

REPORT HIGHLIGHTS
 SPECIAL REVIEW

Subject

This report provides an analysis of financial information relating to the 57 transportation projects included in Pima County's 1997 Transportation Bond Improvement Plan (Bond Ordinance). The Bond Ordinance became effective on November 4, 1997, when voters authorized Pima County to issue and sell \$350 million in transportation revenue bonds.

Our Conclusion

The County should develop procedures to ensure that project financial information reported in its *5-Year Plan* is complete and accurate. The County should ensure that the reported project costs and financing sources are the same as those that are included within the County's official accounting records. In addition, the County should ensure that the *5-Year Plan* contains the most up-to-date and complete cost estimates and indicates how the County expects to finance those estimated costs.



2003

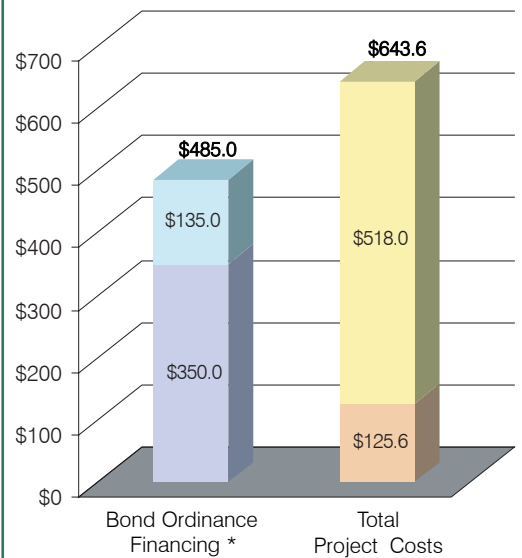
February 2003

Financial Information About the Projects

Pima County's 1997 Transportation Bond Improvement Plan (Bond Ordinance) included 57 projects and set forth estimated construction information for those projects. It showed how much of the \$350 million in authorized bond proceeds would be allocated to each project. The Bond Ordinance also indicated that certain projects would cost more than the allocated bond proceeds and identified other planned financing sources that totaled \$135 million.

As of September 2002, 8 projects were completed, 12 were under construction, 17 were being designed, and 20 others were pending further action. Actual project costs from July 1, 1997 through June 30, 2002 totaled \$125.6 million, and County estimates as of September 2002 indicate that it will cost \$518 million to complete the remaining 49 projects. These actual and estimated future costs total \$643.6 million, which is \$158.6 million more than the estimated financing included in the Bond Ordinance. The estimated future costs include \$138.1 million for 6 projects that are contingent on the County's obtaining City of Tucson financing.

Bond Ordinance Financing Plan and Estimated Total Project Costs As of September 2002 (In Millions)



- Other financing sources
- Bond proceeds
- County estimates of future costs as of 9/02
- Actual costs from 7/1/97 through 6/30/02

* The Bond Ordinance stated that some of the project costs would be financed by amounts to be specified in intergovernmental agreements.

Source: Auditor General staff analysis of CIP's *5-Year Plan*, prepared on 9/9/02, the Bond Ordinance, the County's Financial Management System, contracts, and vendor invoices.

Actual Project Costs Summarized by Project Status

TO OBTAIN
MORE INFORMATION

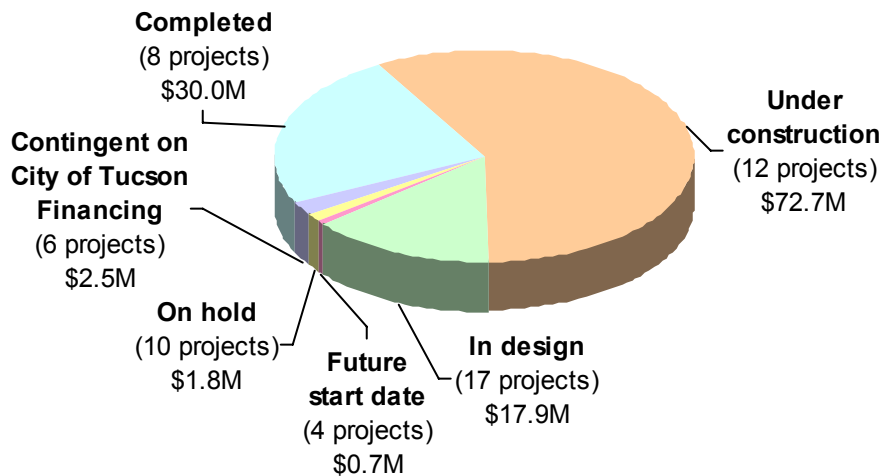
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Actual Project Costs From July 1, 1997 through June 30, 2002 Totalling \$125.6 Million



Source: Auditor General staff analysis of the County's Financial Management System.

County's 5-Year Plan Financial Information Is Sometimes Incomplete and Inaccurate

The County's CIP was created after the Bond Ordinance went into effect to serve as a centralized unit to accumulate and report project information in the County's 5-Year Plan. However, the 5-Year Plan is sometimes incomplete and inaccurate because reported actual costs and their financing sources and amounts do not always reflect what is recorded in the County's official accounting records.

Also, the 5-Year Plan's actual costs do not always include all project costs from some projects' inceptions or clearly indicate the time period included. In addition, future costs reported on the 5-Year Plan do not always include all expected costs and the most current and probable estimates. Consequently, the necessary future financing sources are not always included.

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