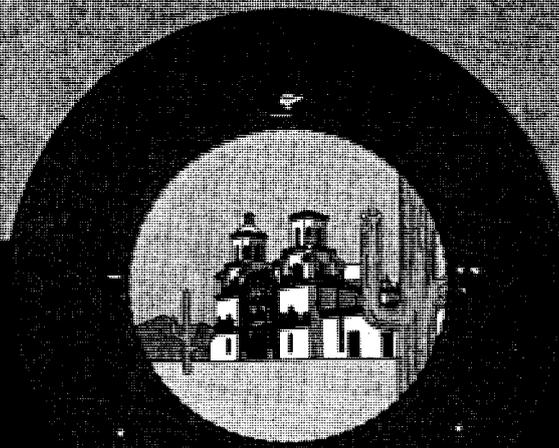


# 2002

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**



FOR THE FISCAL YEAR ENDED JUNE 30, 2002

**PIMA COUNTY, ARIZONA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2002**

**BOARD OF SUPERVISORS**

Sharon Bronson  
Chair  
District #3

Richard Elias  
Vice Chair  
District #5

Ann Day  
District #1

Dan Eckstrom  
District #2

Ray Carroll  
District #4

**COUNTY ADMINISTRATOR**

C. H. Huckelberry

**Prepared by the Pima County Financial and Information Services Department**

Carol Bonchalk, Director

Paul Guerrero, CPA, Manager  
Financial Control & Reporting

**Accountants**

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Marilyn Hutzler

Patrick McGee, CPA  
Grace Ochotorena  
Brian Palm  
Rosemarie Perry  
Blanca Rossetti  
Maria Sims  
Laura E. Zircher, CPA

**Interns**

Allison Jones  
Adrienne Plaskett

Eric Van Leeuwen

PIMA COUNTY

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2002

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**PIMA COUNTY**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2002**

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**INTRODUCTORY SECTION**

Letter of Transmittal

Certificate of Achievement for Excellence in Financial Reporting

Organizational Chart

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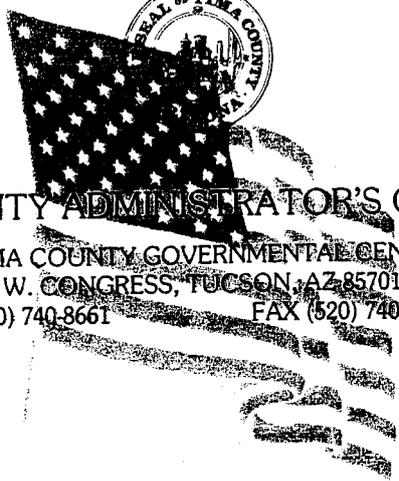
**FINANCIAL SECTION**

**STATISTICAL SECTION**

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## INTRODUCTORY SECTION

The purpose of the Introductory Section in a comprehensive annual financial report (CAFR) is to familiarize readers with the organizational structure of the government, the nature and scope of the services it provides and the specifics of its legal operating environment.



COUNTY ADMINISTRATOR'S OFFICE

PIMA COUNTY GOVERNMENTAL CENTER  
130 W. CONGRESS, TUCSON, AZ 85701-1317  
(520) 740-8661 FAX (520) 740-8171

C. H. HUCKELBERRY  
County Administrator

December 31, 2002

The Honorable Board of Supervisors

Pima County, Arizona

We are pleased to submit, in accordance with state statutes, the Comprehensive Annual Financial Report (CAFR) of Pima County, prepared by the Financial and Information Services Department, for the fiscal year ended June 30, 2002. This report presents comprehensive financial and operating information about the County's activities during the fiscal year ended June 30, 2002, that is useful to its property owners, businesses and other resource providers. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County.

This report has been prepared following the standards adopted and promulgated by the Governmental Accounting Standards Board (GASB). This is the first year the County has implemented GASB Statement 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. As such, the CAFR has been reorganized to comply with new reporting requirements as well as conceptual changes. The Management Discussion and Analysis (MD&A), beginning on page 13, provides additional information to assist readers in understanding the financial position of the County at June 30, 2002. The MD&A provides a narrative introduction and overview to assist in the interpretation of the basic financial statements while also providing an analysis of key data presented within the basic financial statements.

We believe that the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to openly disclose the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

The CAFR consists of three sections:

- The **INTRODUCTORY** section familiarizes the reader with the organizational structure of the County, the nature and scope of the services it provides, and the specifics of its legal operating environment.
- The **FINANCIAL** section includes the audited basic financial statements, disclosure notes, required supplementary information, supporting statements and schedules necessary to fairly present the financial position and the results of operations of the County in conformity with generally accepted accounting principles (GAAP), and the independent auditor's report on the basic financial statements. New this year is the narrative introduction, overview and analysis found in management's discussion and analysis (MD&A).

- The *STATISTICAL* section contains comprehensive statistical data on the County's financial, physical, economic, social, and political characteristics.

### The Reporting Entity and its Services

Historical Background: Pima County is situated in the southern part of Arizona with a portion of its southern boundary bordering Mexico. The County was organized in 1864 by the Arizona Territorial Legislature as one of the State's four original counties.

Organization: The governmental and administrative affairs of the County are carried out by a five-member Board of Supervisors with each member elected from a designated district to serve a four-year term. The Chair is selected by the Board from among its members. The Board is responsible for establishing the policies of the County, which provide guidance to the various County departments, The Board appoints a County Administrator who is responsible for the general administrative and overall operations of the various departments of the County.

Entity Defined: Pima County includes in its financial statements all funds, agencies, boards, commissions, and authorities for which the Pima County Board of Supervisors is financially accountable. As the primary government, Pima County is financially accountable if it appoints a voting majority of an organization's governing body and 1) it is able to impose its will on that organization or 2) there is a potential for that organization to provide specific benefits to or impose specific financial burdens on the primary government. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government.

The Municipal Property Corporation is a nonprofit corporation created by the Pima County Board of Supervisors to assist in the development of the County, among other things, by acquiring, constructing and improving any facilities, including real property and improvements and personal property, for use by the County. The Corporation undertook its first bond issue in October 1992. The Corporation is governed by a five-member board elected by the Pima County Board of Supervisors to one-year terms. The Corporation is reported as a special revenue fund (blended component unit) in this report.

The Pima County Stadium District was formed to promote and establish major league baseball spring training in Pima County. The Board of Directors of the District is comprised of the same individuals who constitute the Pima County Board of Supervisors. Acting in the capacity of the Board of Directors, the Pima County Board of Supervisors is able to impose its will on the District. The Board of Directors levies the car rental surcharge rates and the recreational vehicle (RV) tax for the District. The District is reported as a special revenue fund (blended component unit) in this report.

The Metropolitan Domestic Water Improvement District of Pima County was formed by the Pima County Board of Supervisors on July 7, 1992. The initial Board of Directors of the District was comprised of five members appointed by the Pima County Board of Supervisors to varying terms. The Board of Directors of the District has all the powers and duties of the Board of Supervisors of Pima County sitting as the Board of Directors of a county improvement district that are not in conflict with the provisions of the law. The Pima County Board of Supervisors may revise and shall have veto authorization over all financial transactions of the Board of Directors of the District. Additionally, the Pima County Board of Supervisors may at any time revoke the authority of the Board of Directors of the District in order to protect the residents of the District. If this should occur, the Pima County Board of Supervisors would govern the District. Based on these factors, the District is reported as a component unit (discrete presentation) in these financial statements.

The Southwestern Fair Commission (SFC) manages and maintains the fairgrounds owned by the County and conducts an annual fair and other events at the fairgrounds. The Commission's Board of Directors are comprised of the members of the Pima County Fair Commission. Members of the Pima County Fair Commission are appointed, and can be removed at any time, by the Pima County Board of Supervisors.

Based on these factors, SFC is reported as a component unit (discrete presentation) in these financial statements.

Pima County includes the financial activity of various improvement districts in its financial statements. Improvement districts are established to finance specific construction projects that benefit a limited geographic area. The improvement districts are North First Avenue Sewer, North La Cholla Sewer, North La Cholla Boulevard, Country Club Estates and Cimarron, The Board of Supervisors is also designated the Board of Directors of those improvement districts. The Pima County Board of Supervisors is able to impose its will on the districts by levying special assessments against the benefiting property owners to finance the construction.

There are various school districts, irrigation districts, and fire districts within the County governed by independently elected boards. In addition, there are other entities for which the County is not financially accountable such as the Industrial Development Authority, various lighting districts, the Pima Association of Governments, Pima Council on Aging and the Private Industry Council. The financial statements of such districts and entities are not included in this report except to reflect amounts held in a trust and agency capacity by the County Treasurer.

Services Provided: Pima County offers a wide variety of governmental services as follows

**Justice and Law Enforcement:**

Clerk of the Superior Court, Constables, County Attorney, Superior, Juvenile and Justice Courts, Sheriff's Department, Indigent Defense, Public Fiduciary

**Medical Services:**

Pima Health Care System (including Pima Health System, Kino Community Hospital, Posada Del Sol Nursing Home, and Pima Home Health), Medical Assistance, Public Health Department (including Health and Animal Control, and Medical Examiner)

**Community Resources:**

Superintendent of Schools; Natural Resources, Parks and Recreation; Community Services; Community Resources; County Free Library District; Southwestern Fair Commission; Stadium District

**Public Works:**

Flood Control District, Development Services (including Planning and Zoning), Transportation, Wastewater Management (including Solid Waste Management), Environmental Quality, Capital Projects, Automotive Services, Facilities Management, Communications, Parking Garages

**County Administration:**

Board of Supervisors, Assessor, Clerk of the Board, County Administrator, Elections, Financial and Information Services, Human Resources, Non-Departmental (including Contingency), Printing, Procurement, Recorder, Risk Management, Treasurer

**Economic Condition and Outlook**

According to *Arizona's Economy*, published by the University of Arizona's Economic and Business Research Program (EBR), Pima County's economy posted gains during the past year. Population increased

by 2.3% overall, including a gain of more than 19,000 persons. Employment increased at a 3.6% rate during the past twelve months. Retail sales for the year ended June 30, 2002, increased by 1.0% over the prior year and new housing starts increased by 1.1%.

