

**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. Generally, the County maintained adequate internal controls over its financial transactions.



**2002**

Year Ended June 30, 2002

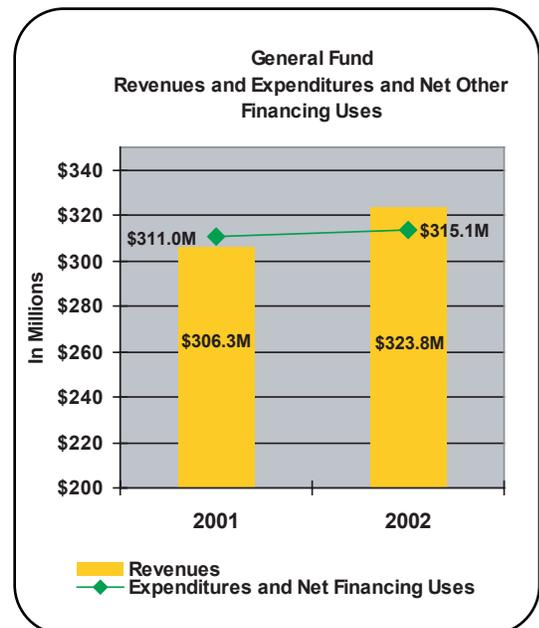
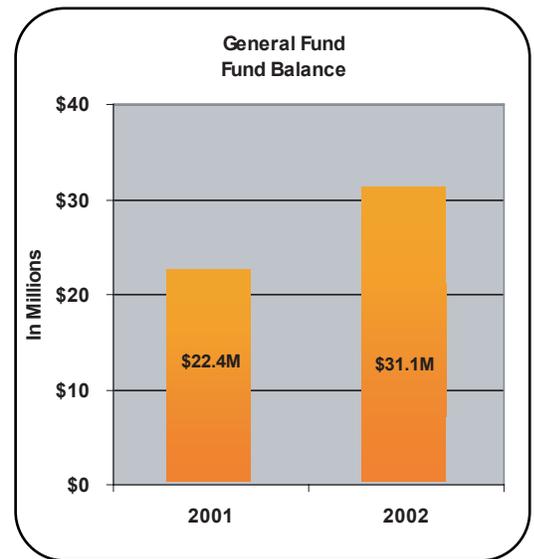
**The County's General Fund  
 Balance Increases by \$8.7 Million**

The General Fund's fund balance was approximately \$31.1 million at June 30, 2002, an increase of approximately \$8.7 million from the prior year. During the fiscal year, fund balance increased because the Fund's revenues totaled \$323.8 million and its expenses and net other financing uses totaled \$315.1 million, a difference of \$8.7 million. As discussed below, total revenues and total expenditures and net financing uses increased from the prior year.

Total revenues were \$17.5 million higher than the prior year. Approximately \$12.7 million, or 73%, of the increase resulted from increases in property valuation assessments, which increased the County's property tax revenue.

Total expenditures and net financing uses were \$4.1 million higher than the prior year. This increase was the result of the following:

- Expenditures increased by approximately \$15.5 million, of which \$7.2 million, or 46%, resulted from an increase in public safety expenditures. The remaining expenditure increase is mostly attributable to increases for culture and recreation, health, and welfare expenditures.
- Net other financing uses decreased by \$11.3 million. This decrease was primarily the result of the General Fund transferring less money to other County funds, such as Pima Health Care System.



# The County Implemented a New Reporting Model

The information presented in the Pima County *Comprehensive Annual Financial Report* for the year ended June 30, 2002, follows the new reporting model specified by the Governmental Accounting Standards Board. The new accounting standards required the County to implement the new reporting model this year.

The new reporting model's objective is to enhance the understandability and usefulness of government financial reports to the citizenry, legislative and oversight bodies, and investors and creditors.

The most important changes resulting from this reporting model's implementation include:

- New government-wide financial statements that focus on the overall government are presented, in addition to traditional fund-based financial statements;
- Separate financial statements are presented for the County's largest funds, rather than by aggregate fund types, such as special revenue, capital projects, and debt service funds;
- The value of the County's infrastructure, such as roadways, is reported in the government-wide financial statements;
- Depreciation expense is reported for all capital assets the County owns;
- Reconciliations are presented between the government-wide financial statements, which focus on the economic changes in total resources and the fund-based financial statements, which focus on the financial changes in current spendable resources; and

- Management's Discussion and Analysis, a new document in which the County provides an introduction and analytical overview of the County's financial activities is presented.

The management's discussion and analysis, government-wide financial statements, and fund-based financial statements provide three different views of the County's financial resources and the year's results of its financial activities.

The tables below present summarized versions of the County's government-wide Statement of Net Assets and Statement of Activities reported in the current year CAFR for the first time.

## Statement of Net Assets June 30, 2002

	<b>Total Governmental and Business-type Activities</b>
Current and other assets	\$ 376,954,000
Capital assets	<u>1,014,677,000</u>
Total assets	<u>1,391,631,000</u>
Current and other liabilities	176,394,000
Long-term liabilities	<u>424,563,000</u>
Total liabilities	<u>600,957,000</u>
Net assets	
Invested in capital assets, net of related debt	596,562,000
Restricted net assets	138,171,000
Unrestricted net assets	<u>55,941,000</u>
Total net assets	<u>\$ 790,674,000</u>

## Statement of Activities For the Year Ended June 30, 2002

	<b>Total Governmental and Business-type Activities</b>
Program revenues:	
Governmental activities	\$ 185,448,000
Business-type activities	258,636,000
General revenues:	
Governmental activities	372,515,000
Business-type activities	<u>18,363,000</u>
Total revenues	<u>834,962,000</u>
Expenses:	
Governmental-activities	480,100,000
Business-type activities	<u>270,110,000</u>
Total expenses	<u>750,210,000</u>
Change in net assets	84,752,000
Net assets—beginning	<u>705,922,000</u>
Net assets—ending	<u>\$ 790,674,000</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.auditorgen.state.az.us](http://www.auditorgen.state.az.us)

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Year Ended June 30, 2002