	<b>(366)</b>	
<b>Net change in fund balances</b>	<b>\$(23,281)</b>	<b>\$ 2,407</b>	<b>\$ 47,781</b>	<b>\$ (30,855)</b>	<b>\$ 23,063</b>	<b>\$ 3,047</b>	<b>\$ 35,964</b>	<b>\$ 17,592</b>	<b>\$ 17,499</b>	<b>\$ 69,113</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>11.21%</b>	<b>11.20%</b>	<b>10.47%</b>	<b>13.59%</b>	<b>11.65%</b>	<b>11.76%</b>	<b>10.18%</b>	<b>11.56%</b>	<b>11.50%</b>	<b>9.87%</b>

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## STATISTICAL SECTION

### **REVENUE CAPACITY:**

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

**PIMA COUNTY**  
**TAXABLE ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF PROPERTY**  
 Last Ten Tax Years  
 (\$ Amounts 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
1996	1,317,911	1,658,595	222,491	9,294	3,208,291	5.1207	30,042,703	10.68%
1997	1,381,505	1,846,454	223,755	16,556	3,468,270	5.1876	32,144,456	10.79%
1998	1,424,832	2,006,740	233,782	17,043	3,682,397	5.2487	33,930,287	10.85%
1999	1,446,979	2,154,367	236,602	15,682	3,853,630	5.5651	32,801,718	11.75%
2000	1,532,186	2,324,927	239,298	15,253	4,111,664	5.5635	34,898,941	11.78%
2001	1,601,929	2,494,934	246,938	17,692	4,361,493	5.5828	37,257,921	11.71%
2002	1,678,649	2,709,068	263,270	18,348	4,669,335	5.4998	39,908,791	11.70%
2003	1,764,657	2,955,066	281,243	21,508	5,022,474	5.4981	42,927,737	11.70%
2004	1,823,592	3,265,040	302,323	21,595	5,412,550	5.4967	46,754,009	11.58%
2005	1,882,879	3,615,603	323,147	27,920	5,849,549	5.4611	50,631,267	11.55%

Sources: Pima County Assessor's Office.

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.

**PIMA COUNTY**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
 Last Ten Tax Years  
 (Per \$100 of Assessed Value)

<b>County Direct Rates</b>										
Tax Year	County Primary	County Secondary	Flood Control District (1)	County Library District	Fire District Assistance	Total				Total
1996	3.5137	0.9701	0.3596	0.2224	0.0549	5.1207				5.1207
1997	3.5839	1.0000	0.3296	0.2224	0.0517	5.1876				5.1876
1998	3.6852	0.9650	0.3246	0.2224	0.0515	5.2487				5.2487
1999	4.0720	0.9350	0.3046	0.2024	0.0511	5.5651				5.5651
2000	4.0720	0.9350	0.3046	0.2024	0.0495	5.5635				5.5635
2001	4.0720	0.8950	0.3546	0.2124	0.0488	5.5828				5.5828
2002	4.0720	0.8150	0.3546	0.2124	0.0458	5.4998				5.4998
2003	4.0720	0.8150	0.3546	0.2124	0.0441	5.4981				5.4981
2004	4.0720	0.8150	0.3546	0.2124	0.0427	5.4967				5.4967
2005	4.0720	0.7150	0.3746	0.2575	0.0420	5.4611				5.4611

**Overlapping Rates**

Tax Year	State of Arizona	City of Tucson	Community College District	City of Tucson	Central AZ		Flowing Wells		Silverbell Irrigation District (2)	Marana Irrigation District (2)	Cortaro- Marana Irrigation District (2)	Mobile Home Relocation District (3)	Town of Casas Adobes Incorporation Costs	Town of Tortolita Incorporation Costs	Gladden Farms Community Facilities District
					City of South Tucson	Water Conserv District	Wells Irrigation District (2)	Irrigation District (2)							
1996	0.0000	0.5300	1.2433	1.1489	0.2937	0.1400	6.9300	1.5000	1.0000	1.0000	0.5000				
1997	0.0000	0.5300	1.1836	0.9916	0.2937	0.1400	6.9300	2.0000	1.0000	1.0000	0.5000				
1998	0.0000	0.5300	1.1922	0.9601	0.2937	0.1400	6.9300	3.0000	1.0000	1.0000	0.5000				
1999	0.0000	0.5217	1.3696	1.0238	0.2937	0.1400	6.9300	3.0000	1.0000	1.0000	0.5000				
2000	0.0000	0.5123	1.5574	1.1270	0.2918	0.1300	6.9300	3.0000	1.0000	1.0000	0.5000				
2001	0.0000	0.4974	1.5470	1.1202	0.2828	0.1300	10.4000	3.0000	24.7500	24.7500	0.5000				
2002	0.0000	0.4889	1.5333	1.1202	0.2706	0.1300	10.4000	3.0000	24.7500	24.7500	0.5000				
2003	0.0000	0.4717	1.4884	1.1569	0.2513	0.1200	10.4000	3.0000	50.0000	50.0000	0.5000				
2004	0.0000	0.4560	1.3428	1.1847	0.2383	0.1200	12.9000	3.0000	60.0000	60.0000	0.5000		0.1438	0.2313	2.8000
2005	0.0000	0.4358	1.3114	1.2364	0.2383	0.1200	12.9000	3.0000	60.0000	60.0000	0.5000				2.8000

- (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 (not presented after 2001-02).

**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.

- (A) The Towns of Marana, Oro Valley and Sahuarita do not currently levy a property tax.
- (B) The Tucson Business Improvement District levy (on a per-business basis) is not shown.

PIMA COUNTY  
 DIRECT AND OVERLAPPING PROPERTY TAX RATES - SCHOOL DISTRICTS  
 Last Ten Tax Years  
 (Per \$100 of Assessed Value)

