

2006

Comprehensive Annual Financial Report

PIMA COUNTY ARIZONA

For the Fiscal Year Ended June 30, 2006

**PIMA COUNTY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2006**

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COUNTY ADMINISTRATOR

C. H. Huckelberry

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PIMA COUNTY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2006

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PIMA COUNTY
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2006

INTRODUCTORY SECTION

Letter of Transmittal

Certificate of Achievement for Excellence in Financial Reporting

Organizational Chart

FINANCIAL SECTION

STATISTICAL SECTION

INTRODUCTORY SECTION

The purpose of the Introductory Section in a comprehensive annual financial report (CAFR) is to familiarize readers with the organizational structure of the government, the nature and scope of the services it provides and the specifics of its legal operating environment.



COUNTY ADMINISTRATOR'S OFFICE

PIMA COUNTY GOVERNMENTAL CENTER
130 W. CONGRESS, TUCSON, AZ 85701-1317
(520) 740-8661 FAX (520) 740-8171

C. H. HUCKELBERRY
County Administrator

December 1, 2006

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 and Risk Management Department, for the fiscal year ended June 30, 2006. 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, notes to the statements, and required supplementary information necessary to fairly present the financial position and results of operations of the County in conformity with generally accepted accounting principles. This section also includes supporting statements and schedules necessary to produce a CAFR.

- The ***STATISTICAL*** section, which contains comprehensive statistical data on the County's financial, physical, economic and demographic characteristics. The County early implemented the reporting requirements of GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section* in fiscal year 2004-05.

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, Solid Waste, 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

Although the housing market is beginning to slow, the local real estate market experienced 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 2006 issue of *Arizona's Economy*, and the Third Quarter 2006 issue of *Economic Outlook*, publications of the University of Arizona's Economic & Business Research Program, Pima County's population increased 3.1% to 987,300 persons for the year ended June 30, 2006. Over the same period, per capita income rose 4.9% to \$29,061. The County's population is expected to steadily increase over the next few years at a rate of about 2.5%.

For the Tucson metropolitan area, non-farm payrolls are expected to increase 2.3% to 393,100 jobs during 2007. For all of 2007, per-capita wage income is forecast to rise 4.1% to \$30,243 and aggregate retail sales are forecast to rise 3.6% to \$12.46 billion. The number of residential permits is forecast to decline 7.3% to 9,278, signaling a slow-down in the housing sector.

The property tax base will grow due to an increase in residential construction. The increase of per parcel values will slow from recent high rates, but will remain positive because of continued demand. The numbers of residential parcels are increasing due to population growth. Commercial construction will increase to accommodate the rising population and employment growth.

Since fiscal year 2001-02 revenues from State Shared Sales Tax (SSST) have increased. During fiscal year 2005-06, they grew by 10%. 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, which had been declining since fiscal year 2001-02, improved in fiscal year 2005-06. Vehicle License Tax (VLT) revenues increased 9.6% over fiscal year 2004-05. The rate of growth for VLT revenue is expected to continue to increase 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, 2006 include:

Capital Improvement Program

General Obligation and Street and Highway Revenue bonds continue to fund a significant portion of the Capital Improvement Program. A bond sale is planned for January 2007, with approximately \$100 million of general obligation bonds, \$25 million of Street and Highway Revenue bonds and \$50 million of Sewer Revenue bonds to be 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 the final 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. \$13.3 million of infrastructure assets have been added to the County capital assets, comprised of roadway bridge and culvert structures.

The implementation process of SPL/Synergen, a comprehensive asset management system, continued throughout the year. All County departments are expected to be using the system in fiscal year 2006-07. 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 interfaces 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, 2005 included several reportable conditions. The reportable conditions cited inadequate policies and procedures over the federal programs of High Intensity Drug Trafficking Areas (HIDTA), the State and Local Domestic Preparedness Equipment Support Program (SLDPESP) and the Highway Planning and Construction.

Specifically, the first reportable condition for HIDTA pertained to the minimizing of the time elapsed between the receipt of 2005 HIDTA monies and their disbursement and the remittance of the interest earned during that time period back to the federal agency. Secondly, the June 30, 2005 Financial Status Report to HIDTA inappropriately included a July 2005 subrecipient advance. For SLDPESP the reportable conditions pertained to 2005 quarterly Financial Status Reports which were not submitted or had inadequate support for the amounts submitted and the failure to obtain or monitor required audit reports for the program's sub recipients. The HPC reportable condition pertained to the accuracy of the 2005 reimbursement requests for the Veteran's Memorial Overpass construction project. The County has submitted a corrective plan of action and the reportable conditions are no longer in effect as of fiscal year 2005-06.

The Single Audit for Pima County for the fiscal year ended June 30, 2006 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 2005, 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 for fiscal year ending June 30, 2006. 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 seventh 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 and Risk Management 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 and Risk Management

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, 2005

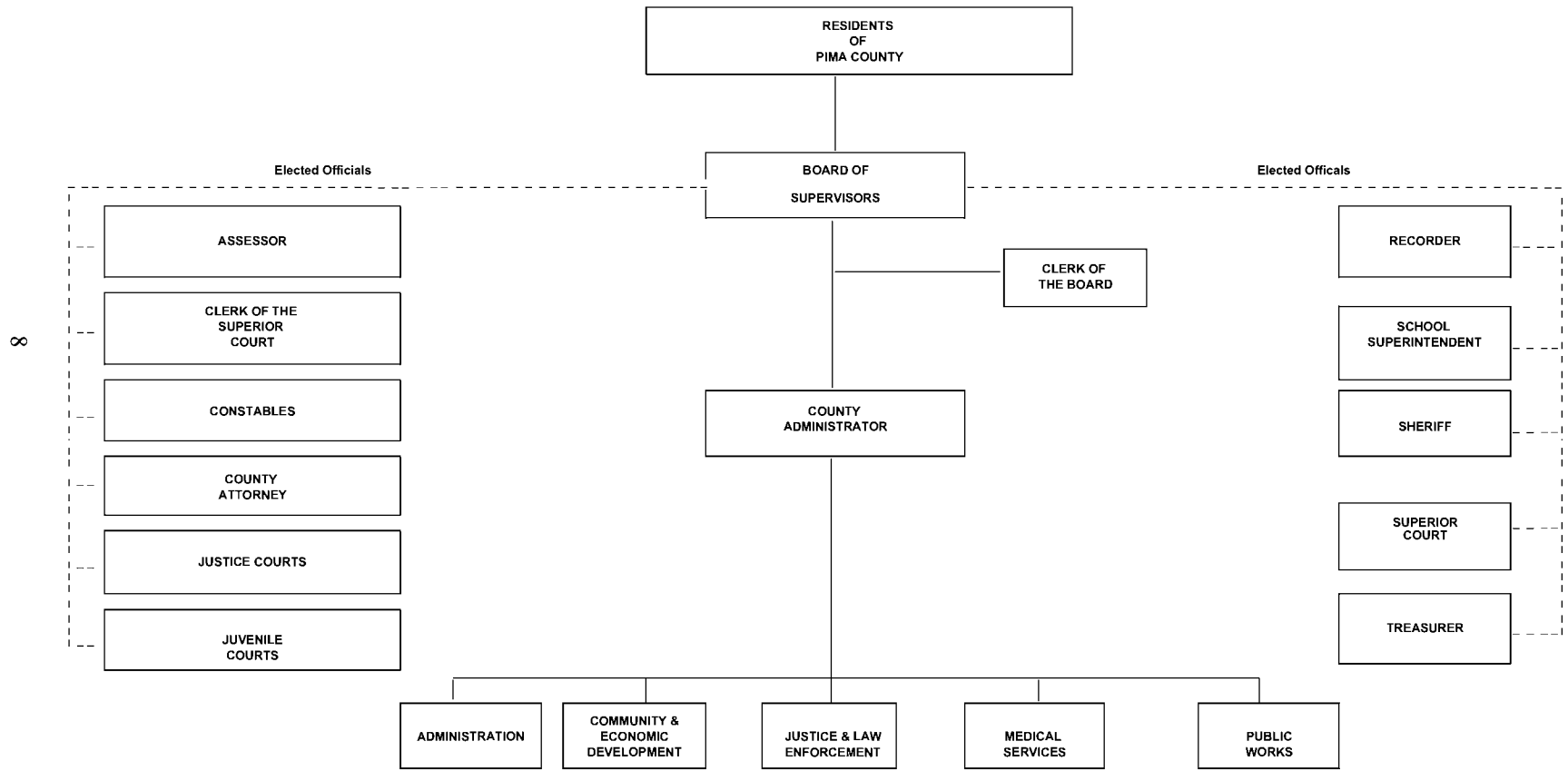
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

PIMA COUNTY ORGANIZATIONAL CHART



PIMA COUNTY
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2006

INTRODUCTORY SECTION

FINANCIAL SECTION

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information Other than Management's Discussion and Analysis

Combining Statements and Other Schedules

STATISTICAL SECTION

FINANCIAL SECTION

The Financial Section contains government-wide, combined, combining, and individual fund financial statements and schedules, which present a financial “overview” of Pima County.



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, 2006, 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, two major funds, and a 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	0.09%	0.08%	0.42%	0.29%
Self-Insurance Trust	2.75%	6.77%	0.29%	0.70%
Business-type Activities:				
Wastewater Management	91.89%	86.15%	30.42%	23.10%
Pima Health System & Services	4.36%	12.47%	64.74%	72.18%
Development Services	2.50%	1.23%	4.46%	4.04%
Self-Insurance Trust	0.00%	0.00%	0.00%	0.29%
Component Unit—Southwestern Fair Commission	100.00%	100.00%	100.00%	100.00%
<u>Fund Statements</u>				
Major Funds:				
Wastewater Management	100.00%	100.00%	100.00%	100.00%
Pima Health System & Services	100.00%	100.00%	100.00%	100.00%
Aggregate Remaining Fund Information:				
Stadium District	0.28%	0.35%	1.23%	0.74%
Development Services	3.85%	1.86%	7.39%	5.68%
Self-Insurance Trust	8.83%	30.60%	6.84%	7.95%

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 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, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 2, the County retroactively reported infrastructure assets not previously capitalized as part of the phased implementation requirements 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 27, the Budgetary Comparison Schedules on pages 71 through 73, and the Schedule of Agent Retirement Plans' Funding Progress on page 74 are not required parts 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 required parts 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 the audit of the basic financial statements and, accordingly, we express no opinion on them.

In connection with our audit, except for the instances of noncompliance that will be reported in the County's Single Audit Reporting Package that will be issued at a future date, nothing came to our attention that caused us to believe that the County failed to use highway user revenue fund monies received by the County pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2 and any other dedicated state transportation revenues received by the County solely for the authorized transportation purposes. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

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.

Auditor General

December 1, 2006

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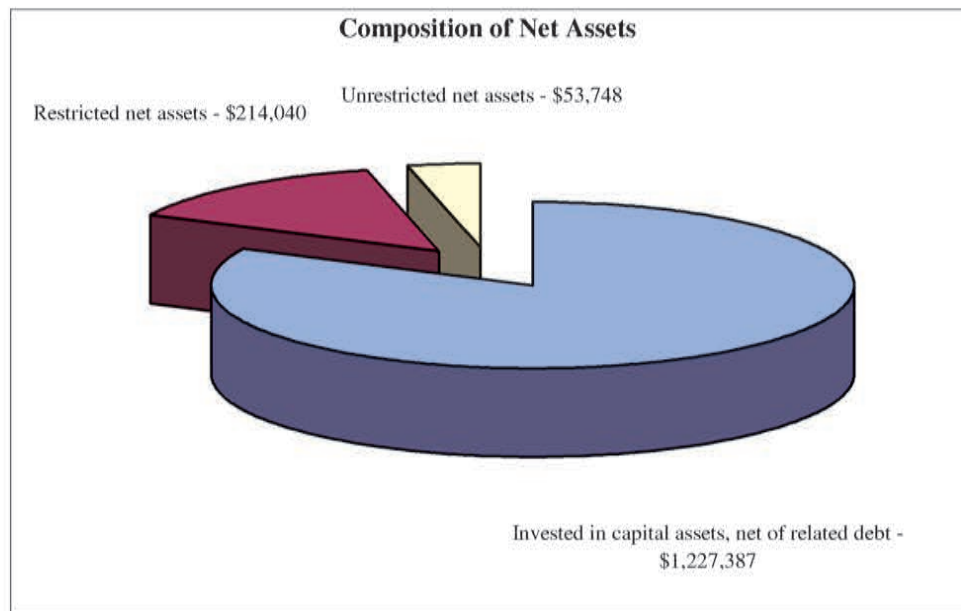
Management's Discussion and Analysis

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, 2006, 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, 2006, the County's combined assets exceeded combined liabilities (*net assets*) by \$1,495,175, an increase of 9.1% from the prior year. Of this amount, \$53,748 is available for general government expenditures (*unrestricted net assets*), \$214,040 is restricted for specific purposes (*restricted net assets*), and \$1,227,387 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 decreased \$38,009 to \$213,998, with \$196,018 of this amount available for expenditure. The amount available for expenditure is comprised of \$46,423 for the General fund, \$15,685 for the Transportation fund, \$84,472 for the Capital Projects fund and \$49,438 for the County's other governmental funds.
- The General fund unreserved fund balance increased \$13,252 from the previous year to \$46,423. This balance represents approximately 11.5% of the County's General fund expenditures and 6.1% of total governmental funds expenditures.
- The Solid Waste fund, formally a division of Wastewater Management Enterprise Fund, has been reclassified as a special revenue fund.

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 (4) 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, sanitation, 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 reports the Southwestern Fair Commission, which operates the County Fairgrounds and the annual Pima County Fair, as a discretely presented component unit.

The government-wide financial statements can be found on pages 29-31 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 fifteen 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, Transportation and Capital Projects funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The governmental fund financial statements can be found on pages 32-35 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, printing and graphic services and telecommunications. 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 36-39 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 40-41 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 42-69 of this report.

Required Supplementary Information (RSI) is presented concerning the County's General and Transportation Special Revenue funds' budgetary schedules and the schedule of retirement plans' funding progress. Required supplementary information can be found on pages 71-74 of this report.

Combining Statements and Other 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 76-106 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. County assets exceeded liabilities by \$1,495,175 at June 30, 2006. The following table shows condensed information for the Statement of Net Assets:

Table 1
Statement of Net Assets
At June 30, 2006

	Governmental Activities		Business-type Activities		Total	
	Fiscal Year		Fiscal Year		Fiscal Year	
	2005-2006	2004-2005*	2005-2006	2004-2005	2005-2006	2004-2005*
Current and other assets	\$ 342,194	\$ 372,920	\$ 114,925	\$ 96,000	\$ 457,119	\$ 468,920
Capital assets:						
Land, buildings, equipment, infrastructure & other	1,146,334	1,072,091	597,365	596,538	1,743,699	1,668,629
Total assets	<u>1,488,528</u>	<u>1,445,011</u>	<u>712,290</u>	<u>692,538</u>	<u>2,200,818</u>	<u>2,137,549</u>
Current and other liabilities	83,175	79,660	40,048	43,514	123,223	123,174
Long-term liabilities	446,000	469,861	136,420	160,275	582,420	630,136
Total liabilities	<u>529,175</u>	<u>549,521</u>	<u>176,468</u>	<u>203,789</u>	<u>705,643</u>	<u>753,310</u>
Net assets :						
Invested in capital assets, net of related debt	761,130	754,742	466,257	457,600	1,227,387	1,212,342
Restricted	159,759	107,297	54,281	10,298	214,040	117,595
Unrestricted (deficit)	38,464	33,451	15,284	20,851	53,748	54,302
Total net assets	<u>\$ 959,353</u>	<u>\$ 895,490</u>	<u>\$ 535,822</u>	<u>\$ 488,749</u>	<u>\$ 1,495,175</u>	<u>\$ 1,384,239</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 and equipment), less any related outstanding debt used to acquire those assets. As of June 30, 2006, investment in capital assets totaled \$1,227,387, comprising approximately 82.1% 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 \$15,045 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, 2006, restricted net assets totaled \$214,040 and comprised approximately 14.3% of total net assets. This represents a \$96,445 increase in restricted net assets from the \$117,595 balance of fiscal year 2004-05.

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, 2006, unrestricted net assets totaled \$53,748 and comprised approximately 3.6% of total net assets.

Governmental activities

Governmental activities contributed \$63,863, or 57.6% of the County's \$110,936 increase, in total net assets during fiscal year 2005-06. 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, 2006 and 2005

	Fiscal Year		Variance	
	2005-2006	2004-2005	Amount	Percent
Program revenues:				
Charges for services	\$ 72,121	\$ 61,882	\$ 10,239	16.5%
Operating grants and contributions	133,113	125,121	7,992	6.4%
Capital grants and contributions	12,188	23,663	(11,475)	-48.5%
Total program revenues	217,422	210,666	6,756	3.2%
General revenues:				
Property taxes	316,170	294,643	21,527	7.3%
State-shared taxes	129,052	115,140	13,912	12.1%
Investment earnings	12,942	6,140	6,802	110.8%
Other general revenues	35,720	35,422	298	0.8%
Total general revenues	493,884	451,345	42,539	9.4%
Total revenues	711,306	662,011	49,295	7.4%
Expenses:				
General government	208,293	194,873	13,420	6.9%
Public safety	132,583	118,412	14,171	12.0%
Highways and streets	70,392	65,414	4,978	7.6%
Sanitation	7,258		7,258	100.0%
Health	32,043	31,798	245	0.8%
Welfare	103,085	96,199	6,886	7.2%
Culture and recreation	34,510	29,663	4,847	16.3%
Education and economic opportunity	39,517	39,714	(197)	-0.5%
Unallocated depreciation and amortization	165	1,010	(845)	-83.7%
Interest on long-term debt	19,463	16,152	3,311	20.5%
Total expenses	647,309	593,235	54,074	9.1%
Excess before transfers	63,997	68,776	(4,779)	-6.9%
Transfers in (out)	(134)	1,935	(2,069)	-106.9%
Change in net assets	\$ 63,863	\$ 70,711	\$ (6,848)	-9.7%

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

- Program revenues increased \$6,756, reflecting increases by Charges for services and Operating grants & contributions of \$18,231 and a decrease of \$11,475 in Capital grants & contributions.
 - Revenue from Charges for services increased by \$10,239 primarily due to the reclassification of Solid Waste from a business-type activity under Wastewater Management to a governmental fund. This accounted for 44.3% of the increase, or \$4,531. There was also a 13.8% increase, or \$3,152, within the functional class general government that was primarily due to a reclassification of Internal Service fund revenues of \$2,709 from general miscellaneous revenues to charges for services.
 - Revenue from Operating grants and contributions increased by \$7,992 due primarily to an increase of \$5,666 in the function class general government. The County received \$2,100 in federal revenue from the Help America Vote Act (HAVA) grant to purchase touch screen voting equipment, and a \$1,575 increase in federal revenue for the County Law Enforcement Antiracketeering grant. In addition, there was a \$3,058 increase for HURF revenue in the functional class highways and streets.
 - Revenue from Capital grants & contributions decreased by \$11,475 due primarily to a \$14,089 decline in governmental funding for County capital projects. There was a \$9,016 and \$484 decrease in federal and state funding, respectively, for the Veterans Memorial Overpass project and a \$2,685 decline in state funding for the La Cholla Boulevard project. There was also a \$2,110 decline in federal funding for the Wetmore/Ruthrauff intersection project. These projects were completed during the fiscal year.
- General revenues increased by \$42,539, 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 \$21,527. Sales tax revenue increased \$11,648, or 12.7%, due to growth in retail sales.
- Investment earnings continue to improve as interest rates rose for a second consecutive fiscal year. During the majority of the fiscal year, the County invested a majority of its funds in the State Treasurer's Local Government Investment Pool. The average interest rate for the pool was 2.34% for fiscal year 2004-05 and 3.94% for fiscal year 2005-06.
- Total expenses for governmental activities increased by \$54,074 due to the following:
 - An increase of \$22,201 in personnel costs, primarily attributable to salary adjustments of 4.2% for County employees and a one step increase for Sheriff's deputies and sergeants. Additionally, increases in the County's required contribution to the Public Safety Retirement system for Sheriff's deputies generated increases in personnel costs. This increase is predominately reflected in the public safety category.
 - The Solid Waste fund was reclassified into the Governmental activities resulting in an increase of \$7,258 in expenses for the sanitation function.
 - The increase in expenditures for welfare was due to a state-mandated increase of \$360 in the monthly contribution to the Arizona Long-Term Care system (ALTCs), an increase of \$3,925 for health care services to both the adult and juvenile detention centers and an increase of \$1,128 for psychiatric services.

- The addition of bridge structures to infrastructure resulted in \$1,244 for depreciation expense. This addition is reflected in the highway and streets functional expense.

Business-type activities

Business-type activities contributed \$47,073, or 42.4%, of the County's increase of \$110,936 in total net assets during the year ended June 30, 2006. 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, 2006 and 2005

	Fiscal Year		Variance	
	2005-2006	2004-2005	Amount	Percent
Program revenues:				
Charges for services	\$ 376,874	\$ 353,548	\$ 23,326	6.6%
Operating grants and contributions	4,997	4,238	759	17.9%
Capital grants and contributions	449		449	100.0%
Total program revenues	382,320	357,786	24,534	6.9%
General revenues:				
Capital contributions	14,607	20,722	(6,115)	-29.5%
Investment earnings	3,849	1,609	2,240	139.2%
Other general revenues	1,348	4,028	(2,680)	-66.5%
Total general revenues	19,804	26,359	(6,555)	-24.9%
Total revenues	402,124	384,145	17,979	4.7%
Expenses:				
Wastewater Management	82,701	76,079	6,622	8.7%
Pima Health System & Services	256,583	249,809	6,774	2.7%
Development Services	14,422	10,857	3,565	32.8%
Parking Garages	1,479	1,494	(15)	-1.0%
Total expenses	355,185	338,239	16,946	5.0%
Excess before transfers	46,939	45,906	1,033	2.3%
Transfers in (out)	134	(1,935)	2,069	-106.9%
Change in net assets	\$ 47,073	\$ 43,971	\$ 3,102	7.1%

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

- Charges for services increased by \$23,326, primarily as a result of:
 - Wastewater Management increased sewer utility service and connection fees, resulting in an increase of \$12,122 in charges for services.
 - An increase of \$8,816 within Pima Health System & Services primarily due to an increase of \$8,117 in the Arizona Long Term Care System (ALTCS) and an increase of

\$5,752 in the Arizona Health Care Cost Containment System (AHCCCS) programs, a result of rate increases. This was offset by a loss in revenue from reinsurance claims.

- An increase of \$2,410 in license and permit revenue for Development Services due to an increase in construction activity in FY 2005-06.
- Operating grants and contributions increased by \$759 due primarily to Pima Health System & Services. During FY 2005-06, there was an increase in carry-over dollars from Pima Council on Aging that drove this increase. "Carry-over dollars" are Title III funds. When these funds are not fully expended in the prior fiscal year, then the State reallocates and distributes the money across various regions in the state in the following fiscal year.
- Expenses increased by \$16,946, due to the following changes:
 - An increase of \$6,774 in Pima Health System & Services due primarily to increases of \$2,351 for employee compensation the result of salary adjustments of 4.2% for County employees and \$3,408 for medical claims due to a rate increase.
 - An increase of \$6,622 in Wastewater Management due primarily to increases of \$2,071 in consultants and professional services and \$2,308 in depreciation expenses.
 - An increase of \$3,565 in Development Services due primarily to an increase of \$2,079 in employee compensation the result of salary adjustments of 4.2% for County employees.

