

REPORT HIGHLIGHTS
 FINANCIAL STATEMENT AUDIT

Subject

Pima County issues financial statements annually for its Self-Insurance Trust Internal Service Fund. 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.

**Self-Insurance Trust
 Internal Service Fund
 Activities**

Pima County manages its risk of loss related to general and auto liability, workers' compensation, medical malpractice, environmental, unemployment, and dental through self-insurance. The Self-Insurance Trust Internal Service Fund financial statements account for those self-insurance activities.

The County is responsible for any claim up to certain self-insurance retention limits or insurance deductibles for each type of coverage. The County purchases commercial insurance for claims exceeding those limits.

State law requires that the Fund's financial statements be prepared and audited annually. The tables to the right summarize the Fund's Statement of Net Assets and its Statement of Revenues, Expenses, and Changes in Fund Net Assets as of and for the year ended June 30, 2003.

Statement of Net Assets
 June 30, 2003

Assets	
Cash and cash equivalents	\$38,128,610
Other	<u>1,744,517</u>
Total assets	<u>39,873,127</u>
Liabilities	
Reported but unpaid losses	13,027,000
Incurred but not reported losses	12,927,000
Other	<u>508,144</u>
Total liabilities	<u>26,462,144</u>
Net Assets	
Invested in capital assets	666,589
Unrestricted	<u>12,744,394</u>
Total net assets	<u>\$13,410,983</u>

**Statement of Revenues, Expenses,
 and Changes in Fund Net Assets**
 Year Ended June 30, 2003

Operating revenues:	
Charges for services	\$14,378,208
Other	<u>109,995</u>
Total operating revenues	<u>14,488,203</u>
Operating expenses:	
Incurred losses	7,036,319
Insurance premiums	4,143,752
Other	<u>3,333,245</u>
Total operating expenses	<u>14,513,316</u>
Operating loss	(25,113)
Other	<u>(465,172)</u>
Decrease in net assets	(490,285)
Net assets—beginning	<u>13,901,268</u>
Net assets—ending	<u>\$13,410,983</u>



2003

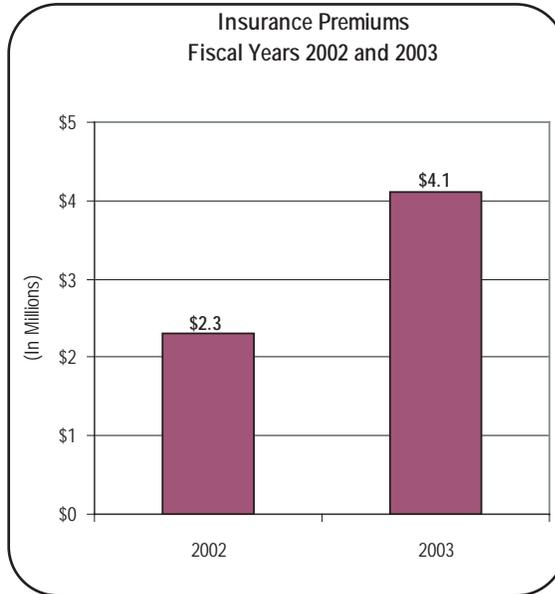
Year Ended June 30, 2003

Insurance Premiums Increase

Commercial insurance premiums totaled \$4.1 million during fiscal year 2003, an increase of more than 78 percent from the prior year. The County purchases commercial insurance to cover claims in excess of its self-insured retention limits. Claims covered by commercial insurance include:

- General and automobile liability claims in excess of \$2 million.
- Medical malpractice claims in excess of \$1 million.
- Workers' compensation claims in excess of \$500,000.
- Property claims in excess of insurance deductibles.

The County has budgeted a \$1.2 million increase in the Fund's fiscal year 2003-2004 charges for services based on its analysis of the Fund's insurance premiums, incurred losses, and other financial information.



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

Contact person for this report:
Rebecca Rosenberg

REPORT
HIGHLIGHTS
FINANCIAL STATEMENT AUDIT

Year Ended June 30, 2003