

REPORT HIGHLIGHTS
FINANCIAL STATEMENT AUDIT

Subject

Maricopa County issues a Comprehensive Annual Financial Report. The County is responsible for preparing financial statements, maintaining strong internal controls, and demonstrating accountability for its use of public monies. As the auditors, our job is to determine whether the County has met its responsibilities.

Our Conclusion

The information in the County's financial statements is fairly stated in all material respects and the financial statements can be relied on. The financial statements include data for the Maricopa County Stadium District. The District, which had over \$365 million in assets and \$66 million in long-term debt, was audited by a local public accounting firm. Our opinion is based, in part, on the work of those auditors.



2003

Year Ended June 30, 2003

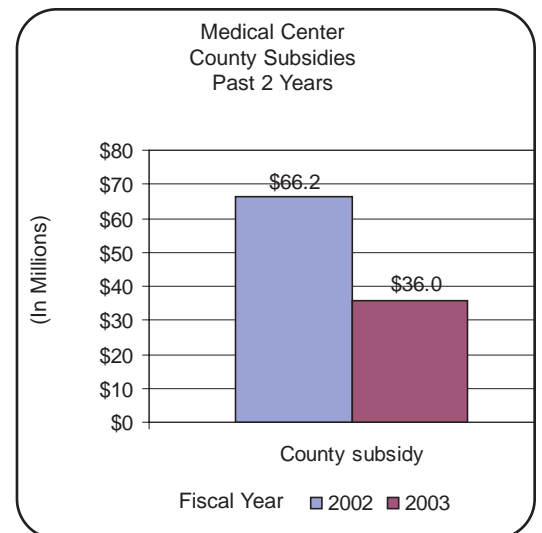
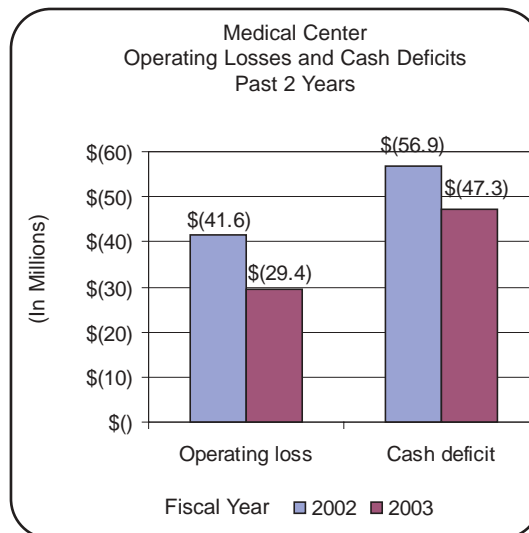
**Medical Center
Financial Condition
Improves**

The Medical Center's financial condition improved as evidenced by reductions in operating losses, cash deficits, and county subsidies, as shown in the figure below. The Medical Center has experienced operating losses over the past decade. However, the fiscal year 2003 operating loss is 29 percent less than the prior year. The reduced operating loss compared to last year primarily resulted from a 10 percent patient population growth and a 10 percent rate increase for patient services, home health, and attendant care.

The Medical Center has been operating with cash deficits over the past decade. However, the fiscal year 2003 cash deficit is 17 percent less than the prior year. For financial statement presentation, the cash deficit is displayed as amounts due to

other county funds to represent a temporary loan from the County General Fund.

The County has subsidized the Medical Center since fiscal year 1994 through the County General Fund and the Maricopa Integrated Health System (MIHS). The Medical Center is a component of the MIHS. Fiscal year 2003 county subsidies are 46 percent less than the prior year. During fiscal year 2003, the County authorized \$36.0 million in transfers to cover indigent healthcare costs, \$19.4 million of these subsidies originated from other MIHS funds and \$16.6 million were transferred directly from the County General Fund. Of the total, \$19.4 million was due to the Medical Center at fiscal year end. The County's fiscal year 2004 adopted budget includes \$31.7 million transfers into the Medical Center Fund.



The County Successfully Implemented a New Reporting Model

The information presented in the Maricopa County Comprehensive Annual Financial Report for the year ended June 30, 2002, followed the new reporting model specified by the Governmental Accounting Standards Board. This was the first year the County implemented the new reporting model.

The new reporting model's primary objective is to enhance the understandability and usefulness of government financial reports to

the citizenry, legislative and oversight bodies, and investors and creditors.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Maricopa County for its Comprehensive Annual Financial Report for the year ended June 30, 2002, as the County had successfully implemented the new reporting requirements.

Summary of the County's Government-wide Financial Data

The County's government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to private-sector businesses. These statements report the financial activities of the overall government, except for fiduciary activities.

The tables below present a summarized version of the County's government-wide Statement of

Net Assets and Statement of Activities reported in the current year Comprehensive Annual Financial Report.

The Statement of Net Assets presents information on all county assets and liabilities, with the difference between the two reported as net assets. The Statement of Activities presents information showing how net assets changed during the most recent fiscal year.