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, 2006, the County's governmental funds reported combined fund balances of \$213,998, a decrease of \$38,009 from the prior year. Approximately 91.6% of the combined fund balances, or \$196,018, constitutes unreserved and undesignated fund balance, which is available to meet the County's current and future needs. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has been committed to the following:

- \$6,784 to pay debt service
- \$5,769 to reflect inventories and prepaid amounts
- \$2,648 for specified programs
- \$1,660 to reflect a loan receivable

- \$1,044 designated for Mt. Lemmon flood mitigation
- \$75 for capital repairs and refurbishments

The General Fund is the chief operating fund of the County. At June 30, 2006, unreserved fund balance of the general fund was \$46,423 while total fund balance reached \$51,575. 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 11.5% of total General fund expenditures, while total fund balance represents 12.8% of that same amount.

Revenues for governmental functions totaled approximately \$714,340 in fiscal year 2005-06, which represents an increase of \$47,923 (7.2%) 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					
	2005-2006		2004-2005		Variance	
	Amount	Percent	Amount	Percent	Amount	Percent
Revenues by source:						
Taxes	\$ 321,474	45.0%	\$ 300,972	45.2%	\$ 20,502	6.8%
Special assessments	215	0.0%	244	0.0%	(29)	-11.9%
Licenses and permits	7,452	1.0%	7,265	1.1%	187	2.6%
Intergovernmental	291,059	40.8%	278,414	41.8%	12,645	4.5%
Charges for services	63,582	8.9%	53,568	8.0%	10,014	18.7%
Fines and forfeits	6,014	0.8%	5,967	0.9%	47	0.8%
Interest	11,382	1.6%	5,181	0.8%	6,201	119.7%
Miscellaneous	13,165	1.9%	14,806	2.2%	(1,641)	-11.1%
Total revenues	<u>\$ 714,343</u>	<u>100.0%</u>	<u>\$ 666,417</u>	<u>100.0%</u>	<u>\$ 47,926</u>	<u>7.2%</u>

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

- Taxes Revenues from property taxes increased \$20,502. 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.
- Intergovernmental The \$12,645 increase in intergovernmental revenue was due primarily to a \$12,335 increase in state shared sales tax revenue, the result of increased construction and retail sales and population growth.
- Charges for services The \$10,014 increase in charges for services revenues is due primarily to the reclassification of Solid Waste to a governmental fund and an increase in overhead allocation.
- Interest As previously mentioned, during the majority of the fiscal year the County invested a majority of its funds in the State Treasurer's Local Government Investment Pool. Interest rates

increased in fiscal year 2005-06 to 3.94% from 2.34% 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 2005-2006		2004-2005		Variance	
	Amount	Percent	Amount	Percent	Amount	Percent
General government	\$ 203,881	26.8%	\$ 193,308	27.0%	\$ 10,573	5.5%
Public safety	121,229	15.9%	109,798	15.3%	11,431	10.4%
Highways and streets	39,394	5.2%	38,363	5.4%	1,031	2.7%
Sanitation	6,271	0.8%			6,271	100.0%
Health	30,038	3.9%	30,802	4.3%	(764)	-2.5%
Welfare	103,034	13.5%	96,996	13.5%	6,038	6.2%
Culture and recreation	28,561	3.8%	23,172	3.2%	5,389	23.3%
Education and economic opportunity	37,918	5.0%	38,098	5.3%	(180)	-0.5%
Capital outlay	121,007	15.9%	127,632	17.8%	(6,625)	-5.2%
<u>Debt service:</u>						
- Principal	50,547	6.6%	42,891	6.0%	7,656	17.9%
- Interest	19,448	2.6%	16,127	2.2%	3,321	20.6%
- Miscellaneous	15	0.0%	25	0.0%	(10)	-40.0%
Total expenditures	<u>\$ 761,343</u>	<u>100.0%</u>	<u>\$ 717,212</u>	<u>100.0%</u>	<u>\$ 44,131</u>	<u>6.2%</u>

Total expenditures in governmental funds increased during fiscal year 2005-06 by \$44,131.

- The \$11,431 increase in public safety expenditures was due primarily to an increase in personnel costs. The County Sheriff's deputies and sergeants received a one step salary adjustment. In addition, corrections officer staffing numbers were increased.
- The \$7,656 increase in debt service principal payments was the result of the addition of the 2005 general obligation and street and highways bonds to the payment schedule.
- The \$10,573 increase in general government expenditures was due primarily to the increase in the County's administration overhead. In addition, personnel costs increased due to salary adjustments of 4.2% for County employees.
- The \$6,271 in sanitation expenditures resulted from the transfer of the Solid Waste fund into a governmental fund from the Wastewater Management Enterprise Fund.

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 \$17,481 and actual expenditures were less than budgeted expenditures by \$1,236. 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, 2006 and 2005

	Fiscal Year		Variance	
	2005-2006	2004-2005	Amount	Percent
Operating revenues:				
Net patient services	\$ 252,034	\$ 243,032	\$ 9,002	3.7%
Charges for services	82,162	73,372	8,790	12.0%
Other	1,348	2,943	(1,595)	-54.2%
Total net operating revenues	335,544	319,347	16,197	5.1%
Operating expenses:				
Employee compensation	73,452	68,266	5,186	7.6%
Medical claims	205,951	202,543	3,408	1.7%
Operating supplies & services	9,105	7,146	1,959	27.4%
Utilities	6,007	4,470	1,537	34.4%
Sludge and refuse disposal	1,298	2,456	(1,158)	-47.2%
Repair and maintenance	5,184	4,463	721	16.2%
General and administrative	14,328	13,602	726	5.3%
Consultants and professional services	8,018	5,679	2,339	41.2%
Depreciation and amortization	21,092	18,783	2,309	12.3%
Total operating expenses	344,435	327,408	17,027	5.2%
Operating loss	(8,891)	(8,061)	(830)	10.3%
Nonoperating revenues (expenses):				
Intergovernmental revenue	5,904	4,397	1,507	34.3%
Shared state tax revenue		1,163	(1,163)	-100.0%
Interest income	3,849	1,609	2,240	139.2%
Sewer connection fees	42,220	36,907	5,313	14.4%
Interest expense	(4,720)	(4,294)	(426)	9.9%
Loss on disposal of capital assets	(22)	(577)	555	-96.2%
Amortization of deferred charges	(97)	(97)		0.0%
Premium tax	(4,949)	(4,792)	(157)	3.3%
Total nonoperating revenues	42,185	34,316	7,869	22.9%
Income (loss) before contributions and transfers	33,294	26,255	7,039	26.8%
Capital contributions	14,607	21,926	(7,319)	-33.4%
Transfers in	156		156	100.0%
Transfers (out)	(22)	(3,139)	3,117	-99.3%
Change in net assets	\$ 48,035	\$ 45,042	\$ 2,993	6.6%

Key activity within the enterprise funds for fiscal year 2005-06 include the following:

- While net operating revenues for the County's Enterprise Funds increased \$16,197, operating expenses increased \$17,027, resulting in an operating loss of \$8,891, or a decline of \$830 from the prior year. The operating loss was due to Wastewater Management, which reported a loss of \$15,044, as compared to the operating income reported by Pima Health System and Services of \$3,076, Development Services of \$3,050 and Parking Garages of \$27.
- Net patient services revenues increased by \$9,002 from fiscal year 2004-05. This is attributable to increased membership enrollment for Pima Health System and Services, which generated increases in capitation revenues.
- Charges for services revenues increased by \$8,790 as compared to the prior year. Wastewater Management reported an increase of \$6,587 due to an increase in sewer utility service fee revenue. Development Services reported an increase of \$2,410 due to an increase in permit revenue, as a result of an increase in construction activity.
- Employee compensation expenses increased by \$5,186 from fiscal year 2004-05, due to an increase of \$2,351 for Pima Health System and Services and an increase of \$2,079 for Development Services. Both increases were primarily due to the Board of Supervisor's approved salary rate increases and position reclassifications.
- Medical claims expense continued to increase this year as a result of higher enrollment for Pima Health System and Services during the fiscal year. An increase in doctor fees is also responsible for a portion of the rise in medical claims expenditures.
- Sewer connection fees charged by Wastewater Management increased by \$5,313 due to increased connection fee rates.

Capital Assets and Debt Administration

Capital Assets

The County's capital assets increased as a result of retroactively reporting the County's general governmental infrastructure bridge assets. GASB Statement No.34 allowed for a phase-in period for retroactively reporting infrastructure. GASB 34 required this to be completed in Fiscal Year 2006. The implementation of this accounting pronouncement has resulted in a restatement of beginning net assets of \$13,289. Additional information regarding the County's restatement of beginning net assets can be found in Note 2 of the financial statements on page 47 of this report.

The County's investment in capital for its governmental and business-type activities as of June 30, 2006 amounted to \$1,743,699 (net of accumulated depreciation), an increase of 4.5%. Of the \$75,070 increase in net capital assets, \$74,243 (98.9%) came from governmental activities and \$827 (1.1%) 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 \$14,993 due primarily to the following acquisitions for governmental activities: \$2,017 for the Justice Court complex property, \$1,806 for the Canoa Ranch property, \$1,084 for the Tortolita Mountain Park property, \$1,795 for the Tucson Mountain Park property, \$1,073 for the Rillito Race Track property, \$3,001 for land acquisition related to flood control projects and \$3,698 that represented Solid Waste assets transferred from Wastewater Management.

- Buildings and improvements increased by \$53,655 due primarily to the expansion and upgrade of the Ina Road Treatment Facility for \$62,010.
- Infrastructure increased by \$49,726 due primarily to the capitalization of \$23,610 for the Veteran's Memorial Overpass project, \$18,727 for the Wetmore/Ruthrauff Intersection project, \$12,681 for the La Cholla Boulevard: River Road to Omar Road project and \$7,809 for the Catalina Highway: Tanque Verde to Houghton Road project.

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

	Governmental Activities		Business-type Activities		Total	
	Fiscal Year		Fiscal Year		Fiscal Year	
	2005-2006	2004-2005*	2005-2006	2004-2005	2005-2006	2004-2005*
Land	\$ 222,954	\$ 202,408	\$ 8,706	\$ 14,259	\$ 231,660	\$ 216,667
Construction in progress	115,305	117,118	14,842	63,325	130,147	180,443
Buildings and improvements	271,771	268,996	239,799	188,919	511,570	457,915
Sewage conveyance system			327,335	322,145	327,335	322,145
Equipment	38,634	35,625	6,683	7,890	45,317	43,515
Infrastructure	497,670	447,944			497,670	447,944
Total	<u>\$ 1,146,334</u>	<u>\$ 1,072,091</u>	<u>\$ 597,365</u>	<u>\$ 596,538</u>	<u>\$ 1,743,699</u>	<u>\$ 1,668,629</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 51-53 of this report.

Long-term Debt

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

Table 8
Long-Term Debt
Governmental Funds

	Fiscal Year	
	2005-2006	2004-2005
Bonds issued (at face value):		
General obligation		\$ 65,000
Street and highway revenue		51,200
Loans	\$ 4,836	
Capital leases	231	
Total	<u>\$ 5,067</u>	<u>\$ 116,200</u>

During the fiscal year, the Transportation Department received \$4,836 in loan proceeds for the Alvernon Way road project from the state's Highway Expansion and Extension Loan Program (HELP). As of June 30, 2006, \$1,511 of this amount remained unspent. On May 16, 2006, Pima County voters approved \$54,000 in general obligation bonds for psychiatric facilities.

In the prior year, the county received \$65,000 in proceeds from the sale of general obligation bonds and \$51,200 from the sale of transportation revenue bonds. As of June 30, 2006, \$4,186 of proceeds from general obligation bonds and \$9,168 from transportation revenue bonds were unspent. The majority of the general obligation bonds were spent on public health and community facilities, parks and recreational facilities and the Sonoran Desert open space and habitat protection plan, while proceeds from transportation revenue bonds 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 \$907,643, 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 2006-07 has expenditures for the General Fund increasing by approximately \$35.5 million primarily due to the following:

- \$8.2 million of expenditure authority in the Budget Stabilization Fund in anticipation of various legislative relief actions partially offset by like reductions in individual affected department budgets
- \$8.0 million for an employee compensation package consisting of one step for commissioned and corrections staff, 2.8 percent for most other employees to address inflation, 1.7 percent for employees who are members of the Arizona State Retirement System whose required contribution will increase by that percentage, and an increase in the shift differential hourly rate
- \$5.4 million in supplemental funding for individual departments
- \$5.0 million for possible unallowable fiscal year 2004-05 Transportation expenditures
- \$4.8 million of various increase identified for General Fund departments that underwent the zero base budget process
- \$4.6 million increase in payments to the Metropolitan Tucson Convention & Visitors Bureau
- \$2.1 million net increase in state mandated employer contributions to the various state retirement systems; \$1.8 million increase in the County's contribution toward the cost of other non-retirement benefits
- \$1.7 million representing the annual cost of salary adjustments for correction officers and specialists approved during fiscal year 2005-06

- \$1.1 million in supplemental funding in the Budget Stabilization Fund to fund possible loss of grant funding by the County Attorney and Sheriff
- \$3.1 million increase for the primary and general elections held in the fall of 2006 partially offset by a \$1.6 million reduction for the regional transportation plan election held in the spring of 2006
- \$1.9 million increase in the adult detention health care contract cost partially offset by a \$551 decrease in juvenile detention health care contract costs
- \$900 reduction for Vocation Rehabilitation costs moved to the Employment & Training Fund
- \$1.8 million net reduction due to the transfer of Economic Development & Tourism funding to a new special revenue fund
- \$5.0 million scheduled decrease in the County's obligations under the agreement with University Physicians Healthcare 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 and Risk Management Department, 130 W. Congress, 6th Floor, Tucson, AZ, 85701.

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Basic Financial Statements

PIMA COUNTY
STATEMENT OF NET ASSETS
June 30, 2006
(in thousands)

Exhibit A -1

	Primary Government			Component Unit
	Governmental	Business-type	Total	Southwestern Fair
	Activities	Activities		Commission
ASSETS				
Cash and cash equivalents	\$ 260,630	\$ 73,347	\$ 333,977	\$ 1,294
Property taxes receivable (net)	8,824		8,824	
Interest receivable	463		463	
Internal balances	3,659	(3,659)		
Due from other governments	53,046	3,136	56,182	
Accounts receivable (net)	2,960	22,944	25,904	16
Inventories	2,645	3,147	5,792	30
Prepays	4,397	95	4,492	17
Investments	911		911	
Other assets	696	751	1,447	4
Restricted assets:				
Cash and cash equivalents	2,303	15,164	17,467	
Loans receivable	1,660		1,660	
Capital assets not being depreciated:				
Land	222,954	8,706	231,660	
Construction in progress	115,305	14,842	130,147	
Capital assets being depreciated (net):				
Buildings and improvements	271,771	239,799	511,570	1,507
Sewage conveyance system		327,335	327,335	
Equipment	38,634	6,683	45,317	402
Infrastructure	497,670		497,670	
Total assets	1,488,528	712,290	2,200,818	3,270
LIABILITIES				
Accounts payable	34,685	10,566	45,251	215
Accrued medical and healthcare claims		18,736	18,736	
Interest payable		1,432	1,432	
Contract retentions	634		634	
Employee compensation	30,670	6,369	37,039	
Due to other governments	7,790	114	7,904	
Deposits and rebates	2,303		2,303	22
Deferred revenues	7,093	2,831	9,924	
Noncurrent liabilities:				
Due within one year	56,055	11,073	67,128	104
Due in more than one year	389,945	125,347	515,292	140
Total liabilities	529,175	176,468	705,643	481
NET ASSETS				
Invested in capital assets, net of related debt	761,130	466,257	1,227,387	1,665
Restricted for:				
Special revenue	53,384		53,384	
Highways and streets	21,353		21,353	
Debt service	7,934	438	8,372	
Capital projects	77,088		77,088	75
Wastewater management		48,379	48,379	
Healthcare		5,464	5,464	
Unrestricted	38,464	15,284	53,748	1,049
Total net assets	\$ 959,353	\$ 535,822	\$ 1,495,175	\$ 2,789

See Notes to the Financial Statements

PIMA COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2006
(in thousands)

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 208,293	\$ 26,033	\$ 30,532	\$ 692
Public safety	132,583	8,136	12,193	1,300
Highways and streets	70,392	21,617	57,057	8,068
Sanitation	7,258	4,531	1,136	
Health	32,043	9,693	11,664	
Welfare	103,085		839	
Culture and recreation	34,510	1,797	8	2,090
Education and economic opportunity	39,517	314	19,684	38
Amortization - unallocated	165			
Interest on long-term debt	19,463			
Total governmental activities	647,309	72,121	133,113	12,188
Business-type activities:				
Wastewater Management	82,701	104,501	529	449
Pima Health System & Services	256,583	253,748	4,468	
Development Services	14,422	17,140		
Parking Garages	1,479	1,485		
Total business-type activities	355,185	376,874	4,997	449
Total primary government	\$ 1,002,494	\$ 448,995	\$ 138,110	\$ 12,637
Component unit:				
Southwestern Fair Commission	\$ 5,411	\$ 5,563	\$ 88	
Total component units	\$ 5,411	\$ 5,563	\$ 88	
General revenues:				
Property taxes, levied for general purposes				
Property taxes, levied for regional flood control district				
Property taxes, levied for library district				
Property taxes, levied for debt service				
Hotel/motel taxes, levied for sports facility and tourism				
Other taxes, levied for stadium district				
Unrestricted share of state sales tax				
Unrestricted share of state vehicle license tax				
Grants and contributions not restricted to specific programs				
Interest and penalties on delinquent taxes				
Investment earnings				
Miscellaneous				
Gain on sale of capital assets				
Capital and other contributions				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets at beginning of year, as restated				
Net assets at end of year				

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	Southwestern Fair Commission	Functions/Programs
Primary government:				
Governmental activities:				
\$	(151,036)	\$	(151,036)	General government
	(110,954)		(110,954)	Public safety
	16,350		16,350	Highways and streets
	(1,591)		(1,591)	Sanitation
	(10,686)		(10,686)	Health
	(102,246)		(102,246)	Welfare
	(30,615)		(30,615)	Culture and recreation
	(19,481)		(19,481)	Education and economic opportunity
	(165)		(165)	Amortization - unallocated
	(19,463)		(19,463)	Interest on long-term debt
	(429,887)		(429,887)	Total governmental activities
Business-type activities:				
	\$ 22,778		22,778	Wastewater Management
	1,633		1,633	Pima Health System & Services
	2,718		2,718	Development Services
	6		6	Parking Garages
	27,135		27,135	Total business-type activities
	(429,887)		(402,752)	Total primary government
				Component unit:
				Southwestern Fair Commission
				Total component units
General revenues:				
237,510		237,510		Property taxes, levied for general purposes
19,929		19,929		Property taxes, levied for regional flood control district
15,539		15,539		Property taxes, levied for library district
43,192		43,192		Property taxes, levied for debt service
6,856		6,856		Hotel/motel taxes, levied for sports facility and tourism
1,808		1,808		Other taxes, levied for stadium district
103,158		103,158		Unrestricted share of state sales tax
25,894		25,894		Unrestricted share of state vehicle license tax
7,975		7,975		Grants and contributions not restricted to specific programs
5,683		5,683		Interest and penalties on delinquent taxes
12,942	3,849	16,791		Investment earnings
12,828	1,348	14,176	86	Miscellaneous
323		323		Gain on sale of capital assets
247	14,607	14,854	15	Capital and other contributions
(134)	134			Transfers
493,750	19,938	513,688	101	Total general revenues and transfers
63,863	47,073	110,936	341	Change in net assets
895,490	488,749	1,384,239	2,448	Net assets at beginning of year, as restated
\$ 959,353	\$ 535,822	\$ 1,495,175	\$ 2,789	Net assets at end of year

See Notes to the Financial Statements

PIMA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006
(in thousands)

Exhibit A - 3

	General	Transportation	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash and cash equivalents	\$ 45,695	\$ 19,605	\$ 93,966	\$ 58,999	\$ 218,265
Property taxes receivable (net)	6,562			2,262	8,824
Interest receivable	1	54	256	20	331
Due from other funds	4,669	48	146	1,081	5,944
Due from other governments	24,869	9,441	2,647	15,995	52,952
Accounts receivable	1,334	3	28	1,338	2,703
Inventory		2,027		136	2,163
Prepaid expenditures	3,492	43		71	3,606
Loan receivable	1,660				1,660
Other assets	160				160
Restricted cash equivalents			2,303		2,303
Total assets	<u>\$ 88,442</u>	<u>\$ 31,221</u>	<u>\$ 99,346</u>	<u>\$ 79,902</u>	<u>\$ 298,911</u>
<u>Liabilities and fund balances</u>					
Liabilities:					
Accounts payable	\$ 11,868	\$ 1,825	\$ 10,846	\$ 8,665	\$ 33,204
Contract retentions			601	33	634
Employee compensation	6,090	568	25	1,604	8,287
Due to other funds	1,252	81	111	2,940	4,384
Due to other governments	56	7,389	309	36	7,790
Deposits and rebates			2,303		2,303
Deferred revenues	17,601	3,603	679	6,428	28,311
Total liabilities	<u>36,867</u>	<u>13,466</u>	<u>14,874</u>	<u>19,706</u>	<u>84,913</u>
Fund balances:					
Reserved for:					
Inventory		2,027		136	2,163
Prepaid expenditures	3,492	43		71	3,606
Debt service				6,784	6,784
Capital repairs and refurbishments				75	75
Specified programs				2,648	2,648
Loan receivable	1,660				1,660
Unreserved, designated for:					
Special revenue, flood mitigation				1,044	1,044
Unreserved, undesignated:					
General fund	46,423				46,423
Capital projects			84,472		84,472
Special Revenue		15,685		49,276	64,961
Debt service				162	162
Total fund balances	<u>51,575</u>	<u>17,755</u>	<u>84,472</u>	<u>60,196</u>	<u>213,998</u>
Total liabilities and fund balances	<u>\$ 88,442</u>	<u>\$ 31,221</u>	<u>\$ 99,346</u>	<u>\$ 79,902</u>	<u>\$ 298,911</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, 2006
(in thousands)

Exhibit A - 4

Fund balances - total governmental funds		\$ 213,998
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets	\$ 1,674,587	
Less accumulated depreciation	<u>(546,029)</u>	1,128,558
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		
Bonds payable	(362,059)	
Loans and leases payable	(32,165)	
Unamortized deferred issuance costs reported as other assets	<u>536</u>	(393,688)
Some compensated absences are not due and payable shortly after June 30, 2006, and therefore are not reported in the governmental funds		
Employee compensation		(21,731)
Some liabilities are not due and payable shortly after June 30, 2006, and are therefore not reported in the governmental funds		
Landfill liability		(16,268)
Deferred revenue in governmental funds is susceptible to full accrual on the government-wide statements		21,218
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		27,266
Net assets of governmental activities		<u><u>\$ 959,353</u></u>

See Notes to the Financial Statements

Exhibit A - 5

PIMA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006
(in thousands)

	General	Transportation	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 242,948			\$ 78,526	\$ 321,474
Special assessments				215	215
Licenses and permits	2,536	\$ 368		4,548	7,452
Intergovernmental	143,982	58,368	\$ 11,157	77,552	291,059
Charges for services	27,102	1,603	19,101	15,776	63,582
Fines and forfeits	5,786			228	6,014
Interest	2,491	840	4,639	3,412	11,382
Miscellaneous	4,935	765	567	6,898	13,165
Total revenues	429,780	61,944	35,464	187,155	714,343
Expenditures:					
Current:					
General government	168,394			35,487	203,881
Public safety	96,687			24,542	121,229
Highways and streets		39,337		57	39,394
Sanitation				6,271	6,271
Health	2,401			27,637	30,038
Welfare	102,496			538	103,034
Culture and recreation	13,104			15,457	28,561
Education and economic opportunity	16,682			21,236	37,918
Capital outlay			121,007		121,007
Debt service - principal	1,750			48,797	50,547
- interest	1,292			18,156	19,448
- miscellaneous	5			10	15
Total expenditures	402,811	39,337	121,007	198,188	761,343
Excess (deficiency) of revenues over (under) expenditures	26,969	22,607	(85,543)	(11,033)	(47,000)
Other financing sources (uses):					
Capital leases				231	231
Proceeds from sale of capital assets	22	376		18	416
Face amount of long-term debt			4,836		4,836
Transfers in	3,563	22	17,529	38,834	59,948
Transfers (out)	(16,206)	(24,917)		(15,140)	(56,263)
Total other financing sources (uses)	(12,621)	(24,519)	22,365	23,943	9,168
Net change in fund balances	14,348	(1,912)	(63,178)	12,910	(37,832)
Fund balance at beginning of year	37,227	19,793	147,650	47,337	252,007
Change in reserve for inventory		(126)		(62)	(188)
Change in reserve for prepaids				11	11
Fund balance at end of year	\$ 51,575	\$ 17,755	\$ 84,472	\$ 60,196	\$ 213,998

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, 2006
(in thousands)

Exhibit A - 6

Net change in fund balances - total governmental funds \$ (37,832)

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	\$ 105,537	
Less current year depreciation	<u>(42,629)</u>	62,908

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		11,335
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Transfers of long term liabilities between governmental activities and proprietary funds are not reported in the governmental funds but are recognized in the statement of activities		(15,780)
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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	(4,836)	
Face amount of capital lease	(231)	
Debt service - principal payments	50,547	
Amortization expense	<u>(165)</u>	45,315

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.