According to EBR, Arizona's economy remains in recession and although the current downturn in employment may be mild, it is widespread across many industries. In 2003, EBR forecasts an increase in personal income of 6.1%, an increase in retail sales of 4.3% and job growth of 2.8% (about 62,400 jobs).

## **Major Program Initiatives**

### **Sonoran Desert Conservation Plan**

Background and Purpose: The Pima County Board of Supervisors continues the major conservation planning effort launched in 1998 - the Sonoran Desert Conservation Plan (SDCP) - that will: (1) define urban form and prevent urban sprawl through the protection of natural and cultural resources; (2) provide the basis of natural resource protection and an environmental element of the Conservation Plan; (3) lead to the recovery of the endangered pygmy owl and other listed species; (4) stabilize the ecosystem and plant communities which support indigenous plants and animals and thereby prevent the need for future listings under the Federal Endangered Species Act (ESA); and (5) lead to issuance of a Section 10 (a)(1)(B) permit under the ESA for a regional multi-species conservation plan which balances environmental and economic considerations. During 2001 and 2002, aspects of the conservation plan were adopted into Pima County's Comprehensive Land Use Plan, which was updated in accordance with State Law. The Section 10 Federal permit aspect of the conservation plan is scheduled for completion in early 2003.

Location and Scope: The Sonoran Desert Conservation Plan is a countywide planning effort that will resolve compliance issues related to the listing of the pygmy owl, reduce the impact or prevent the listing of other species, and balance the economic needs of the community. The 9,184 square-mile project area covers all of Pima County, inclusive of Federal, State and Tribal lands. The scope of the Sonoran Desert Conservation Plan is ten times that of the San Diego County multi-species effort.

Public and Expert Participation: Since 1999, extensive public outreach and technical review has taken place. Pima County has received numerous state, regional and national awards for the Plan, including the American Planning Association's Outstanding Planning Award for 2002, the Arizona Planning Association Award for Multi-Agency Coordination in 2001 and a number of awards for technical merit. The work of the Science Technical Advisory Team was judged to be in the top tier, and at the cutting edge of planning by a panel of national experts who undertook peer review in October of 2001.

Funding and Time Table: The listing of the pygmy owl and the potential economic consequences that go along with uncertainty in the local business community demand a rapid response to the community's endangered species compliance dilemma. The Sonoran Desert Conservation Plan has been developing quickly through the cooperative efforts and data sharing by State and Federal agencies. Several hundred studies have been published, and over one thousand data layers which describe the community's natural, cultural and fiscal resources have been accumulated and analyzed by County staff based on watershed planning units.

### **Fixed Assets System**

Pima County's Financial and Information Services Department has created a strategic plan to install a new, comprehensive asset management system that will interface with its existing financial management system. An important feature of this project is that it will facilitate the County's compliance with the reporting

requirements of Governmental Accounting Standards Board Statement 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, including the reporting and capitalization of infrastructure assets (roads, parks, bridges, etc.) not previously required by governments.

## Financial Information

### Accounting System and Budgetary Control

In developing and evaluating the County's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the County's internal control structure adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained at the Elected Official or department level and is aided during the fiscal year by the use of encumbrances of estimated purchases. Open encumbrances lapse at year-end and are budgeted again as needed in the next fiscal year.

### Fund Descriptions

The various fund types of the County have been classified into fund categories as follows:

<u>Fund Category</u>	<u>Fund Type</u>
Governmental	General Special Revenue Capital Projects Debt Service
Proprietary	Enterprise Internal Service
Fiduciary	Trust and Agency

The measurement focus for each of the three fund categories is as follows:

**Governmental Funds:** These funds are used to account for the County's expendable financial resources and related current liabilities, except those accounted for in proprietary funds. Governmental funds are essentially accounting segregations of financial resources. Measurement focus is on determination of financial position (sources, uses and balances of resources) rather than on net income determination. Basic

financial statements necessary to fairly present financial position and operating results for these funds are the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance.

Proprietary Funds: These funds are used to account for the County's ongoing activities which are similar to those found in the private sector, and the financial activity is reported in essentially the same manner as in commercial accounting where net income and capital maintenance are measured. Measurement focus is on determination of net income, financial position and cash flows. The basic financial statements required by generally accepted accounting principles for these funds are the Balance Sheet, the Statement of Revenues, Expenses and Changes in Fund Equity, and the Statement of Cash Flows.

Fiduciary Funds: These funds are used to account for assets held by the County as an agent for others. Agency funds are custodial in nature and do not involve measurement of results of operations. Trust funds are used for the County's external investment pool and individual investment accounts as required. Trust funds are accounted for using the flow of economic resources measurement focus.

### **Cash Management**

Most cash, other than imprest accounts, is on deposit with the County Treasurer or the State Treasurer. Amounts temporarily idle during the year are invested on a short-term basis. To address cash flow needs in the short term, the County instituted internal borrowings among funds that were recorded formally in the accounting records.

### **Risk Management**

Pima County has established a Self Insurance Trust Fund to account for the risk management function of the County. The Fund is administered by an appointed Board of Trustees and provides self-insurance coverage to the County for medical malpractice, workers' compensation, unemployment, general liability, property damage, environmental damage and employee dental benefits as well as acquiring coverage for other risks. The Fund is financed by charges to other County funds.

## **OTHER INFORMATION**

### **Independent Audit**

Arizona Revised Statutes require an annual audit of the financial statements. This requirement has been complied with and the independent auditors' report is included in this report.

### **Single Audit**

As a recipient of Federal and State financial assistance, the government also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of Pima County.

As a part of Pima County's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that Pima County has complied with applicable laws and regulations. The results of the government's single audit for the fiscal year ended June 30, 2001, was a reportable condition citing inadequate policies and procedures to ensure compliance with subrecipient monitoring in the Community Services Department. The Single Audit for Pima County for the fiscal year ended June 30, 2002, has not been completed as of this date.

As demonstrated by the statements and schedules included in the financial section of this report, Pima County continues to meet its responsibility for sound financial management.

#### **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Pima County, Arizona for its comprehensive annual financial report for all fiscal years ending June 30, 1984 through 2001, except for the fiscal years ending June 30, 1990, and June 30, 1999, as the County was unable to meet the filing deadline.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

#### **Acknowledgements**

The preparation of this report could not be accomplished without the efficient and dedicated services of the staff of the Financial and Information Services Department. We would like to express our appreciation to the staff of the Office of the Auditor General for the assistance and guidance they provided in the implementation of the new reporting model. We would also like to thank the Board of Supervisors for its interest and support in planning and conducting the financial operations of the County in a responsible manner.

Respectfully submitted,

C. H. Huckelberry  
County Administrator

~~Carol Bonchalk~~  
Director, Financial and Information Services  
Department

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Pima County,  
Arizona

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2001

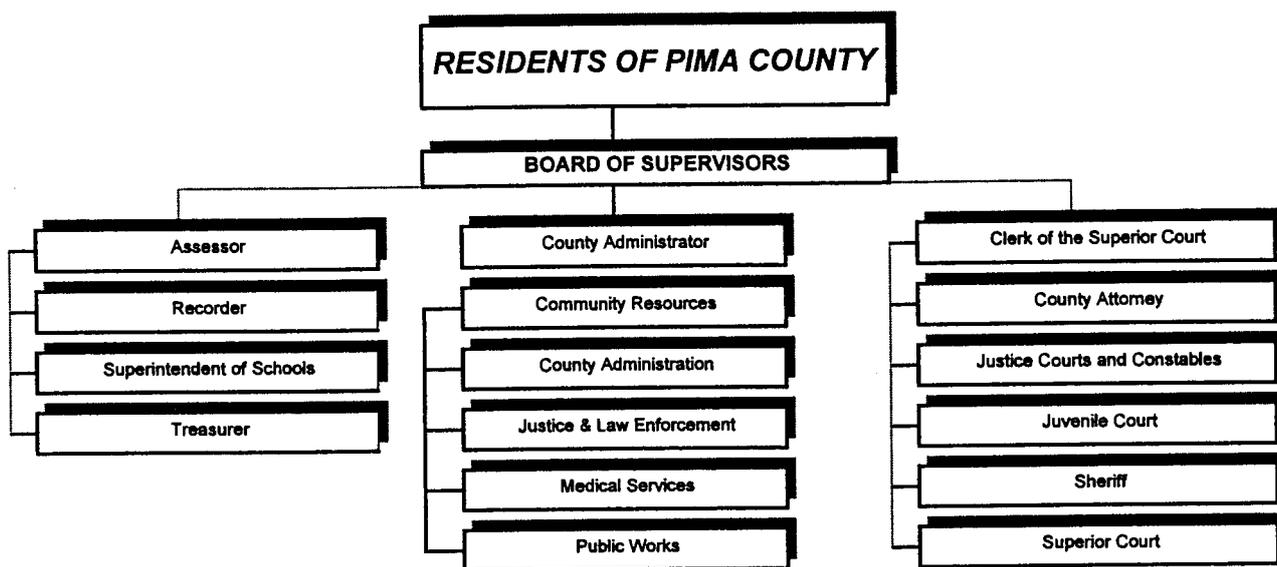
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*James H. Drew*  
President

*Jeffrey L. Esser*  
Executive Director

## PIMA COUNTY ORGANIZATIONAL CHART



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**PIMA COUNTY**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2002**

**INTRODUCTORY SECTION**

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**FINANCIAL SECTION**

- Independent Auditors' Report
  - Management's Discussion and Analysis
  - Basic Financial Statements
  - Required Supplementary Information
  - Combining Financial Statements
- 

**STATISTICAL SECTION**

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## FINANCIAL SECTION

The Financial Section contains government-wide, combined, combining, and individual fund financial statements and schedules, which present a financial "overview" of Pima County.



DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
**AUDITOR GENERAL**

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

## Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of  
Pima County, Arizona

We have audited the accompanying financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2002, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units of Pima County. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units of Pima County is based solely on the reports of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of Pima County as of June 30, 2002, and the changes in financial position and cash flows, where applicable, of those activities, units, and funds for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 2, the County adopted the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as of June 30, 2002, to implement a new financial reporting model. Also, as described in Note 2, the County raised its capitalization threshold for capital equipment. This represents a change in the application of an accounting principle.

Management's Discussion and Analysis on pages 13 through 25, the Budgetary Comparison Schedules on pages 81 and 82, and the Schedule of Agent Retirement Plans' Funding Progress on page 83 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we and the other auditors did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements of the activities, component units, and funds. The combining and individual fund statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The information included in the introductory and statistical sections listed in the table of contents has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on such information.

In accordance with *Government Auditing Standards*, we will also issue our report on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants at a future date. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Debbie Davenport  
Auditor General

December 31, 2002



## **Management's Discussion and Analysis**

## Management's Discussion & Analysis

This section of Pima County's comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the year ended June 30, 2002 and should be read in conjunction with the County's basic financial statements in the following sections. All dollar amounts are expressed in thousands (000's) unless otherwise noted.

Amounts incorporated in this section related to prior years have been restated to conform to GASB 34 requirements, except where such restatement is either immaterial or not relevant to the intended comparisons. Prior year amounts shown are for comparative purposes only and have not been audited.

### FINANCIAL HIGHLIGHTS

- At June 30, 2002, the County's combined assets exceeded combined liabilities by \$790,674, an increase of approximately 12% from the prior year. Of this amount, \$55,941 is available for general government expenditures (*unrestricted net assets*), \$138,171 is restricted for specific purposes (*restricted net assets*), and \$596,562 is invested in capital assets, net of related debt and accumulated depreciation.
- Of the total fund balances of the County's governmental funds, the general fund has a total fund balance of \$31,142, with \$28,656 of this amount available for expenditure. Within the transportation fund, \$35,605 is available for expenditure, and within the capital projects fund and the County's other governmental funds, \$46,985 and \$25,529 is available for future expenditures, respectively.
- At the end of the fiscal year, the unreserved fund balance in the general fund of \$28,656, which accounts for approximately 10.0% of the County's general fund expenditures and 4.8% of total governmental funds' expenditures, increased by \$9,003.
- The County's long-term debt increased principally as a result of new bond issues. These new bond issues consisted of a general obligation bond issue of \$20,000 and a transportation revenue bond issue of \$55,000.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of four components (1) Government-wide financial statements; (2) Fund financial statements; (3) Component unit financial statements; and (4) Notes to the basic financial statements. Required supplementary information is included in addition to the basic financial statements.

**Government-wide Financial Statements** are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all County assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation or sick leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, highways and streets, health, welfare, culture and recreation, education and economic opportunity. The business-type activities of the County include Pima Health Care System (PHCS including Kino Hospital), Wastewater Management, Development Services, and the County's downtown parking garages.

Discretely presented component units are included in the basic financial statements and consist of legally separate entities for which the County is financially accountable. The County's discretely presented component units are the Southwestern Fair Commission, which operates the County Fairgrounds and the annual Pima County Fair, and the Metropolitan Domestic Water Improvement District.

**The government-wide financial statements can be found on pages 27-28 of this report.**

**Fund Financial Statements** are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance with applicable State statutes and federal OMB budgeting guidelines. All of the funds of the County can be divided into three categories: (1) *governmental funds*; (2) *proprietary funds*; and (3) *fiduciary funds*.

*Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains thirteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Transportation special revenue fund, and the Capital Projects fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

**The governmental fund financial statements can be found on pages 29-32 of this report.**

*Proprietary funds* are maintained in two ways. *Enterprise funds* are used to report the same functions presented as *business-type* activities in the government-wide financial statements. The County uses enterprise funds to account for certain health care services, including medical and long-term health care, sewer systems maintenance and operation, real estate-related development services, and parking garage operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for risk management, automotive fleet maintenance and operations, printing, communications and mail services functions. Because these services predominantly benefit governmental rather than business-type functions, most of the assets and liabilities of these services have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Wastewater Management and Pima Health Care System operations are considered to be major funds of the County. Data from the other enterprise funds are combined into a single, aggregated presentation. Similarly, the County's internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the other enterprise and internal service funds are provided in the form of *combining statements* elsewhere in this report.

**The proprietary fund financial statements can be found on pages 33-36 of this report.**

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs.

**The fiduciary fund financial statements can be found on pages 37-38 of this report.**

**Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 41-80 of this report.

**Required Supplementary Information (RSI)** is presented concerning the County General Fund and the Transportation Special Revenue Fund budgetary schedules, and the schedule of retirement plans' funding progress. Required supplementary information can be found on pages 81-84 of this report.

The combining and individual fund statements and schedules referred to earlier provide information for non-major governmental funds, enterprise and internal service funds and are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 86-114 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

This year is the first period the County applied Governmental Accounting Standards Board (GASB) Statement No. 34. The County has restated only portions of prior period information for purposes of providing comparative data in the Management's Discussion and Analysis (MD&A) because certain prior-year information is unavailable. However, in future years, when prior-year information is available, a comparative analysis of government-wide data will be presented.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$790,674 at the close of this fiscal year. The table below summarizes the Statement of Net Assets.

**Table 1**  
**Statement of Net Assets**  
**At June 30, 2002**

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 271,305	\$ 105,649	\$ 376,954
Capital assets:			
Land, buildings, equipment & other	505,746	508,931	1,014,677
Total assets	<u>777,051</u>	<u>614,580</u>	<u>1,391,631</u>
Current and other liabilities	78,695	38,624	117,319
Long-term liabilities	340,119	143,519	483,638
Total liabilities	<u>418,814</u>	<u>182,143</u>	<u>600,957</u>
Net assets :			
Invested in capital assets, net of related debt	215,646	380,916	596,562
Restricted net assets	82,541	55,630	138,171
Unrestricted net assets	60,050	(4,109)	55,941
Total net assets	<u>\$ 358,237</u>	<u>\$ 432,437</u>	<u>\$ 790,674</u>

The largest portion of the County's net assets of \$596,562 (75%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to its citizens and for its citizens to use, consequently, these assets are *not* available for future spending. Although the County's investments in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets of \$138,171 (18%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of the County's net assets (7%) represents *unrestricted net assets*, which may be used to meet the County's ongoing obligations to citizens and creditors.

**Governmental activities.** Governmental activities increased the County's net assets by \$63,909 or 75.4% of the County's growth in total net assets. The following table indicates the changes in net assets for governmental activities (certain immaterial adjustments for "Highways and streets" were not made for comparative purposes):

**Table 2**  
**Governmental Activities**  
**Comparative Statements of Activities**  
**For the Years Ended June 30, 2001 and 2002**

	Fiscal Year		Variance	
	2001-2002	2000-2001	Amount	Percent
Program revenues:		(Unaudited)		
Charges for services	\$ 45,307	\$ 41,317	\$ 3,990	9.7%
Operating grants and contributions	121,934	116,749	5,185	4.4%
Capital grants and contributions	18,207	17,532	675	3.9%
Total program revenues	<u>185,448</u>	<u>175,598</u>	<u>9,850</u>	5.6%
General revenues:				
Property taxes	237,049	221,711	15,338	6.9%
State-shared	97,845	99,876	(2,031)	-2.0%
Investment earnings	8,157	17,901	(9,744)	-54.4%
Other general revenues	29,464	25,472	3,992	15.7%
Total general revenues	<u>372,515</u>	<u>364,960</u>	<u>7,555</u>	2.1%
Total primary government revenues	<u>557,963</u>	<u>540,558</u>	<u>17,405</u>	3.2%
Expenses:				
General government	137,296	128,069	9,227	7.2%
Public safety	123,513	115,485	8,028	7.0%
Highways and streets	42,515	22,678	19,837	87.5%
Health	23,120	22,212	908	4.1%
Welfare	73,243	71,437	1,806	2.5%
Culture and recreation	27,081	23,497	3,584	15.3%
Education and economic opportunity	37,565	32,284	5,281	16.4%
Unallocated depreciation and amortization	1,376	0	1,376	N/A
Interest on long-term debt	14,391	15,488	(1,097)	-7.1%
Total expenses	<u>480,100</u>	<u>431,150</u>	<u>48,950</u>	11.4%
Excess before transfers	77,863	109,408	(31,545)	-28.8%
Transfers out	(13,954)	(34,251)	20,297	-59.3%
Change in net assets	<u>63,909</u>	<u>75,157</u>	<u>(11,248)</u>	-15.0%
Net assets – beginning, as restated	294,328	219,171	75,157	34.3%
Net assets – ending, as restated	<u>\$ 358,237</u>	<u>\$ 294,328</u>	<u>\$ 63,909</u>	21.7%

Key elements of the increase in net assets are as follows:

- Property taxes increased by \$15,338 during the year. The increase is primarily due to increases in real property valuations and increases in construction of new homes.
- Operating grants and contributions increased by \$5,185. This increase is attributable to increases in reimbursable expenditure activity for the Workforce Investment Act grants, Community Development Block grants and Youth Opportunity grants.