School District	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Tucson Unified (#1)	\$ 9.4708	\$ 8.9101	\$ 8.8281	\$ 8.7869	\$ 9.0494	\$ 9.8088	\$ 9.2780	\$ 8.7610	\$ 8.3286	\$ 7.8829
Marana Unified (#6)	6.9775	6.6480	6.9743	7.6408	7.5418	7.7028	7.3623	6.7979	6.5034	6.0991
Flowing Wells Unified (#8)	6.5723	7.2592	7.7804	8.8612	8.4928	8.0490	7.2175	6.6568	6.5883	7.1232
Amphitheater Unified (#10)	7.6789	7.5099	7.0881	7.1715	6.8816	7.4427	7.0207	6.7601	6.3375	6.4258
Sunnyside Unified (#12)	10.5055	10.6503	10.5437	10.6897	10.3609	10.3706	9.6945	9.1041	8.4846	8.6482
Tanque Verde Unified (#13)	7.4922	6.9303	6.9273	6.8939	6.9434	6.8484	6.6818	7.1785	5.6661	5.7985
Ajo Unified (#15)	4.0261	4.0992	4.9511	4.6791	6.0973	7.0508	4.1555	5.3016	4.4316	4.4994
Catalina Foothills Unified (#16)	8.0098	7.5160	7.9121	7.8515	7.7258	7.5344	7.0956	7.0256	6.6459	6.8422
Vail Elementary (#20)	7.6203	6.9153	7.5128	7.3298	7.2604	7.2314	7.2295	7.1748	7.0008	6.7510
Sahuarita Unified (#30)	7.0353	6.7570	7.6282	8.3204	8.7007	8.7860	9.1329	9.0113	8.3095	8.1495
San Fernando Elementary (#35)										3.7121
Empire Elementary (#37)	5.8100	6.2398	7.0259	10.3858	8.5371	7.6596	6.6965	6.4699	6.1171	8.0930
Continental Elementary (#39)	2.4913	2.6630	2.6371	2.5439	2.4983	2.4346	2.4398	2.3198	2.2216	2.1532
Indian Oasis Unified (#40)	9.3934	10.6021	9.9071	10.4568	9.1002					
Redington Elementary (#44)	3.9803	4.4378	4.6590	7.7641	5.0186	6.3661	6.4230	5.6853	3.9915	4.8856
Altar Valley Elementary (#51)	9.1132	8.5139	7.3093	6.3348	6.5620	6.3052	6.3035	6.3615	6.2759	6.2607
Unorganized*	2.2000	2.2000	2.2000	2.1654	2.1265	2.0647	2.0296	1.9583	1.8931	1.8090

\*County Education District; applies only to those geographical areas within Pima County not part of formal school districting.

PIMA COUNTY  
PRINCIPAL PROPERTY TAXPAYERS  
Current Year and Nine Years Ago  
(Amounts in thousands)

Taxpayer	1996			1997			1998			1999			2000		
	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value
Tucson Electric Power Co.	\$ 167,772	1	5.2%	\$ 171,934	1	4.6%	\$ 166,300	1	4.3%	\$ 166,300	1	4.2%	\$ 166,949	1	3.9%
QWEST	94,938	2	3.0%	79,798	2	2.2%	78,336	2	2.0%	78,336	2	2.0%	78,642	2	1.9%
Southwest Gas Corporation	41,818	3	1.3%	48,301	3	1.3%	46,441	3	1.2%	46,441	3	1.2%	46,191	3	1.1%
ASARCO Mining	30,682	5	0.9%	31,094	4	0.8%	35,170	4	0.9%	35,170	4	0.9%	21,200	4	0.5%
Arizona Portland Cement	12,095	8	0.4%	13,243	8	0.4%	13,267	9	0.3%	13,363	9	0.3%	13,146	9	0.3%
Tucson Mall	17,457	6	0.5%	18,860	6	0.5%	19,071	6	0.5%	18,910	6	0.5%	15,168	6	0.4%
Westin La Paloma	9,241	9	0.3%	9,693	9	0.3%	14,486	8	0.4%	15,669	7	0.4%	15,097	7	0.4%
El Conquistador Hotel	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Phelps Dodge	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Raytheon/Hughes Aircraft **	14,473	7	0.4%	14,520	7	0.4%	15,040	7	0.4%	14,193	8	0.4%	14,193	8	0.3%
Ventanna Hotel Associates	0		0.0%	0		0.0%	11,720	10	0.3%	12,983	10	0.3%	12,950	10	0.3%
Cyprus/Sierra Mining Co.	32,200	4	1.0%	28,350	5	0.8%	27,300	5	0.7%	27,300	5	0.7%	20,000	5	0.5%
Union Pacific Railroad	0		0.0%	9,512	10	0.3%	0		0.0%	0		0.0%	0		0.0%
El Con Mall	8,813	10	0.3%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
A T & T	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
HDP Northwest	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
TRICO	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
<b>Total Top Ten</b>	<b>\$ 429,489</b>		<b>13.3%</b>	<b>\$ 425,305</b>		<b>11.6%</b>	<b>\$ 427,131</b>		<b>11.1%</b>	<b>\$ 428,665</b>		<b>10.9%</b>	<b>\$ 403,536</b>		<b>9.6%</b>

Sources: Arizona Department of Revenue, Pima County Assessor's Office.

(1) Secondary Assessed Valuation for tax year \$ 3,247,512

\$ 3,700,218

\$ 3,852,574

\$ 4,000,624

\$ 4,236,070

\*\* Name change 2001

(continued)

PIMA COUNTY  
 PRINCIPAL PROPERTY TAXPAYERS  
 Current Year and Nine Years Ago  
 (Amounts in thousands)  
 (continued)

Taxpayer	2001			2002			2003			2004			2005		
	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value
Tucson Electric Power Co.	\$ 136,337	1	3.0%	\$ 137,315	1	2.8%	\$ 122,499	1	2.3%	\$ 125,597	1	2.2%	\$ 145,937	1	2.4%
QWEST	84,382	2	1.9%	87,757	2	1.8%	108,829	2	2.1%	104,944	2	1.9%	104,468	2	1.7%
Southwest Gas Corporation	51,214	3	1.1%	53,668	3	1.1%	55,710	3	1.1%	59,528	3	1.1%	62,970	3	1.0%
ASARCO Mining	18,911	5	0.4%	27,736	4	0.6%	0	0	0.0%	0	0	0.0%	0	0	0.0%
Arizona Portland Cement	16,614	6	0.4%	18,213	7	0.4%	19,990	4	0.4%	21,296	4	0.4%	22,459	4	0.4%
DND Nefison (Tucson Mall)	19,362	4	0.4%	18,733	5	0.4%	18,703	5	0.4%	19,364	5	0.3%	22,377	5	0.4%
Westin La Paloma	16,183	7	0.4%	16,703	8	0.3%	16,057	6	0.3%	15,943	6	0.3%	16,358	7	0.3%
El Conquistador Hotel	13,632	10	0.3%	13,898	9	0.3%	14,461	7	0.3%	14,655	8	0.3%	13,653	10	0.2%
Phelps Dodge	0	0	0.0%	18,250	6	0.4%	14,375	8	0.3%	15,250	7	0.3%	21,209	6	0.4%
Hughes Aircraft	13,642	9	0.3%	13,349	10	0.3%	13,290	9	0.3%	13,895	9	0.2%	16,069	8	0.3%
Ventana Hotel Associates	0	0	0.0%	0	0	0.0%	0	0	0.0%	0	0	0.0%	0	0	0.0%
Cyprus/Sierra Mining Co.	0	0	0.0%	0	0	0.0%	0	0	0.0%	0	0	0.0%	0	0	0.0%
Union Pacific Railroad	0	0	0.0%	0	0	0.0%	0	0	0.0%	0	0	0.0%	0	0	0.0%
El Com Mall	0	0	0.0%	0	0	0.0%	0	0	0.0%	0	0	0.0%	0	0	0.0%
A.T. & T	14,292	8	0.3%	0	0	0.0%	0	0	0.0%	0	0	0.0%	0	0	0.0%
HDP Northwest	0	0	0.0%	0	0	0.0%	0	0	0.0%	0	0	0.0%	14,708	9	0.2%
TRICO	0	0	0.0%	0	0	0.0%	11,467	10	0.2%	12,925	10	0.2%	0	0	0.0%
Total Top Ten	\$ 384,569		8.5%	\$ 405,622		8.4%	\$ 395,381		7.7%	\$ 403,397		7.2%	\$ 440,208		7.3%
						\$4,835,561			\$5,221,271			\$5,620,156			\$6,050,950

Sources: Arizona Department of Revenue, Pima County Assessor's Office.