Property tax revenues	378	
Other	<u>1,464</u>	1,842

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	(1,920)	
Change in landfill liability	(632)	
Net book value of capital asset disposals	(127)	
Change in reservation of fund balances	<u>(177)</u>	(2,856)

Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the net expense of the internal service funds is reported with governmental activities		<u>(1,069)</u>
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Change in net assets of governmental activities		<u><u>\$ 63,863</u></u>
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See Notes to the Financial Statements

PIMA COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2006
(in thousands)

Exhibit A - 7

	Business-type Activities Enterprise Funds				Governmental Activities- Internal Service Funds
	Pima Health System & Services	Wastewater Management	Other Enterprise Funds	Total Enterprise Funds	
<u>Assets</u>					
Current assets:					
Cash and cash equivalents	\$ 12,739	\$ 42,261	\$ 18,347	\$ 73,347	\$ 42,365
Restricted cash and cash equivalents		14,672		14,672	
Interest receivable					132
Due from other funds	1	1		2	381
Due from other governments	2,843	293		3,136	94
Accounts receivable (net)	14,624	8,318	2	22,944	257
Inventory	116	3,031		3,147	482
Prepaid expense		93	2	95	791
Total current assets	30,323	68,669	18,351	117,343	44,502
Noncurrent assets:					
Restricted cash and cash equivalents		492		492	
Investments					911
Capital assets:					
Land and other improvements		6,845	1,861	8,706	592
Buildings and improvements	1,116	340,260	12,927	354,303	614
Sewage conveyance system		490,600		490,600	
Equipment	1,302	12,974	1,989	16,265	29,361
Less accumulated depreciation	(1,528)	(277,567)	(8,256)	(287,351)	(12,791)
Construction in progress		14,842		14,842	
Total capital assets (net of accumulated depreciation)	890	587,954	8,521	597,365	17,776
Deferred financing costs		751		751	
Total noncurrent assets	890	589,197	8,521	598,608	18,687
Total assets	31,213	657,866	26,872	715,951	63,189
<u>Liabilities</u>					
Current liabilities:					
Accounts payable	911	8,330	1,325	10,566	1,481
Accrued medical and health care claims	18,736			18,736	
Employee compensation	2,348	2,991	1,030	6,369	652
Interest payable		1,432		1,432	
Due to other funds	1,657	177	7	1,841	102
Due to other governments		24	90	114	
Deferred revenues	2	2,829		2,831	
Current portion of sewer revenue bonds		5,570		5,570	
Current portion of wastewater loans payable		5,503		5,503	
Current portion reported but unpaid losses					5,507
Current portion incurred but not reported losses					2,046
Total current liabilities	23,654	26,856	2,452	52,962	9,788
Noncurrent liabilities:					
Contracts and notes		4,562		4,562	
Sewer revenue bonds		46,140		46,140	
Wastewater loans payable		74,645		74,645	
Reported but unpaid losses					20,257
Incurred but not reported losses					7,698
Total noncurrent liabilities		125,347		125,347	27,955
Total liabilities	23,654	152,203	2,452	178,309	37,743
<u>Net assets</u>					
Invested in capital assets, net of related debt	890	456,846	8,521	466,257	17,776
Restricted for:					
Debt service		438		438	
Wastewater management		4,356		4,356	
Healthcare	5,464			5,464	
Unrestricted	1,205	44,023	15,899	61,127	7,670
Total net assets	\$ 7,559	\$ 505,663	\$ 24,420	537,642	\$ 25,446
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.					(1,820)
Net assets of business-type activities				\$ 535,822	

See Notes to the Financial Statements

PIMA COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2006
(in thousands)

Exhibit A - 8

	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	\$ 252,034			\$ 252,034	
Charges for services	1,714	\$ 61,823	\$ 18,625	82,162	\$ 32,177
Other	649	451	248	1,348	2,128
Total net operating revenues	254,397	62,274	18,873	335,544	34,305
Operating expenses:					
Employee compensation	35,801	27,625	10,026	73,452	6,772
Medical claims	205,951			205,951	
Operating supplies and services	1,602	6,322	1,181	9,105	5,404
Utilities	372	5,314	321	6,007	808
Sludge and refuse disposal		1,298		1,298	
Repair and maintenance	397	4,297	490	5,184	3,133
Incurred losses					12,185
Insurance premiums					5,163
General and administrative	5,493	6,436	2,399	14,328	2,243
Consultants and professional services	1,487	5,610	921	8,018	503
Depreciation	218	20,416	458	21,092	2,316
Total operating expenses	251,321	77,318	15,796	344,435	38,527
Operating income (loss)	3,076	(15,044)	3,077	(8,891)	(4,222)
Nonoperating revenues (expenses):					
Intergovernmental revenue	4,468	1,436		5,904	
Interest income	1,464	1,784	601	3,849	1,531
Sewer connection fees		42,220		42,220	
Interest expense	(96)	(4,624)		(4,720)	
Gain (loss) on disposal of capital assets		(20)	(2)	(22)	34
Amortization of deferred charges		(97)		(97)	
Premium tax	(4,949)			(4,949)	
Total nonoperating revenues (expenses)	887	40,699	599	42,185	1,565
Income (loss) before contributions and transfers	3,963	25,655	3,676	33,294	(2,657)
Capital contributions		14,607		14,607	
Transfers in		156		156	626
Transfers (out)		(22)		(22)	
Change in net assets	3,963	40,396	3,676	48,035	(2,031)
Net assets at beginning of year	3,596	465,267	20,744	489,607	27,477
Net assets at end of year	\$ 7,559	\$ 505,663	\$ 24,420	537,642	\$ 25,446

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

(962)

Change in net assets of business-type activities

\$ 47,073

See Notes to the Financial Statements

PIMA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2006
(in thousands)

Exhibit A - 9

	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	\$ 1,670		\$ 78	\$ 1,748	\$ 32,177
Cash received from customers for goods and services provided	247,244	\$ 61,819	18,659	327,722	
Cash received from miscellaneous operations	662	451	248	1,361	2,387
Cash payments to suppliers for goods and services	(218,327)	(21,805)	(2,531)	(242,663)	(14,430)
Cash payments to other funds for goods and services	(3,363)	(7,478)	(2,932)	(13,773)	(2,956)
Cash payments for incurred losses					(6,950)
Cash payments to employees for services	(36,039)	(28,215)	(9,296)	(73,550)	(7,004)
Net cash provided by (used for) operating activities	(8,153)	4,772	4,226	845	3,224
Cash flows from noncapital financing activities:					
Interest paid on short-term credit	(103)			(103)	
Cash transfers in from other funds					322
Cash transfers out to other funds		(4,312)		(4,312)	
Loans with other funds	(1,797)	128		(1,669)	(15)
Premium Tax	(4,949)			(4,949)	
Intergovernmental revenues	4,661	529		5,190	
Net cash provided by (used for) noncapital financing activities	(2,188)	(3,655)		(5,843)	307
Cash flows from capital and related financing activities:					
Proceeds from issuance of bonds and loans		1,086		1,086	
Principal paid on bonds and loans		(9,501)		(9,501)	
Interest paid on bonds and loans		(4,225)		(4,225)	
Sewer connection fees		42,142		42,142	
Proceeds from sale of capital assets		2		2	275
Proceeds from intergovernmental contract		191		191	
Purchase of capital assets	(47)	(14,340)	(843)	(15,230)	(2,686)
Net cash provided by (used for) capital and related financing activities	(47)	15,355	(843)	14,465	(2,411)
Cash flows from investing activities:					
Interest received on cash and investments	1,538	1,871	630	4,039	1,547
Net cash provided by investing activities	1,538	1,871	630	4,039	1,547
Net increase (decrease) in cash and cash equivalents	(8,850)	18,343	4,013	13,506	2,667
Cash and cash equivalents at beginning of year	21,589	39,082	14,334	75,005	39,698
Cash and cash equivalents at end of year	\$ 12,739	\$ 57,425	\$ 18,347	\$ 88,511	\$ 42,365

(Continued)

See Notes to the Financial Statements

PIMA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2006
(in thousands)

Exhibit A - 9.1

(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)	\$ 3,076	\$ (15,044)	\$ 3,077	\$ (8,891)	\$ (4,222)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	218	20,416	458	21,092	2,316
Decrease (increase) in assets:					
Accounts Receivable	(5,773)	(241)	16	(5,998)	273
Due from other governments	834	237	18	1,089	(13)
Inventory and other assets	(3)	(216)		(219)	42
Prepaid expenses		(67)	(1)	(68)	
Increase (decrease) in liabilities:					
Accounts payable	(5,471)	265	719	(4,487)	(175)
Interfund payables	(3)			(3)	
Due to other funds			7	7	
Due to other governments		12	34	46	
Reported but unpaid losses					4,921
Incurred but not reported losses					314
Other current liabilities	(1,031)	(590)	(102)	(1,723)	(232)
Net cash provided by (used for) operating activities	<u>\$ (8,153)</u>	<u>\$ 4,772</u>	<u>\$ 4,226</u>	<u>\$ 845</u>	<u>\$ 3,224</u>

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2006:

Wastewater Management Enterprise Fund retired capital assets with a net book value of \$22

Wastewater Management Enterprise Fund received contributed developer-built conveyance systems with estimated fair values totaling \$14,408, and other capital assets with a net book value of \$26. These contributions were recorded as an increase in capital assets and capital contributions.

Wastewater Management Enterprise Fund recorded a Board of Supervisor approved connection fee credit agreement of \$17. This credit was recorded as an increase to deferred revenue and a decrease to capital contributions.

Wastewater Management Enterprise Fund retired expired sewer credit agreements totaling \$190. This transaction was recorded as a decrease to deferred revenue and an increase in capital contributions.

Wastewater Management Enterprise Fund transferred the capital assets of the Solid Waste Management division with a net book value of \$11,335 to the County's general government.

Wastewater Management Enterprise Fund conveyed the long-term liabilities of the Solid Waste Management division in the amount of \$15,780 to the County's general government.

Other Enterprise Funds disposed of capital assets with a net book value of \$2.

Internal Service Funds sold assets with a net book value of \$241, resulting in a gain on disposal of \$34.

Internal Service Funds had unpaid transfers of \$304 at year-end.

Internal Service Funds transferred \$5 of completely depreciated capital assets to, and received \$11 of completely depreciated capital assets from, the County's general capital assets.

See Notes to the Financial Statements

PIMA COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2006
(in thousands)

Exhibit A - 10

	Investment Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 236,494	\$ 53,521
Interest receivable	727	
Due from other governments		3,715
Total assets	<u>237,221</u>	<u>57,236</u>
LIABILITIES		
Employee compensation		7,558
Due to other governments		26,594
Deposits and rebates		23,084
Total liabilities		<u>\$ 57,236</u>
NET ASSETS		
Held in trust for pool participants	<u>\$ 237,221</u>	

See Notes to the Financial Statements

PIMA COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended June 30, 2006
(in thousands)

Exhibit A - 11

	Investment Trust Funds
ADDITIONS	
Contributions from participants	\$ 2,263,471
Total contributions	<u>2,263,471</u>
Investment earnings	9,002
Total investment earnings	<u>9,002</u>
Total additions	<u>2,272,473</u>
DEDUCTIONS	
Distributions to participants	2,237,409
Total deductions	<u>2,237,409</u>
Change in net assets	35,064
Net assets held in trust July 1, 2005	202,157
Net assets held in trust June 30, 2006	<u><u>\$ 237,221</u></u>

See Notes to the Financial Statements

PIMA COUNTY
Notes to Financial Statements
June 30, 2006
(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).

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 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 government-wide financial statements to emphasize they are legally separate from the County. Each blended and discretely presented component unit discussed below has a June 30 year-end.

The 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 Department of Finance and Risk Management located at 130 West Congress Street, Tucson, Arizona 85701.

The Pima County Library District was established in 1986 when legislation allowed full taxing authority and the ability to enter into agreements with other jurisdictions for the provision of library services. The Board of Directors is the Pima County Board of Supervisors. The Library District and the City of Tucson had intergovernmental agreements to provide library services since 1986 through June 30, 2006. On July 1, 2006, the District assumed control of the operations of the libraries. The transition of operations from the City of Tucson to the District is governed by an intergovernmental agreement that is described in Note 16. The Library District is reported as a special revenue fund (blended component unit) in these financial statements. Separate financial statements for the District are not available.

The Pima County Regional Flood Control District was established in 1978. The District is responsible for floodplain management activities for the unincorporated areas of Pima County (except national forests, parks, monuments and Native American Nations), the City of South Tucson, and the Town of Sahuarita. The Pima County Board of Supervisors is the Board of Directors 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.

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 Department of Finance and Risk Management located at 130 West Congress Street, Tucson, Arizona 85701.

PIMA COUNTY
Notes to Financial Statements
June 30, 2006
(in thousands)

Note 1 - Summary Of Significant Accounting Policies (continued)

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 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
- 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 non-major funds. Fiduciary funds are aggregated and reported by fund type.

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.

PIMA COUNTY
Notes to Financial Statements
June 30, 2006
(in thousands)

Note 1 - Summary Of Significant Accounting Policies (continued)

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 **Transportation Fund** accounts for administrative and operating costs, as well as resources transferred to the Capital Projects Fund for construction of highways and streets, and resources transferred to the Debt Service Fund for payment of Transportation Revenue bonds. Financing is provided primarily from the County share of gasoline and vehicle license tax collected by the State.

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 and water pollution control programs.

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, printing and graphic services, and telecommunications 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 fiduciary 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

PIMA COUNTY
Notes to Financial Statements
June 30, 2006
(in thousands)

Note 1 - Summary Of Significant Accounting Policies (continued)

available if the revenues are collected within 30 days after year-end. Revenues that are collected after 30 days are reported as deferred revenues. The County's major revenue sources that are susceptible to accrual are property taxes, intergovernmental and charges for services.

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. 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 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 purchases 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.

PIMA COUNTY
Notes to Financial Statements
June 30, 2006
(in thousands)

Note 1 - Summary Of Significant Accounting Policies (continued)

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.

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.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	All	N/A	N/A
Land improvements	All	Straight Line	20 to 30 Years
Buildings and building improvements	\$100	Straight Line	10 to 50 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	10 to 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.

PIMA COUNTY
Notes to Financial Statements
June 30, 2006
(in thousands)

Note 1 - Summary Of Significant Accounting Policies (continued)

H. Investment Earnings

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

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 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 as a liability in the government-wide financial statements.

Note 2: Net Asset Beginning Balances Restated

In compliance with GASB Statement No. 34, Pima County retroactively reported its Transportation bridges infrastructure network that was acquired or received substantial improvement subsequent to December 31, 1975. The retroactive capitalization amount at July 1, 2005, 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 a useful life of 30 years.

The following summarizes the restatement for infrastructure:

	Governmental Activities
Net assets – June 30, 2005, as previously reported	\$ 882,201
Transportation bridges	<u>13,289</u>
Net assets – July 1, 2005, as restated	<u>\$ 895,490</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,

PIMA COUNTY
Notes to Financial Statements
June 30, 2006
(in thousands)

Note 3: Cash And Investments (continued)

or 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—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—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—Statutes do not allow foreign investments.

Deposits—At June 30, 2006, the carrying amount of the County's deposits was \$27,113 and the bank balance was \$37,291.

Custodial credit risk—Custodial credit risk is the risk that the County will not be able to recover its deposits if a financial institution fails. The County does not have a formal policy with respect to custodial credit risk. As of June 30, 2006, \$783 of the County's bank balance was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 700
Uninsured with collateral held by the bank's safekeeping department	83
	<hr/>
Total	<u>\$ 783</u>

Investments—At June 30, 2006, the County's investments consisted of \$420,115 invested in marketable securities, \$194,151 invested in the State Treasurer's Investment Pool, and \$911 invested in a local government bond. Cash from the County and from external legally separate governments are pooled to purchase the investments in marketable securities and the State Treasurer's Pool. The State Board of Investment provides oversight for the State Treasurer's pools. 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.

PIMA COUNTY
Notes to Financial Statements
June 30, 2006
(in thousands)

Note 3: Cash And Investments (continued)

Credit risk—Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The County does not have a formal investment policy with respect to credit risk. At June 30, 2006, credit risk for the County's investments was as follows;

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
Commercial paper	A1 - P1	S & P - Moody's	\$ 22,894
Fannie Mae (Federal National Mortgage Association)	AAA - Aaa	S & P - Moody's	178,797
Freddie Mac (Federal Home Loan Mortgage Corporation)	AAA - Aaa	S & P - Moody's	59,436
Tri-party repurchase agreement	Unrated		158,988
State Treasurer's Investment Pool	Unrated		194,151
Local governments bonds	Unrated		911
Total			<u>\$ 615,177</u>

Custodial credit risk—For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no formal policy with respect to custodial credit risk. Of the County's \$615,177 of investments, 100% of the commercial paper, Freddie Mac and Fannie Mae discount notes, and tri-party repurchase agreement totaling \$420,115 are uninsured and held by the counterparty in the County's name.

Concentration of credit risk—The County has no formal policy with respect to limiting the amount the Treasurer may invest in any one issuer. More than 5% of the County's investments were with the Bank of America (including the tri-party repurchase agreement and 87% of the commercial paper), Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association. These investments were 29%, 10% and 29% respectively, of total investments.

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, 2006, the County had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (Years)</u>
State Treasurer's Investment Pool 5	\$103,729	0.14
State Treasurer's Investment Pool 7	90,422	0.10
Commercial paper	22,894	0.09
Fannie Mae (Federal National Mortgage Association)	178,797	0.08
Freddie Mac (Federal Home Loan Mortgage Corporation)	59,436	0.09
Tri-party repurchase agreement	158,988	0.01
Local governments bonds	911	2.50
	<u>\$615,177</u>	

PIMA COUNTY
Notes to Financial Statements
June 30, 2006
(in thousands)

Note 3: Cash And Investments (continued)

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

	<u>Cash on hand</u>	<u>Amount of deposits</u>	<u>Amount of investments</u>	<u>Totals</u>
Cash deposits and investments:	\$ 80	\$ 27,113	\$ 615,177	\$ 642,370

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Investment Trust Funds</u>	<u>Agency Funds</u>	<u>Totals</u>
Statement of Net Assets:					
Cash and cash equivalents	\$ 262,933	\$ 88,511	\$ 236,494	\$ 53,521	\$ 641,459
Investments	911				911
Total	<u>\$ 263,844</u>	<u>\$ 88,511</u>	<u>\$ 236,494</u>	<u>\$ 53,521</u>	<u>\$ 642,370</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.

The Pool's net assets consist of \$178,797 of Fannie Mae, \$158,988 of tri-party repurchase agreement, \$59,436 of Freddie Mac, \$35,306 of State Treasurer's Investment Pool, \$22,894 of commercial paper, and \$3,062 of cash and are subject to applicable risks as disclosed above.

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

Statement of Net Assets

Net assets held in trust for:

Internal participants	\$ 312,411
External participants	146,072

Total Liabilities	<u>0</u>
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Total net assets held in trust	<u>\$ 458,483</u>
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Statement of Changes in Net Assets

Total additions	\$ 4,974,430
Total deductions	<u>(4,895,603)</u>

Net increase	78,827
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Net assets held in trust:

July 1, 2005	<u>379,656</u>
June 30, 2006	<u>\$ 458,483</u>

Discretely Presented Component Units

Southwestern Fair Commission—At June 30, 2006, the commission's cash and cash equivalents of \$1,294 consisted of deposits with financial institutions. Of the total balance, \$994 was exposed to custodial credit risk because it was uninsured and uncollateralized.

PIMA COUNTY
Notes to Financial Statements
June 30, 2006
(in thousands)

Note 4: Due from Other Governments

Governmental Activities

	<u>General</u>	<u>Transportation Fund</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	\$ 357	\$ 395	\$ 535	\$ 11,368	\$ 1	\$ 12,656
State of Arizona						
Taxes and shared revenues	23,125	8,875		717		32,717
Grants and contributions		100	257	1,969	5	2,331
City of Tucson						
Reimbursement for services	1,090		1,855	1,783		4,728
Due from other governments						
Reimbursement for services	297	71		158	88	614
Total due from other governments	<u>\$ 24,869</u>	<u>\$ 9,441</u>	<u>\$ 2,647</u>	<u>\$ 15,995</u>	<u>\$ 94</u>	<u>\$ 53,046</u>

Business-type Activities

	<u>Pima Health System and Services</u>	<u>Wastewater Management</u>	<u>Total Business-type Activities</u>
Federal government:			
Grants and contributions		\$ 293	\$ 293
State of Arizona			
Grants and contributions	<u>\$ 2,843</u>		<u>2,843</u>
Total due from other governments	<u>\$ 2,843</u>	<u>\$ 293</u>	<u>\$ 3,136</u>

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2006, was as follows:

	<u>Balance July 1, 2005 (as restated)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2006</u>
<u>Governmental activities</u>				
Capital assets not being depreciated:				
Land	\$ 202,408	\$ 20,546		\$ 222,954
Construction in progress	117,118	80,508	(82,321)	115,305
Total capital assets not being depreciated	<u>319,526</u>	<u>101,054</u>	<u>(82,321)</u>	<u>338,259</u>
Capital assets being depreciated:				
Buildings and improvements	371,874	12,146		384,020
Infrastructure	812,700	76,951		889,651
Equipment	79,452	16,593	(2,821)	93,224
Total capital assets being depreciated	<u>1,264,026</u>	<u>105,690</u>	<u>(2,821)</u>	<u>1,366,895</u>
Less accumulated depreciation for:				
Buildings and improvements	(102,878)	(9,371)		(112,249)
Infrastructure	(364,756)	(27,225)		(391,981)
Equipment	(43,827)	(13,216)	2,453	(54,590)
Total accumulated depreciation	<u>(511,461)</u>	<u>(49,812)</u>	<u>2,453</u>	<u>(558,820)</u>
Total capital assets being depreciated, net	<u>752,565</u>	<u>55,878</u>	<u>(368)</u>	<u>808,075</u>
Governmental activities capital assets, net	<u>\$ 1,072,091</u>	<u>\$ 156,932</u>	<u>\$ (82,689)</u>	<u>\$ 1,146,334</u>

PIMA COUNTY
Notes to Financial Statements
June 30, 2006
(in thousands)

Note 5: Capital Assets (continued)

	<u>Balance July 1, 2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2006</u>
<u>Business-type activities</u>				
Capital assets not being depreciated:				
Land	\$ 14,259	\$ 2,288	\$ (7,841)	\$ 8,706
Construction in progress	63,325	11,017	(59,500)	14,842
Total capital assets not being depreciated	<u>77,584</u>	<u>13,305</u>	<u>(67,341)</u>	<u>23,548</u>
Capital assets being depreciated:				
Buildings and improvements	294,265	62,298	(2,260)	354,303
Infrastructure	475,148	15,452		490,600
Equipment	20,932	1,819	(6,486)	16,265
Total capital assets being depreciated	<u>790,345</u>	<u>79,569</u>	<u>(8,746)</u>	<u>861,168</u>
Less accumulated depreciation for:				
Buildings and improvements	(105,346)	(9,831)	673	(114,504)
Infrastructure	(153,003)	(10,262)		(163,265)
Equipment	(13,042)	(999)	4,459	(9,582)
Total accumulated depreciation	<u>(271,391)</u>	<u>(21,092)</u>	<u>5,132</u>	<u>(287,351)</u>
Total capital assets being depreciated, net	518,954	58,477	(3,614)	573,817
Business-type activities capital assets, net	<u>\$ 596,538</u>	<u>\$ 71,782</u>	<u>\$ (70,955)</u>	<u>\$ 597,365</u>

The July 1, 2005, governmental activities capital asset balance was restated to include recognition of the bridges network general infrastructure assets, as explained in Note 2 to the financial statements. The increase to governmental activities capital assets include capital assets transferred from the Wastewater Management Enterprise Fund – Solid Waste division with acquisition costs of \$16,185 and accumulated depreciation of \$4,867.