**Business-type activities.** Business-type activities increased the County's net assets by \$20,843 or 24.6% of the County's growth in total net assets. The following table compares current year activity with prior year activity ("Other general revenues" were not material in fiscal year 2000-2001 and were not restated for comparative purposes):

**Table 3**  
**Business-type Activities**  
**Comparative Statements of Activities**  
**For the Years Ended June 30, 2001 and 2002**

	Fiscal Year		Variance	
	2001-2002	2000-2001	Amount	Percent
Program revenues:		(Unaudited)		
Charges for services	\$ 252,131	\$ 234,022	\$ 18,109	7.7%
Operating grants and contributions	6,505	5,887	618	10.5%
Total program revenues	<u>258,636</u>	<u>239,909</u>	<u>18,727</u>	<u>7.8%</u>
General revenues:				
Capital contributions	11,261	20,346	(9,085)	-44.7%
Investment earnings	2,888	6,557	(3,669)	-56.0%
Other general revenues	4,214	0	4,214	N/A
Total general revenues	<u>18,363</u>	<u>26,903</u>	<u>(8,540)</u>	<u>-31.7%</u>
Total primary government revenues	<u>276,999</u>	<u>266,812</u>	<u>10,187</u>	<u>3.8%</u>
Expenses:				
Wastewater Management	65,494	58,451	7,043	12.0%
Pima Health Care System	195,445	169,498	25,947	15.3%
Development Services	7,917	7,223	694	9.6%
Parking Garages	1,254	1,210	44	3.6%
Total expenses	<u>270,110</u>	<u>236,382</u>	<u>33,728</u>	<u>14.3%</u>
Excess before transfers	6,889	30,430	(23,541)	-77.4%
Transfers in	13,954	34,251	(20,297)	-59.3%
Change in net assets	<u>20,843</u>	<u>64,681</u>	<u>(43,838)</u>	<u>-67.8%</u>
Net assets – beginning, as restated	411,594	346,913	64,681	18.6%
Net assets – ending, as restated	<u>\$ 432,437</u>	<u>\$ 411,594</u>	<u>\$ 20,843</u>	<u>5.1%</u>

Key elements of the increase in net assets are as follows:

- Operating cost for Pima Health Care System increased by \$27,515 due to a continuing rise in the costs of uncompensated patient care, pharmaceuticals, medical supplies and equipment. Operating revenues, however, only increased \$19,113, affected by a reduction in state and federal assistance for Kino Hospital and its clinics. Overall, Pima Health Care System enterprise fund incurred a deficit from operations and non-operating items of \$9,499 for the fiscal year ended June 30, 2002.
- Wastewater Management enterprise fund net assets increased \$14,977. Charges for services, grants and sewer connection fees, which constitute 95% of total operating and non-operating revenues, increased by \$1,284, \$1,246 and \$711, respectively. Employee compensation and expenses for repairs and maintenance reported an increase of \$2,500 and \$1,497, respectively.

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The County's general government functions are accounted for in the General, Special Revenue, Debt Service, and Capital Project Funds. Included in these funds are special districts governed by the Board of Supervisors. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2002, the County's governmental funds reported combined fund balances of \$147,803, an increase of \$37,139 in comparison with the prior year. Approximately 92.5% of the combined fund balances, or \$136,775 constitutes unreserved fund balance, which is available to meet the County's current and future needs. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has been committed: (1) to pay debt service (\$6,046); (2) to reflect inventories and amounts prepaid (\$4,155); (3) loan receivable (\$250); (4) amounts committed to specific programs (\$502); (5) and an amount reserved for capital repairs (\$75).

The general fund is the chief operating fund of the County. At June 30, 2002, unreserved fund balance of the general fund was \$28,656 while total fund balance reached \$31,142. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

Expenditures in the Capital Projects fund increased by \$21,997 primarily due to significant increase in construction activity related to the increase in available funding. (See Table 8 for bond activity this fiscal year).

Revenues for the Transportation fund dropped \$2,665 (5%) from the prior year, primarily due to a drop in Highway and Street revenues received from the State of Arizona. Additionally, expenditures increased \$3,849 (12.4%) due to increased repairs and maintenance activity.

Revenues for governmental functions totaled approximately \$562,789 in fiscal year 2001-2002, which represents an increase of \$21,080 (3.9%) from the previous year.

The following table presents the amount of revenues from various sources, and increases or (decreases) from the prior year.

**Table 4**  
**Revenues Classified by Source**  
**All Government Funds**

	Fiscal Year					
	2001-2002		2000-2001		Variance	
	Amount	Percent	Amount	Percent	Amount	Percent
Revenues by source:			(Unaudited)			
Taxes	\$ 244,807	43.5%	\$ 227,542	42.0%	\$ 17,265	7.6%
Special assessments	598	0.1%	845	0.2%	(247)	-29.2%
Licenses and permits	6,077	1.1%	4,882	0.9%	1,195	24.5%
Intergovernmental	260,218	46.3%	253,863	46.8%	6,355	2.5%
Charges for services	31,112	5.5%	26,613	4.9%	4,499	16.9%
Fines and forfeits	4,882	0.9%	4,365	0.8%	517	11.8%
Interest	6,952	1.2%	15,468	2.9%	(8,516)	-55.1%
Miscellaneous	8,143	1.4%	8,131	1.5%	12	0.1%
<b>Total revenues</b>	<b>\$ 562,789</b>	<b>100.0%</b>	<b>\$ 541,709</b>	<b>100.0%</b>	<b>\$ 21,080</b>	<b>3.9%</b>

The following provides an explanation of revenues by source that changed significantly over the prior year:

- Property taxes. The increase in property taxes in the current year of \$17,265 is primarily the result of property assessment values increasing as market values of real estate have increased. Growth in new construction has also contributed to the increase in property tax revenue.
- Intergovernmental revenue. The Employment and Training and Other-Grants Special revenue funds experienced increases in revenues in the Workforce In Action, Youth Opportunity and miscellaneous grants administered by the Community Services department.
- Interest revenue. The County invests substantially all of its funds in the State Treasurer's Local Government Investment Pool. The interest rate affecting the pool has continued to drop over the last two fiscal years. The rate effective at June 30, 2002 was 2.2%, as compared to 4.7%, the rate as of June 30, 2001.

The following table presents expenditures by function compared to prior year amounts:

**Table 5**  
**Expenditures by Function**  
**All Governmental Funds**

Government Function	Fiscal Year				Variance	
	2001-2002		2000-2001		Amount	Percent
	Amount	Percent	Amount	Percent		
			(Unaudited)			
General government	\$125,416	21.0%	\$122,023	22.0%	\$3,393	2.8%
Public safety	123,021	20.5%	117,058	21.1%	5,963	5.1%
Highways and streets	27,835	4.7%	24,977	4.5%	2,858	11.4%
Health	23,102	3.9%	22,584	4.1%	518	2.3%
Welfare	73,136	12.2%	71,260	12.8%	1,876	2.6%
Culture and recreation	25,581	4.3%	22,242	4.0%	3,339	15.0%
Education and economic opportunity	37,524	6.3%	32,458	5.8%	5,066	15.6%
Capital outlay	109,670	18.3%	87,673	15.8%	21,997	25.1%
<b>Debt service:</b>						
- Principal	37,342	6.3%	39,823	7.2%	(2,481)	-6.2%
- Interest	14,128	2.4%	15,003	2.7%	(875)	-5.8%
- Miscellaneous	391	0.1%	186	0.0%	205	110.2%
Total expenditures	<u>\$597,146</u>	<u>100.0%</u>	<u>\$555,287</u>	<u>100.0%</u>	<u>\$41,859</u>	<u>7.5%</u>

Expenditures related to governmental funds increased during FY 2001-2002 as a result of increased Sheriff's Department staffing and related law enforcement costs. Other increases in government funds' spending included expanded Superior Court services and related Public Defender and County Attorney costs.

In addition, capital outlay expenditure activity increased as proceeds from new bond issues became available, and expenditures related to the County's Highways and Streets Improvement Program continued as scheduled.

**Proprietary funds**

The County's proprietary fund functions are contained in the Enterprise and Internal Service funds. The enterprise funds of the County are Pima Health Care System, Wastewater Management, Development Services, and Parking Garages. These business-type activities are accounted for in a similar fashion to private sector businesses and the costs of services provided are expected to be covered either fully, or in part, by current revenues generated, which include fees charged to external users.