(1) Secondary Assessed Valuation for Tax Year

PIMA COUNTY  
REAL PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Fiscal Years  
(in thousands)

Fiscal Year	Original		Real Property Tax Levy (Adjusted)		Collected to June 30, End of Tax Fiscal Year (2)		Collected to June 30, 2005 (2)		Delinquent Taxes Receivable (1)
	Property Tax Levy	Tax Roll Corrections	Property Tax Levy	Percent of Original Levy	Amount	Percent of Original Levy	Amount	Percent of Adjusted Levy	
1995-96	\$ 147,786	\$ (594)	\$ 147,192	95.28%	\$ 140,805	95.28%	\$ 146,632	99.62%	\$ 560
1996-97	152,009	(1,066)	150,943	95.52%	145,204	95.52%	150,543	99.73%	400
1997-98	168,688	(748)	167,940	95.20%	160,593	95.20%	167,225	99.57%	715
1998-99	180,550	(1,553)	178,997	95.45%	172,330	95.45%	179,489	100.27%	(492)
1999-00	201,925	(1,167)	200,758	95.29%	192,409	95.29%	200,970	100.11%	(212)
2000-01	214,642	(754)	213,888	95.24%	204,424	95.24%	213,546	99.84%	342
2001-02	228,477	(742)	227,735	95.50%	218,192	95.50%	227,148	99.74%	587
2002-03	241,416	(792)	240,624	95.94%	231,619	95.94%	240,427	99.92%	197
2003-04	260,570	(793)	259,777	96.30%	250,929	96.30%	259,690	99.97%	87
2004-05	281,172	(118)	281,054	96.68%	271,841	96.68%	271,841	96.72%	9,213

## NOTES:

- (1) Represents the difference between the adjusted levy and collected to June 30, 2005.
- (2) Amounts collected are on a cash basis rather than the modified accrual basis used in the financial statements.

PIMA COUNTY  
 ASSESSED, LIMITED AND FULL CASH (SECONDARY) VALUE OF TAXABLE PROPERTY  
 Last Ten Fiscal Years  
 (Amounts in thousands)

Fiscal Year	Net Assessed Value	Limited and Full Cash Values (1)	Ratio of Net Assessed to Full Cash Value
1995-96 Primary	\$ 3,130,753	\$ 28,973,933	10.99%
1995-96 Secondary	3,218,884	29,751,801	11.02%
1996-97 Primary	3,208,291	30,042,703	10.68%
1996-97 Secondary	3,247,512	30,433,265	10.67%
1997-98 Primary	3,468,269	32,144,456	10.79%
1997-98 Secondary	3,700,218	34,305,592	10.79%
1998-99 Primary	3,682,397	33,930,287	10.85%
1998-99 Secondary	3,852,574	35,297,284	10.91%
1999-00 Primary	3,853,630	32,801,718	11.75%
1999-00 Secondary	4,000,624	33,893,530	11.80%
2000-01 Primary	4,111,664	34,898,941	11.78%
2000-01 Secondary	4,236,070	35,819,691	11.83%
2001-02 Primary	4,361,493	37,257,921	11.71%
2001-02 Secondary	4,491,395	38,196,337	11.76%
2002-03 Primary	4,669,336	39,908,791	11.70%
2002-03 Secondary	4,835,561	41,109,997	11.76%
2003-04 Primary	5,022,474	42,927,737	11.70%
2003-04 Secondary	5,221,271	44,423,165	11.75%
2004-05 Primary	5,412,550	46,754,009	11.58%
2004-05 Secondary	5,620,156	48,474,537	11.59%

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

PIMA COUNTY  
COMPARATIVE NET VALUATIONS AND TAX RATES  
Per \$100 Assessed Value  
(\$ Amounts of Valuation expressed in thousands)

Jurisdiction	FY 2004-05 (Tax Year 2004)		FY 2005-06 (Tax Year 2005)	
	Valuation	Rate	Valuation	Rate
<u>State of Arizona</u>	\$ 5,412,550	\$0.0000	\$ 5,849,549	\$0.0000
<u>Pima County</u>				
General Fund - Primary	5,412,550	4.0720	5,849,549	4.0720
Debt Service - Secondary	5,620,156	0.8150	6,050,950	0.7150
Free Library - Secondary	5,620,156	0.2124	6,050,950	0.2575
Total County - Primary	5,412,550	4.0720	5,849,549	4.0720
Total County - Secondary	5,620,156	1.0274	6,050,950	0.9725
Grand Total		<u>5.0994</u>		<u>5.0445</u>
<u>Education Assistance</u>	5,412,550	0.4560	5,849,549	0.4358
<u>Flood Control District - Secondary</u>	4,907,357	0.3546	5,323,433	0.3746
<u>Fire District Assistance - Secondary</u>	5,620,156	0.0427	6,050,950	0.0420
<u>Pima Community College District</u>				
Primary	5,412,550	1.1143	5,849,549	1.0930
Secondary	5,620,156	0.2285	6,050,950	0.2184
Total		<u>1.3428</u>		<u>1.3114</u>
<u>Central Arizona Water Conservation District</u>				
Secondary	5,620,156	0.1200	6,050,950	0.1200
<u>Cities &amp; Towns</u>				
City of Tucson				
Primary	2,477,050	0.3531	2,641,420	0.3469
Secondary	2,558,231	0.8316	2,722,916	0.8895
Total		<u>1.1847</u>		<u>1.2364</u>
City of South Tucson				
Primary	17,553	0.2383	17,690	0.2383
<u>School Districts</u>				
Unorganized - Primary	7,705	1.8931	7,475	1.8090
Tucson Unified (District #1)				
Primary	2,420,755	6.8278	2,570,965	6.4327
Secondary	2,498,086	1.5008	2,650,489	1.4502
Total		<u>8.3286</u>		<u>7.8829</u>

(continued)

PIMA COUNTY  
COMPARATIVE NET VALUATIONS AND TAX RATES

Per \$100 Assessed Value

(\$ Amounts of Valuation expressed in thousands)

(continued)