Statement of Net Assets
June 30, 2003

	Total Governmental and Business-type Activities
Current and other assets	\$ 1,018,842,854
Capital assets	<u>1,867,434,689</u>
Total assets	<u>2,886,277,543</u>
Current and other liabilities	224,706,685
Long-term liabilities	<u>330,836,983</u>
Total liabilities	<u>555,543,668</u>
Net assets	
Invested in capital assets, net of related debt	1,604,799,544
Restricted net assets	278,281,992
Unrestricted net assets	<u>447,652,339</u>
Total net assets	<u>\$ 2,330,733,875</u>

Statement of Activities
For the Year Ended June 30, 2003

	Total Governmental and Business-type Activities
Program revenues:	
Governmental activities	\$ 484,465,367
Business-type activities	767,824,314
General revenues:	
Governmental activities	949,684,972
Business-type activities	<u>2,594,524</u>
Total revenues	<u>2,204,569,177</u>
Expenses:	
Governmental activities	1,130,811,778
Business-type activities	<u>785,179,199</u>
Total expenses	<u>1,915,990,977</u>
Change in net assets	288,578,200
Net assets—beginning	<u>2,042,155,675</u>
Net assets—ending	<u>\$ 2,330,733,875</u>

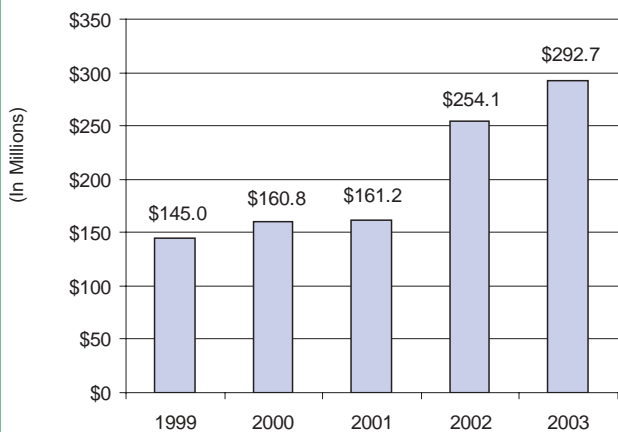
The County's General Fund Ending Balance Continues to Increase

The General Fund's fund balance, as reported on the County's fiscal year 2003 Comprehensive Annual Financial Report, was \$292.7 million at June 30, 2003, an increase of 15 percent from fiscal year 2002 and 102 percent from fiscal year 1999. This increase is shown in the figure below.

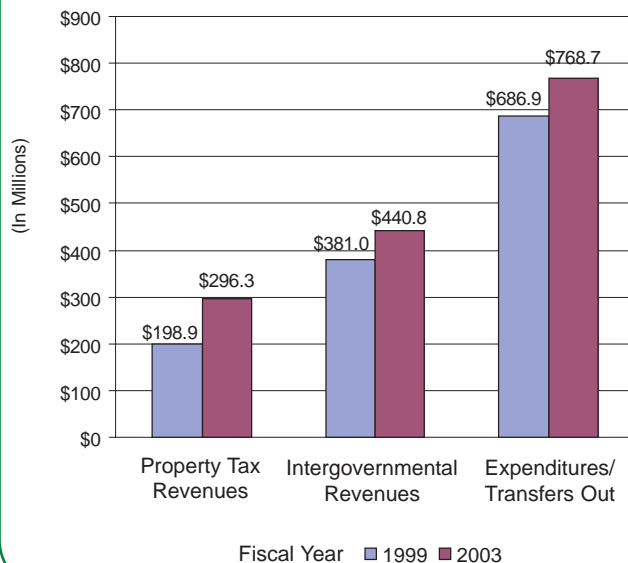
Property taxes and intergovernmental revenues, consisting of state-shared sales taxes and vehicle license taxes, representing more than 90 percent of General Fund revenues from fiscal years 1999 through 2003 have contributed to the increasing fund balance. Property tax revenues, as reported

for fiscal year 2003, increased 49 percent from fiscal year 1999, and intergovernmental revenues, as reported for fiscal year 2003, increased 16 percent from fiscal year 1999, as illustrated in the figure below. Therefore, General Fund revenues increased substantially when comparing fiscal years 2003 and 1999. However, General Fund expenditures including transfers out, as reported for fiscal year 2003, increased only 12 percent from fiscal year 1999. These factors were the primary reasons for the significant increase in the fund balance of the General Fund between fiscal years 1999 and 2003.

General Fund Ending Fund Balance Past 5 Years



General Fund Property Tax Revenues, Intergovernmental Revenues, and Expenditures/Transfers Out 1999 and 2003 Fiscal Years



The County Continues its Construction Plan

The County continues its construction activities. One way of measuring its activities is to analyze the County's construction in progress at June 30, 2003, totalling \$454.4 million. This amount consisted of jail facilities for adult and juvenile detention, transportation infrastructure, flood control infrastructure, Medical Center improvement projects, and various other projects, as shown in the figure below. Jail facilities construction accounted for 79 percent of

construction in progress and is funded by a one-fifth cent sales tax. Transportation infrastructure accounted for 10 percent of construction in progress and is funded by highway user revenue funds. Flood control infrastructure accounted for 7 percent of construction in progress and is funded by property taxes. The Medical Center and other projects accounted for 4 percent of construction in progress and are funded by lease revenue bonds proceeds and General Fund monies.

TO OBTAIN MORE INFORMATION

A copy of the full report can be obtained by calling the County at (602) 506-3561, or visiting the County Web site at: www.maricopa.gov



visit our Web site at: www.auditorgen.state.az.us

Contact person for this report is:
Dennis Levine
(602) 553-0333

Construction in Progress
As of June 30, 2003

