

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.

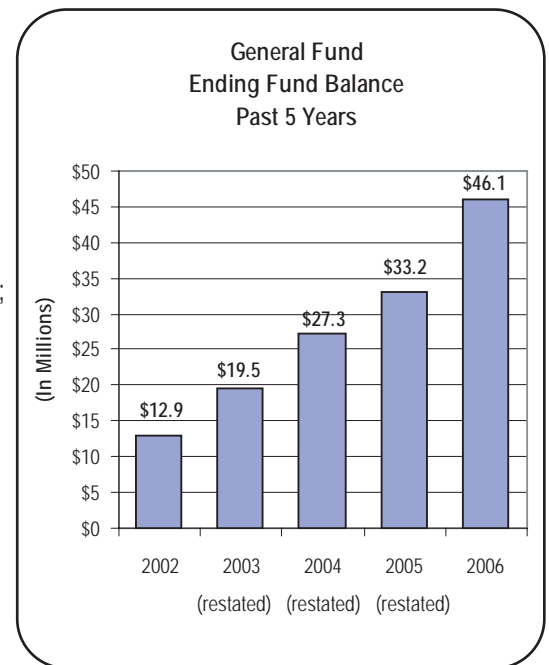
Our Conclusion

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

The General Fund's Fund Balance Continues to Increase

The General Fund's fund balance, of \$46.1 million at June 30, 2006, increased 39 percent from fiscal year 2005 and 257 percent from fiscal year 2002. 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 96 percent of General Fund revenues from fiscal years 2002 through 2006. Increases in these revenues are the primary reason for the significant increase in the General Fund's fund balance due to increases in property values and population growth.



County Entered into a \$63.2 Million Loan Agreement

In April 2006, Pinal County entered into a loan agreement with the Greater Arizona Development Authority to provide funding for construction and improvement of certain highways and streets for the Gantzel Road project. The loan provided \$63.2 million in funding and was secured by a pledge on state-shared revenues. As a result, the liabilities reported on the Statement of

Net Assets increased 46 percent from the prior fiscal year. Unspent proceeds of more than \$46 million have been invested in the U.S. agency securities specifically for the Gantzel Road project until needed for project expenses. More than \$16 million has been expended and is reported as construction in progress in governmental activities capital assets on the Statement of Net Assets.



2006

Year Ended June 30, 2006

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, 2006 (In Thousands)

	<u>Total Governmental and Business-type Activities</u>
Current and other assets	\$189,054
Capital assets	<u>304,259</u>
Total assets	<u>493,313</u>
Current and other liabilities	19,972
Long-term liabilities	<u>185,533</u>
Total liabilities	<u>205,505</u>
Net assets	
Invested in capital assets, net of related debt	182,719
Restricted net assets	67,839
Unrestricted net assets	<u>37,250</u>
Total net assets	<u>\$287,808</u>

Statement of Activities Year Ended June 30, 2006 (In Thousands)

	<u>Total Governmental and Business-type Activities</u>
Program revenues:	
Governmental activities	\$104,144
Business-type activities	48,943
General revenue/transfers:	
Governmental activities	122,401
Business-type activities	<u>2,300</u>
Total revenues	<u>277,788</u>
Expenses:	
Governmental activities	187,671
Business-type activities	<u>50,978</u>
Total expenses	<u>238,649</u>
Change in net assets	39,139
Net assets—beginning, as restated	<u>248,669</u>
Net assets—ending	<u>\$287,808</u>

TO OBTAIN MORE INFORMATION

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



or by visiting
our Web site at:
www.azauditor.gov

Contact person for
this report:
Phil Shultz

REPORT HIGHLIGHTS FINANCIAL STATEMENT AUDIT

Year Ended June 30, 2006