Depreciation expense was charged to functions as follows:

<u>Governmental activities</u>	
General government	\$ 5,144
Public safety	8,974
Highway and streets	22,972
Sanitation	446
Health	1,444
Welfare	8
Culture and recreation	3,381
Education and economic opportunity	260
Internal service funds	2,316
Total governmental activities depreciation	<u>\$ 44,945</u>
<u>Business-type activities</u>	
Pima Health System & Services	\$ 218
Parking Garages	337
Wastewater Management	20,416
Development Services	121
Total business-type activities depreciation	<u>\$ 21,092</u>

PIMA COUNTY
Notes to Financial Statements
June 30, 2006
(in thousands)

Note 5: Capital Assets (continued)

	<u>Balance</u> <u>July 1, 2005</u>		<u>Increases</u>		<u>Decreases</u>		<u>Balance</u> <u>June 30, 2006</u>
<u>Discretely presented component unit</u>							
<u>Southwestern Fair Commission (SFC):</u>							
Capital assets being depreciated:							
Buildings and improvements	\$ 3,654	\$	56	\$	(3)	\$	3,707
Equipment	1,492		122		(2)		1,612
Total capital assets being depreciated	<u>5,146</u>		<u>178</u>		<u>(5)</u>		<u>5,319</u>
Less accumulated depreciation for:							
Buildings and improvements	(2,092)		(111)		3		(2,200)
Equipment	(1,140)		(72)		2		(1,210)
Total accumulated depreciation	<u>(3,232)</u>		<u>(183)</u>	\$	<u>5</u>		<u>(3,410)</u>
Total capital assets being depreciated, net	1,914		(5)				1,909
SFC capital assets, net	<u>\$ 1,914</u>	\$	<u>(5)</u>			\$	<u>1,909</u>

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.

Solid Waste

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 expenditures 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

PIMA COUNTY
Notes to Financial Statements
June 30, 2006
(in thousands)

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

current-year claims. 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 actual claims made. The claims liability of \$35,508 reported in the Fund at June 30, 2006, 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>2006</u>	<u>2005</u>
Claims liability balance—beginning	\$30,273	\$ 25,696
Current year claims and changes in estimates	12,185	12,925
Claims payments	<u>(6,950)</u>	<u>(8,348)</u>
Claims liability balance—ending	<u>\$35,508</u>	<u>\$ 30,273</u>

Note 7: Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2006.

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2006</u>	<u>Due within 1 year</u>
Governmental activities:					
General obligation bonds	\$ 267,270		\$ 35,960	\$ 231,310	\$ 32,335
Plus unamortized deferred amount	657		49	608	49
Total general obligation bonds	<u>267,927</u>		<u>36,009</u>	<u>231,918</u>	<u>32,384</u>
Flood control bonds	<u>3,010</u>		<u>780</u>	<u>2,230</u>	<u>760</u>
Transportation revenue bonds	137,545		10,710	126,835	11,435
Plus unamortized deferred amount	191		26	165	26
Total transportation revenue bonds	<u>137,736</u>		<u>10,736</u>	<u>127,000</u>	<u>11,461</u>
Special assessment bonds with governmental commitment	<u>1,093</u>		<u>182</u>	<u>911</u>	<u>182</u>
Loans and Leases:					
Transportation loans payable	<u>1,943</u>	<u>\$ 4,836</u>	<u>1,040</u>	<u>5,739</u>	<u>2,025</u>
Capital leases payable:					
Jail capital lease	30,085		1,750	28,335	1,785
Less unamortized deferred amount	(2,297)		(191)	(2,106)	(192)
Other capital leases	91	231	125	197	97
Total capital leases	<u>27,879</u>	<u>231</u>	<u>1,684</u>	<u>26,426</u>	<u>1,690</u>
Total loans and leases	<u>29,822</u>	<u>5,067</u>	<u>2,724</u>	<u>32,165</u>	<u>3,715</u>
Reported but unpaid losses (Note 6)	20,842	11,872	6,950	25,764	5,507
Incurred but not reported losses (Note 6)	9,431	313		9,744	2,046
Landfill closure and post-closure care costs (Note 9)		16,268		16,268	
Total governmental activities long-term liabilities	<u>\$ 469,861</u>	<u>\$ 33,520</u>	<u>\$ 57,381</u>	<u>\$ 446,000</u>	<u>\$ 56,055</u>

PIMA COUNTY
Notes to Financial Statements
June 30, 2006
(in thousands)

Note 7: Long-Term Liabilities (continued)

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2006</u>	<u>Due within</u> <u>1 year</u>
Business-type activities:					
Sewer revenue bonds	\$ 60,075		\$ 4,550	\$ 55,525	\$ 5,570
Less unamortized deferred amount	(4,266)		(451)	(3,815)	
Total revenue bonds payable	<u>55,809</u>		<u>4,099</u>	<u>51,710</u>	<u>5,570</u>
Wastewater loans payable	84,232	\$1,086	4,951	80,367	5,503
Less unamortized deferred amount	(254)		(35)	(219)	
Total loans payable	<u>83,978</u>	<u>1,086</u>	<u>4,916</u>	<u>80,148</u>	<u>5,503</u>
Landfill closure & post-closure care cost	15,636		15,636		
Contracts and notes	4,852	163	453	4,562	
Total business-type activities long-term liabilities	<u>\$ 160,275</u>	<u>\$1,249</u>	<u>\$ 25,104</u>	<u>\$ 136,420</u>	<u>\$11,073</u>
Discretely presented component unit:					
Southwestern Fair Commission notes payable	<u>\$ 392</u>		<u>\$ 148</u>	<u>\$ 244</u>	<u>\$ 104</u>

GENERAL OBLIGATION BONDS OUTSTANDING

Governmental Activities

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

General obligation bonds payable at June 30, 2006, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, \$3,069 from the November 2, 1982 bond election, \$40,180 from the May 20, 1997, and \$476,432 from the May 18, 2004 bond election remain unissued. On May 16, 2006 voters authorized \$54,000 for building of psychiatric facilities, all of which 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, 2006</u>
Series of 1998	\$ 42,420	4.40 – 4.60%	2007-13	\$ 18,795
Series of 1999	50,000	5.00 – 5.08%	2007-10	16,115
Series of 2000	50,000	4.00 – 5.00%	2007-14	26,000
Series of 2001 Refunding	17,835	4.50 – 5.00%	2007-09	7,610
Series of 2002	20,000	4.00 – 4.50%	2007-16	10,000
Series of 2003	50,000	3.25 – 4.25%	2007-17	40,350
Series of 2004	65,000	3.00 – 5.00%	2007-19	53,615
Series of 2005	65,000	3.50 – 5.00%	2007-20	<u>58,825</u>
G.O. bonds outstanding				231,310
Plus unamortized deferred amount:				<u>608</u>
Total G.O. bonds outstanding				<u>\$ 231,918</u>

PIMA COUNTY
Notes to Financial Statements
June 30, 2006
(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2006.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 32,335	\$ 10,028
2008	25,005	8,539
2009	20,260	7,417
2010	19,790	6,503
2011	17,190	5,616
2012-2016	77,880	16,740
2017-2020	<u>38,850</u>	<u>2,988</u>
Total	<u>\$ 231,310</u>	<u>\$ 57,831</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, 2006, the following outstanding bonds were considered defeased:

	<u>Outstanding June 30, 2006</u>
1979 General Obligation Refunding Bonds	\$ 1,930
Series of 1999	\$ 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, 2006</u>
Series 2001 Refunding	\$ 4,585	4.00 - 4.20%	2007-09	\$ 2,230

The following schedule details flood control bond debt service requirements to maturity at June 30, 2006.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 760	91
2008	745	61
2009	<u>725</u>	<u>30</u>
Total	<u>\$2,230</u>	<u>\$ 182</u>

PIMA COUNTY
Notes to Financial Statements
June 30, 2006
(in thousands)

Note 7: Long-Term Liabilities (continued)

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 Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2006</u>
Series of 1998	\$ 40,000	4.50%	2007-08	\$ 8,000
Series of 2002	55,000	4.00 - 4.50%	2007-12	35,735
Series of 2003	35,000	3.38 - 4.38%	2007-18	31,900
Series of 2005	51,200	3.50 - 5.00%	2007-20	<u>51,200</u>
Transportation bonds outstanding				126,835
Plus unamortized deferred amount:				<u>165</u>
Total transportation bonds outstanding				<u>\$ 127,000</u>

The following schedule details transportation bond debt service requirements to maturity at June 30, 2006.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 11,435	\$ 5,257
2008	11,745	4,752
2009	11,465	4,276
2010	11,935	3,821
2011	12,450	3,302
2012-2016	41,225	9,975
2017-2020	<u>26,580</u>	<u>2,294</u>
Total	<u>\$ 126,835</u>	<u>\$ 33,677</u>

TRANSPORTATION LOANS PAYABLE
Governmental Activities

During the fiscal year ended June 30, 2002, and fiscal year ended June 30, 2006, 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. Interest on the Alvernon HELP loan is calculated and paid on an annual basis.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2006</u>
2002 HELP Loan – Ajo	\$ 3,700	3.23%	2007	\$ 703
2002 HELP Loan – Shannon	1,400	3.23%	2007	200
2006 HELP Loan – Alvernon	4,836	3.59%	2007-09	<u>4,836</u>
Total transportation loans payable				<u>\$ 5,739</u>

PIMA COUNTY
Notes to Financial Statements
June 30, 2006
(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details transportation loans debt service requirements to maturity at June 30, 2006.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 2,025	\$ 169
2008	2,714	114
2009	1,000	61
Total	<u>\$ 5,739</u>	<u>\$ 344</u>

SPECIAL ASSESSMENT BONDS OUTSTANDING

Governmental Activities

(Payments made from assessments received in the Debt Service Fund and the Transportation Fund)

At June 30, 2006, 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.

<u>Improvement District</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2006</u>
La Cholla Boulevard	\$ 1,821	6.50%	2007-11	\$ 911
Total special assessment bonds outstanding				<u>\$ 911</u>

The following schedule details special assessment bond debt service requirements to maturity at June 30, 2006.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 182	\$ 53
2008	182	41
2009	182	30
2010	182	18
2011	183	6
Total	<u>\$ 911</u>	<u>\$ 148</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 telephone and computer equipment. The outstanding balance as of June 30, 2006, for these leases totaled \$197.

The net book value of assets acquired through capital leases consists of \$20,091 of buildings and \$260 of equipment.

PIMA COUNTY
Notes to Financial Statements
June 30, 2006
(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details capital lease debt service requirements to maturity at June 30, 2006.

Governmental Activities:

<u>Year Ending June 30,</u>	<u>Buildings</u>		<u>Equipment</u>	
	Principal	Interest	Principal	Interest
2007	\$ 1,785	\$ 1,230	\$ 97	\$ 6
2008	1,870	1,139	80	2
2009	1,965	1,062	20	
2010	2,025	982		
2011	2,125	879		
2012-2016	12,810	2,624		
2017-2018	5,755	243		
Total	<u>\$ 28,335</u>	<u>\$ 8,159</u>	<u>\$ 197</u>	<u>\$ 8</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, \$3,943 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, 2006</u>
Series of 1998	\$ 29,185	4.00 - 5.50%	2007-15	\$ 17,655
Series 2001 Refunding	19,440	4.00 - 5.40%	2007-15	14,980
Series 2004 Refunding	25,770	2.63 - 5.50%	2007-15	<u>22,890</u>
Sewer revenue bonds outstanding				55,525
Less unamortized deferred amount:				<u>(3,815)</u>
Total sewer revenue bonds outstanding				<u>\$ 51,710</u>

The following schedule details sewer revenue bond debt service requirements to maturity at June 30, 2006.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 5,570	\$ 2,573
2008	5,800	2,340
2009	6,025	2,098
2010	5,280	1,816
2011	5,515	1,588
2012-2015	<u>27,335</u>	<u>3,452</u>
Total	<u>\$55,525</u>	<u>\$13,867</u>

PIMA COUNTY
Notes to Financial Statements
June 30, 2006
(in thousands)

Note 7: Long-Term Liabilities (continued)

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.

During fiscal year 05/06 the 2004 WIFA loan was amended to a total of \$19,967. Of that amount, as of June 30, 2006, WWM has drawn down \$18,538.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2006</u>
1996 Loan Payable	\$11,313	3.19%	2006-12	\$9,069
1997 Loan Payable	7,500	2.95%	2006-11	3,670
2000 Loan Payable	61,180	2.20%	2006-16	49,090
2004 Loan Payable	18,538	1.81%	2006-24	<u>18,538</u>
Loans payable				80,367
Less unamortized deferred amount				<u>(219)</u>
Total loans payable				<u>\$80,148</u>

The following schedule details loans payable debt service requirements to maturity at June 30, 2006.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 5,503	\$ 2,777
2008	5,722	2,586
2009	5,955	2,375
2010	6,317	2,153
2011	7,604	1,901
2012-2016	33,623	5,631
2017-2021	11,574	1,282
2022-2025	<u>4,069</u>	<u>206</u>
Total	<u>\$80,367</u>	<u>\$18,911</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, 2006
(in thousands)

Note 7: Long-Term Liabilities (continued)

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 and non-interest bearing.

<u>Description</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2006</u>
Pima County	None	Annual installments until June 2007	\$50

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, 2006</u>
Bank	Prime with 4% floor	Monthly installments until July 2008	\$149
Bank	Wall Street Journal interest rate	Monthly installments until July 2008	45
Total			<u>\$194</u>

The following schedule details Southwestern Fair Commission's notes payable debt service requirements to maturity at June 30, 2006.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$104	\$13
2008	53	9
2009	87	1
Total	<u>\$244</u>	<u>\$23</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, 2006, is as follows:

Net assessed valuation:		\$6,050,950
<u>Debt Limit (15% of net assessed valuation):</u>		907,643
<u>Amount of debt applicable to debt limit:</u>		
General obligation bonds outstanding	\$231,310	
Less net assets in debt service fund available for payment of general obligation bond principal	<u>(5,571)</u>	<u>(225,739)</u>
Legal debt margin available		<u>\$ 681,904</u>

PIMA COUNTY
Notes to Financial Statements
June 30, 2006
(in thousands)

Note 7: Long-Term Liabilities (continued)

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, 2006, is as follows:

Net assessed valuation:		\$5,323,433
<u>Debt Limit (5% of net assessed valuation):</u>		266,171
<u>Amount of debt applicable to debt limit:</u>		
Flood Control general obligation bonds outstanding	\$2,230	
Less net assets in debt service fund available for payment of flood control bond principal	(24)	(2,206)
Legal debt margin available		<u>\$ 263,965</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, 2006, 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.

	July 1, 2005			June 30, 2006
	<u>Balance</u>	<u>Draws</u>	<u>Repayments</u>	<u>Balance</u>
Line of credit	\$0	\$36,000	\$36,000	\$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 \$16,268 reported as landfill closure and postclosure care liability in the governmental activities represents the cumulative amount reported to date, based on the percentage used of each landfill's total estimated capacity. The County will recognize the remaining estimated cost of closure and postclosure care of \$6,675 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, 2006; actual costs may change due to inflation, changes in technology, or changes in regulations.

PIMA COUNTY
Notes to Financial Statements
June 30, 2006
(in thousands)

Note 9: Landfill Liabilities (continued)

<u>Landfill Site</u>	<u>Capacity Used June 30, 2006</u>	<u>Estimated Remaining Service Life</u>
Ajo *	100%	
Sahuarita **	43%	17 Years
Tangerine **	82%	3 Years

* 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 adjusted from 5,233,952 cu. yd. and 5,737,761 cu. yd. at June 30, 2005 to 4,932,103 cu. yd. and 6,484,362 cu. yd. at June 30, 2006, respectively. Concurrently, the estimated years of closure were adjusted to 2023 and 2009, 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 assure the County can meet the costs of landfill closure, postclosure, and corrective action when needed. The County is in compliance with these requirements.

The Ina Road Landfill facility is closed to municipal solid waste and only receives construction debris. It is not subject to the closure and post-closure cost requirements referred to above. Pima County estimates that it will cost approximately \$9,011 when closure occurs and plans to fund the cost with proceeds of general obligation bonds and with solid waste tipping fees. At this time, there is no closure date available.

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.

PIMA COUNTY
Notes to Financial Statements
June 30, 2006
(in thousands)

Note 10: Retirement Plans (continued)

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 85012-0250
(602) 240-2000 or
(800) 621-3778

PSPRS and CORP

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

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, 2006, active **ASRS** members and the County were each required by statute to contribute at the actuarially determined rate of 7.40 percent (6.90 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, 2006, 2005 and 2004 were \$17,551, \$12,602 and \$13,231 respectively, which were equal to the required contributions for the applicable year.

Agent plans For the year ended June 30, 2006, 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 13.71 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 6.59 percent.

Annual Pension Cost: The County's pension cost for the two agent plans for the year ended June 30, 2006, and related information follow:

	<u>PSPRS</u>	<u>CORP</u>
Contribution rates:		
County	17.36%	6.59%
Plan members	4.00%	8.50%
Annual pension cost	\$ 4,720	\$ 1,088
Contributions made	\$ 4,720	\$ 1,088
Actuarial valuation date	June 30, 2004	June 30, 2004
Actuarial cost method	Individual entry age	Individual entry age
Actuarial assumptions:		
Investment rate of return	8.75%	8.75%
Projected salary increases	6.25% - 9.25%	5.25% - 9.25%
includes inflation at	5.25%	5.25%
Amortization method	Level percent open	Level percent open
Remaining amortization period	20 years	20 years
Asset valuation method	smoothed market	smoothed market

PIMA COUNTY
Notes to Financial Statements
June 30, 2006
(in thousands)

Note 10: Retirement Plans (continued)

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

Contributions Required and Contributions Made

<u>Plan</u>	<u>Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PSPRS	2006	\$ 4,720	100%	\$ -
	2005	3,325	100%	-
	2004	2,694	100%	-
CORP	2006	\$ 1,088	100%	\$ -
	2005	782	100%	-
	2004	632	100%	-

Note 11: Segment Information

The Wastewater Management Enterprise Fund 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 the Fund is presented in the following table.

CONDENSED STATEMENT OF NET ASSETS

	<u>Wastewater Management Liquid Waste</u>
Assets:	
Current assets	\$ 68,668
Due from other funds	1
Capital assets, net	587,954
Other non-current assets	<u>1,243</u>
Total assets	<u>657,866</u>
Liabilities:	
Current liabilities	26,679
Due to other funds	177
Non-current liabilities	<u>125,347</u>
Total liabilities	<u>152,203</u>
Net assets:	
Invested in capital assets, net of related debt	456,846
Restricted	4,794
Unrestricted	<u>44,023</u>
Total net assets	<u>\$ 505,663</u>

PIMA COUNTY
Notes to Financial Statements
June 30, 2006
(in thousands)

Note 11: Segment Information (continued)

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS

	Wastewater Management <u>Liquid Waste</u>
Operating revenues/(expenses):	
Charges for services	\$ 62,274
Depreciation expense	(20,416)
Other operating expenses	<u>(56,902)</u>
Operating loss	<u>(15,044)</u>
Non-operating revenues/(expenses):	
Sewer connection revenue	42,220
Other non-operating revenues	3,220
Interest expense	(4,624)
Loss on disposal of capital assets	(20)
Other non-operating expenses	(97)
Capital contributions	14,607
Transfers out to other county funds	<u>(22)</u>
Change in net assets	<u>40,240</u>
Beginning net assets	<u>465,423</u>
Ending net assets	\$ <u>505,663</u>

CONDENSED STATEMENT OF CASH FLOWS

Net cash provide by:	
Operating activities	\$ 4,582
Non-capital financing activities	625
Capital and related financing activities	15,356
Investing activities	<u>1,862</u>
Net increase	22,425
Beginning cash and cash equivalents	<u>35,000</u>
Ending cash and cash equivalents	\$ <u>57,425</u>

PIMA COUNTY
Notes to Financial Statements
June 30, 2006
(in thousands)

Note 12: Interfund Transactions

Interfund Assets/Liabilities

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

Amounts recorded as due from:

	General	Transportation	Capital Projects	Other Governmental	PHS & Services	Wastewater Management	Internal Service	Total
General		\$ 22	\$ 919	\$ 1		\$ 310	\$ 1,252	
Transportation	81						\$ 81	
Capital Projects	\$ 63	\$ 48						111
Other Governmental	2,832			38			70	2,940
Pima Health System & Services	1,657							1,657
Wastewater Management	29		124	23			1	177
Other Enterprise	4			2	\$ 1			7
Internal Service	3			99				102
Total	\$ 4,669	\$ 48	\$ 146	\$ 1,081	\$ 1	\$ 1	\$ 381	\$ 6,327

Transfers

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

Amounts recorded as transfers out:

	General	Transportation	Other Governmental	Wastewater Management	Total
General	\$ 130	\$ 3,433		\$ 3,563	
Transportation			\$ 22		22
Capital Projects		7,000	10,529		17,529
Other Governmental	\$ 15,580	17,787	1,178	4,289	38,834
Internal Service	626				626
Total	\$ 16,206	\$ 24,917	\$ 15,140	\$ 4,311	\$ 60,574

The table above does not include transfers of capital assets and long-term liabilities from proprietary funds to governmental activities because these transfers are not reported in the governmental funds. During the year, the County reclassified the Solid Waste Division of the Wastewater Management Enterprise Fund to the Solid Waste Special Revenue Fund reported within the governmental funds. This resulted in a net transfer in to the Wastewater Management Enterprise Fund of \$156, consisting of the following:

Net current assets and liabilities transfer to other governmental funds	\$ (4,289)
Capital assets transfer to governmental activities	(11,335)
Long-term liabilities transfer to governmental activities	<u>15,780</u>
Total net transfer in to Wastewater Management Enterprise Fund	<u>\$ 156</u>

PIMA COUNTY
Notes to Financial Statements
June 30, 2006
(in thousands)

Note 13: Construction and Other Significant Commitments

At June 30, 2006, Pima County had the following major contractual commitments related to Facilities Management, General Government, Pima Health Systems and Services, Transportation and Wastewater Management.

