

**REPORT
 HIGHLIGHTS**
 FINANCIAL STATEMENT AUDIT

Subject

Pinal 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 upon. The financial statements include data for the Pinal County Long Term Care Fund. The Fund, which had \$6.7 million in assets and \$4.2 million in liabilities, was audited by a local public accounting firm. Our opinion is based, in part, on the work of those auditors.



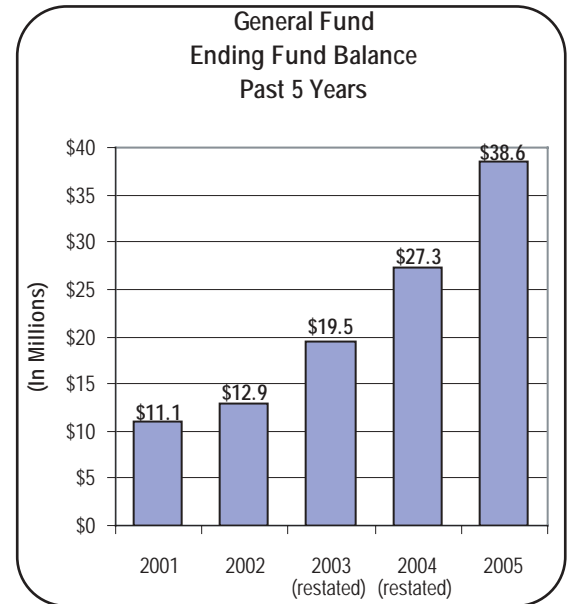
2005

Year Ended June 30, 2005

The General Fund's Fund Balance Continues to Increase

The General Fund's fund balance, as reported on the County's fiscal year 2005 Comprehensive Annual Financial Report, was \$38.6 million at June 30, 2005, which is an increase of 41 percent from fiscal year 2004 and 248 percent from fiscal year 2001. This increase is illustrated in the figure to the right.

Property taxes, intergovernmental revenues including state-shared sales tax, licenses and permits, and charges for services revenues represent at least 90 percent of General Fund revenues from fiscal years 2001 through 2005. Increases in these revenues are the primary reason for the significant increase in the General Fund's fund balance.



**County Issued \$71.6 Million of
 Certificates of Participation**

In December 2004, Pinal County Municipal Property Corporation, a blended component unit of the County, issued \$71,615,000 of certificates of participation. This debt issuance has resulted in the liabilities reported on the Statement of Net Assets more than doubling from the prior fiscal year. These monies are being used to finance improvements to existing detention and other sheriff facilities, and construction

of a new juvenile detention facility. Unspent proceeds of over \$52 million have been invested in the State Treasurer's local government investment pool and are reported in the Adult/Juvenile Detention Construction Fund. Over \$20 million has been expended and is reported as land or construction in progress in governmental activities capital assets on the Statement of Net Assets.

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 a summarized version of the County's government-wide Statement of Net Assets and Statement of Activities reported in the current year Comprehensive Annual Financial Report.

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

Statement of Net Assets June 30, 2005 (In Thousands)

	<u>Total Governmental and Business-type Activities</u>
Current and other assets	\$148,333
Capital assets	<u>111,696</u>
Total assets	<u>260,029</u>
Current and other liabilities	16,806
Long-term liabilities	<u>123,595</u>
Total liabilities	<u>140,401</u>
Net assets	
Invested in capital assets, net of related debt	45,781
Restricted net assets	41,523
Unrestricted net assets	<u>32,324</u>
Total net assets	<u>\$119,628</u>

Statement of Activities Year Ended June 30, 2005 (In Thousands)

	<u>Total Governmental and Business-type Activities</u>
Program revenues:	
Governmental activities	\$ 80,933
Business-type activities	44,649
General revenues:	
Governmental activities	100,338
Business-type activities	<u>393</u>
Total revenues	<u>226,313</u>
Expenses:	
Governmental activities	149,812
Business-type activities	<u>45,372</u>
Total expenses	<u>195,184</u>
Change in net assets	31,129
Net assets—beginning, as restated	<u>88,499</u>
Net assets—ending	<u>\$119,628</u>

TO OBTAIN MORE INFORMATION

A copy of the full report
can be obtained by calling
(602) 553-0333



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REPORT HIGHLIGHTS FINANCIAL STATEMENT AUDIT

Year Ended June 30, 2005