Jurisdiction	FY 2004-05 (Tax Year 2004)		FY 2005-06 (Tax Year 2005)	
	Valuation	Rate	Valuation	Rate
<b>Marana Unified (District #6)</b>				
Primary	\$ 433,203	\$4.3282	\$ 482,599	\$4.1055
Secondary	454,309	2.1752	501,025	1.9936
Total		<u>6.5034</u>		<u>6.0991</u>
<b>Flowing Wells Unified (District #8)</b>				
Primary	159,169	4.1926	166,660	4.7645
Secondary	164,539	2.3957	171,730	2.3587
Total		<u>6.5883</u>		<u>7.1232</u>
<b>Amphitheater Unified (District #10)</b>				
Primary	996,072	4.5111	1,077,676	4.2235
Secondary	1,036,843	1.8264	1,115,617	2.2023
Total		<u>6.3375</u>		<u>6.4258</u>
<b>Sunnyside Unified (District #12)</b>				
Primary	297,175	4.2292	321,085	4.2287
Secondary	311,227	4.2554	333,316	4.4195
Total		<u>8.4846</u>		<u>8.6482</u>
<b>Tanque Verde Unified (District #13)</b>				
Primary	130,154	4.0332	139,891	4.2549
Secondary	135,899	1.6329	145,123	1.5436
Total		<u>5.6661</u>		<u>5.7985</u>
<b>Ajo Unified (District #15)</b>				
Primary	13,194	4.4316	14,166	4.4994
Secondary	13,580	0.0000	15,149	0.0000
Total		<u>4.4316</u>		<u>4.4994</u>
<b>Catalina Foothills Unified (District #16)</b>				
Primary	425,298	4.2383	461,269	4.3723
Secondary	440,944	2.4076	477,762	2.4699
Total		<u>6.6459</u>		<u>6.8422</u>
<b>Vail Elementary (District #20)</b>				
Primary	215,837	4.9197	254,909	4.6353
Secondary	228,914	2.0811	266,357	2.1157
Total		<u>7.0008</u>		<u>6.7510</u>

(continued)

PIMA COUNTY  
COMPARATIVE NET VALUATIONS AND TAX RATES

Per \$100 Assessed Value

(\$ Amounts of Valuation expressed in thousands)

(continued)

Jurisdiction	FY 2004-05 (Tax Year 2004)		FY 2005-06 (Tax Year 2005)	
	Valuation	Rate	Valuation	Rate
<b>Sahuarita Unified (District #30)</b>				
Primary	\$ 92,417	\$4.1694	\$ 115,452	\$4.5611
Secondary	98,750	4.1401	121,793	3.5884
Total		<u>8.3095</u>		<u>8.1495</u>
<b>San Fernando Elementary (District #35)</b>				
Primary	907	0.0000	808	3.7121
Secondary	911	0.0000	812	0.0000
Total		<u>0.0000</u>		<u>3.7121</u>
<b>Empire Elementary (District #37)</b>				
Primary	4,072	6.1171	4,783	8.0930
Secondary	4,428	0.0000	5,089	0.0000
Total		<u>6.1171</u>		<u>8.0930</u>
<b>Continental Elementary (District #39)</b>				
Primary	188,225	1.8931	204,154	1.8090
Secondary	193,866	0.3285	209,707	0.3442
Total		<u>2.2216</u>		<u>2.1532</u>
<b>Indian Oasis Unified (District #40)</b>				
Primary	2,943	0.0000	1,268	0.0000
Secondary	2,935	0.0000	1,268	0.0000
Total		<u>0.0000</u>		<u>0.0000</u>
<b>Redington Elementary (District #44)</b>				
Primary	1,120	3.9915	1,143	4.8856
Secondary	1,126	0.0000	1,146	0.0000
Total		<u>3.9915</u>		<u>4.8856</u>
<b>Altar Valley Elementary (District #51)*</b>				
Primary	24,304	5.2335	25,146	5.2536
Secondary	25,600	1.0424	26,106	1.0071
Total		<u>6.2759</u>		<u>6.2607</u>

\*Formerly known as the Mary E. Dill School District

PIMA COUNTY  
 HISTORICAL COLLECTIONS - HOTEL EXCISE TAX,  
 CAR RENTAL SURCHARGES  
 AND RECREATIONAL VEHICLE TAX  
 Last Ten Fiscal Years  
 (Amounts in thousands)

Fiscal Year	Hotel Excise Tax (1)	Car Rental Surcharges (2)	Recreational Vehicle Tax (3)
1995-96	\$ 945	\$ 986	
1996-97	1,794	1,340	
1997-98	2,378	1,385	\$ 182
1998-99	2,438	1,396	217
1999-00	2,625	1,477	213
2000-01	2,824	1,557	199
2001-02	2,495	1,377	190
2002-03	2,536	1,436	195
2003-04	2,717	1,277	209
2004-05	2,885	1,595	200

- (1) Tax increased from 1% to 2% January 1, 1997; the additional 1% can only be used for County sports facilities.
- (2) Car rental surcharges increased from \$2.50 to \$3.50 per rental contract July 1, 1996. Usage is restricted to County sports facilities.
- (3) Recreational vehicle taxes apply at the rate of \$0.50 per vehicle per night and became effective July 1, 1997. Usage of this tax is limited to Spring Training activities.

Source: Pima County Finance Department

PIMA COUNTY  
STREETS AND HIGHWAYS REVENUES  
Last Ten Fiscal Years  
(Amounts in thousands)

Fiscal Year	Amount
1995-96	\$ 25,764
1996-97	30,412
1997-98	33,370
1998-99	39,535
1999-00	47,699
2000-01	48,317
2001-02	47,071
2002-03	48,072
2003-04	51,334
2004-05	53,878

Source: Pima County Finance 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, e.g. leases, lease-purchase and purchase agreements, are provided to comply with debt disclosure requirements.

PIMA COUNTY  
RATIOS OF OUTSTANDING DEBT BY TYPE  
TO PERSONAL INCOME AND PER CAPITA  
Last Ten Fiscal Years  
(\$ Amounts in thousands)

Fiscal Year	Governmental Activities										Business-Type Activities				
	General Obligation Bonds	Flood Control Bonds	Transportation Revenue Bonds	Lease Revenue Bonds	Special Assessment Bonds	Stadium District Revenue (a)	Certificates of Participation	Transportation Loans	Capital Leases	Sewer Revenue Bonds	Wastewater Loans Payable	Contracts and Notes	Total Primary Government		
1995-96	\$ 207,745	\$ 9,700		\$ 1,805	\$ 3,900	\$ 3,745			\$ 15,292	\$ 64,724	\$ 9,663		\$ 316,574		
1996-97	183,680	8,920		1,450	3,337	3,530			50,158	62,928	10,767	\$ 440	325,210		
1997-98	186,990	8,135	\$ 40,000	1,340	2,828		\$ 8,945		49,678	82,017	13,094	352	384,434		
1998-99	153,295	7,360	36,000	1,220	2,300				36,368	79,473	13,967	264	339,192		
1999-00	173,985	6,595	32,000	1,095	1,697		6,725		35,338	75,564	14,477	2,479	349,955		
2000-01	192,640	5,840	28,000	965	1,053		4,505		34,008	71,444	32,314	112	370,881		
2001-02	183,381	5,348	79,206	825	2,506		3,045	\$ 5,100	32,596	67,811	57,456	3,685	440,959		
2002-03	200,554	4,585	105,541	495	2,121		1,560	4,060	31,049	63,098	63,551	6,849	483,463		
2003-04	232,553	3,805	95,461		1,736			3,020	29,323	60,064	83,941	5,783	515,686		
2004-05	267,927	3,010	137,736		1,093			1,943	27,879	55,809	83,978	4,852	584,227		

Fiscal Year	Total Primary Government	Percentage of Personal Income	Population at July 1	Debt per Capita (b)
1995-96	\$ 316,574	2.03%	775,100	\$ 408
1996-97	325,210	1.98%	799,375	407
1997-98	384,434	2.17%	817,851	470
1998-99	339,192	1.79%	845,775	401
1999-00	349,955	1.68%	854,329	410
2000-01	370,881	1.70%	872,394	425
2001-02	440,959	2.01%	890,356	495
2002-03	483,463	2.10%	908,227	532
2003-04	515,686	2.15%	926,052	557
2004-05	584,227	2.22%	943,795	619

(a) Bonds defeased 7/1/97, disclosed as a subsequent event.  
(b) See schedule D-20 page 141 for population data.