Facilities Management

At June 30, 2006, the Pima County Facilities Management Department had construction contractual commitments of \$4,143. Funding for these expenditures will be provided from general obligation bonds.

General Government

At June 30, 2006, Pima County had contractual commitments related to service contracts for Human Resources of \$45,530, Institutional Health of \$105,859 and Risk Management of \$1,161. Funding for these expenditures will be primarily provided from general fund revenues.

Pima Health Systems and Services

At June 30, 2006, Pima County had contractual commitments related to service contracts for Pima Health Systems & Services of \$119,146. Funding for these expenditures will be primarily provided from federal and state funding sources.

Transportation

At June 30, 2006, the Pima County Transportation Department had construction contractual commitments of \$21,263 and other contractual commitments related to service contracts of \$7,871. 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.

Wastewater Management

At June 30, 2006, the Wastewater Management Enterprise fund had contractual commitments related to service contracts of \$8,306.

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. Accordingly, these leases totaled \$3,550 for the year ended June 30, 2006.

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, 2006, of \$260. This deficit can be eliminated in the future through normal operations.

PIMA COUNTY
Notes to Financial Statements
June 30, 2006
(in thousands)

Note 15: Non-cancelable Operating Leases

The County leases buildings and equipment under the provisions of various long-term lease agreements classified as operating leases for accounting purposes. The County rental expenditures under the terms of the non-cancelable operating leases were \$139 for the year ended June 30, 2006. These leases have remaining terms of 4 to 9 years and provide renewal options. The future minimum payments required under these leases at June 30, 2006 are as follows.

Year ending June 30,	Governmental Activities
2007	\$ 142
2008	142
2009	142
2010	142
2011	113
2012-2015	<u>379</u>
Total minimum lease payments	\$ <u>1,060</u>

Note 16: Subsequent Events

On July 1, 2006, the Pima County Free Library District (District) assumed the operations of library services, previously provided by the City of Tucson, in accordance with an intergovernmental agreement (IGA) with the City of Tucson (City). Under the IGA the City will provide transitional assistance to the District in the amount of \$6,000, \$4,000 and \$2,000 for fiscal years ending June 30, 2007, 2008 and 2009 respectively. Subsequent to June 30, 2009, the City will provide no additional assistance.

Effective July 1, 2006, City library personnel became District employees with equivalent pay and benefits. Two of the library branch properties will be conveyed to the District with the remaining properties being leased at no cost for 50 years.

The Pima County Board of Supervisors approved an increase in tax revenues to the District, effective in fiscal year 2006-07.

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Required Supplementary Information

Other Than Management's Discussion & Analysis

PIMA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2006
(in thousands)

Exhibit B - 1

	Budgeted Amounts			Variance
	Original	Final	Actual	Over/Under
Revenues:				
Taxes	\$ 242,153	\$ 242,153	\$ 242,948	\$ 795
Licenses and permits	2,311	2,311	2,536	225
Intergovernmental	132,950	132,950	143,982	11,032
Charges for services	26,479	26,479	27,102	623
Fines and forfeits	5,246	5,246	5,786	540
Interest	629	629	2,491	1,862
Miscellaneous	2,531	2,531	4,935	2,404
Total revenues	<u>412,299</u>	<u>412,299</u>	<u>429,780</u>	<u>17,481</u>
Expenditures:				
Assessor	7,868	7,868	7,738	130
Board of Supervisors	1,609	1,609	1,509	100
Clerk of Superior Court	9,998	9,998	9,939	59
Community & Economic Development	17,024	17,024	15,463	1,561
Constables	822	822	805	17
County Administration	32,810	32,810	31,049	1,761
County Attorney	17,311	17,311	16,738	573
Department of Institutional Health	101,956	101,956	102,496	(540)
Forensic Science Center	2,202	2,202	2,401	(199)
Justice Courts	6,505	6,505	6,503	2
Juvenile Court	23,093	23,093	22,646	447
Justice & Law Enforcement	25,306	25,306	26,232	(926)
Public Works	26,676	26,676	25,609	1,067
Recorder	2,548	2,548	2,169	379
Sheriff	93,197	93,197	96,687	(3,490)
Superior Court	26,956	26,956	26,897	59
Superior Court Mandated Services	1,575	1,575	1,732	(157)
School Superintendent	1,273	1,273	1,219	54
Treasurer	2,270	2,270	1,932	338
Debt Service - principal	1,750	1,750	1,750	
- interest	1,292	1,292	1,292	
- miscellaneous	6	6	5	1
Total expenditures	<u>404,047</u>	<u>404,047</u>	<u>402,811</u>	<u>1,236</u>
Excess of revenues over expenditures	8,252	8,252	26,969	18,717
Other financing sources (uses):				
Proceeds from sale of fixed assets			22	22
Transfers in	2,843	2,843	3,563	720
Transfers (out)	(15,104)	(15,104)	(16,206)	(1,102)
Total other financing uses	<u>(12,261)</u>	<u>(12,261)</u>	<u>(12,621)</u>	<u>(360)</u>
Net change in fund balance	(4,009)	(4,009)	14,348	18,357
Fund balance at beginning of year	19,809	19,809	37,227	17,418
Fund balance at end of year	<u>\$ 15,800</u>	<u>\$ 15,800</u>	<u>\$ 51,575</u>	<u>\$ 35,775</u>

See Notes to Required Supplementary Information

PIMA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - TRANSPORTATION SPECIAL REVENUE FUND
For the Year Ended June 30, 2006
(in thousands)

Exhibit B - 2

	Budgeted Amounts			Variance
	Original	Final	Actual	Over/Under
Revenues:				
Licenses and permits	\$ 285	\$ 285	\$ 368	\$ 83
Intergovernmental	56,136	56,136	58,368	2,232
Charges for services	510	510	1,603	1,093
Interest	300	300	840	540
Miscellaneous	195	195	765	570
Total revenues	<u>57,426</u>	<u>57,426</u>	<u>61,944</u>	<u>4,518</u>
Expenditures:				
Highways and streets	<u>42,577</u>	<u>42,577</u>	<u>39,337</u>	<u>3,240</u>
Total expenditures	<u>42,577</u>	<u>42,577</u>	<u>39,337</u>	<u>3,240</u>
Excess of revenues over expenditures	14,849	14,849	22,607	7,758
Other financing sources (uses):				
Proceeds from sale of capital assets			376	376
Transfers in			22	22
Transfers (out)	(23,549)	(23,549)	(24,917)	(1,368)
Total other financing uses	<u>(23,549)</u>	<u>(23,549)</u>	<u>(24,519)</u>	<u>(970)</u>
Net change in fund balance	(8,700)	(8,700)	(1,912)	6,788
Fund balance at beginning of year	14,656	14,656	19,793	5,137
Change in reserve for inventory			(126)	(126)
Fund balance at end of year	<u>\$ 5,956</u>	<u>\$ 5,956</u>	<u>\$ 17,755</u>	<u>\$ 11,799</u>

See Notes to Required Supplementary Information

PIMA COUNTY
Required Supplementary Information
Notes to Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund
and Transportation Special Revenue Fund
June 30, 2006
(in thousands)

Note 1: Budgetary Basis of Accounting

Arizona Revised Statutes (ARS § 42-17101) requires that on or before the third Monday in July of each year, the Board of Supervisors adopt 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 Fund). Operating plans for all Enterprise Funds are also adopted as part of the budget document. Per ARS § 42-17106, expenditures may not be in excess of the amounts specified for each purpose in the budget, except as provided by law. 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. ARS § 42-17106 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, 2006, expenditures exceeded appropriations in the following General Fund departments (the legal level of budgetary control) by the following amounts: Sheriff, \$3,490; Justice & Law Enforcement, \$926; Department of Institutional Health, \$540; Forensic Science Center, \$199; and Superior Court Mandated Services, \$157. These over expenditures were funded by greater than anticipated revenues.

PIMA COUNTY
SCHEDULE OF AGENT RETIREMENT PLANS' FUNDING PROGRESS
June 30, 2006
(in thousands)

Exhibit B - 3

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	2006	\$ 133,450	\$ 181,084	\$ 47,634	73.7%	\$ 28,556	166.8%
	2005	132,736	162,817	30,081	81.5%	24,313	123.7%
	2004	132,797	145,427	12,630	91.3%	23,493	53.8%
CORP	2006	\$ 43,318	\$ 49,891	\$ 6,573	86.8%	\$ 17,658	37.2%
	2005	41,729	45,244	3,515	92.2%	15,681	22.4%
	2004	39,537	41,741	2,204	94.7%	15,401	14.3%



Combining Statements and Other Schedules

Other (Nonmajor) Governmental Funds

OTHER GOVERNMENTAL FUNDS (Nonmajor)

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 floodwaters. 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.

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.

Solid Waste Fund – to account for the resources used to finance the operations of the County's landfills and transfer stations, and to account for the state shared revenue tax for the tire recycling program.

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.

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, 2006
(in thousands)

	Special Revenue Funds					
	Health and Animal Control	Regional Flood Control District	Employment and Training	Other	Other Grants	School Reserve
<u>Assets</u>						
Cash and cash equivalents	\$ 616	\$ 6,569		\$ 33,252	\$ 2	\$ 1,328
Property taxes receivable (net of allowances for uncollectables)		599				
Interest receivable				2		
Due from other funds			\$ 217	195	91	
Due from other governments	2,842		2,970	161	7,810	357
Accounts receivable	26		11	424	7	
Inventory	100			36		
Prepaid expenditures	29		15	6		11
Total assets	<u>\$ 3,613</u>	<u>\$ 7,168</u>	<u>\$ 3,213</u>	<u>\$ 34,076</u>	<u>\$ 7,910</u>	<u>\$ 1,696</u>
<u>Liabilities and fund balances</u>						
Liabilities:						
Accounts payable	\$ 908	\$ 860	\$ 872	\$ 1,104	\$ 3,747	\$ 329
Contract retentions		33				
Employee compensation	416	118	103	190	558	
Due to other funds	17	6	999	6	1,909	
Due to other governments	2	3		1	18	
Deferred revenues	50	520	464	1,132	1,938	22
Total liabilities	<u>1,393</u>	<u>1,540</u>	<u>2,438</u>	<u>2,433</u>	<u>8,170</u>	<u>351</u>
Fund balances:						
Reserved for inventory	100			36		
Reserved for prepaid expenditures	29		15	6		11
Reserved for debt service						
Reserved for capital repairs and refurbishments						
Reserved for specified programs						
Unreserved	2,091	4,584	760	31,601	(260)	1,334
Designated for flood mitigation		1,044				
Total fund balances	<u>2,220</u>	<u>5,628</u>	<u>775</u>	<u>31,643</u>	<u>(260)</u>	<u>1,345</u>
Total liabilities and fund balances	<u>\$ 3,613</u>	<u>\$ 7,168</u>	<u>\$ 3,213</u>	<u>\$ 34,076</u>	<u>\$ 7,910</u>	<u>\$ 1,696</u>

Special Revenue Funds						Total Other Governmental Funds
Environmental Quality	Special Districts	Solid Waste	Library District	Stadium District	Debt Service Fund	
\$ 2,040	\$ 111	\$ 3,560	\$ 4,832	\$ 59	\$ 6,630	\$ 58,999
			442		1,221	2,262
			1		17	20
		122		456		1,081
286		285	956	328		15,995
93		307		470		1,338
						136
1		9				71
<u>\$ 2,420</u>	<u>\$ 111</u>	<u>\$ 4,283</u>	<u>\$ 6,231</u>	<u>\$ 1,313</u>	<u>\$ 7,868</u>	<u>\$ 79,902</u>
\$ 113		\$ 257	\$ 225	\$ 250		\$ 8,665
						33
76		61	77	5		1,604
1		2				2,940
		12				36
142			977	150	\$ 1,033	6,428
332		332	1,279	405	1,033	19,706
1		9				136
	\$ 111				6,673	71
						6,784
				75		75
1,047		1,601				2,648
1,040		2,341	4,952	833	162	49,438
						1,044
2,088	111	3,951	4,952	908	6,835	60,196
<u>\$ 2,420</u>	<u>\$ 111</u>	<u>\$ 4,283</u>	<u>\$ 6,231</u>	<u>\$ 1,313</u>	<u>\$ 7,868</u>	<u>\$ 79,902</u>

PIMA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006
(in thousands)

	Special Revenue Funds					
	Health and Animal Control	Regional Flood Control District	Employment and Training	Other	Other Grants	School Reserve
Revenues:						
Taxes		\$ 19,821				
Special assessments						
Licenses and permits	\$ 2,293					
Intergovernmental	10,924	2	\$ 12,770	\$ 5,746	\$ 40,632	\$ 2,931
Charges for services	2,279			7,795		
Fines and forfeits	175					
Interest	2	327		1,156	84	
Miscellaneous	395	167	71	5,210	584	
Total revenues	16,068	20,317	12,841	19,907	41,300	2,931
Expenditures:						
Current:						
General government				12,213	23,274	
Public safety		9,215		4,001	11,326	
Highways and streets				57		
Sanitation						
Health	23,939				16	
Welfare					538	
Culture and recreation				72	17	
Education and economic opportunity			12,652		5,681	2,903
Debt service - principal				86	39	
- interest				6	3	
- miscellaneous						
Total expenditures	23,939	9,215	12,652	16,435	40,894	2,903
Excess (deficiency) of revenues over (under) expenditures	(7,871)	11,102	189	3,472	406	28
Other financing sources (uses):						
Capital leases				231		
Proceeds from sale of capital assets				18		
Transfers in	8,782		290	3,046	567	
Transfers (out)		(10,153)		(1,390)	(46)	
Total other financing sources (uses)	8,782	(10,153)	290	1,905	521	
Net change in fund balances	911	949	479	5,377	927	28
Fund balance at beginning of year	1,378	4,679	296	26,259	(1,187)	1,306
Change in reserve for inventory	(69)			7		
Change in reserve for prepaid expenditures						11
Fund balance at end of year	\$ 2,220	\$ 5,628	\$ 775	\$ 31,643	\$ (260)	\$ 1,345

Special Revenue Funds					Debt Service Fund	Total Other Governmental Funds
Environmental Quality	Special Districts	Solid Waste	Library District	Stadium District		
			\$ 15,450		\$ 43,255	\$ 78,526
	\$ 215					215
\$ 2,255						4,548
1,309		\$ 1,136	300	\$ 1,802		77,552
		4,531		1,171		15,776
53						228
63	5	144	309	10	1,312	3,412
21		122	318	5	5	6,898
<u>3,701</u>	<u>220</u>	<u>5,933</u>	<u>16,377</u>	<u>2,988</u>	<u>44,572</u>	<u>187,155</u>
						35,487
						24,542
						57
		6,271				6,271
3,682						27,637
						538
			13,510	1,858		15,457
						21,236
					48,672	48,797
					18,147	18,156
					10	10
<u>3,682</u>	<u></u>	<u>6,271</u>	<u>13,510</u>	<u>1,858</u>	<u>66,829</u>	<u>198,188</u>
19	220	(338)	2,867	1,130	(22,257)	(11,033)
						231
						18
381		4,289	5	2,538	18,936	38,834
	(247)		(60)	(3,244)		(15,140)
<u>381</u>	<u>(247)</u>	<u>4,289</u>	<u>(55)</u>	<u>(706)</u>	<u>18,936</u>	<u>23,943</u>
400	(27)	3,951	2,812	424	(3,321)	12,910
1,688	138		2,140	484	10,156	47,337
						(62)
						11
<u>\$ 2,088</u>	<u>\$ 111</u>	<u>\$ 3,951</u>	<u>\$ 4,952</u>	<u>\$ 908</u>	<u>\$ 6,835</u>	<u>\$ 60,196</u>

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Combining Statements and Other Schedules

Schedule of Revenues, Expenditures and Changes in
Fund Balance

Budget and Actual – Other Governmental Funds

PIMA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
For the Year Ended June 30, 2006
(in thousands)

Exhibit C - 3

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 14,998	\$ 11,157	\$ (3,841)
Charges for services	7,236	19,101	11,865
Interest	581	4,639	4,058
Miscellaneous	1,334	567	(767)
Total revenues	<u>24,149</u>	<u>35,464</u>	<u>11,315</u>
Expenditures:			
Capital outlay	<u>143,777</u>	<u>121,007</u>	<u>22,770</u>
Total expenditures	<u>143,777</u>	<u>121,007</u>	<u>22,770</u>
Deficiency of revenues under expenditures	<u>(119,628)</u>	<u>(85,543)</u>	<u>34,085</u>
Other financing sources:			
Face amount of long-term debt		4,836	4,836
Proceeds from sale of capital assets			
Transfers in	<u>16,221</u>	<u>17,529</u>	<u>1,308</u>
Total other financing sources	<u>16,221</u>	<u>22,365</u>	<u>6,144</u>
Net change in fund balance	(103,407)	(63,178)	40,229
Fund balance at beginning of year	<u>105,905</u>	<u>147,650</u>	<u>41,745</u>
Fund balance at end of year	<u>\$ 2,498</u>	<u>\$ 84,472</u>	<u>\$ 81,974</u>

PIMA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
HEALTH AND ANIMAL CONTROL - SPECIAL REVENUE FUND
For the Year Ended June 30, 2006
(in thousands)

Exhibit C - 4

	Budget	Actual	Variance Over/Under
Revenues:			
Licenses and permits	\$ 2,481	\$ 2,293	\$ (188)
Intergovernmental	11,557	10,924	(633)
Charges for services	2,224	2,279	55
Fines and forfeits	206	175	(31)
Interest		2	2
Miscellaneous	52	395	343
Total revenues	<u>16,520</u>	<u>16,068</u>	<u>(452)</u>
Expenditures:			
Health	14,686	14,706	(20)
Health grants	10,551	9,233	1,318
Total expenditures	<u>25,237</u>	<u>23,939</u>	<u>1,298</u>
Deficiency of revenues under expenditures	<u>(8,717)</u>	<u>(7,871)</u>	<u>846</u>
Other financing sources:			
Transfers in	8,782	8,782	
Total other financing sources	<u>8,782</u>	<u>8,782</u>	
Net change in fund balance	65	911	846
Fund balance at beginning of year	887	1,378	491
Change in reserve for inventory		(69)	(69)
Fund balance at end of year	<u>\$ 952</u>	<u>\$ 2,220</u>	<u>\$ 1,268</u>

PIMA COUNTY
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, 2006
(in thousands)

Exhibit C - 5

	Budget	Actual	Variance Over/Under
Revenues:			
Taxes	\$ 19,721	\$ 19,821	\$ 100
Intergovernmental	32	2	(30)
Interest	100	327	227
Miscellaneous	22	167	145
Total revenues	<u>19,875</u>	<u>20,317</u>	<u>442</u>
Expenditures:			
Flood control	<u>9,341</u>	<u>9,215</u>	<u>126</u>
Total expenditures	<u>9,341</u>	<u>9,215</u>	<u>126</u>
Excess of revenues over expenditures	<u>10,534</u>	<u>11,102</u>	<u>568</u>
Other financing sources (uses):			
Transfers in			
Transfers (out)	<u>(10,153)</u>	<u>(10,153)</u>	
Total other financing uses	<u>(10,153)</u>	<u>(10,153)</u>	
Net change in fund balance	381	949	568
Fund balance at beginning of year	<u>3,092</u>	<u>4,679</u>	<u>1,587</u>
Fund balance at end of year	<u>\$ 3,473</u>	<u>\$ 5,628</u>	<u>\$ 2,155</u>

PIMA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
EMPLOYMENT AND TRAINING - SPECIAL REVENUE FUND
For the Year Ended June 30, 2006
(in thousands)

Exhibit C - 6

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 12,331	\$ 12,770	\$ 439
Miscellaneous	2	71	69
Total revenues	<u>12,333</u>	<u>12,841</u>	<u>508</u>
Expenditures:			
Employment and training	<u>12,507</u>	<u>12,652</u>	<u>(145)</u>
Total expenditures	<u>12,507</u>	<u>12,652</u>	<u>(145)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(174)</u>	<u>189</u>	<u>363</u>
Other financing sources:			
Transfers in	<u>289</u>	<u>290</u>	<u>1</u>
Total other financing sources	<u>289</u>	<u>290</u>	<u>1</u>
Net change in fund balance	115	479	364
Fund balance at beginning of year	<u>591</u>	<u>296</u>	<u>(295)</u>
Fund balance at end of year	<u>\$ 706</u>	<u>\$ 775</u>	<u>\$ 69</u>

PIMA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
OTHER - SPECIAL REVENUE FUND
For the Year Ended June 30, 2006
(in thousands)

Exhibit C - 7

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 2,962	\$ 5,746	\$ 2,784
Charges for services	6,223	7,795	1,572
Fines and forfeits	710		(710)
Interest	271	1,156	885
Miscellaneous	6,941	5,210	(1,731)
Total revenues	<u>17,107</u>	<u>19,907</u>	<u>2,800</u>
Expenditures:			
Current:			
General government	22,918	12,213	10,705
Public Safety	5,382	4,001	1,381
Highways and streets	25	57	(32)
Culture and recreation	1,505	72	1,433
Debt service - principal	120	86	34
- interest	11	6	5
Total expenditures	<u>29,961</u>	<u>16,435</u>	<u>13,526</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,854)</u>	<u>3,472</u>	<u>16,326</u>
Other financing sources (uses):			
Capital leases		231	231
Proceeds from sale of capital assets		18	18
Transfers in	2,612	3,046	434
Transfers (out)	(120)	(1,390)	(1,270)
Total other financing sources (uses)	<u>2,492</u>	<u>1,905</u>	<u>(587)</u>
Net change in fund balance	(10,362)	5,377	15,739
Fund balance at beginning of year	20,473	26,259	5,786
Change in reserve for inventory		7	7
Fund balance at end of year	<u>\$ 10,111</u>	<u>\$ 31,643</u>	<u>\$ 21,532</u>

PIMA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
OTHER GRANTS - SPECIAL REVENUE FUND
For the Year Ended June 30, 2006
(in thousands)

Exhibit C - 8

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 48,568	\$ 40,632	\$ (7,936)
Interest	12	84	72
Miscellaneous	250	584	334
Total revenues	<u>48,830</u>	<u>41,300</u>	<u>(7,530)</u>
Expenditures:			
Clerk of Superior Court Grants		2	(2)
Community Services Grants	7,286	5,681	1,605
County Attorney Grants	2,957	2,696	261
Institutional Health		538	(538)
Justice Court Grants	43	45	(2)
Juvenile Court Grants	11,227	10,888	339
Legal Defender Grants	20	16	4
Parks and Recreation Grants	95	17	78
Public Defender Grants	40	60	(20)
Adult Probation Grants	8,243	8,778	(535)
Sheriff Grants	18,776	11,326	7,450
Superior Court Grants	777	594	183
Medical Assistance Grants		16	(16)
County Administrator	430	195	235
Debt Service - principal		39	(39)
- interest		3	(3)
Total expenditures	<u>49,894</u>	<u>40,894</u>	<u>9,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,064)</u>	<u>406</u>	<u>1,470</u>
Other financing sources (uses):			
Transfers in		567	567
Transfers (out)		(46)	(46)
Total other financing sources		<u>521</u>	<u>521</u>
Net change in fund balance	(1,064)	927	1,991
Fund balance at beginning of year	985	(1,187)	(2,172)
Fund balance at end of year	<u>\$ (79)</u>	<u>\$ (260)</u>	<u>\$ (181)</u>

PIMA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SCHOOL RESERVE - SPECIAL REVENUE FUND
For the Year Ended June 30, 2006
(in thousands)

