

**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, we 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. Also, the County maintained adequate internal controls over its financial reporting.



**2005**

Year Ended June 30, 2005

**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 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 tables, net assets totaled \$1.371 billion at June 30, 2005, and beginning net assets, as restated, totaled \$1.256 billion. The beginning net asset restatement primarily resulted from the addition of infrastructure. The current year change in net assets of \$115 million resulted from a \$63 million increase in the County's investment in capital assets, net of related debt, a \$34 million increase in its restricted net assets, and an \$18 million increase in its unrestricted net assets.

**Statement of Net Assets  
June 30, 2005  
(In millions)**

	Total Governmental and Business-type Activities
<b>Assets:</b>	
Current and other assets	\$ 469
Capital assets	<u>1,655</u>
Total assets	<u>2,124</u>
<b>Liabilities:</b>	
Current liabilities	123
Noncurrent liabilities	<u>630</u>
Total liabilities	<u>753</u>
<b>Net assets:</b>	
Invested in capital assets, net of related debt	1,199
Restricted net assets	118
Unrestricted net assets	<u>54</u>
Total net assets	<u>\$1,371</u>

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

	Total Governmental and Business-type Activities
<b>Program revenues:</b>	
Governmental activities	\$ 211
Business-type activities	358
<b>General revenues:</b>	
Governmental activities	451
Business-type activities	<u>26</u>
Total revenues	<u>1,046</u>
<b>Expenses:</b>	
Governmental activities	593
Business-type activities	<u>338</u>
Total expenses	<u>931</u>
Change in net assets	115
Net assets—beginning, as restated	<u>1,256</u>
Net assets—ending	<u>\$1,371</u>

# County Reports Over \$430 Million of Infrastructure Assets

The County reported over \$430 million of transportation roadways and flood control drainageways infrastructure at June 30, 2005. More than \$303 million of infrastructure was added during fiscal year 2005 because the County implemented infrastructure reporting requirements of the Governmental Accounting Standards Board (GASB). These requirements were included within GASB's new reporting model that the County began implementing in fiscal year 2002.

The reporting model's objective was to enhance the usefulness of government financial reports to the citizenry, legislative and oversight bodies, and investors and creditors. One of the significant changes resulting from the implementation of this new reporting model was that the County had to begin reporting the value of its largest infrastructure networks, such as

roadways. The reporting model required the County to report any new infrastructure beginning in fiscal year 2002 and provided a phase-in period until fiscal year 2006 for reporting older infrastructure.

As required, the County has reported newly constructed or acquired infrastructure assets for the past 4 fiscal years. In addition, during fiscal year 2005, the County reported the majority of its older infrastructure. The older infrastructure included the County's largest infrastructure network assets that were acquired or constructed between 1974 and 2002. The County will report its bridge network infrastructure assets that were acquired or constructed before 2002 during the next fiscal year. The bridge network is expected to be less in value than the roadways and drainageways networks.

## Pima County's Largest Infrastructure Networks

	Balance June 30, 2005
<b>Roadways</b> —Asphalted two, four, or six lane roads, including the costs of connected sidewalks, traffic signs, traffic lights, medians, and gutters.	\$364,465,000
<b>Drainageways</b> —Structural bank protection of major washes and rivers, including the costs of connected safety railings.	67,359,000

### 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](http://www.azauditor.gov)

Contact person for this report:  
Rebecca Rosenberg

## REPORT HIGHLIGHTS FINANCIAL STATEMENT AUDIT

Year Ended June 30, 2005