Note: Details regarding outstanding debt can be found in Notes to Financial Statements.

PIMA COUNTY  
 RATIO OF NET GENERAL BONDED DEBT  
 TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA  
 Last Ten Fiscal Years  
 (\$ Amounts in thousands)

Fiscal Year	Flood Control		Debt Service		Net General Bond Debt	Secondary Net Assessed Value	Percent Net General Bond Debt to Assessed Value		Population at July 1	Net General Bond Debt per Capita
	General Obligation Bond Debt	General Obligation Bond Debt	Funds Available for Principal				General Bond Debt	Assessed Value		
1995-96	\$ 207,745	\$ 9,700	\$ 15,062	\$	\$ 202,383	\$ 3,218,884	6.29%	775,100	\$	261
1996-97	183,680	8,920	8,032		184,568	3,247,512	5.68%	799,375		231
1997-98	186,990	8,135	10,931		184,194	3,700,218	4.98%	817,851		225
1998-99	153,295	7,360	6,827		153,828	3,852,574	3.99%	845,775		182
1999-00	173,985	6,595	6,249		174,331	4,000,624	4.36%	854,329		204
2000-01	192,640	5,840	4,309		194,171	4,236,070	4.58%	872,394		223
2001-02	183,381	5,348	4,883		183,846	4,491,395	4.09%	890,356		206
2002-03	200,554	4,585	2,226		202,913	4,835,561	4.20%	908,227		223
2003-04	232,553	3,805	2,648		233,710	5,221,271	4.48%	926,052		252
2004-05	267,927	3,010	8,899		262,038	5,620,156	4.66%	943,795		278

Note: Details regarding outstanding debt can be found in Notes to Financial Statements.

PIMA COUNTY  
 RATIO OF DIRECT AND OVERLAPPING DEBT  
 TO PROPERTY VALUES AND PER CAPITA  
 Last Ten Fiscal Years  
 (\$ Amounts in thousands)

Fiscal Year	Total Overlapping Debt	Secondary Net Assessed Value	Percentage of Assessed Value	Population at July 1	Debt per Capita
1995-96	\$ 1,044,241	\$ 3,218,884	32.44%	775,100	\$ 1,347
1996-97	1,089,035	3,247,512	33.53%	799,375	1,362
1997-98	1,124,003	3,700,218	30.38%	817,851	1,374
1998-99	1,090,052	3,852,574	28.29%	845,775	1,289
1999-00	1,067,544	4,000,624	26.68%	854,329	1,250
2000-01	1,135,282	4,236,070	26.80%	872,394	1,301
2001-02	1,134,289	4,491,395	25.25%	890,356	1,274
2002-03	1,129,103	4,835,561	23.35%	908,227	1,243
2003-04	1,091,892	5,221,271	20.91%	926,052	1,179
2004-05	1,185,435	5,620,156	21.09%	943,795	1,256

Note: 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 business therein. However, this does not imply that every taxpayer is a resident, and therefore is responsible for the repayment of debt of each overlapping government.

PIMA COUNTY  
 COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT OUTSTANDING  
 At June 30, 2005  
 (\$ Amounts in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Amount Overlapping</u>
Debt repaid with property tax		
School Districts	\$ 613,440	\$ 613,440
City of Tucson	299,874	299,874
Total overlapping		<u>\$ 913,314</u>
Debt repaid with property tax		
Direct:		
Pima County *	\$ 267,927	\$ 267,927
Flood Control District	3,010	3,010
Total direct		<u>\$ 270,937</u>
Other Debt:		
Jail capital lease	\$ 27,788	\$ 27,788
Other capital leases	91	91
Transportation bonds	137,736	137,736
Transportation loans	1,943	1,943
Improvement districts	1,093	1,093
Total other debt		<u>\$ 168,651</u>
Total direct and overlapping debt		<u><u>\$ 1,352,902</u></u>

\*Excludes improvement districts.

Note: 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 therefore is responsible for the repayment of debt of each overlapping government.

PIMA COUNTY  
LEGAL DEBT MARGIN  
Last Ten Fiscal Years  
(\$ Amounts in thousands)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>Assessed Value</b>	\$ 3,218,884	\$ 3,247,512	\$ 3,700,218	\$ 3,852,574	\$ 4,000,624	\$ 4,236,070	\$ 4,491,395	\$ 4,835,561	\$ 5,221,271	\$ 5,620,156
<b>Legal Debt Margin</b>										
Debt limit (15% of assessed value)	482,833	487,127	555,033	577,886	600,094	635,410	673,709	725,334	783,191	843,023
Debt applicable to limit:										
General obligation bonds	207,745	183,680	186,990	153,295	173,985	192,640	183,070	200,275	232,105	267,270
Less: Net Assets reserved for repayment of general obligation debt	(15,062)	(8,032)	(11,844)	(6,827)	(6,249)	(4,309)	(4,883)	(2,226)	(2,648)	(8,899)
Total net debt applicable to the limit	192,683	175,648	175,146	146,468	167,736	188,331	178,187	198,049	229,457	258,371
Legal debt margin	\$ 290,150	\$ 311,479	\$ 379,887	\$ 431,418	\$ 432,358	\$ 447,079	\$ 495,522	\$ 527,285	\$ 553,734	\$ 584,652
Total net debt applicable to the limit as a percentage of debt limit.	39.91%	36.06%	31.56%	25.35%	27.95%	29.64%	26.45%	27.30%	29.30%	30.65%

Note: General obligation debt may not exceed six percent of the value of the County's taxable property as of the latest assessment. However, Pima County received voter approval to increase the debt limit to fifteen percent of the value of taxable property. Amount reserved for payment of principal is the reserved fund balance of the Debt Service Fund.

See Notes to the Financial Statements (Note 7) for calculation of the legal debt margin for the current year.