Exhibit C - 9

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 4,264	\$ 2,931	\$ (1,333)
Total revenues	<u>4,264</u>	<u>2,931</u>	<u>(1,333)</u>
Expenditures:			
School Reserve Grants	<u>4,221</u>	<u>2,903</u>	<u>1,318</u>
Total expenditures	<u>4,221</u>	<u>2,903</u>	<u>1,318</u>
Excess of revenues over expenditures	<u>43</u>	<u>28</u>	<u>(15)</u>
Net change in fund balance	43	28	(15)
Fund balance at beginning of year	1,368	1,306	(62)
Change in reserve for prepaid expenditures		11	11
Fund balance at end of year	<u>\$ 1,411</u>	<u>\$ 1,345</u>	<u>\$ (66)</u>

PIMA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
ENVIRONMENTAL QUALITY - SPECIAL REVENUE FUND
For the Year ended June 30, 2006
(in thousands)

Exhibit C - 10

	Budget	Actual	Variance Over/Under
Revenues:			
Licenses and permits	\$ 1,969	\$ 2,255	\$ 286
Intergovernmental	1,351	1,309	(42)
Fines and forfeits		53	53
Interest	14	63	49
Miscellaneous	1	21	20
Total revenues	<u>3,335</u>	<u>3,701</u>	<u>366</u>
Expenditures:			
Environmental quality	2,717	2,523	194
Environmental quality grants	1,175	1,159	16
Total expenditures	<u>3,892</u>	<u>3,682</u>	<u>210</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(557)</u>	<u>19</u>	<u>576</u>
Other financing sources:			
Transfers in	381	381	
Total other financing sources	<u>381</u>	<u>381</u>	
Net change in fund balance	(176)	400	576
Fund balance at beginning of year	632	1,688	1,056
Fund balance at end of year	<u>\$ 456</u>	<u>\$ 2,088</u>	<u>\$ 1,632</u>

PIMA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL DISTRICTS - SPECIAL REVENUE FUND
For the Year ended June 30, 2006
(in thousands)

Exhibit C - 11

	Budget	Actual	Variance Over/Under
Revenues:			
Special assesments		\$ 215	\$ 215
Interest		5	5
Total revenues		220	220
Expenditures:			
Excess of revenues over expenditures		220	220
Other financing uses:			
Transfers in			
Transfers (out)		(247)	(247)
Total other financing uses		(247)	(247)
Net change in fund balance		(27)	(27)
Fund balance at beginning of year		138	138
Fund balance at end of year		\$ 111	\$ 111

PIMA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SOLID WASTE - SPECIAL REVENUE FUND
For the Year ended June 30, 2006
(in thousands)

Exhibit C - 12

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 1,090	\$ 1,136	\$ 46
Charges for services	5,330	4,531	(799)
Interest	40	144	104
Miscellaneous	86	122	36
Total revenues	<u>6,546</u>	<u>5,933</u>	<u>(613)</u>
Expenditures:			
Sanitation	<u>8,345</u>	<u>6,271</u>	<u>2,074</u>
Total expenditures	<u>8,345</u>	<u>6,271</u>	<u>2,074</u>
Deficiency of revenues under expenditures	<u>(1,799)</u>	<u>(338)</u>	<u>1,461</u>
Other financing sources (uses):			
Transfers in		4,289	4,289
Total other financing sources		<u>4,289</u>	<u>4,289</u>
Net change in fund balance	(1,799)	3,951	5,750
Fund balance at beginning of year	3,474		(3,474)
Fund balance at end of year	<u>\$ 1,675</u>	<u>\$ 3,951</u>	<u>\$ 2,276</u>

PIMA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
LIBRARY DISTRICT - SPECIAL REVENUE FUND
For the Year ended June 30, 2006
(in thousands)

Exhibit C - 13

	Budget	Actual	Variance Over/Under
Revenues:			
Taxes	\$ 14,985	\$ 15,450	\$ 465
Intergovernmental	2	300	298
Interest	100	309	209
Miscellaneous		318	318
Total revenues	<u>15,087</u>	<u>16,377</u>	<u>1,290</u>
Expenditures:			
Culture and recreation	<u>14,985</u>	<u>13,510</u>	<u>1,475</u>
Total expenditures	<u>14,985</u>	<u>13,510</u>	<u>1,475</u>
Excess of revenues over expenditures	<u>102</u>	<u>2,867</u>	<u>2,765</u>
Other financing sources (uses):			
Transfers in		5	5
Transfers (out)		(60)	(60)
Total other financing uses		<u>(55)</u>	<u>(55)</u>
Net change in fund balance	102	2,812	2,710
Fund balance at beginning of year	<u>1,777</u>	<u>2,140</u>	<u>363</u>
Fund balance at end of year	<u>\$ 1,879</u>	<u>\$ 4,952</u>	<u>\$ 3,073</u>

PIMA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
STADIUM DISTRICT - SPECIAL REVENUE FUND
For the Year Ended June 30, 2006
(in thousands)

Exhibit C - 14

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 1,740	\$ 1,802	\$ 62
Charges for services	1,041	1,171	130
Interest	20	10	(10)
Miscellaneous	20	5	(15)
Total revenues	<u>2,821</u>	<u>2,988</u>	<u>167</u>
Expenditures:			
Stadium District	<u>1,541</u>	<u>1,858</u>	<u>(317)</u>
Total expenditures	<u>1,541</u>	<u>1,858</u>	<u>(317)</u>
Excess of revenues over expenditures	<u>1,280</u>	<u>1,130</u>	<u>(150)</u>
Other financing sources (uses):			
Transfers in	1,434	2,538	1,104
Transfers (out)	<u>(2,562)</u>	<u>(3,244)</u>	<u>(682)</u>
Total other financing sources (uses)	<u>(1,128)</u>	<u>(706)</u>	<u>422</u>
Net change in fund balance	152	424	272
Fund balance at beginning of year		484	484
Fund balance at end of year	<u>\$ 152</u>	<u>\$ 908</u>	<u>\$ 756</u>

PIMA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended June 30, 2006
(in thousands)

Exhibit C - 15

	Budget	Actual	Variance Over/Under
Revenues:			
Taxes	\$ 42,974	\$ 43,255	\$ 281
Special assessments	291		(291)
Intergovernmental	7		(7)
Interest	304	1,312	1,008
Miscellaneous		5	5
Total revenues	<u>43,576</u>	<u>44,572</u>	<u>996</u>
Expenditures:			
Debt service - principal	49,215	48,672	543
- interest	18,509	18,147	362
- miscellaneous	15	10	5
Total expenditures	<u>67,739</u>	<u>66,829</u>	<u>910</u>
Deficiency of revenues under expenditures	<u>(24,163)</u>	<u>(22,257)</u>	<u>1,906</u>
Other financing sources:			
Transfers in	17,321	18,936	1,615
Total other financing sources	<u>17,321</u>	<u>18,936</u>	<u>1,615</u>
Net change in fund balance	(6,842)	(3,321)	3,521
Fund balance at beginning of year	10,916	10,156	(760)
Fund balance at end of year	<u>\$ 4,074</u>	<u>\$ 6,835</u>	<u>\$ 2,761</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.

PIMA COUNTY
COMBINING STATEMENT OF NET ASSETS - NONMAJOR ENTERPRISE FUNDS
June 30, 2006
(in thousands)

Exhibit C - 16

	Development Services	Parking Garages	Total Other Enterprise Funds
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 16,816	\$ 1,531	\$ 18,347
Accounts receivable		2	2
Prepaid expense	2		2
Total current assets	<u>16,818</u>	<u>1,533</u>	<u>18,351</u>
Noncurrent assets:			
Capital assets:			
Land and other improvements		1,861	1,861
Buildings and improvements		12,927	12,927
Equipment	1,738	251	1,989
Less accumulated depreciation	(666)	(7,590)	(8,256)
Total capital assets (net of accumulated depreciation)	<u>1,072</u>	<u>7,449</u>	<u>8,521</u>
Total noncurrent assets	<u>1,072</u>	<u>7,449</u>	<u>8,521</u>
Total assets	<u>17,890</u>	<u>8,982</u>	<u>26,872</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	1,158	167	1,325
Employee compensation	1,009	21	1,030
Due to other funds	7		7
Due to other governments	2	88	90
Total current liabilities	<u>2,176</u>	<u>276</u>	<u>2,452</u>
Total liabilities	<u>2,176</u>	<u>276</u>	<u>2,452</u>
<u>Net assets</u>			
Invested in capital assets	1,072	7,449	8,521
Unrestricted	<u>14,642</u>	<u>1,257</u>	<u>15,899</u>
Total net assets	<u>\$ 15,714</u>	<u>\$ 8,706</u>	<u>\$ 24,420</u>

PIMA COUNTY Exhibit C - 17
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2006
(in thousands)

	Development Services	Parking Garages	Total Other Enterprise Funds
Operating revenues:			
Charges for services	\$ 17,140	\$ 1,485	\$ 18,625
Other	248		248
	<u>17,388</u>	<u>1,485</u>	<u>18,873</u>
Total net operating revenues			
	<u>17,388</u>	<u>1,485</u>	<u>18,873</u>
Operating expenses:			
Employee compensation	9,817	209	10,026
Operating supplies and services	1,173	8	1,181
Utilities	137	184	321
Repair and maintenance	351	139	490
General and administrative	1,823	576	2,399
Consultants and professional services	916	5	921
Depreciation	121	337	458
Total operating expenses	<u>14,338</u>	<u>1,458</u>	<u>15,796</u>
Operating income	<u>3,050</u>	<u>27</u>	<u>3,077</u>
Nonoperating revenues (expenses):			
Interest income	555	46	601
Loss on disposal of capital assets	<u>(2)</u>	<u></u>	<u>(2)</u>
Total nonoperating revenues (expenses):	<u>553</u>	<u>46</u>	<u>599</u>
Income before contributions and transfers	<u>3,603</u>	<u>73</u>	<u>3,676</u>
Change in net assets	<u>3,603</u>	<u>73</u>	<u>3,676</u>
Net assets at beginning of year	<u>12,111</u>	<u>8,633</u>	<u>20,744</u>
Net assets at end of year	<u>\$ 15,714</u>	<u>\$ 8,706</u>	<u>\$ 24,420</u>

PIMA COUNTY
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2006
(in thousands)

Exhibit C - 18

	Development Services	Parking Garages	Total Other Enterprise Funds
Cash flows from operating activities:			
Cash received from other funds for goods and services provided	\$ 78		\$ 78
Cash received from customers for goods and services provided	17,158	\$ 1,501	18,659
Cash received from miscellaneous operations	248		248
Cash payments to suppliers for goods and services	(1,716)	(815)	(2,531)
Cash payments to other funds for goods and services	(2,890)	(42)	(2,932)
Cash payments to employees for services	(9,086)	(210)	(9,296)
Net cash provided by operating activities	3,792	434	4,226
Cash flows from capital and related financing activities:			
Purchase of capital assets	(843)		(843)
Net cash used for capital and related financing activities	(843)		(843)
Cash flows from investing activities:			
Interest on cash and investments	581	49	630
Net cash provided by investing activities	581	49	630
Net increase in cash and cash equivalents	3,530	483	4,013
Cash and cash equivalents at beginning of year	13,286	1,048	14,334
Cash and cash equivalents at end of year	<u>\$ 16,816</u>	<u>\$ 1,531</u>	<u>\$ 18,347</u>

(Continued)

PIMA COUNTY
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2006
(in thousands)

Exhibit C - 18.1

(Continued)

Reconciliation of operating income to net cash provided by operating activities	Development Services	Parking Garages	Total Other Enterprise Funds
Operating income	\$ 3,050	\$ 27	\$ 3,077
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	121	337	458
Decrease in accounts receivable		16	16
Decrease in due from other governments	18		18
Increase in prepaid expenses	(1)		(1)
Increase in accounts payable	697	22	719
Increase in due to other funds	7		7
Increase in due to other governments	1	33	34
Decrease in other current liabilities	(101)	(1)	(102)
Net cash provided by operating activities	<u>\$ 3,792</u>	<u>\$ 434</u>	<u>\$ 4,226</u>

Noncash investing, capital, and financing activities:

During the year ended June 30, 2006, the Development Services Enterprise Fund disposed of capital assets with an original cost of \$57 and accumulated depreciation of \$55 for a loss on disposal of \$2.



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, graphics and telecommunication services to County departments.

PIMA COUNTY
COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS
June 30, 2006
(in thousands)

Exhibit C - 19

	Self Insurance Trust	Other Internal Service	Total Internal Service Funds
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 38,298	\$ 4,067	\$ 42,365
Interest receivable	132		132
Due from other funds		381	381
Due from other governments		94	94
Accounts receivable	235	22	257
Inventory		482	482
Prepaid expense	784	7	791
Total current assets	<u>39,449</u>	<u>5,053</u>	<u>44,502</u>
Noncurrent assets:			
Investments	911		911
Capital assets:			
Land and other improvements	592		592
Buildings and improvements		614	614
Equipment	95	29,266	29,361
Less accumulated depreciation	<u>(59)</u>	<u>(12,732)</u>	<u>(12,791)</u>
Total capital assets (net of accumulated depreciation)	<u>628</u>	<u>17,148</u>	<u>17,776</u>
Total noncurrent assets	<u>1,539</u>	<u>17,148</u>	<u>18,687</u>
Total assets	<u>40,988</u>	<u>22,201</u>	<u>63,189</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	239	1,242	1,481
Employee compensation	100	552	652
Due to other funds		102	102
Current portion reported but unpaid losses	5,507		5,507
Current portion incurred but not reported losses	<u>2,046</u>		<u>2,046</u>
Total current liabilities	<u>7,892</u>	<u>1,896</u>	<u>9,788</u>
Noncurrent liabilities:			
Reported but unpaid losses	20,257		20,257
Incurred but not reported losses	<u>7,698</u>		<u>7,698</u>
Total noncurrent liabilities	<u>27,955</u>		<u>27,955</u>
Total liabilities	<u>35,847</u>	<u>1,896</u>	<u>37,743</u>
<u>Net assets</u>			
Invested in capital assets	628	17,148	17,776
Unrestricted	<u>4,513</u>	<u>3,157</u>	<u>7,670</u>
Total net assets	<u>\$ 5,141</u>	<u>\$ 20,305</u>	<u>\$ 25,446</u>

PIMA COUNTY Exhibit C - 20
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2006
(in thousands)

	Self Insurance Trust	Other Internal Service	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 14,527	\$ 17,650	\$ 32,177
Other	700	1,428	2,128
Total operating revenues	<u>15,227</u>	<u>19,078</u>	<u>34,305</u>
Operating expenses:			
Employee compensation	2,042	4,730	6,772
Operating supplies and services	326	5,078	5,404
Utilities	26	782	808
Incurred losses	12,185		12,185
Insurance premiums	4,272	891	5,163
General and administrative	667	1,576	2,243
Repair and maintenance	46	3,087	3,133
Consultants and professional services	497	6	503
Depreciation	2	2,314	2,316
Total operating expenses	<u>20,063</u>	<u>18,464</u>	<u>38,527</u>
Operating income (loss)	<u>(4,836)</u>	<u>614</u>	<u>(4,222)</u>
Nonoperating revenues (expenses):			
Interest income	1,380	151	1,531
Gain on disposal of capital assets		34	34
Total nonoperating revenues (expenses):	<u>1,380</u>	<u>185</u>	<u>1,565</u>
Income (loss) before capital contributions and transfers:	(3,456)	799	(2,657)
Transfers in		626	626
Change in net assets	(3,456)	1,425	(2,031)
Net assets at beginning of year	<u>8,597</u>	<u>18,880</u>	<u>27,477</u>
Net assets at end of year	<u>\$ 5,141</u>	<u>\$ 20,305</u>	<u>\$ 25,446</u>

PIMA COUNTY
COMBINING STATEMENT OF CASH FLOWS -
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2006
(in thousands)

Exhibit C - 21

	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	\$ 14,527	\$ 17,650	\$ 32,177
Cash received from miscellaneous operations	984	1,403	2,387
Cash payments to suppliers for goods and services	(4,467)	(9,963)	(14,430)
Cash payments to other funds for goods and services	(1,265)	(1,691)	(2,956)
Cash payments for incurred losses	(6,950)		(6,950)
Cash payments to employees for services	(2,120)	(4,884)	(7,004)
Net cash provided by operating activities	709	2,515	3,224
Cash flows from noncapital financing activities:			
Transfers in		322	322
Loans with other funds	(47)	32	(15)
Net cash provided by (used for) noncapital financing activities	(47)	354	307
Cash flows from capital and related financing activities:			
Proceeds from sale of equipment		275	275
Purchase of capital assets	(31)	(2,655)	(2,686)
Net cash used for capital and related financing activities	(31)	(2,380)	(2,411)
Cash flows from investing activities:			
Interest on cash and investments	1,388	159	1,547
Net cash provided by investing activities	1,388	159	1,547
Net increase in cash and cash equivalents	2,019	648	2,667
Cash and cash equivalents at beginning of year	36,279	3,419	39,698
Cash and cash equivalents at end of year	\$ 38,298	\$ 4,067	\$ 42,365

(Continued)

PIMA COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2006
(in thousands)

Exhibit C - 21.1

(Continued)

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)	\$ (4,836)	\$ 614	\$ (4,222)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	2	2,314	2,316
(Increase) decrease in accounts receivable	285	(12)	273
Increase in due from other governments		(13)	(13)
(Increase) decrease in inventory and other assets	59	(17)	42
Increase (decrease) in accounts payable	42	(217)	(175)
Increase in reported but unpaid losses	4,921		4,921
Increase in incurred but not reported losses	314		314
Decrease in other current liabilities	(78)	(154)	(232)
Net cash provided by operating activities	<u>\$ 709</u>	<u>\$ 2,515</u>	<u>\$ 3,224</u>

Noncash investing, capital, and financing activities:

During the year ended June 30, 2006, Other Internal Service Funds (Fleet Services) received proceeds of \$275 for retired assets that cost \$1,435 with accumulated depreciation of \$1,194, resulting in a gain on disposal of \$34.

During the year ended June 30, 2006, Other Internal Service Funds (Graphics) had unpaid transfers totaling \$304.

During the year ended June 30, 2006, Other Internal Service Funds (Graphics) transferred \$5 of completely depreciated capital assets to the County's general capital assets.

During the year ended June 30, 2006, Other Internal Service Funds (Communications) received \$11 of completely depreciated capital assets from 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, 2006
(in thousands)

Exhibit C-22

	Treasurer's Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
ASSETS			
Cash and cash equivalents	\$ 146,072	\$ 90,422	\$ 236,494
Interest receivable		727	727
Total assets	<u>146,072</u>	<u>91,149</u>	<u>237,221</u>
LIABILITIES			
Total liabilities			
NET ASSETS			
Held in trust for pool participants	<u>\$ 146,072</u>	<u>\$ 91,149</u>	<u>\$ 237,221</u>

PIMA COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
INVESTMENT TRUST FUNDS
For the Year Ended June 30, 2006
(in thousands)

Exhibit C - 23

	Treasurer's Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
ADDITIONS			
Contributions:			
Participants	\$ 2,136,012	\$ 127,459	\$ 2,263,471
Total contributions	<u>2,136,012</u>	<u>127,459</u>	<u>2,263,471</u>
Investment earnings:			
Interest	4,800	4,202	9,002
Total investment earnings	<u>4,800</u>	<u>4,202</u>	<u>9,002</u>
Total additions	<u>2,140,812</u>	<u>131,661</u>	<u>2,272,473</u>
DEDUCTIONS			
Distributions to participants	2,125,044	112,365	2,237,409
Total deductions	<u>2,125,044</u>	<u>112,365</u>	<u>2,237,409</u>
Net increase	15,768	19,296	35,064
Net assets held in trust July 1, 2005	130,304	71,853	202,157
Net assets held in trust June 30, 2006	<u>\$ 146,072</u>	<u>\$ 91,149</u>	<u>\$ 237,221</u>

PIMA COUNTY
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2006
(in thousands)

Exhibit C-24

	Payroll	Treasurer's Clearing	Other	Total
ASSETS				
Cash and cash equivalents	\$ 7,558	\$ (3,715)	\$ 49,678	\$ 53,521
Due from other governments		3,715		3,715
Total assets	<u>7,558</u>	<u></u>	<u>49,678</u>	<u>57,236</u>
LIABILITIES				
Employee compensation	7,558			7,558
Due to other governments			26,594	26,594
Deposits and rebates			23,084	23,084
Total liabilities	<u>\$ 7,558</u>	<u>\$</u>	<u>\$ 49,678</u>	<u>\$ 57,236</u>

PIMA COUNTY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
AGENCY FUNDS
For the Year Ended June 30, 2006
(in thousands)

Exhibit C-25

	Balance 06/30/05	Additions	Deductions	Balance 06/30/06
<u>Payroll Clearing</u>				
Assets				
Cash and cash equivalents	\$ 1,183	\$ 378,761	\$ 372,386	\$ 7,558
Total assets	<u>1,183</u>	<u>378,761</u>	<u>372,386</u>	<u>7,558</u>
Liabilities				
Employee compensation	<u>1,183</u>	<u>378,761</u>	<u>372,386</u>	<u>7,558</u>
Total liabilities	<u>1,183</u>	<u>378,761</u>	<u>372,386</u>	<u>7,558</u>
<u>Treasurer's Clearing</u>				
Assets				
Cash and cash equivalents	(1,526)	1,240,369	1,242,558	(3,715)
Due from other governments	<u>2,447</u>	<u>3,715</u>	<u>2,447</u>	<u>3,715</u>
Total assets	<u>921</u>	<u>1,244,084</u>	<u>1,245,005</u>	
Liabilities				
Due to other governments	<u>1</u>	<u>919,458</u>	<u>919,459</u>	
Deposits and rebates	<u>920</u>	<u>324,626</u>	<u>325,546</u>	
Total liabilities	<u>921</u>	<u>1,244,084</u>	<u>1,245,005</u>	
<u>Other</u>				
Assets				
Cash and cash equivalents	<u>54,216</u>	<u>610,610</u>	<u>615,148</u>	<u>49,678</u>
Total assets	<u>54,216</u>	<u>610,610</u>	<u>615,148</u>	<u>49,678</u>
Liabilities				
Due to other governments	<u>31,869</u>	<u>466,466</u>	<u>471,741</u>	<u>26,594</u>
Deposits and rebates	<u>22,347</u>	<u>144,144</u>	<u>143,407</u>	<u>23,084</u>
Total liabilities	<u>54,216</u>	<u>610,610</u>	<u>615,148</u>	<u>49,678</u>
<u>Totals - All Agency Funds</u>				
Assets				
Cash and cash equivalents	<u>53,873</u>	<u>2,229,740</u>	<u>2,230,092</u>	<u>53,521</u>
Due from other governments	<u>2,447</u>	<u>3,715</u>	<u>2,447</u>	<u>3,715</u>
Total assets	<u>56,320</u>	<u>2,233,455</u>	<u>2,232,539</u>	<u>57,236</u>
Liabilities				
Employee compensation	<u>1,183</u>	<u>378,761</u>	<u>372,386</u>	<u>7,558</u>
Due to other governments	<u>31,870</u>	<u>1,385,924</u>	<u>1,391,200</u>	<u>26,594</u>
Deposits and rebates	<u>23,267</u>	<u>468,770</u>	<u>468,953</u>	<u>23,084</u>
Total liabilities	<u>\$ 56,320</u>	<u>\$ 2,233,455</u>	<u>\$ 2,232,539</u>	<u>\$ 57,236</u>

PIMA COUNTY
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2006

INTRODUCTORY SECTION

FINANCIAL SECTION

STATISTICAL SECTION

Financial Trends Information

Revenue Capacity Information

Debt Capacity Information

Demographic and Economic Information

Operating Information

STATISTICAL SECTION

FINANCIAL TRENDS:

The financial trends schedules are intended to provide users with information to assist them in understanding and assessing how a government's financial position has changed over time. Financial trends information is considered to be a primary source of the historical perspective that helps users comprehend the direction in which a government's economic condition is heading. It also serves the purpose of giving users a form of information that is among their most highly valued, comparative information over time.