The following table presents a comparison of this year's enterprise fund activities with the prior year:

**Table 6**  
**Summary Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Total Enterprise Funds**  
**For the Fiscal Years ended June 30, 2001 and 2002**

	Fiscal Year		Variance	
	2001-2002	2000-2001	Amount	Percent
Operating revenues:		(Unaudited)		
Net patient services	\$ 176,324	\$ 151,927	\$ 24,397	16.1%
Charges for services	58,327	55,625	2,702	4.9%
Other	16,563	16,852	(289)	-1.7%
State reimbursement of disproportionate share	(13,254)	(7,151)	(6,103)	85.3%
Total net operating revenues	<u>237,960</u>	<u>217,253</u>	<u>20,707</u>	9.5%
Operating expenses:				
Employee compensation	83,357	70,844	12,513	17.7%
Medical claims	100,342	82,589	17,753	21.5%
Operating supplies & services	16,755	16,226	529	3.3%
Utilities	3,881	3,498	383	10.9%
Sludge and refuse disposal	1,501	1,761	(260)	-14.8%
Repair and maintenance	5,143	3,585	1,558	43.5%
Landfill closure and postclosure care costs	1,030	170	860	505.9%
General and administrative	19,384	17,131	2,253	13.2%
Consultants and professional services	17,235	20,231	(2,996)	-14.8%
Depreciation and amortization	18,570	14,675	3,895	26.5%
Total operating expenses	<u>267,198</u>	<u>230,710</u>	<u>36,488</u>	15.8%
Operating loss	<u>(29,238)</u>	<u>(13,457)</u>	<u>(15,781)</u>	117.2%
Nonoperating revenues (expenses):				
Grants	6,505	5,887	618	10.5%
Shared State tax revenue	905		905	N/A
Interest income	2,888	6,557	(3,669)	-55.9%
Sewer connection fees	17,480	16,769	711	4.2%
Interest expense	(6,041)	(7,071)	1,030	-14.6%
Loss on disposal of capital assets	(162)	(43)	(119)	276.7%
Amortization of deferred charges	(89)	(78)	(11)	14.1%
Net nonoperating revenues	<u>21,486</u>	<u>22,021</u>	<u>(535)</u>	-2.4%
Income (loss) before contributions and transfer	(7,752)	8,564	(16,316)	-190.5%
Capital contributions	11,261	22,971	(11,710)	-51.0%
Transfers in	21,672	36,941	(15,269)	-41.3%
Transfers (out)	(7,718)	(5,315)	(2,403)	45.2%
Change in net assets	<u>\$ 17,463</u>	<u>\$ 63,161</u>	<u>\$ (45,698)</u>	-72.4%

- State laws required Pima Health Care System and its subfund, Kino Community Hospital to return all disproportionate share revenue to the State's general fund, resulting in a \$6.1 million decrease in operating revenues.

- Medical claims increased primarily due to the passage of Proposition 204, which expanded the eligibility for medical care within the Arizona Health Care Cost Containment System (AHCCCS), increasing membership by 3,681.

## Capital Assets and Debt Administration

### Capital Assets

The County's investment in capital for its governmental and business-type activities as of June 30, 2002 amounted to \$1,014,677 (net of accumulated depreciation). This investment in capital assets includes land, buildings, sewage conveyance systems, infrastructure, equipment and construction in progress. The increase in the County's investment in capital assets for the current period was 11.6 percent.

Major capital asset events during the current fiscal year included the following:

- Construction in progress increased by \$100,065 due mainly to the inclusion of new infrastructure construction.
- Two new buildings were added to the County's list of assets: administration offices for the Natural Resources, Parks and Recreation department and new Sheriff substations.

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

**Table 7**  
**Capital Assets**  
**Governmental and Business-type Activities**

	Governmental Activities		Business-type Activities		Total	
	Fiscal Year		Fiscal Year		Fiscal Year	
	2001-2002	2000-2001	2001-2002	2000-2001	2001-2002	2000-2001
		(Unaudited)		(Unaudited)		(Unaudited)
Land	\$ 113,175	\$ 107,824	\$ 12,766	\$ 11,864	\$ 125,941	\$ 119,688
Buildings and improvements	193,251	141,191	153,061	160,517	346,312	301,708
Sewage conveyance systems	0	0	260,195	253,484	260,195	253,484
Machinery and equipment	27,737	59,693	9,022	7,941	36,759	67,634
Infrastructure	7,072	0	0	0	7,072	0
Construction in progress	164,511	22,456	73,887	38,335	238,398	60,791
<b>Total</b>	<b>\$ 505,746</b>	<b>\$ 331,164</b>	<b>\$ 508,931</b>	<b>\$ 472,141</b>	<b>\$ 1,014,677</b>	<b>\$ 803,305</b>

The County's infrastructure assets are recorded at historical cost in the government-wide financial statements.

**Long-term Debt**

The County had total bonded debt outstanding of \$344,186 at the end of the fiscal year. Significant activity in long-term debt is presented below to illustrate bond activity at face value this year versus last year, and changes in other long-term debt:

**Table 8**  
**Long-term Debt**  
**Governmental Funds**

	Fiscal Year	
	2001-2002	2000-2001 (Unaudited)
Bonds issued (at face value):		
General obligation refunding	\$ 17,835	
General obligation	20,000	\$ 50,000
Transportation revenue	55,000	
Flood control district refunding	4,585	
Special assessment with government commitment	1,821	
Capital leases	590	511
Loan proceeds	5,100	
Total	\$ 104,931	\$ 50,511

- General obligation bonds issued in FY 2001-2002 consist of \$20,000 of general obligation bonds; the proceeds of this issue were allocated as follows:

- \$4,475 to flood control projects
- \$5,158 to public safety, law enforcement and superior courts,
- \$4,146 to improvements in the County's parks system,
- \$3,661 to public health, recreation and cultural facilities projects,
- \$611 to Sonoran Desert open space preservation programs,
- \$1,902 to improve solid waste disposal facilities, and
- \$47 not yet allocated

The County also issued \$55,000 in Transportation Revenue bonds; the proceeds were allocated to major street and road improvements, principally in the Tucson metropolitan area, outside of city limits. Additional transportation project funding was received in the current year in the form of

State-sponsored Highway Extension and Longevity Program (HELP) loans; these amounted to \$5,100. The Water Infrastructure Finance Authority loan increased by \$28,647 during the fiscal year.

Also during FY 2001-02 the County issued general obligation refunding bonds in the amount of \$17,385; the bonds refunded included Series 1992, 1992R, 1993 and 1994 general obligation bonds. The Flood Control District issued \$4,585 of refunding bonds, which refunded a portion of the District's outstanding Series 1992R bonds.

Pima County maintains a "A+" rating from Standard & Poor's and a "A1" rating from Moody's for general obligation and street and highway revenue bonds.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its total asset valuation. The current debt limitation for Pima County is \$673,709, which is significantly in excess of Pima County's outstanding general obligation debt.

Additional information regarding the County's debt can be found in note 7 on pages 55-68 of this report.

### **Economic Factors and Next Year's Budget**

The volatility of the current economic climate has generated significant uncertainty in forecasting future financial activity. The State of Arizona is currently facing a less than favorable budgetary environment. For Pima County, general government revenues are expected to decrease while the demand for local government services continues to increase.

Many costs previously incurred by the State of Arizona are being shifted to counties. For example, the State Restoration to Competency to Stand Trial Program has shifted to the County, retroactive July 1, 2001, at a cost to the County of approximately \$700.

Other significant activity affecting the fiscal year 2002/2003 budget include:

- State Sales Tax revenues shared with the County is expected to fall short of the fiscal year 2002/03 Budget by approximately \$3,500 based on current economic conditions.
- Projected Vehicle License Tax revenues are expected to increase \$250 over budgeted revenues of \$20,250. This expectation is based upon increases in new vehicle purchases and the associated value, and an increase in population growth.
- Property tax revenues are expected to increase by \$10,467 due to increases in new construction and in market appreciation of existing properties.

### **Request for Information**

This financial report is designed to provide a general overview of the County's finances. Any questions concerning the information provided in this report or requests for additional financial information should be addressed to the Financial and Information Services Department, 130 W. Congress, 10<sup>th</sup> Floor, Tucson, AZ, 85701.

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## **Basic Financial Statements**

PIMA COUNTY  
STATEMENT OF NET ASSETS

Exhibit A-1

As of June 30, 2002  
(in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 76,215	\$ 60,278	\$ 136,493	\$ 12,881
Investments				1,359
Property taxes receivable (net)	12,438		12,438	
Interest receivable	701	102	803	
Internal balances	5,448	(5,448)	-	
Due from other governments	42,590	4,048	46,638	
Accounts receivable (net)	993	21,954	22,947	1,627
Inventories	2,000	3,375	5,375	237
Prepays	2,995	205	3,200	245
Other assets	878	937	1,815	1,657
Restricted assets:				
Cash and cash equivalents	121,664	20,099	141,763	2,942
Interest receivable		99	99	
Investments	5,301		5,301	
Regulatory asset				8,203
Deposits with fiscal agents	82		82	
Capital assets (net):				
Land	113,175	12,766	125,941	951
Buildings and improvements	193,251	153,061	346,312	2,218
Sewage conveyance system		260,195	260,195	
Machinery and equipment	27,737	9,022	36,759	840
Infrastructure	7,072		7,072	33,643
Construction in progress	164,511	73,887	238,398	2,061
<b>Total assets</b>	<b>777,051</b>	<b>614,580</b>	<b>1,391,631</b>	<b>68,864</b>
<b>LIABILITIES</b>				
Accounts payable	37,085	26,933	64,018	1,973
Interest payable	29	32	61	
Contract retentions	828		828	
Employee compensation	28,907	8,227	37,134	
Due to other governments	2,553	1,507	4,060	
Deposits and rebates	3,565		3,565	183
Deferred revenues	5,728	1,925	7,653	
Noncurrent liabilities:				
Due within one year:				
Reported but unpaid losses	4,349		4,349	
Incurred but not reported losses	2,583		2,583	
Loans and leases	2,750	3,687	6,437	
Contracts and notes				235
General obligation bonds	29,171		29,171	
Flood control refunding bonds	763		763	
Transportation bonds	8,557		8,557	
Revenue bonds	145	5,200	5,345	1,335
Special assessment bonds with governmental commitment	385		385	
Certificates of participation	1,485		1,485	
Due in more than one year:				
Reported but unpaid losses	12,653		12,653	
Incurred but not reported losses	8,527		8,527	
Landfill closure payable		14,567	14,567	
Loans and leases	34,946	53,769	88,715	
Contracts and notes		3,685	3,685	2,442
General obligation bonds	154,210		154,210	
Flood control refunding bonds	4,585		4,585	
Transportation bonds	70,649		70,649	
Revenue bonds	680	62,611	63,291	48,180
Special assessment bonds with governmental commitment	2,121		2,121	
Certificates of participation	1,560		1,560	
<b>Total liabilities</b>	<b>418,814</b>	<b>182,143</b>	<b>600,957</b>	<b>54,348</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	215,646	380,916	596,562	(413)
Restricted for:				
Special revenue	43,339		43,339	
Debt service	5,450	1,216	6,666	2,071
Capital projects	33,752	18,982	52,734	316
Wastewater management		15,748	15,748	
Health care		19,684	19,684	
Unrestricted (deficit)	60,050	(4,109)	55,941	12,542
<b>Total net assets</b>	<b>\$ 358,237</b>	<b>\$ 432,437</b>	<b>\$ 790,674</b>	<b>\$ 14,516</b>