PIMA COUNTY  
WASTEWATER MANAGEMENT LIQUID WASTE  
PLEDGED SEWER REVENUE DEBT COVERAGE  
Last Ten Fiscal Years  
(Amounts in thousands)

Fiscal Year	Sewer User Revenues (2)	Less: Operating Expense (3)	Available Net Revenue	Debt Service (1)		Coverage Ratio (4)
				Principal	Interest	
1995-96	\$ 39,467	\$ 25,686	\$ 13,781	\$ 1,030	\$ 4,064	2.71
1996-97	42,278	26,559	15,719	1,610	4,509	2.57
1997-98	48,235	33,920	14,315	3,169	5,594	1.63
1998-99	49,979	31,114	18,865	4,727	5,031	1.93
1999-00	56,589	34,742	21,847	5,006	4,650	2.26
2000-01	58,647	36,438	22,209	6,611	4,783	1.95
2001-02	59,021	39,183	19,838	8,887	5,704	1.36
2002-03	66,756	46,378	20,378	9,235	5,666	1.37
2003-04	78,393	44,704	33,689	9,656	5,990	2.15
2004-05	88,768	47,037	41,731	9,501	5,706	2.74

- (1) Debt Service Requirements include principal and interest payable in the 12 months following each fiscal year.  
(2) Includes sewer connection fees.  
(3) Excludes depreciation, interest expense and amortization.  
(4) Sewer revenue debt rate covenants require minimum coverage of 1.20.

Note: Details regarding outstanding debt can be found in Notes to Financial Statements.  
Prior to 1998, there were no transportation bonds.

PIMA COUNTY  
 PLEDGED REVENUE BOND COVERAGE - TRANSPORTATION REVENUE BONDS  
 Last Ten Fiscal Years  
 (Amounts in thousands)

Fiscal Year	Transportation Revenue	Less:		Available Net Revenue	Debt Service *		Coverage Ratio
		Operating Expense			Principal	Interest	
1995-96							
1996-97							
1997-98							
1998-99	\$ 42,017	\$ 27,173	\$ 14,844	\$ 4,000	\$ 1,644	2.63	
1999-00	52,345	31,714	20,631	4,000	1,444	3.79	
2000-01	53,264	31,006	22,258	4,000	1,244	4.24	
2001-02	50,599	34,855	15,744	8,535	3,370	1.32	
2002-03	51,852	34,059	17,793	10,215	4,394	1.22	
2003-04	55,777	36,865	18,912	8,905	3,965	1.47	
2004-05	57,819	38,349	19,470	10,710	6,058	1.16	

Note: Details regarding the County's outstanding debt can be found in Notes to Financial Statements. Operating expenditures do not include interest, depreciation, or amortization. There was no Transportation debt issued prior to FY 1998- 1999.

\* Debt Service Requirements include principal and interest payable in the 12 months following each fiscal year.

PIMA COUNTY  
 PLEDGED REVENUE BOND COVERAGE - LEASE REVENUE BONDS  
 Last Ten Fiscal Years  
 (Amounts in thousands)

Fiscal Year	Lease Revenue	Less:		Available Net Revenue	Debt Service		Coverage Ratio
		Operating Expense			Principal	Interest	
1995-96	\$ 23	\$ 8	\$ 15	\$ 355	\$ 105	0.03	
1996-97	18	154	(136)	110	88	(0.69)	
1997-98	8	7	1	120	82	0.00	
1998-99	6	7	(1)	125	75	(0.01)	
1999-00	6	7	(1)	130	68	(0.01)	
2000-01	6	7	(1)	140	61	(0.00)	
2001-02	2	7	(5)	145	52	(0.03)	
2002-03	1	7	(6)	155	31	(0.03)	
2003-04	0	27	(27)	460	99	(0.05)	
2004-05 *							

\* This debt was paid off during FY 2003-04.

PIMA COUNTY  
 PLEDGED REVENUE BOND COVERAGE - STADIUM DISTRICT REVENUE BONDS  
 Last Ten Fiscal Years  
 (Amounts in thousands)

Fiscal Year	Stadium District Tax Revenue	Less: Operating Expense	Available Net Revenue	Debt Service *		Coverage Ratio
				Principal	Interest	
1995-96	\$ 1,931	\$ 344	\$ 1,587	\$ 200	\$ 344	2.92
1996-97	3,134	328	2,806	215	328	5.17

Note: The bonds were defeased July 1, 1997 and disclosed as a subsequent event in the 1997 Comprehensive Annual Financial Report.

PIMA COUNTY  
 LEASE, LEASE-PURCHASE AND PURCHASE AGREEMENTS  
 Scheduled Payments  
 (Amounts in thousands)

Function/Department	FY 02-03	FY 03-04	FY 04-05	FY 05-06
Elections	\$ 460			
Clerk of Superior Court	133	\$ 195	\$ 147	\$ 31
Jail *	2,557	3,824	2,764	3,042
Juvenile Court	74	74		
Public Works Building	1,645	1,643		
Sheriff	42	42	42	42
Superior Court	77			
	<u>\$ 4,988</u>	<u>\$ 5,778</u>	<u>\$ 2,953</u>	<u>\$ 3,115</u>

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

Source: Pima County Finance Department

PIMA COUNTY  
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
 GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES  
 Last Ten Fiscal Years  
 (Amounts in thousands)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures *	Ratio of Debt Service To General Expenditures
1995-96	\$ 24,765	\$ 14,328	\$ 39,093	\$ 363,744	10.7%
1996-97	33,328	12,976	46,304	427,720	10.8%
1997-98	26,128	10,533	36,661	389,942	9.4%
1998-99	39,118	12,809	51,927	425,140	12.2%
1999-00	34,803	12,122	46,925	442,415	10.6%
2000-01	36,873	13,173	50,046	467,614	10.7%
2001-02	35,358	12,366	47,724	487,476	9.8%
2002-03	43,648	13,904	57,552	515,774	11.2%
2003-04	46,998	13,702	60,700	546,136	11.1%
2004-05	41,255	14,794	56,049	589,708	9.5%

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

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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  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 Last Ten Years  
 (\$ Amounts in thousands)

Calendar Year	Population (a)	Personal Income (b)	Per Capita Personal Income	Unemployment Rate (a)
1996	775,100	\$ 15,626,844	\$ 20,112	3.6%
1997	799,375	16,409,122	20,640	3.2%
1998	817,851	17,687,372	21,468	2.7%
1999	845,775	18,999,743	22,464	2.7%
2000	854,329	20,855,000	24,057	2.6%
2001	872,394	21,827,000	24,698	2.8%
2002	890,356	21,991,000	24,787	4.7%
2003	908,227	22,973,000	25,395	4.8%
2004	926,052	23,965,000	25,797	3.5%
2005	943,795	26,302,000	27,599	4.1%

Note :

- a) Population and unemployment data are obtained from projections supplied by the Arizona Department of Economic Security Statistics Unit.
- b) Personal income is obtained from "Arizona's Economy" magazine.

