

**REPORT
HIGHLIGHTS**
FINANCIAL STATEMENT AUDIT

Subject

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

Our Conclusion

The information in the financial statements is fairly stated in all material respects, and the financial statements can be relied on.



2007

Year Ended June 30, 2007

**County's Condensed
Financial Information**

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

The tables to the right present summarized versions of the County's government-wide Statement of Net Assets and Statement of Activities for its governmental and business-type activities reported in the current-year financial statements.

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

As shown in the table, the County's revenues exceeded its expenses during the current year, resulting in an increase in net assets of \$76 million. This increase included a \$40 million increase in the net assets of the County's governmental activities and a \$36 million increase in its business-type activities.

**Statement of Net Assets
June 30, 2007
(In millions)**

	Total Governmental and Business-type Activities
Assets:	
Current and other assets	\$ 523
Capital assets, net	<u>1,905</u>
Total assets	<u>2,428</u>
Liabilities:	
Current liabilities	142
Noncurrent liabilities	<u>714</u>
Total liabilities	<u>856</u>
Net assets:	
Invested in capital assets, net of related debt	1,251
Restricted net assets	264
Unrestricted net assets	<u>57</u>
Total net assets	<u>\$1,572</u>

**Statement of Activities
Year Ended June 30, 2007
(In millions)**

	Total Governmental and Business-type Activities
Program revenues:	
Governmental activities	\$ 221
Business-type activities	382
General revenues:	
Governmental activities	541
Business-type activities	<u>32</u>
Total revenues	<u>1,176</u>
Expenses:	
Governmental activities	723
Business-type activities	<u>377</u>
Total expenses	<u>1,100</u>
Change in net assets	76
Net assets—beginning, as restated	<u>1,496</u>
Net assets—ending	<u>\$1,572</u>

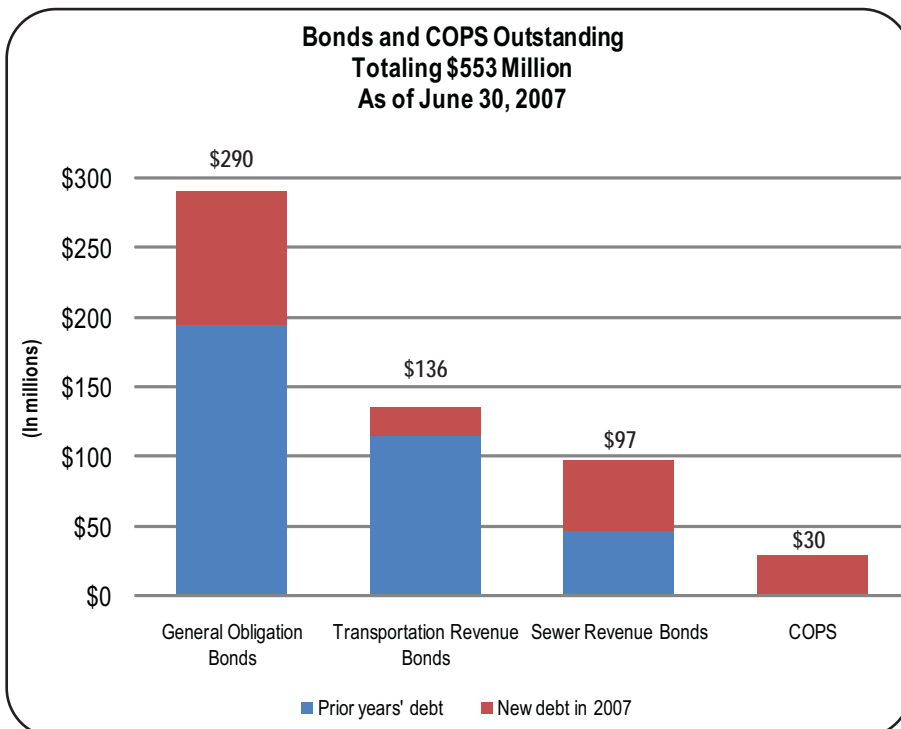
The County Issued \$196 Million in Bonds and Certificates of Participation and Owed \$553 Million

During fiscal year 2007, the County issued \$196 million in new debt to finance various capital projects, acquire buildings, and make improvements to roadways and sewer systems. The debt consisted of the following:

- \$95 million in general obligation bonds used to finance capital projects such as the County Sheriff's Regional Public Safety Communications System. General obligation bonds are direct obligations of the County and are payable from property taxes.
- \$21 million in transportation revenue bonds used for roadway and bridge improvements. Transportation revenue bonds are payable from highways and streets revenues, such as highway user revenue fees.
- \$50 million in sewer revenue bonds used to finance improvements to the County's wastewater management system. Sewer revenue bonds are payable from sewer fee revenues that the County collects.

- \$30 million in certificates of participation (COPS) used primarily to finance the acquisition of a 22-story office tower located in downtown Tucson. COPS are payable primarily from County General Fund monies.

In addition to the new debt issuances during fiscal year 2007, the County made principal payments of \$57 million toward general obligation bonds, transportation revenue bonds, and sewer revenue bonds. Therefore, during the fiscal year, the County's bonds and COPS payable increased by a net \$139 million, and the County owed a total of \$553 million at year-end. The following table presents the total amount outstanding, by debt type, as of June 30, 2007, and shows the portion of the new debt issuances of \$196 million to the total debt outstanding.



TO OBTAIN MORE INFORMATION

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(602) 553-0333



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Year Ended June 30, 2007