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

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 215,646	\$ 272,130	\$ 391,514	\$ 741,453	\$ 761,130
Restricted for:					
Special revenue	43,339	29,322	52,363	59,789	53,384
Highways and streets					21,353
Debt service	5,450	2,926	5,686	11,439	7,934
Capital projects	33,752	35,686	17,368	27,027	77,088
Worker's compensation				9,042	
Unrestricted	<u>60,050</u>	<u>66,015</u>	<u>41,020</u>	<u>33,451</u>	<u>38,464</u>
Total governmental activities net assets	<u><u>358,237</u></u>	<u><u>406,079</u></u>	<u><u>507,951</u></u>	<u><u>882,201</u></u>	<u><u>959,353</u></u>
Business-type activities					
Invested in capital assets, net of related debt	380,916	444,590	451,162	457,600	466,257
Restricted for:					
Debt service	1,216	1,245	499	468	438
Capital projects	18,982	3,008	88		
Wastewater Management	15,748	3,669	3,696	3,511	48,379
Healthcare	19,684	13,217	4,011	6,319	5,464
Unrestricted (deficit)	<u>(4,109)</u>	<u>(24,744)</u>	<u>(4,766)</u>	<u>20,851</u>	<u>15,284</u>
Total business-type activities net assets	<u><u>432,437</u></u>	<u><u>440,985</u></u>	<u><u>454,690</u></u>	<u><u>488,749</u></u>	<u><u>535,822</u></u>
Primary government					
Invested in capital assets, net of related debt	596,562	716,720	842,676	1,199,053	1,267,387
Restricted for:					
Special revenue	43,339	29,322	52,363	59,789	53,384
Highways and streets					21,353
Debt service	6,666	4,171	6,185	11,907	8,372
Capital projects	52,734	38,694	17,456	27,027	77,088
Worker's compensation				9,042	
Wastewater management	15,748	3,669	3,696	3,511	48,379
Healthcare	19,684	13,217	4,011	6,319	5,464
Unrestricted	<u>55,941</u>	<u>41,271</u>	<u>36,254</u>	<u>54,302</u>	<u>53,748</u>
Total primary government net assets	<u><u>\$ 790,674</u></u>	<u><u>\$ 847,064</u></u>	<u><u>\$ 962,641</u></u>	<u><u>\$ 1,370,950</u></u>	<u><u>\$ 1,535,175</u></u>

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

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses					
Governmental activities:					
General government	\$ 137,296	\$ 131,925	\$ 140,827	\$ 194,873	\$ 208,293
Public safety	123,513	132,939	151,860	118,412	132,583
Highways and streets	42,515	39,492	42,133	65,414	70,392
Sanitation					7,258
Health	23,120	23,917	30,165	31,798	32,043
Welfare	73,243	84,457	76,894	96,199	103,085
Culture and recreation	27,081	31,326	32,727	29,663	34,510
Education and economic opportunity	37,565	35,033	33,093	39,714	39,517
Depreciation-unallocated *	727	820	805	849	
Amortization-unallocated	649	654	967	161	165
Interest on long-term debt	14,391	15,779	15,012	16,152	19,463
Total governmental activities expenses	<u>480,100</u>	<u>496,342</u>	<u>524,483</u>	<u>593,235</u>	<u>647,309</u>
Business-type activities:					
Wastewater Management	65,494	74,816	71,804	76,079	82,701
Pima Health System & Services	195,445	221,970	268,869	249,809	256,583
Development Services	7,917	8,373	9,617	10,857	14,422
Parking Garages	1,254	1,346	1,377	1,494	1,479
Total business-type activities expenses	<u>270,110</u>	<u>306,505</u>	<u>351,667</u>	<u>338,239</u>	<u>355,185</u>
Total primary government expenses	<u>750,210</u>	<u>802,847</u>	<u>876,150</u>	<u>931,474</u>	<u>1,002,494</u>
Program revenues					
Governmental activities:					
Charges for services					
General government	21,542	18,667	21,422	22,881	26,033
Public safety	8,498	10,804	10,289	6,985	8,136
Highways and streets	4,916	5,339	11,728	20,549	21,617
Sanitation					4,531
Health	6,971	7,822	8,772	9,526	9,693
Welfare	1,379	1,037	918		
Culture and recreation	1,787	1,662	1,709	1,643	1,797
Education and economic opportunity	214	196	101	298	314
Operating grants and contributions	121,934	121,587	135,119	125,121	133,113
Capital grants and contributions	18,207	5,665	17,413	23,663	12,188
Subtotal governmental activities program revenues	<u>\$ 185,448</u>	<u>\$ 172,779</u>	<u>\$ 207,471</u>	<u>\$ 210,666</u>	<u>\$ 217,422</u>

(continued)

* Due to the changes in the County's asset management system in fiscal year 2005-2006, depreciation - unallocated is included in the general government activities.

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

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Program revenues					
Business-type activities:					
Charges for services					
Wastewater Management	\$ 63,601	\$ 71,626	\$ 82,432	\$ 92,379	\$ 104,501
Pima Health System & Services	179,322	195,872	224,820	244,932	253,748
Development Services	7,754	8,464	11,830	14,730	17,140
Parking Garages	1,454	1,413	1,460	1,507	1,485
Operating grants and contributions	6,505	4,909	4,777	4,238	4,997
Capital grants and contributions					449
Total business-type activities program revenues	<u>258,636</u>	<u>282,284</u>	<u>325,319</u>	<u>357,786</u>	<u>382,320</u>
Total primary government program revenues	<u>444,084</u>	<u>455,063</u>	<u>532,790</u>	<u>568,452</u>	<u>599,742</u>
Net (expense) revenue					
Governmental activities	(294,652)	(323,563)	(317,012)	(382,569)	(429,887)
Business-type activities	<u>(11,474)</u>	<u>(24,221)</u>	<u>(26,348)</u>	<u>19,547</u>	<u>27,135</u>
Total governmental activities net expense	<u>(306,126)</u>	<u>(347,784)</u>	<u>(343,360)</u>	<u>(363,022)</u>	<u>(402,752)</u>
General revenues and other changes in net assets					
Governmental activities:					
Taxes					
Property taxes	237,049	251,844	272,507	294,643	316,170
Hotel/motel taxes	2,495	2,557	2,745	2,822	6,856
Other taxes levied for stadium district	1,600	1,597	1,709	1,819	1,808
Shared sales tax	76,752	78,504	83,202	91,510	103,158
Shared vehicle licenses	21,093	21,904	23,413	23,630	25,894
Unrestricted grants and contributions	9,550	9,216	3,201	7,571	7,975
Interest and penalties on delinquent taxes	5,479	7,052	6,321	6,771	5,683
Investment earnings	8,157	5,064	3,102	6,140	12,942
Miscellaneous	10,340	12,774	14,063	16,254	12,828
Capital contributions		2,789	5,441	185	247
Gain on sale of capital assets					323
Extraordinary item		(7,447)			
Transfers	<u>(13,954)</u>	<u>(17,980)</u>	<u>(13,196)</u>	<u>1,935</u>	<u>(134)</u>
Total governmental activities	<u>358,561</u>	<u>367,874</u>	<u>402,508</u>	<u>453,280</u>	<u>493,750</u>
Business-type activities:					
State shared tax	905	959	1,146	1,163	
Investment earnings	2,888	1,727	747	1,609	3,849
Miscellaneous	3,309	5,828	2,750	2,865	1,348
Capital contributions	11,261	12,479	22,214	20,722	14,607
Extraordinary item		(2,673)			
Transfers	<u>13,954</u>	<u>17,980</u>	<u>13,196</u>	<u>(1,935)</u>	<u>134</u>
Total business-type activities	<u>32,317</u>	<u>36,300</u>	<u>40,053</u>	<u>24,424</u>	<u>19,938</u>
Total primary government	<u>390,878</u>	<u>404,174</u>	<u>442,561</u>	<u>477,704</u>	<u>513,688</u>
Change in net assets					
Governmental activities	63,909	44,311	85,496	70,711	63,863
Business-type activities	<u>20,843</u>	<u>12,079</u>	<u>13,705</u>	<u>43,971</u>	<u>47,073</u>
Total primary government	<u>\$ 84,752</u>	<u>\$ 56,390</u>	<u>\$ 99,201</u>	<u>\$ 114,682</u>	<u>\$ 110,936</u>

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

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund										
Reserved	\$ 2,866	\$ 1,602	\$ 2,479	\$ 1,846	\$ 2,233	\$ 2,486	\$ 2,549	\$ 7,068	\$ 4,056	\$ 5,152
Unreserved	<u>4,526</u>	<u>2,332</u>	<u>6,030</u>	<u>24,721</u>	<u>19,653</u>	<u>28,656</u>	<u>30,999</u>	<u>25,628</u>	<u>33,171</u>	<u>46,423</u>
Subtotal general fund	<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>	<u>51,575</u>
All other governmental funds										
Reserved	10,663	14,335	10,472	10,412	9,176	8,542	6,742	7,603	12,746	11,784
Unreserved, reported in:										
Special revenue funds	19,216	16,009	27,114	40,785	48,616	61,134	42,312	45,325	54,384	66,167
Capital projects funds	<u>25,906</u>	<u>77,252</u>	<u>34,580</u>	<u>27,790</u>	<u>30,986</u>	<u>46,985</u>	<u>82,793</u>	<u>97,270</u>	<u>147,650</u>	<u>84,472</u>
Total all other governmental funds	<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>	<u>\$ 162,423</u>

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes	\$ 167,357	\$ 181,398	\$ 194,948	\$ 214,332	\$ 227,542	\$ 244,807	\$ 258,375	\$ 279,527	\$ 300,972	\$ 321,474
Special assessments	1,024	925	874	703	845	598	1,023	505	244	215
Licenses and permits	3,275	3,389	4,306	4,541	4,882	6,077	6,087	6,566	7,265	7,452
Intergovernmental	177,630	180,970	211,096	241,225	253,863	260,218	245,378	273,225	278,414	291,059
Charges for services	22,283	18,714	24,404	27,308	26,613	31,112	35,721	43,505	53,568	63,582
Fines and forfeits	3,802	3,411	3,930	4,245	4,365	4,882	5,047	5,010	5,967	6,014
Interest	4,714	4,119	9,009	11,384	15,468	6,952	4,152	2,656	5,181	11,382
Miscellaneous	14,494	16,485	10,208	9,452	8,131	8,143	10,356	11,918	14,806	13,165
Total revenues	394,579	409,411	458,685	513,190	541,709	562,789	566,139	622,912	666,417	714,343
Expenditures										
General government	132,240	101,156	102,390	110,022	122,023	125,416	132,416	140,319	193,308	203,881
Public safety	91,563	91,835	103,679	109,815	117,058	123,021	127,155	146,275	109,798	121,229
Highways and streets	22,715	21,166	21,923	25,689	24,977	27,835	26,741	29,170	38,363	39,394
Sanitation	4,754									6,271
Health	18,632	18,763	20,142	22,579	22,584	23,102	24,029	30,322	30,802	30,038
Welfare	63,808	68,101	69,687	69,368	71,260	73,136	84,238	76,725	96,996	103,034
Culture and recreation	17,364	18,605	19,447	20,263	22,242	25,581	25,214	27,141	23,172	28,561
Education and economic opportunity	28,720	29,486	30,103	33,135	32,458	37,524	35,057	32,146	38,098	37,918
Capital outlay	39,596	50,139	66,671	89,215	87,673	109,670	97,147	103,167	127,632	121,007
Debt service - principal	34,539	27,472	42,833	37,480	39,823	37,342	45,544	49,025	42,891	50,547
- interest	13,332	13,329	14,860	13,981	15,003	14,128	15,695	14,851	16,127	19,448
- miscellaneous	53	29	76	83	186	391	24	161	25	15
Total expenditures	467,316	440,081	491,811	531,630	555,287	597,146	613,260	649,302	717,212	761,343
Excess (deficiency) of revenues over (under) expenditures	(72,737)	(30,670)	(33,126)	(18,440)	(13,578)	(34,357)	(47,121)	(26,390)	(50,795)	(47,000)
Other financing sources (uses):										
Refunding bonds		7,466				22,420		6,880		
Issuance cost on bonds							(163)			
Premium on bonds						796	410	148	250	
Payments to refunded bond escrow agent		(7,466)				(22,551)		(6,846)		
Capital leases						590	177			231
Proceeds from sale of capital assets	34,500		332				37	406	27	416
Face amount of long-term debt	37,499	77,169	307	54,129	50,358	81,921	85,000	65,000	116,200	4,836
Transfers in	49,685	28,565	25,976	33,084	34,335	52,753	78,457	68,583	50,008	59,948
Transfers (out)	(49,733)	(28,613)	(26,024)	(46,218)	(72,276)	(65,658)	(93,597)	(89,916)	(46,962)	(56,263)
Total other financing sources (uses)	71,951	77,121	591	40,995	12,417	70,271	70,321	44,255	119,523	9,168
Extraordinary item							(6,237)			
Residual equity - net	3,139	1,126	1,588	348	4,315					
Change in reserves - net	54	204	92	160	(107)	50	629	(366)	385	(177)
Net change in fund balances	\$ 2,407	\$ 47,781	\$ (30,855)	\$ 23,063	\$ 3,047	\$ 35,964	\$ 17,592	\$ 17,499	\$ 69,113	\$ (38,009)
Debt service as a percentage of noncapital expenditures	11.20%	10.47%	13.59%	11.65%	11.76%	10.26%	11.56%	11.53%	9.87%	10.90%

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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
(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
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%
2006	2,001,137	4,076,600	359,662	29,803	6,467,202	5.3406	56,437,790	11.46%

Source: 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)

County Direct Rates

Tax Year	County Primary	County Secondary	Flood Control District (1)	County Library District	Fire District Assistance	Total
1997	3.5839	1.0000	0.3296	0.2224	0.0517	5.1876
1998	3.6852	0.9650	0.3246	0.2224	0.0515	5.2487
1999	4.0720	0.9350	0.3046	0.2024	0.0511	5.5651
2000	4.0720	0.9350	0.3046	0.2024	0.0495	5.5635
2001	4.0720	0.8950	0.3546	0.2124	0.0488	5.5828
2002	4.0720	0.8150	0.3546	0.2124	0.0458	5.4998
2003	4.0720	0.8150	0.3546	0.2124	0.0441	5.4981
2004	4.0720	0.8150	0.3546	0.2124	0.0427	5.4967
2005	4.0720	0.7150	0.3746	0.2575	0.0420	5.4611
2006	3.8420	0.7150	0.3746	0.3675	0.0415	5.3406

Overlapping Rates

Tax Year	State of Arizona	Education Assistance	Community College District	City of Tucson	City of South Tucson	Central AZ Water Conserv District	Flowing Wells Irrigation District (2)	Silverbell 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	Vanderbilt Farms Community Facilities District
1997	0.0000	0.5300	1.1836	0.9916	0.2937	0.1400	6.9300	2.0000	1.0000	0.5000				
1998	0.0000	0.5300	1.1922	0.9601	0.2937	0.1400	6.9300	3.0000	1.0000	0.5000				
1999	0.0000	0.5217	1.3696	1.0238	0.2937	0.1400	6.9300	3.0000	1.0000	0.5000				
2000	0.0000	0.5123	1.5574	1.1270	0.2918	0.1300	6.9300	3.0000	1.0000	0.5000				
2001	0.0000	0.4974	1.5470	1.1202	0.2828	0.1300	10.4000	3.0000	24.7500	0.5000				
2002	0.0000	0.4889	1.5333	1.1202	0.2706	0.1300	10.4000	3.0000	24.7500					
2003	0.0000	0.4717	1.4884	1.1569	0.2513	0.1200	10.4000	3.0000	50.0000		0.1438	0.2313		
2004	0.0000	0.4560	1.3428	1.1847	0.2383	0.1200	12.9000	3.0000	60.0000				2.8000	
2005	0.0000	0.4358	1.3114	1.2364	0.2383	0.1200	12.9000	3.0000	60.0000				2.8000	
2006	0.0000	0.0000	1.2515	1.2257	0.2383	0.1200	12.9000	3.0000	60.0000				2.8000	3.0000

(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	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Tucson Unified (#1)	\$ 8.9101	\$ 8.8281	\$ 8.7869	\$ 9.0494	\$ 9.8088	\$ 9.2780	\$ 8.7610	\$ 8.3286	\$ 7.8829	\$ 7.3857
Marana Unified (#6)	6.6480	6.9743	7.6408	7.5418	7.7028	7.3623	6.7979	6.5034	6.0991	5.9117
Flowing Wells Unified (#8)	7.2592	7.7804	8.8612	8.4928	8.0490	7.2175	6.6568	6.5883	7.1232	6.8677
Amphitheater Unified (#10)	7.5099	7.0881	7.1715	6.8816	7.4427	7.0207	6.7601	6.3375	6.4258	6.1193
Sunnyside Unified (#12)	10.6503	10.5437	10.6897	10.3609	10.3706	9.6945	9.1041	8.4846	8.6482	9.1529
Tanque Verde Unified (#13)	6.9303	6.9273	6.8939	6.9434	6.8484	6.6818	7.1785	5.6661	5.7985	5.4806
Ajo Unified (#15)	4.0992	4.9511	4.6791	6.0973	7.0508	4.1555	5.3016	4.4316	4.4994	4.4929
Catalina Foothills Unified (#16)	7.5160	7.9121	7.8515	7.7258	7.5344	7.0956	7.0256	6.6459	6.8422	6.7428
Vail Elementary (#20)	6.9153	7.5128	7.3298	7.2604	7.2314	7.2295	7.1748	7.0008	6.7510	6.7032
Sahuarita Unified (#30)	6.7570	7.6282	8.3204	8.7007	8.7860	9.1329	9.0113	8.3095	8.1495	7.7345
San Fernando Elementary (#35)									3.7121	3.7481
Empire Elementary (#37)	6.2398	7.0259	10.3858	8.5371	7.6596	6.6965	6.4699	6.1171	8.0930	8.4864
Continental Elementary (#39)	2.6630	2.6371	2.5439	2.4983	2.4346	2.4398	2.3198	2.2216	2.1532	2.0682
Indian Oasis Unified (#40)	10.6021	9.9071	10.4568	9.1002						
Redington Elementary (#44)	4.4378	4.6590	7.7641	5.0186	6.3661	6.4230	5.6853	3.9915	4.8856	4.8853
Altar Valley Elementary (#51)	8.5139	7.3093	6.3348	6.5620	6.3052	6.3035	6.3615	6.2759	6.2607	5.7696
Unorganized*	2.2000	2.2000	2.1654	2.1265	2.0647	2.0296	1.9583	1.8931	1.8090	1.7394

*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	1997			1998			1999			2000			2001		
	Estimated Assessed Value (1)		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.	\$ 171,934	1	4.6%	\$ 166,300	1	4.3%	\$ 166,300	1	4.2%	\$ 166,949	1	3.9%	\$ 136,337	1	3.0%
QWEST	79,798	2	2.2%	78,336	2	2.0%	78,336	2	2.0%	78,642	2	1.9%	84,382	2	1.9%
Southwest Gas Corporation	48,301	3	1.3%	46,441	3	1.2%	46,441	3	1.2%	46,191	3	1.1%	51,214	3	1.1%
ASARCO Mining	31,094	4	0.8%	35,170	4	0.9%	35,170	4	0.9%	21,200	4	0.5%	18,911	5	0.4%
Arizona Portland Cement	13,243	8	0.4%	13,267	9	0.3%	13,363	9	0.3%	13,146	9	0.3%	16,614	6	0.4%
Tucson Mall	18,860	6	0.5%	19,071	6	0.5%	18,910	6	0.5%	15,168	6	0.4%	19,362	4	0.4%
Westin La Paloma	9,693	9	0.3%	14,486	8	0.4%	15,669	7	0.4%	15,097	7	0.4%	16,183	7	0.4%
El Conquistador Hotel	0		0.0%	0		0.0%	0		0.0%	0		0.0%	13,632	10	0.3%
Phelps Dodge	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Raytheon/Hughes Aircraft ^{**}	14,520	7	0.4%	15,040	7	0.4%	14,193	8	0.4%	14,193	8	0.3%	13,642	9	0.3%
Ventana Hotel Associates	0		0.0%	11,720	10	0.3%	12,983	10	0.3%	12,950	10	0.3%	0		0.0%
Cyprus/Sierrita Mining Co.	28,350	5	0.8%	27,300	5	0.7%	27,300	5	0.7%	20,000	5	0.5%	0		0.0%
Union Pacific Railroad	9,512	10	0.3%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Star Pass Resorts	0		0.0%	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%	14,292	8	0.3%
HDP Northwest	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
TRICO	<u>0</u>		0.0%	<u>0</u>		0.0%	<u>0</u>		0.0%	<u>0</u>		0.0%	<u>0</u>		0.0%
Total Top Ten	<u>\$ 425,305</u>		11.6%	<u>\$ 427,131</u>		11.0%	<u>\$ 428,665</u>		10.9%	<u>\$ 403,536</u>		9.6%	<u>\$ 384,569</u>		8.5%

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

(1) Secondary Assessed Valuation for tax year	\$ 3,700,218	\$ 3,852,574	\$ 4,000,624	\$ 4,236,070	\$ 4,491,395
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** Name change 2001

(continued)

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

Taxpayer	2002			2003			2004			2005			2006		
	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.	\$ 137,315	1	2.8%	\$ 122,499	1	2.3%	\$ 125,597	1	2.2%	\$ 145,937	1	2.4%	\$ 143,362	1	2.1%
QWEST	87,757	2	1.8%	108,829	2	2.1%	104,944	2	1.9%	104,468	2	1.7%	87,093	2	1.3%
Southwest Gas Corporation	53,668	3	1.1%	55,710	3	1.1%	59,528	3	1.1%	62,970	3	1.0%	62,846	3	0.9%
ASARCO Mining	27,736	4	0.6%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Arizona Portland Cement	18,213	7	0.4%	19,990	4	0.4%	21,296	4	0.4%	22,459	4	0.4%	22,858	5	0.3%
DND Neffson (Tucson Mall)	18,733	5	0.4%	18,703	5	0.4%	19,364	5	0.3%	22,377	5	0.4%	19,087	7	0.3%
Westin La Paloma	16,703	8	0.3%	16,057	6	0.3%	15,943	6	0.3%	16,358	7	0.3%	15,504	9	0.2%
El Conquistador Hotel	13,898	9	0.3%	14,461	7	0.3%	14,655	8	0.3%	13,653	10	0.2%	0		0.0%
Phelps Dodge	18,250	6	0.4%	14,375	8	0.3%	15,250	7	0.3%	21,209	6	0.4%	55,176	4	0.8%
Raytheon/Hughes Aircraft ***	13,349	10	0.3%	13,290	9	0.3%	13,895	9	0.2%	16,069	8	0.3%	21,665	6	0.3%
Ventana Hotel Associates	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Cyprus/Sierrita Mining Co.	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%
Star Pass Resorts	0		0.0%	0		0.0%	0		0.0%	0		0.0%	17,068	8	0.2%
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%	14,708	9	0.2%	0		0.0%
TRICO	0		0.0%	11,467	10	0.2%	12,925	10	0.2%	0		0.0%	14,806	10	0.2%
Total Top Ten	<u>\$ 405,622</u>		8.4%	<u>\$ 395,381</u>		7.7%	<u>\$ 403,397</u>		7.2%	<u>\$ 440,208</u>		7.3%	<u>\$ 459,465</u>		6.6%

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

(1) Secondary Assessed Valuation for Tax Year	\$4,835,561	\$5,221,271	\$5,620,156	\$6,050,950	\$6,869,955
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* * Name change 2001