PIMA COUNTY  
PRINCIPAL EMPLOYERS  
Current Year and Nine Years Ago

Employer	1996			1997			1998			1999			2000		
	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of County Employment	Employees	Rank	Percent of County Employment	Employees	Rank	Percent of County Employment	Employees	Rank	Percent of County Employment
Fort Huachuca	11,042	1	2.8%	11,193	1	2.8%	10,321	2	2.5%	10,312	2	2.3%	11,140	1	2.8%
Raytheon	6,900	6	1.8%	6,700	7	1.7%	7,700	6	1.8%	7,700	6	1.7%	9,800	4	2.5%
University of Arizona	10,323	2	2.6%	10,311	2	2.6%	10,416	1	2.5%	10,520	1	2.4%	10,850	2	2.8%
State of Arizona	9,524	3	2.4%	9,700	3	2.4%	9,763	3	2.3%	9,694	3	2.2%	10,071	3	2.6%
Davis Monthan AFB	8,289	4	2.1%	8,252	5	2.1%	8,362	4	2.0%	8,352	4	1.9%	8,346	5	2.1%
Tucson Unified School District	8,042	5	2.0%	8,362	4	2.1%	8,115	5	1.9%	8,187	5	1.9%	8,239	6	2.1%
Pima County Government	6,284	7	1.6%	6,760	6	1.7%	6,686	7	1.6%	7,028	7	1.6%	6,832	7	1.7%
City of Tucson	4,999	8	1.3%	5,306	8	1.3%	5,420	8	1.3%	5,497	8	1.2%	5,494	8	1.4%
T M C HealthCare Inc.	4,200	9	1.1%	3,525	10	0.9%				3,060	10	0.7%			
B H P Copper	4,080	10	1.0%	3,985	9	1.0%	3,679	10	0.9%						
Phelps Dodge															
Carondelet Health Network							4,041	9	1.0%	5,497	9	1.2%	3,275	10	0.8%
Total	73,683		18.7%	74,094		18.6%	74,503		17.8%	75,847		17.1%	77,643		19.7%
Total Work Force	393,107			401,611			421,039			440,254			394,100		

(continued)

Sources: www.azstarnet.com/sm/star200

PIMA COUNTY  
PRINCIPAL EMPLOYERS  
Current Year and Nine Years Ago  
(continued)

Employer	2001			2002			2003			2004			2005		
	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
Fort Huachuca	11,376	1	2.9%	10,969	2	2.8%	11,580	1	2.7%	11,939	1	2.8%	12,250	1	2.8%
Ruytheon	10,149	3	2.6%	10,400	3	2.6%	10,100	3	2.4%	10,171	2	2.4%	10,300	3	2.3%
University of Arizona	11,032	2	2.8%	11,606	1	2.9%	11,335	2	2.7%	10,078	3	2.3%	10,348	2	2.3%
State of Arizona	9,978	4	2.5%	9,932	4	2.5%	9,732	5	2.3%	9,753	4	2.3%	9,750	4	2.2%
Davis Monthan AFB	8,796	6	2.2%	9,200	5	2.3%	9,947	4	2.3%	7,692	5	1.8%	8,727	5	2.0%
Tucson Unified School District	9,102	5	2.3%	8,278	6	2.1%	8,234	6	1.9%	7,690	6	1.8%	7,684	6	1.7%
Pima County Government	7,119	7	1.8%	7,175	7	1.8%	7,135	7	1.7%	6,987	7	1.6%	6,767	7	1.5%
City of Tucson	6,058	8	1.5%	5,933	8	1.5%	6,168	8	1.5%	5,495	8	1.3%	6,757	8	1.5%
Wal-Mart Stores, Inc.				3,800	9	1.0%	4,000	9	0.9%	4,420	9	1.0%	4,595	9	1.0%
Tohono O'odam Nation				3,783	10	1.0%	3,375	10	0.8%	3,515	10	0.8%	4,500	10	1.0%
Phelps Dodge	4,200	9	1.1%												
Carondelet Health Network	3,329	10	0.8%												
<b>Total</b>	<b>81,139</b>		<b>20.5%</b>	<b>81,076</b>		<b>20.5%</b>	<b>81,606</b>		<b>19.2%</b>	<b>77,740</b>		<b>18.1%</b>	<b>81,678</b>		<b>18.3%</b>
<b>Total Work Force</b>	<b>393,200</b>			<b>397,900</b>			<b>424,400</b>			<b>431,400</b>			<b>443,100</b>		

Note: Data is obtained from [www.azstarnet.com/sn/star200](http://www.azstarnet.com/sn/star200), a website of the Arizona Daily Star.

Sources: [www.azstarnet.com/sn/star200](http://www.azstarnet.com/sn/star200)

**PIMA COUNTY  
POPULATION AND EMPLOYMENT**  
Last Ten Calendar Years

Calendar Year	Population	Civilian Labor Force	Total Unemployment Rate	EMPLOYMENT					
				Mining	Construction	Manufacturing	Trades and Services	Finance, Insurance and Real Estate	
1996	775,100	393,107	3.6%	2,400	20,200	27,800	162,500	12,000	
1997	799,375	401,611	3.2%	2,300	18,800	29,600	167,600	12,500	
1998	817,851	421,039	2.7%	2,300	20,900	29,500	169,800	12,600	
1999	845,775	440,254	2.7%	2,000	21,600	29,600	182,600	13,400	
2000	854,329	394,100	2.6%	1,800	22,100	33,500	191,600	13,800	
2001	872,394	393,200	2.8%	1,800	21,600	34,000	190,800	14,100	
2002	890,356	397,900	4.7%	1,500	21,800	32,300	184,500	15,100	
2003	908,227	424,400	4.8%	1,400	23,700	29,100	184,500	14,800	
2004	926,052	431,400	3.5%	1,200	24,000	28,500	185,000	15,600	
2005	943,795	443,100	4.1%	1,500	26,600	28,600	199,300	18,200	

Sources: Arizona Department of Economic Security; Economic Forecasting Project, University of Arizona; "Arizona's Economy", U of A Business Research Program.

Note: Beginning with the July, 2003 issue, "Arizona's Economy" stopped using the Standard Industrial Classification System Reporting Format (SICS) and began using the North American Industrial Classification System reporting format (NAICS).

PIMA COUNTY  
TRANSPORTATION AND REAL ESTATE  
Last Ten Calendar Years

Calendar Year	Transportation				Real Estate		Sales Volume In \$ 000's
	Aircraft Movements	No. of Air Passengers	Bus Ridership	Riders Per Mile	Residential Bldg Permits	Multiple Listings	
1996	250,768	3,494,758	15,813,141	2.00	2,267	8,645	\$ 1,073,569
1997	239,263	3,500,330	15,943,383	2.03	2,136	8,071	1,047,805
1998	242,966	3,484,674	14,925,612	1.91	2,101	8,906	1,221,214
1999	284,149	3,497,788	15,279,274	1.90	2,508	10,627	1,517,076
2000	262,845	3,526,164	15,334,429	1.90	2,453	11,127	1,667,928
2001	260,258	3,733,205	14,513,188	1.87	3,182	11,229	1,775,178
2002	259,794	3,459,183	13,628,899	1.80	3,367	11,860	1,955,348
2003	271,802	3,522,401	15,016,131	1.91	9,441	12,933	2,271,131
2004	239,966	3,611,696	15,393,817	1.96	10,432	15,054	2,899,012
2005	261,037	3,928,773	15,847,429	2.00	12,103	17,039	3,908,054

Sources: "Arizona's Economy", U of A Business Research Program (EBR), College of Business & Public Administration, and Pima County Development Services Department. "MLS Month in Review" August 2005, Tucson Association of Realtors, Multiple Listing Service, Inc.