See Notes to the Financial Statements

PIMA COUNTY  
STATEMENT OF ACTIVITIES

Exhibit A-2

28

For the Year Ended June 30, 2002  
(in thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
<b>Primary government:</b>								
<b>Governmental activities:</b>								
General government	\$ 137,296	\$ 21,542	\$ 8,482	\$ 238	\$ (107,034)		\$ (107,034)	
Public safety	123,513	8,498	27,201	3,086	(84,728)		(84,728)	
Highways and streets	42,515	4,916	47,188	14,771	24,360		24,360	
Health	23,120	6,971	8,682		(7,467)		(7,467)	
Welfare	73,243	1,379	15		(71,849)		(71,849)	
Culture and recreation	27,081	1,787	602	68	(24,624)		(24,624)	
Education and economic opportunity	37,565	214	29,764	44	(7,543)		(7,543)	
Depreciation - unallocated	727				(727)		(727)	
Amortization	649				(649)		(649)	
Interest on long-term debt	14,391				(14,391)		(14,391)	
<b>Total governmental activities</b>	<b>480,100</b>	<b>45,307</b>	<b>121,934</b>	<b>18,207</b>	<b>(294,652)</b>		<b>(294,652)</b>	
<b>Business-type activities:</b>								
Wastewater Management	65,494	63,601	2,174			\$ 281	281	
Pima Health Care System	195,445	179,322	4,331			(11,792)	(11,792)	
Development Services	7,917	7,754				(163)	(163)	
Parking Garages	1,254	1,454				200	200	
<b>Total business-type activities</b>	<b>270,110</b>	<b>252,131</b>	<b>6,505</b>			<b>(11,474)</b>	<b>(11,474)</b>	
<b>Total primary government</b>	<b>\$ 750,210</b>	<b>\$ 297,438</b>	<b>\$ 128,439</b>	<b>\$ 18,207</b>	<b>(294,652)</b>	<b>(11,474)</b>	<b>(306,126)</b>	
<b>Component units:</b>								
Metropolitan Domestic Water Imp. District	\$ 9,908	\$ 10,627					\$ 719	
Southwestern Fair Commission	4,191	4,332	88				229	
<b>Total component units</b>	<b>\$ 14,099</b>	<b>\$ 14,959</b>	<b>\$ 88</b>				<b>\$ 948</b>	
<b>General revenues:</b>								
<b>Taxes:</b>								
Property					237,049		237,049	
Hotel/motel					2,495		2,495	
Other					1,600	905	2,505	
Share of state sales tax					76,752		76,752	
Share of state vehicle license tax					21,093		21,093	
Grants and contributions not restricted to specific programs					9,550		9,550	
Interest and penalties on delinquent taxes					5,479		5,479	
Investment earnings					8,157	2,888	11,045	368
Miscellaneous					10,340	3,309	13,649	109
Capital contributions						11,261	11,261	
Transfers					(13,954)	13,954		
<b>Total general revenues and transfers</b>					<b>358,561</b>	<b>32,317</b>	<b>390,878</b>	<b>477</b>
Change in net assets					63,909	20,843	84,752	1,425
Net assets at beginning of year, as restated					294,328	411,594	705,922	13,091
<b>Net assets at end of year</b>	<b>\$ 358,237</b>	<b>\$ 432,437</b>	<b>\$ 790,674</b>	<b>\$ 14,516</b>				

See Notes to the Financial Statements

PIMA COUNTY

Exhibit A-3

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2002  
(in thousands)

	General	Transportation	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 29,508	\$ 38,227	\$ 49,613	\$ 35,640	\$ 152,988
Deposits with fiscal agents				82	82
Investments			1,832		1,832
Property taxes receivable (net of allowances for uncollectables)	9,275			3,162	12,437
Interest receivable	83	59	42	131	315
Interfund receivable	23				23
Due from other funds	15,952	122	1,847	4,733	22,654
Due from other governments	10,056	4,390	6,920	12,029	33,395
Accounts receivable	633		84	276	993
Inventory		1,486		183	1,669
Prepaid expenditures	2,236	30	8	212	2,486
Loan receivable	250				250
Restricted assets			3,469		3,469
<b>Total assets</b>	<b>\$ 68,016</b>	<b>\$ 44,314</b>	<b>\$ 63,815</b>	<b>\$ 56,448</b>	<b>\$ 232,593</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 8,483	\$ 6,252	\$ 12,238	\$ 8,982	\$ 35,955
Interest payable	1		16	11	28
Contract retentions			801	27	828
Employee compensation	7,974	840	32	2,096	10,942
Interfund payable	615				615
Due to other funds	8,607	87	266	6,240	15,200
Due to other governments				2,553	2,553
Deposits and rebates	83	14	3,469		3,566
General obligation bonds				15	15
Deferred revenues	11,111			3,977	15,088
<b>Total liabilities</b>	<b>36,874</b>	<b>7,193</b>	<b>16,822</b>	<b>23,901</b>	<b>84,790</b>
<b>Fund balances:</b>					
<b>Reserved for:</b>					
Inventory		1,486		183	1,669
Prepaid expenditures	2,236	30	8	212	2,486
Debt service				6,046	6,046
Capital repairs and refurbishments				75	75
Loan receivable	250				250
Specified programs				502	502
<b>Unreserved, reported in:</b>					
General fund	28,656				28,656
Special revenue funds		35,605		25,529	61,134
Capital projects fund			46,985		46,985
<b>Total fund balances</b>	<b>31,142</b>	<b>37,121</b>	<b>46,993</b>	<b>32,547</b>	<b>147,803</b>
<b>Total liabilities and fund balances</b>	<b>\$ 68,016</b>	<b>\$ 44,314</b>	<b>\$ 63,815</b>	<b>\$ 56,448</b>	<b>\$ 232,593</b>

See Notes to the Financial Statements

PIMA COUNTY  
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 JUNE 30, 2002  
 (in thousands)

Fund balances - total governmental funds		\$ 147,803
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds</p>		
Governmental capital assets	\$ 581,887	
Less accumulated depreciation	<u>(90,553)</u>	491,334
<p>Long-term receivables applicable to governmental activities are not due and collectible in the current period and therefore are not reported in the governmental funds</p>		
Due from other governments	9,168	
Other	<u>879</u>	10,047
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the governmental funds</p>		
Bonds payable	(271,251)	
Loans and leases payable	(37,696)	
Certificates of participation payable	(3,045)	
Employee compensation	<u>(17,366)</u>	(329,358)
<p>Deferred revenue in governmental funds is susceptible to full accrual on the government-wide statements</p>		
		9,360
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets</p>		
		29,051
<p>Net assets of governmental activities</p>		<u><u>\$ 358,237</u></u>

See Notes to the Financial Statements

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE:  
GOVERNMENTAL FUNDSFor the Year Ended June 30, 2002  
(in thousands)

	General	Transportation	Capital Projects	- Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 181,840			\$ 62,967	\$ 244,807
Special assessments		\$ 76	\$ 158	364	598
Licenses and permits	2,071	645		3,361	6,077
Intergovernmental	111,922	47,942	17,564	82,790	260,218
Charges for services	19,974	430	3,551	7,157	31,112
Fines and forfeits	3,898			984	4,882
Interest	2,086	1,106	2,065	1,695	6,952
Miscellaneous	1,995	400	810	4,938	8,143
<b>Total revenues</b>	<b>323,786</b>	<b>50,599</b>	<b>24,148</b>	<b>164,256</b>	<b>562,789</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	101,397	7,020		16,999	125,416
Public safety	86,039			36,982	123,021
Highways and streets		27,835			27,835
Health	2,567			20,535	23,102
Welfare	73,060			76	73,136
Culture and recreation	13,453			12,128	25,581
Education and economic opportunity	5,299			32,225	37,524
Capital outlay			109,670		109,670
Debt service - principal	1,913			35,429	37,342
- interest	1,754			12,374	14,128
- miscellaneous	4			387	391
<b>Total expenditures</b>	<b>285,486</b>	<b>34,855</b>	<b>109,670</b>	<b>167,135</b>	<b>597,146</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>38,300</b>	<b>15,744</b>	<b>(85,522)</b>	<b>(2,879)</b>	<b>(34,357)</b>
<b>Other financing sources (uses):</b>					
Refunding bonds				22,420	22,420
Premium on bonds			281	515	796
Payments to refunded bond escrow agent				(22,551)	(22,551)
Capital leases				590	590
Face amount of long-term debt			81,921		81,921
Transfers in	9,760		20,083	22,910	52,753
Transfers (out)	(39,384)	(15,063)	(756)	(10,455)	(65,658)
<b>Total other financing sources (uses)</b>	<b>(29,624)</b>	<b>(15,063)</b>	<b>101,529</b>	<b>13,429</b>	<b>70,271</b>
<b>Net change in fund balances</b>	<b>8,676</b>	<b>681</b>	<b>16,007</b>	<b>10,550</b>	<b>35,914</b>
<b>Fund balance at beginning of year, as restated</b>	<b>22,466</b>	<b>36,274</b>	<b>30,986</b>	<b>22,113</b>	<b>111,839</b>
<b>Change in reserve for inventory</b>		<b>166</b>		<b>(102)</b>	<b>64</b>
<b>Change in reserve for prepaid</b>				<b>(14)</b>	<b>(14)</b>
<b>Fund balance at end of year</b>	<b>\$ 31,142</b>	<b>\$ 37,121</b>	<b>\$ 46,993</b>	<b>\$ 32,547</b>	<b>\$ 147,803</b>