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

Fiscal Year	Original Real Property Tax Levy	Tax Roll Corrections	Real Property Tax Levy (Adjusted)	Collected to June 30, End of Tax Fiscal Year (2)		Collections in Subsequent Years	Collected to June 30, 2006 (2)		Delinquent Taxes Receivable (1)
				Amount	Percent of Original Levy		Amount	Percent of Adjusted Levy	
1996-97	152,009	(1,066)	150,943	145,204	95.52%	5,339	150,543	99.73%	400
1997-98	168,688	(748)	167,940	160,593	95.20%	6,632	167,225	99.57%	715
1998-99	180,550	(1,553)	178,997	172,330	95.45%	7,159	179,489	100.27%	(492)
1999-00	201,925	(1,167)	200,758	192,409	95.29%	8,561	200,970	100.11%	(212)
2000-01	214,642	(974)	213,668	204,424	95.24%	9,154	213,578	99.96%	90
2001-02	228,477	(1,023)	227,454	218,192	95.50%	8,986	227,178	99.88%	276
2002-03	241,416	(1,013)	240,403	231,619	95.94%	8,666	240,285	99.95%	118
2003-04	260,570	(867)	259,703	250,929	96.30%	8,696	259,625	99.97%	78
2004-05	281,172	(502)	280,670	271,841	96.68%	8,972	280,813	100.05%	(143)
2005-06	302,127	(97)	302,030	292,019	96.65%		292,019	96.69%	10,011

NOTES:

- (1) Represents the difference between the adjusted levy and collected to June 30, 2006.
- (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
 (in thousands)

Fiscal Year		Net Assessed Value	Limited and Full Cash Values (1)	Ratio of Net Assessed to Full Cash Value
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%
2005-05	Primary	5,849,549	50,631,267	11.55%
2005-06	Secondary	6,050,950	52,335,111	11.56%

(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 2005-06 (Tax Year 2005)		FY 2006-07 (Tax Year 2006)	
	Valuation	Rate	Valuation	Rate
<u>State of Arizona</u>	\$ 5,849,549	\$0.0000	\$ 6,467,202	\$0.0000
<u>Pima County</u>				
General Fund - Primary	5,849,549	4.0720	6,467,202	3.8420
Debt Service - Secondary	6,050,950	0.7150	6,869,955	0.7150
Free Library - Secondary	6,050,950	0.2575	6,869,955	0.3675
Total County - Primary	5,849,549	4.0720	6,467,202	3.8420
Total County - Secondary	6,050,950	0.9725	6,869,955	1.0825
Grand Total		<u>5.0445</u>		<u>4.9245</u>
<u>Education Assistance</u>	5,849,549	0.4358	6,467,202	0.0000
<u>Flood Control District - Secondary</u>	5,323,433	0.3746	6,113,953	0.3746
<u>Fire District Assistance - Secondary</u>	6,050,950	0.0420	6,869,955	0.0415
<u>Pima Community College District</u>				
Primary	5,849,549	1.0930	6,467,202	1.0570
Secondary	6,050,950	0.2184	6,869,955	0.1945
Total		<u>1.3114</u>		<u>1.2515</u>
<u>Central Arizona Water Conservation District</u>				
Secondary	6,050,950	0.1200	6,869,955	0.1200
<u>Cities & Towns</u>				
City of Tucson				
Primary	2,641,420	0.3469	2,839,163	0.3411
Secondary	2,722,916	0.8895	3,016,231	0.8846
Total		<u>1.2364</u>		<u>1.2257</u>
City of South Tucson				
Primary	17,690	0.2383	19,000	0.2383
<u>School Districts</u>				
Unorganized - Primary	7,574	1.8090	9,370	1.7394
Tucson Unified (District #1)				
Primary	2,570,965	6.4327	2,782,666	5.9922
Secondary	2,650,489	1.4502	2,951,009	1.3935
Total		<u>7.8829</u>		<u>7.3857</u>

(continued)

PIMA COUNTY
COMPARATIVE NET VALUATIONS AND TAX RATES

Per \$100 Assessed Value
(\$ Amounts of Valuation expressed in thousands)
(continued)

Jurisdiction	FY 2005-06 (Tax Year 2005)		FY 2006-07 (Tax Year 2006)	
	Valuation	Rate	Valuation	Rate
Marana Unified (District #6)				
Primary	\$ 482,599	\$4.1055	\$ 555,272	\$3.8618
Secondary	501,025	1.9936	593,167	2.0499
Total		<u>6.0991</u>		<u>5.9117</u>
Flowing Wells Unified (District #8)				
Primary	166,660	4.7645	176,501	4.5715
Secondary	171,730	2.3587	184,631	2.2962
Total		<u>7.1232</u>		<u>6.8677</u>
Amphitheater Unified (District #10)				
Primary	1,077,676	4.2235	1,176,348	4.1240
Secondary	1,115,617	2.2023	1,253,085	1.9953
Total		<u>6.4258</u>		<u>6.1193</u>
Sunnyside Unified (District #12)				
Primary	321,085	4.2287	345,217	5.6887
Secondary	333,316	4.4195	368,703	3.4642
Total		<u>8.6482</u>		<u>9.1529</u>
Tanque Verde Unified (District #13)				
Primary	139,891	4.2549	155,295	4.0917
Secondary	145,123	1.5436	169,903	1.3889
Total		<u>5.7985</u>		<u>5.4806</u>
Ajo Unified (District #15)				
Primary	14,166	4.4994	14,851	4.4929
Secondary	15,149	0.0000	15,767	0.0000
Total		<u>4.4994</u>		<u>4.4929</u>
Catalina Foothills Unified (District #16)				
Primary	461,269	4.3723	504,862	4.3099
Secondary	477,762	2.4699	528,079	2.4329
Total		<u>6.8422</u>		<u>6.7428</u>
Vail Elementary (District #20)				
Primary	254,909	4.6353	300,483	4.6184
Secondary	266,357	2.1157	324,978	2.0848
Total		<u>6.7510</u>		<u>6.7032</u>

(continued)

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

Jurisdiction	FY 2005-06 (Tax Year 2005)		FY 2006-07 (Tax Year 2006)	
	Valuation	Rate	Valuation	Rate
Sahuarita Unified (District #30)				
Primary	\$ 115,452	\$4.5611	\$ 174,384	\$4.2452
Secondary	121,793	3.5884	183,014	3.4893
Total		<u>8.1495</u>		<u>7.7345</u>
San Fernando Elementary (District #35)				
Primary	808	3.7121	818	3.7481
Secondary	812	0.0000	832	0.0000
Total		<u>3.7121</u>		<u>3.7481</u>
Empire Elementary (District #37)				
Primary	4,783	8.0930	4,988	8.4864
Secondary	5,089	0.0000	5,489	0.0000
Total		<u>8.0930</u>		<u>8.4864</u>
Continental Elementary (District #39)				
Primary	204,154	1.8090	236,964	1.7394
Secondary	209,707	0.3442	249,038	0.3288
Total		<u>2.1532</u>		<u>2.0682</u>
Indian Oasis Unified (District #40)				
Primary	1,268	0.0000	1,182	0.0000
Secondary	1,268	0.0000	1,183	0.0000
Total		<u>0.0000</u>		<u>0.0000</u>
Redington Elementary (District #44)				
Primary	1,143	4.8856	1,219	4.8853
Secondary	1,146	0.0000	1,339	0.0000
Total		<u>4.8856</u>		<u>4.8853</u>
Altar Valley Elementary (District #51)*				
Primary	25,146	5.2536	26,781	4.7765
Secondary	26,106	1.0071	28,088	0.9931
Total		<u>6.2607</u>		<u>5.7696</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)
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
2005-06	5,212	1,589	214

- (1) Tax increased from 1% to 2% January 1, 1997; the additional 1% can only be used for County sports facilities.
In January of 2006, the tax increased from 2% to 6%, of which only 34% can be used for sports facilities.
- (2) Car rental surcharges increased from \$2.50 to \$3.50 per rental contract July 1, 1996. Usage is restricted to County sports facilities.
- (3) Recreational vehicle taxes apply at the rate of \$0.50 per vehicle per night and became effective July 1, 1997. Usage of this tax is limited to Spring Training activities.

Source: Pima County Finance and Risk Management Department

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

Fiscal Year	Amount
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
2005-06	56,937

Source: Pima County Finance and Risk Management Department

STATISTICAL SECTION

DEBT CAPACITY:

The debt capacity information is intended to assist users to understand and assess a government's debt burden and ability to issue debt. Debt capacity information is cited as being very useful for assessing economic condition as frequently as revenue or tax capacity. Five of the schedules presented provide ten-year comparisons.

Certain schedules, for example; leases, lease-purchase 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) Bonds	Certificates of Participation	Transportation Loans	Capital Leases	Sewer Revenue Bonds	Wastewater Loans Payable	Contracts and Notes	Total Primary Government
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				49,678	82,017	13,094	352	384,434
1998-99	153,295	7,360	36,000	1,220	2,300		\$ 8,945		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
2005-06	231,918	2,230	127,000		911			5,739	26,426	51,710	80,148	4,562	530,644

Fiscal Year	Total Primary Government	Personal Income	Percentage of Personal Income	Population at July 1	Debt per Capita (b)
1996-97	\$ 325,210	\$ 16,409,122	1.98%	799,375	\$ 407
1997-98	384,434	17,687,372	2.17%	817,851	470
1998-99	339,192	18,999,743	1.79%	845,775	401
1999-00	349,955	20,855,000	1.68%	854,329	410
2000-01	370,881	21,827,000	1.70%	872,394	425
2001-02	440,959	21,991,000	2.01%	890,356	495
2002-03	483,463	22,973,000	2.10%	908,227	532
2003-04	515,686	23,965,000	2.15%	926,052	557
2004-05	584,227	26,302,000	2.22%	943,795	619
2005-06	530,644	28,421,000	1.87%	961,519	552

(a) Bonds defeased 7/1/97; disclosed as a subsequent event.

(b) See schedule D-20 for population data.

Note: Details regarding outstanding debt can be found in Note 7 page 54 in Notes to the 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	General Obligation Bond Debt	Flood Control General Obligation Bond Debt	Debt Service Funds Available for Principal	Net General Bond Debt	Secondary Net Assessed Value	Percent Net General Bond Debt to Assessed Value	Population at July 1	Net General Bond Debt per Capita
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
2005-06	231,918	2,230	5,571	228,577	6,050,950	3.78%	961,519	238

Note: Details regarding outstanding debt can be found in Note 7 on page 54 in Notes to the 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
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
2005-06	1,146,388	6,050,950	18.95%	961,519	1,192

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, 2006
 (\$ Amounts in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Amount Overlapping</u>
Debt repaid with property tax School Districts	\$ 619,950	\$ 619,950
City of Tucson	291,184	<u>291,184</u>
Total overlapping		<u>\$ 911,134</u>
Debt repaid with property tax Direct:		
Pima County *	\$ 231,918	\$ 231,918
Flood Control District	2,230	<u>2,230</u>
Total direct		<u>\$ 234,148</u>
Other Debt:		
Jail capital lease	\$ 26,229	\$ 26,229
Other capital leases	197	197
Transportation bonds	127,000	127,000
Transportation loans	5,739	5,739
Improvement districts	911	<u>911</u>
Total other debt		<u>\$ 160,076</u>
Total direct and overlapping debt		<u><u>\$ 1,305,358</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)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Assessed Value	\$ 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	\$ 6,050,950
Legal Debt Margin										
Debt limit (15% of assessed value)	487,127	555,033	577,886	600,094	635,410	673,709	725,334	783,191	843,023	907,643
Debt applicable to limit:										
General obligation bonds	183,680	186,990	153,295	173,985	192,640	183,070	200,275	232,105	267,270	231,310
Less: Net Assets reserved for repayment of general obligation debt	(8,032)	(11,844)	(6,827)	(6,249)	(4,309)	(4,883)	(2,226)	(2,648)	(8,899)	(5,571)
Total net debt applicable to the limit	175,648	175,146	146,468	167,736	188,331	178,187	198,049	229,457	258,371	225,739
Legal debt margin	<u>\$ 311,479</u>	<u>\$ 379,887</u>	<u>\$ 431,418</u>	<u>\$ 432,358</u>	<u>\$ 447,079</u>	<u>\$ 495,522</u>	<u>\$ 527,285</u>	<u>\$ 553,734</u>	<u>\$ 584,652</u>	<u>\$ 681,904</u>
Total net debt applicable to the limit as a percentage of debt limit.	36.06%	31.56%	25.35%	27.95%	29.64%	26.45%	27.30%	29.30%	30.65%	24.87%

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 page 61) 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	
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
2005-06	104,494	56,902	47,592	11,073	5,350	2.90

(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: Operating Expense	Available Net Revenue	Debt Service *		Coverage Ratio
				Principal	Interest	
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
2005-06	61,944	39,336	22,608	11,435	5,257	1.35

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: Operating Expense	Available Net Revenue	Debt Service		Coverage Ratio
				Principal	Interest	
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	*					
2005-06	*					

* This debt was satisfied in full 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	
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	FY 06-07
Elections	\$ 460				
Clerk of Superior Court	133	\$ 195	\$ 147	\$ 31	\$ 82
Jail *	2,557	3,824	2,764	3,042	3,015
Juvenile Court	74	74			
Public Works Building	1,645	1,643			
Sheriff	42	42	42	42	21
Superior Court	77				
	<u>\$ 4,988</u>	<u>\$ 5,778</u>	<u>\$ 2,953</u>	<u>\$ 3,115</u>	<u>\$ 3,118</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 and Risk Management Department

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures *</u>	<u>Ratio of Debt Service To General Expenditures</u>
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%
2005-06	48,672	18,147	66,819	640,336	10.4%

* 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)
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%
2006	961,519	28,421,000	28,894	4.4%

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	1997			1998			1999			2000			2001		
	Employees	Rank	Percent of County Employment	Employees	Rank	Percent of County Employment	Employees	Rank	Percent of County Employment	Employees	Rank	Percent of County Employment	Employees	Rank	Percent of Total County Employment
Fort Huachuca	11,193	1	2.8%	10,321	2	2.5%	10,312	2	2.3%	11,140	1	2.8%	11,376	1	2.9%
Raytheon	6,700	7	1.7%	7,700	6	1.8%	7,700	6	1.7%	9,800	4	2.5%	10,149	3	2.6%
University of Arizona	10,311	2	2.6%	10,416	1	2.5%	10,520	1	2.4%	10,850	2	2.8%	11,032	2	2.8%
State of Arizona	9,700	3	2.4%	9,763	3	2.3%	9,694	3	2.2%	10,071	3	2.6%	9,978	4	2.5%
Davis Monthan AFB	8,252	5	2.1%	8,362	4	2.0%	8,352	4	1.9%	8,346	5	2.1%	8,796	6	2.2%
Tucson Unified School District	8,362	4	2.1%	8,115	5	1.9%	8,187	5	1.9%	8,239	6	2.1%	9,102	5	2.3%
Pima County Government	6,760	6	1.7%	6,686	7	1.6%	7,028	7	1.6%	6,832	7	1.7%	7,119	7	1.8%
City of Tucson	5,306	8	1.3%	5,420	8	1.3%	5,497	8	1.2%	5,494	8	1.4%	6,058	8	1.5%
T M C HealthCare Inc.	3,525	10	0.9%				3,060	10	0.7%						
B H P Copper	3,985	9	1.0%	3,679	10	0.9%									
Phelps Dodge										3,275	10	0.8%	4,200	9	1.1%
Carondelet Health Network				4,041	9	1.0%	5,497	9	1.2%	3,596	9	0.9%	3,329	10	0.8%
Total	<u>74,094</u>		18.6%	<u>74,503</u>		17.8%	<u>75,847</u>		17.1%	<u>77,643</u>		19.7%	<u>81,139</u>		20.5%
Total Work Force			401,611			421,039			440,254			394,100			393,200

(continued)

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

Employer	2002			2003			2004			2005			2006		
	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	10,969	2	2.8%	11,580	1	2.7%	11,939	1	2.8%	12,250	1	2.8%	13,098	1	3.0%
Raytheon	10,400	3	2.6%	10,100	3	2.4%	10,171	2	2.4%	10,300	3	2.3%	10,756	2	2.4%
University of Arizona	11,606	1	2.9%	11,335	2	2.7%	10,078	3	2.3%	10,348	2	2.3%	10,282	3	2.3%
State of Arizona	9,932	4	2.5%	9,732	5	2.3%	9,753	4	2.3%	9,750	4	2.2%	9,742	4	2.2%
Davis Monthan AFB	9,200	5	2.3%	9,947	4	2.3%	7,692	5	1.8%	8,727	5	2.0%	8,233	5	1.9%
Tucson Unified School District	8,278	6	2.1%	8,234	6	1.9%	7,690	6	1.8%	7,684	6	1.7%	7,623	6	1.7%
Pima County Government	7,175	7	1.8%	7,135	7	1.7%	6,987	7	1.6%	6,767	7	1.5%	6,765	7	1.5%
City of Tucson	5,933	8	1.5%	6,168	8	1.5%	5,495	8	1.3%	6,757	8	1.5%	5,306	8	1.2%
Wal-Mart Stores, Inc.	3,800	9	1.0%	4,000	9	0.9%	4,420	9	1.0%	4,595	9	1.0%	4,980	9	1.1%
Tohono O'odam Nation				3,375	10	0.8%	3,515	10	0.8%						
Phelps Dodge	3,783	10	1.0%							4,500	10	1.0%	4,123	10	0.9%
Carondelet Health Network															
Total	<u>81,076</u>		20.5%	<u>81,606</u>		19.2%	<u>77,740</u>		18.1%	<u>81,678</u>		18.3%	<u>80,908</u>		18.2%
Total Work Force			397,900			424,400			431,400			443,100			443,300

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

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
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
2006	961,519	443,300	4.4%	1,700	28,500	29,300	219,200	17,500

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		
	Aircraft Movements	No. of Air Passengers	Bus Ridership	Riders Per Mile	Residential Bldg Permits	Multiple Listings	Sales Volume In \$ 000's
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
2006	289,440	4,251,710	17,179,275	2.18	11,903	16,630	4,462,020

Sources: "Arizona's Economy", U of A Business Research Program (EBR), College of Business & Public Administration,
Pima Association of Governments, 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	
1997	\$ 6,937,227	\$ 1,016,559	5,355	\$ 5,131,000
1998	7,260,497	1,001,909	5,667	5,280,000
1999	7,807,773	1,041,542	8,806	5,737,000
2000	8,170,826	1,561,110	8,489	5,619,000
2001	8,632,021	1,536,760	7,694	5,664,000
2002	8,728,079	1,678,354	7,716	6,554,000
2003	8,804,946		8,015	7,175,000
2004	9,550,501		9,281	7,895,000
2005	10,366,181		12,640	9,013,000
2006	11,478,781		10,313	10,134,000

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

PIMA COUNTY
POPULATION STATISTICS
June 30, 2006

<u>Age Group</u>	<u>Population</u>
0-4	63,406
5-9	61,605
10-14	62,985
15-19	66,379
20-24	72,529
25-39	190,838
40-54	195,202
55-59	54,703
60-64	42,374
65-69	37,602
70-74	34,665
75+	<u>79,231</u>
Total	<u><u>961,519</u></u>

POPULATION PROJECTIONS

<u>Year</u>	<u>Projected Population</u>
2006	961,519
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>
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
2005	2,009

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 Five Fiscal Years

<u>Function/Program</u>	<u>Full-time employees (FTEs) as of 6/30:</u>				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities					
General government	1,932	1,851	2,040	2,952	2,911
Public safety	1,965	1,986	1,902	1,434	1,401
Highways and streets	297	290	288	351	526
Sanitation	0	0	0	0	45
Health	386	407	413	408	414
Welfare	183	174	185	20	23
Culture and recreation	195	180	197	164	180
Education and economic opportunity	111	140	117	250	289
Total governmental activities	5,069	5,028	5,142	5,579	5,789
Business-type activities					
Wastewater management-liquid	443	506	481	449	668
Wastewater management-solid	43	43	42	42	0
Kino Hospital	669	607	548	0	0
Pima Health System & Services	470	511	162	631	634
Development Services	139	141	149	116	156
Parking Garages	3	3	3	3	3
Total business-type activities	1,767	1,811	1,385	1,241	1,461
Total	6,836	6,839	6,527	6,820	7,250

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 in fiscal year 2005.

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 and the transference of Solid Waste operations to Sanitation, a governmental activity.

Wastewater management-solid appears under the category "Sanitation".

PIMA COUNTY
OPERATING INDICATORS BY PROGRAM
Last Five Fiscal Years

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Program:					
Sheriff					
Physical arrests	31,788	32,159	33,815	32,501	30,686
Traffic violations/citations					
Criminal					
Total	4,639	3,920	3,813	4,148	3,170
Civil					
Total	44,003	42,074	36,823	37,868	27,846
Total violations/citations	<u>48,642</u>	<u>45,994</u>	<u>40,636</u>	<u>42,016</u>	<u>31,016</u>
Wastewater					
Avg. daily sewage treated (MGD)	64.5	64.5	65.0	65.5	66.4
New connections	7,267	8,289	9,718	11,245	8,325
Cultural and Recreational					
Spring training	183,675	137,302	147,117	146,739	155,377
Sidewinders	159,099	167,552	165,387	165,441	171,179
Parks & Recreation					
Athletic field permits issued	97	101	107	129	168
Community center admissions	353,601	280,850	344,470	388,092	391,295
Volunteer hours	24,891	23,070	22,465	23,785	17,218
Library					
Volumes in collection	1,255,629	1,300,000	1,338,000	1,430,690	1,390,792
Total volumes borrowed	5,524,253	5,761,423	6,063,771	6,249,123	6,276,794
Number of cardholders	428,366	458,736	486,402	474,045	488,250
Capital Projects Completed					
Land	\$ 5,480,378	\$ 12,908,101	\$ 20,698,771	\$ 42,755,555	\$ 16,646,964
Buildings	6,788,274	9,356,754	18,609,343	42,916,920	2,018,849
Improvements	2,173,112	2,598,134	5,592,348	5,071,608	3,568,917
Infrastructure	<u>7,072,258</u>	<u>72,540,294</u>	<u>67,890,856</u>	<u>7,476,315</u>	<u>76,950,908</u>
	<u>\$ 21,514,022</u>	<u>\$ 97,403,283</u>	<u>\$ 112,791,318</u>	<u>\$ 98,220,398</u>	<u>\$ 99,185,638</u>

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

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Program:					
Sheriff					
Stations	6	6	6	6	6
Zone offices	5	5	5	5	5
Patrol Units	277	252	280	276	303
Transportation (streets and highways)					
Streets (miles)	1,744	1,750	1,773	1,782	1,798
Pothole repair	(1)	\$691,236	\$672,427	\$926,828	\$964,051
Flood Control					
Bank protection (miles)	136	138	138	138	138
Flood plain / drainageway (acres)	9,607	10,219	10,313	10,558	10,622
Parks & Recreation					
Urban parks (acres)	2,342	2,366	2,411	2,419	2,885
Playgrounds	28	30	32	34	36
(2) Baseball/softball diamonds	60	64	67	73	78
Soccer/football fields	11	12	12	14	14
Community centers	8	8	9	9	9
Swimming pools	7	7	8	8	9
Wastewater					
Sanitary sewers (miles)	2,970	3,049	3,177	3,249	3,314
Treatment capacity (MGD)	72.66	74.76	74.76	81.50	87.45
Libraries					
County	11	12	12	12	12
City	12	12	12	12	13
Open Space Acquisitions					
Properties added	1	2	7	7	17
Acres	500	606	10,334	13,942	1,235
Cumulative acreage	6,831	7,437	17,771	31,713	32,948
Total properties	16	18	25	32	49

(1) Amount unavailable

(2) 2005 Baseball/softball diamonds adjusted after department review

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