

**REPORT HIGHLIGHTS**  
FINANCIAL STATEMENT AUDIT

**Subject**

Pima Health System and Services (System) issues financial statements annually. The System is responsible for preparing financial statements, maintaining strong internal controls, and demonstrating compliance with its contractual arrangements with the Arizona Health Care Cost Containment System (AHCCCS). As the auditors, we determined whether the System 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. Our audit also determined that the System maintained adequate internal controls and substantially complied with the AHCCCS contract requirements.



**2005**

Year Ended June 30, 2005

**AHCCCS and ALTCS Health Plan Members and Operating Revenues Increased**

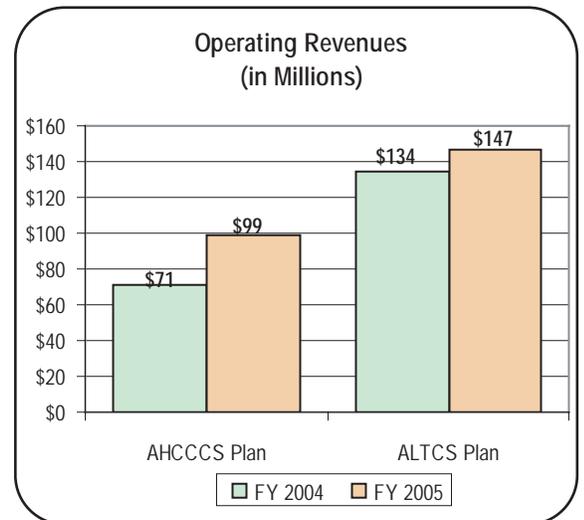
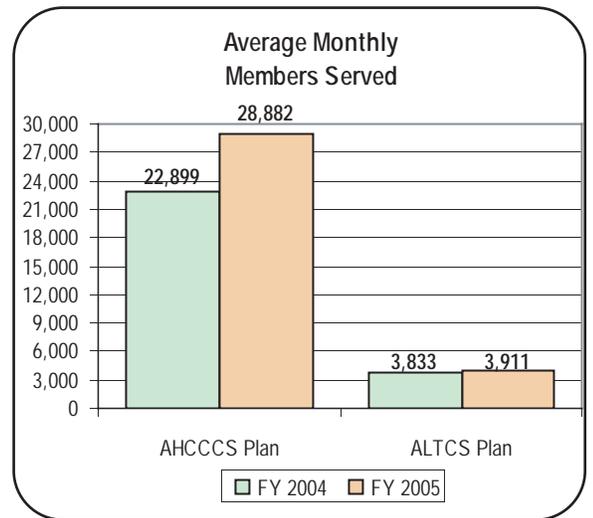
Pima Health System and Services administers Pima County's contracts with the Arizona Health Care Cost Containment System to operate managed care plans. The plans provide medical services and long-term care to Pima County and Santa Cruz County plan members. Medical services are administered under the AHCCCS plan, and long-term care and medical services are administered under the ALTCS plan.

**AHCCCS Health Plan**

The AHCCCS plan's average monthly membership increased by 26 percent and its operating revenues increased by 39 percent during fiscal year 2005. The increase in operating revenues resulted from the increase in members served along with an increase in the state rates paid for each member served.

**ALTCS Health Plan**

The ALTCS plan's average monthly membership increased by 2 percent and its operating revenues increased by 10 percent during fiscal year 2005. The increase in operating revenues primarily resulted because the State increased the rates it pays for the plan's members.



# Pima Health System and Services Summarized Financial Statements

## Statement of Net Assets June 30, 2005

Assets:	
Cash and cash equivalents	\$ 21,588,907
Receivables	10,008,449
Due from other governments	2,487,902
Capital assets	1,065,247
Other assets	<u>626,423</u>
Total assets	<u>35,776,928</u>
Liabilities:	
Accrued medical and health care claims	24,556,248
Accrued employee compensation	3,379,160
Due to other Pima County funds	3,667,680
Other liabilities	<u>578,339</u>
Total liabilities	<u>32,181,427</u>
Net assets:	
Invested in capital assets	1,065,247
Restricted for health care	6,318,896
Unrestricted (deficit)	<u>(3,788,642)</u>
Total net assets	<u>\$ 3,595,501</u>

## Statement of Revenues, Expenses, and Changes in Net Assets Year Ended June 30, 2005

Operating revenues:	
Capitation	\$ 222,442,449
Reinsurance claims	20,589,347
Other operating revenues	<u>2,763,608</u>
Total operating revenues	<u>245,795,404</u>
Operating expenses:	
Medical and health care claims	226,391,378
Case management	6,039,970
General, fiscal, and administrative	6,791,214
Other operating expenses	<u>5,407,567</u>
Total operating expenses	<u>244,630,129</u>
Operating income	1,165,275
Nonoperating revenues and expenses, net	<u>(341,130)</u>
Increase in net assets	<u>824,145</u>
Net assets—beginning of year	<u>2,771,356</u>
Net assets—end of year	<u>\$ 3,595,501</u>

### TO OBTAIN MORE INFORMATION

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



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our Web site at:  
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## REPORT HIGHLIGHTS FINANCIAL STATEMENT AUDIT

Year Ended June 30, 2005