See Notes to the Financial Statements

PIMA COUNTY  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2002  
 (in thousands)

Net change in fund balances - total governmental funds \$ 35,914

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense

Expenditures for capital assets	\$ 91,641	
Less current year depreciation	<u>(8,627)</u>	83,014

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Face amount of long-term debt	(81,921)	
Debt service - principal payments	37,342	
Proceeds on refunding bonds	(22,420)	
Payments to refunded bond escrow agent	22,551	
Other lease principal payments	1,478	
Premium on bonds	(796)	
Capital leases	(590)	
Deferred bond issue costs	360	
Amortization expense	<u>(649)</u>	(44,645)

Some revenues reported in the statement of activities do not represent the collection of current financial resources and therefore are not reported as revenues in the governmental funds

Tax revenues	(2,288)	
Other	<u>287</u>	(2,001)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds

Change in compensated absences	(2,232)	
Loss on disposal of capital assets	(2,092)	
Change in reservation of fund balances	64	
Other	<u>(31)</u>	(4,291)

Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the net revenue of the internal service funds is reported with governmental activities (4,082)

Change in net assets of governmental activities	<u>\$ 63,909</u>	
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See Notes to the Financial Statements

## PIMA COUNTY

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2002  
(in thousands)

	Business-type Activities Enterprise Funds			Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Pima Health Care System	Wastewater Management	Other Enterprise Funds		
<b>Assets</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 34,033	\$ 19,465	\$ 6,780	\$ 60,278	\$ 44,891
Interest receivable	42	38	22	102	135
Interfund receivables	801			801	
Due from other funds	3,001	77	2,435	5,513	2,215
Due from other governments	3,426	621	1	4,048	27
Accounts receivable	13,581	8,357	16	21,954	1
Inventory	818	2,557		3,375	331
Prepaid expense	124	81		205	508
Total current assets	<u>55,826</u>	<u>31,196</u>	<u>9,254</u>	<u>96,276</u>	<u>48,108</u>
<b>Noncurrent assets:</b>					
<b>Restricted:</b>					
Cash and cash equivalents		20,099		20,099	
Interest receivable		99		99	
Total restricted assets		<u>20,198</u>		<u>20,198</u>	
<b>Capital assets:</b>					
Land and other improvements	250	11,859	657	12,766	592
Buildings and improvements	27,892	216,405	12,927	257,224	462
Sewage conveyance system		386,817		386,817	
Equipment	10,553	14,835	1,044	26,432	25,210
Less accumulated depreciation	(28,678)	(212,780)	(6,737)	(248,195)	(11,852)
Construction in progress		73,887		73,887	
Total capital assets (net of accumulated depreciation)	<u>10,017</u>	<u>491,023</u>	<u>7,891</u>	<u>508,931</u>	<u>14,412</u>
Deferred financing costs		937		937	
Total noncurrent assets	<u>10,017</u>	<u>512,158</u>	<u>7,891</u>	<u>530,066</u>	<u>14,412</u>
Total assets	<u>65,843</u>	<u>543,354</u>	<u>17,145</u>	<u>626,342</u>	<u>62,520</u>
<b>Liabilities</b>					
<b>Current liabilities:</b>					
Accounts payable	17,719	4,519	349	22,587	1,131
Employee compensation	4,831	2,642	754	8,227	597
Interest payable	32			32	
Interfund payable	23			23	186
Due to other funds	15,043	65	11	15,119	63
Due to other governments	1,312		195	1,507	
Deferred revenues		1,925		1,925	
Current portion of sewer revenue bonds		5,200		5,200	
Current portion of wastewater loans payable		3,687		3,687	
Current portion reported but unpaid losses					4,349
Current portion incurred but not reported losses					2,583
Total current liabilities	<u>38,960</u>	<u>18,038</u>	<u>1,309</u>	<u>58,307</u>	<u>8,909</u>
<b>Current liabilities payable from restricted assets:</b>					
Accounts payable		4,346		4,346	
Total current liabilities payable from restricted assets		<u>4,346</u>		<u>4,346</u>	
<b>Noncurrent liabilities:</b>					
Contracts and notes		3,685		3,685	
Landfill closure payable		14,567		14,567	
Sewer revenue bonds		62,611		62,611	
Wastewater loans payable		53,769		53,769	
Reported but unpaid losses					12,653
Incurred but not reported losses					8,527
Total noncurrent liabilities		<u>134,632</u>		<u>134,632</u>	<u>21,180</u>
Total liabilities	<u>38,960</u>	<u>157,016</u>	<u>1,309</u>	<u>197,285</u>	<u>30,089</u>
<b>Net assets</b>					
Invested in capital assets, net of related debt	10,017	363,008	7,891	380,916	14,411
<b>Restricted for:</b>					
Debt service		1,216		1,216	
Capital projects		18,982		18,982	
Wastewater management		15,748		15,748	
Health care	19,684			19,684	
Unrestricted	(2,818)	(12,616)	7,945	(7,489)	18,020
Total net assets	<u>\$ 26,883</u>	<u>\$ 386,338</u>	<u>\$ 15,836</u>	<u>429,057</u>	<u>\$ 32,431</u>

Some amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities.

3,380

Net assets of business-type activities

\$ 432,437

See Notes to the Financial Statements

## PIMA COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDSFor the Year Ended June 30, 2002  
(in thousands)

	Business-type Activities Enterprise Funds			Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Pima Health Care System	Wastewater Management	Other Enterprise Funds		
Operating revenues:					
Net patient services	\$ 176,324		\$ 9,208	\$ 176,324	\$ 26,054
Charges for services	2,998	\$ 46,121		58,327	
Other (including \$13,254 in disproportionate share settlement)	15,744	663	156	16,563	964
Reimbursement of disproportionate share settlement	(13,254)			(13,254)	
<b>Total net operating revenues</b>	<b>181,812</b>	<b>46,784</b>	<b>9,364</b>	<b>237,960</b>	<b>27,018</b>
Operating expenses:					
Employee compensation	55,353	22,347	5,657	83,357	5,383
Medical claims	100,342			100,342	
Operating supplies and services	11,045	4,743	967	16,755	4,084
Utilities	1,558	2,057	266	3,881	
Sludge and refuse disposal		1,501		1,501	
Repair and maintenance	1,346	3,574	223	5,143	90
Landfill closure and postclosure care costs		1,030		1,030	
Incured losses					8,912
Insurance premiums					2,953
General and administrative	11,587	5,860	1,937	19,384	3,953
Consultants and professional services	13,279	3,785	171	17,235	445
Depreciation and amortization	1,565	16,543	462	18,570	1,981
<b>Total operating expenses</b>	<b>196,075</b>	<b>61,440</b>	<b>9,683</b>	<b>267,198</b>	<b>27,801</b>
<b>Operating loss</b>	<b>(14,263)</b>	<b>(14,656)</b>	<b>(319)</b>	<b>(29,238)</b>	<b>(783)</b>
Nonoperating revenues (expenses):					
Grants	4,331	2,174		6,505	
Shared State tax revenue		905		905	
Interest income	1,016	1,642	230	2,888	1,151
Sewer connection fees		17,480		17,480	
Interest expense	(438)	(5,603)		(6,041)	
Loss on disposal of capital assets	(145)	(8)	(9)	(162)	(62)
Amortization of deferred charges		(89)		(89)	
<b>Net nonoperating revenues:</b>	<b>4,764</b>	<b>16,501</b>	<b>221</b>	<b>21,486</b>	<b>1,089</b>
<b>Income (loss) before contributions and transfers</b>	<b>(9,499)</b>	<b>1,845</b>	<b>(98)</b>	<b>(7,752)</b>	<b>306</b>
Capital contributions	504	11,958		12,462	185
Transfers in	19,297	1,174		20,471	152
Transfers (out)	(7,006)		(712)	(7,718)	
<b>Change in net assets</b>	<b>3,296</b>	<b>14,977</b>	<b>(810)</b>	<b>17,463</b>	<b>643</b>
<b>Net assets at beginning of year, as restated</b>	<b>23,587</b>	<b>371,361</b>	<b>16,646</b>	<b>411,594</b>	<b>31,788</b>
<b>Net assets at end of year</b>	<b>\$ 26,883</b>	<b>\$ 386,338</b>	<b>\$ 15,836</b>	<b>429,057</b>	<b>\$ 32,431</b>

Some amounts reported for *business-type activities* in the statement of activities are different because a portion of the net revenue of certain internal service funds is reported with business-type activities.