PIMA COUNTY  
ECONOMIC INDICATORS  
BY CALENDAR YEAR  
Last Ten Calendar Years  
(\$ Amounts in thousands)

Calendar Year	Aggregate Retail Sales	Construction Activity		Bank Deposits
		Construction Awards	No. of Dwelling Units Awarded	
1996	\$ 6,586,348	\$ 1,090,534	6,528	\$ 5,119,874
1997	6,937,227	1,016,559	5,355	5,584,239
1998	7,260,497	1,001,909	5,667	5,428,634
1999	7,807,773	1,041,542	8,806	5,475,232
2000	8,170,826	1,561,110	8,489	5,059,897
2001	8,632,021	1,536,760	7,694	5,812,485
2002	8,728,079	1,678,354	7,716	6,029,443
2003	8,804,946		8,015	6,642,554
2004	9,550,501		9,281	7,597,961
2005	10,366,181		12,640	8,136,152

Source: "Arizona's Economy", U of A Business Research Program (EBR)  
College of Business & Public Administration.

PIMA COUNTY  
POPULATION STATISTICS  
June 30, 2005

<u>Age Group</u>	<u>Population</u>
0-4	62,543
5-9	61,015
10-14	62,840
15-19	64,673
20-24	71,324
25-39	188,183
40-54	192,894
55-59	51,071
60-64	40,986
65-69	36,433
70-74	34,468
75+	<u>77,365</u>
Total	<u><u>943,795</u></u>

POPULATION PROJECTIONS

<u>Year</u>	<u>Projected Population</u>
2005	943,795
2010	1,031,623
2015	1,119,342
2020	1,206,244
2040	1,522,615
2050	1,671,182

Source: Arizona Department of Economic Security

PIMA COUNTY  
AVERAGE ANNUAL JAIL POPULATION  
Last Ten Calendar Years

<u>Calendar Year</u>	<u>Average Jail Population</u>
1995	1,036
1996	1,098
1997	1,229
1998	1,362
1999	1,339
2000	1,330
2001	1,481
2002	1,462
2003	1,539
2004	1,739

Source: Pima County Sheriff's Department

## STATISTICAL SECTION

### **OPERATING INFORMATION:**

The objectives of the operating information are 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  
EMPLOYEES BY FUNCTION  
Last Four Fiscal Years

<u>Function/Program</u>	Full-time employees (FTEs) as of 6/30:			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Governmental activities</b>				
General government	1,932	1,851	2,040	2,952
Public safety	1,965	1,986	1,902	1,434
Highways and streets	297	290	288	351
Health	386	407	413	408
Welfare	183	174	185	20
Culture and recreation	195	180	197	164
Education and economic opportunity	111	140	117	250
<b>Total governmental activities</b>	<b>5,069</b>	<b>5,028</b>	<b>5,142</b>	<b>5,579</b>
<b>Business-type activities</b>				
Wastewater management-liquid	443	506	481	449
Wastewater management-solid	43	43	42	42
Kino Hospital	669	607	548	0
Pima Health System & Services	470	511	162	631
Development Services	139	141	149	116
Parking Garages	3	3	3	3
<b>Total business-type activities</b>	<b>1,767</b>	<b>1,811</b>	<b>1,385</b>	<b>1,241</b>
<b>Total</b>	<b>6,836</b>	<b>6,839</b>	<b>6,527</b>	<b>6,820</b>

Note:

Internal service funds FTEs were added to the General Government function. Internal service fund employees contribute through their labors to Pima County funds.

Variances can be noted in the Governmental Activities categories due to a change in classification criteria. See the MD&A page 19 for more information on the change in classification.

Variances can also be noted in the Business Activities categories due to the closure of Kino Hospital which resulted in the absorption of some Kino employees into Pima Health System & Services.

PIMA COUNTY  
OPERATING INDICATORS BY PROGRAM  
Last Four Fiscal Years

	Fiscal Year			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Program:				
Sheriff				
Physical arrests	31,788	32,159	33,815	32,501
Traffic violations/citations				
Criminal				
Total	4,639	3,920	3,813	4,148
Civil				
Total	44,003	42,074	36,823	37,868
Total violations/citations	<u>48,642</u>	<u>45,994</u>	<u>40,636</u>	<u>42,016</u>
Wastewater				
Avg. daily sewage treated (MGD)	64.5	64.5	65.0	65.5
New connections	7,267	8,289	9,718	11,245
Cultural and Recreational				
Spring training	183,675	137,302	147,117	146,739
Sidewinders	159,099	167,552	165,387	165,441
Other events	10,325	7,443	0	5,267
Parks & Recreation				
Athletic field permits issued	97	101	107	129
Community center admissions	364,483	282,052	345,902	380,586
Volunteer hours	29,212	23,070	22,465	25,522
Library				
Volumes in collection	1,255,629	1,300,000	1,338,000	1,430,690
Total volumes borrowed	5,524,253	5,761,423	6,063,771	6,249,123
Number of cardholders	428,366	458,736	486,402	474,045
Capital Projects Completed				
Land	\$ 5,480,378	\$ 12,908,101	\$ 20,698,771	\$ 42,755,555
Buildings	6,788,274	9,356,754	18,609,343	42,916,920
Improvements	2,173,112	2,598,134	5,592,348	5,071,608
Infrastructure	7,072,258	72,540,294	67,890,856	7,476,315
	<u>\$ 21,514,022</u>	<u>\$ 97,403,283</u>	<u>\$ 112,791,318</u>	<u>\$ 98,220,398</u>

PIMA COUNTY  
CAPITAL ASSET & INFRASTRUCTURE BY PROGRAM  
Last Four Fiscal Years

	Fiscal Year			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Program:				
Sheriff				
Stations	6	6	6	6
Zone offices	5	5	5	5
Patrol Units	277	252	280	276
Transportation (streets and highways)				
Streets (miles)	1,744	1,750	1,773	1,782
Pothole repair	*	\$ 691,236	\$ 672,427	\$ 926,828
Flood Control				
Bank protection (miles)	136	138	138	138
Flood plain / drainageway (acres)	9,607	10,219	10,313	10,652
Parks & Recreation				
Natural resource parks (acres)	59,517	60,281	62,522	144,961
Urban parks (acres)	2,342	2,366	2,411	2,419
Playgrounds	28	30	32	34
Baseball/softball diamonds	60	64	67	68
Soccer/football fields	11	12	12	14
Community centers	8	8	9	9
Swimming pools	7	7	8	8
Wastewater				
Sanitary sewers (miles)	2,970	3,049	3,177	3,249
Treatment capacity (MGD)	72.66	74.76	74.76	81.50
Libraries				
County	11	12	12	12
City	12	12	12	12
Open Space Acquisitions				
Properties added	1	2	7	7
Acres	500	606	10,334	13,942
Cumulative acreage	6,831	7,437	17,771	31,713
Total properties	16	18	25	32

\* Amount unavailable

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