3,380

Change in net assets of business-type activities \$ 20,843

See Notes to the Financial Statements

## PIMA COUNTY

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDSFor the Year Ended June 30, 2002  
(in thousands)

	Pima Health Care System	Wastewater Management	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Cash flows from operating activities:					
Cash received from other funds for goods and services provided	\$ 17,465		\$ 140	\$ 17,605	\$ 26,073
Cash received from customers for goods and services provided	150,910	\$ 45,593	9,224	205,727	
Cash received from miscellaneous operations	2,490	506	156	3,152	1,185
Cash payments to suppliers for goods and services	(125,459)	(19,010)	(1,561)	(146,030)	(9,657)
Cash payments to other funds for goods and services	(3,615)	(4,147)	(2,424)	(10,186)	(1,658)
Cash payments for incurred losses					(7,050)
Cash payments to employees for services	(54,709)	(21,952)	(5,234)	(81,895)	(5,233)
Net cash provided (used) by operating activities	(12,918)	990	301	(11,627)	3,660
Cash flows from noncapital financing activities:					
Interest paid on short-term credit	(876)			(876)	
Interest received on interfund loans			63	63	
Transfers in	19,297	1,173		20,470	152
Transfers out	(7,006)		(712)	(7,718)	-
Loan payments from other funds		(28)	441	413	52
Proceeds of loans from other funds	12,042			12,042	
Loans to other funds					(883)
Loan payments to other funds	(15,398)	(795)		(16,193)	(23)
Shared State tax revenues		905		905	
Grant revenues	4,331	2,174		6,505	
Net cash provided (used) by noncapital financing activities	12,390	3,429	(208)	15,611	(702)
Cash flows from capital and related financing activities:					
Proceeds of bonds and loans		28,647		28,647	
Principal paid on bonds, loans and equipment contracts		(7,662)		(7,662)	
Interest paid on bonds, loans and equipment contracts		(5,676)		(5,676)	
Sewer connection fees		17,421		17,421	
Proceeds from sale of capital assets		11		11	231
Purchase of property, plant and equipment	(494)	(39,664)	(115)	(40,273)	(1,726)
Net cash used for capital and related financing activities	(494)	(6,923)	(115)	(7,532)	(1,495)
Cash flows from investing activities:					
Proceeds from matured investments					250
Interest received on cash and investments	1,796	1,767	191	3,754	1,326
Net cash provided by investing activities	1,796	1,767	191	3,754	1,576
Net increase in cash and cash equivalents	774	(737)	169	206	3,039
Cash and cash equivalents at beginning of year	33,259	40,301	6,611	80,171	41,852
Cash and cash equivalents at end of year	\$ 34,033	\$ 39,564	\$ 6,780	\$ 80,377	\$ 44,891

(Continued)

See Notes to the Financial Statements

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended June 30, 2002  
 (in thousands)  
 (Continued)

Reconciliation of operating income (loss) to net cash provided (used) by operating activities	Pima Health Care System	Wastewater Management	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities-Internal Service Funds
Operating loss	\$ (14,263)	\$ (14,656)	\$ (319)	\$ (29,238)	\$ (783)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	1,565	16,543	462	18,570	1,981
Provision for doubtful accounts	7,475			7,475	
Landfill closure and postclosure care costs		1,030		1,030	
Decrease (increase) in accounts receivable	(9,223)	(685)		(9,908)	221
Decrease in interfund receivables	58		27	85	
Decrease (increase) in inventory and other assets	(1,715)	(63)	7	(1,771)	(165)
Increase (decrease) in accounts payable	2,114	(1,574)	(27)	513	174
Increase in interfund payables	23			23	159
Increase in reported but unpaid losses					1,466
Increase in incurred but not reported losses					396
Increase in other current liabilities	1,048	395	151	1,594	211
Net cash provided (used) by operating activities	\$ (12,918)	\$ 990	\$ 301	\$ (11,627)	\$ 3,660

Noncash investing, capital, and financing activities:

During the year ended June 30, 2002, the Wastewater Management Fund retired assets with an original cost of \$455 and the related accumulated depreciation of \$436 with sale proceeds of \$11 and a loss of \$8.

During the year ended June 30, 2002, the Wastewater Management Fund received assets totaling \$710 from governmental funds. The U.S. Department of Interior donated equipment with a value of \$5.

During the year ended June 30, 2002, developer built conveyance systems with estimated fair values totaling \$11,715 were transferred to Wastewater Management Fund. These transfers were recorded as an increase to property, plant, and equipment and capital contributions, (non-cash transaction). The Pima County Board of Supervisors provided contractors connection fee credit for contractor construction of greater capacity than required. This credit was for \$472.

During the year ended June 30, 2002, Pima Health Care System retired assets with an original cost of \$4,577 and related accumulated depreciation of \$4,432 resulting in a loss on disposal of \$145.

During the year ended June 30, 2002, Pima Health Care System received \$13 of donated equipment. They also received capital assets totaling \$491 from governmental funds.

During the year ended June 30, 2002, the Other Enterprise Funds disposed of assets with an original cost of \$40 and accumulated depreciation of \$31 for a loss on disposal of \$9.

During the year ended June 30, 2002, \$185 of general capital assets were transferred to the Internal Service Funds.

During the year ended June 30, 2002, the Internal Service Funds sold and retired capital assets with a net book value of \$454 for \$392, resulting in a net loss on retirement of \$62.

See Notes to the Financial Statements

PIMA COUNTY  
 STATEMENT OF FIDUCIARY NET ASSETS  
 Fiduciary Funds  
 June 30, 2002  
 (in thousands)

Exhibit A-10

	Investment Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 162,515	\$ 34,289
Interest receivable	272	
Due from other governments		5,089
<b>Total assets</b>	<u>162,787</u>	<u>39,378</u>
<b>LIABILITIES</b>		
Employee compensation		1,495
Due to other governments		11,752
Deposits and rebates		26,131
<b>Total liabilities</b>		<u>\$ 39,378</u>
<b>NET ASSETS</b>		
Held in trust for pool participants	<u>\$ 162,787</u>	

See Notes to the Financial Statements

PIMA COUNTY  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 Fiduciary Funds  
 For the Year Ended June 30, 2002  
 (in thousands)

	Investment Trust Funds
<b>ADDITIONS</b>	
Contributions from participants	\$ 1,875,967
<b>Total contributions</b>	<u>1,875,967</u>
Investment interest earnings	3,948
<b>Total investment earnings</b>	<u>3,948</u>
<b>Total additions</b>	<u>1,879,915</u>
<b>DEDUCTIONS</b>	
Distributions to participants	1,885,792
<b>Total deductions</b>	<u>1,885,792</u>
<b>Change in net assets</b>	(5,877)
<b>Net assets held in trust July 1, 2001</b>	168,664
<b>Net assets held in trust June 30, 2002</b>	<u>\$ 162,787</u>
See Notes to the Financial Statements	

PIMA COUNTY  
 COMBINING STATEMENT OF NET ASSETS  
 Component Units  
 June 30, 2002  
 (in thousands)

	Metropolitan Domestic Water Improvement District	Southwestern Fair Commission	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 12,127	\$ 754	\$ 12,881
Investments	1,359		1,359
Accounts receivable (net)	1,620	7	1,627
Inventories	202	35	237
Prepays	231	14	245
Other assets	1,646	11	1,657
Restricted assets:			
Cash and cash equivalents	2,942		2,942
Regulatory asset	8,203		8,203
Capital assets (net):			
Land	951		951
Buildings and improvements	1,668	550	2,218
Machinery and equipment	708	132	840
Infrastructure		1,289	1,289
Water system	32,354		32,354
Construction in progress	2,061		2,061
<b>Total assets</b>	<b>66,072</b>	<b>2,792</b>	<b>68,864</b>
<b>LIABILITIES</b>			
Accounts payable	1,235	183	1,418
Deposits and rebates	169	14	183
Payable from restricted assets	555		555
Noncurrent liabilities:			
Due within one year:			
Contracts and notes	133	102	235
Revenue bonds	1,335		1,335
Due in more than one year:			
Contracts and notes	1,804	638	2,442
Revenue bonds	48,180		48,180
<b>Total liabilities</b>	<b>53,411</b>	<b>937</b>	<b>54,348</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	(1,644)	1,231	(413)
Restricted for:			
Debt service	2,071		2,071
Capital projects	316		316
Unrestricted	11,918	624	12,542
<b>Total net assets</b>	<b>\$ 12,661</b>	<b>\$ 1,855</b>	<b>\$ 14,516</b>

See Notes to the Financial Statements

PIMA COUNTY  
 COMBINING STATEMENT OF ACTIVITIES  
 Component Units  
 For the Year Ended June 30, 2002  
 (in thousands)

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	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	MDWID	SFC	Total
<b>Metropolitan Domestic Water Improvement District (MDWID):</b>						
Operations	\$ 9,908	\$ 10,627		\$ 719		\$ 719
<b>Total MDWID</b>	<b>9,908</b>	<b>10,627</b>		<b>719</b>		<b>719</b>
<b>Southwestern Fair Commission (SFC):</b>						
Operations	4,191	4,332	\$ 88		\$ 229	229
<b>Total SFC</b>	<b>4,191</b>	<b>4,332</b>	<b>88</b>		<b>229</b>	<b>229</b>
<b>Total component units</b>	<b>\$ 14,099</b>	<b>\$ 14,959</b>	<b>\$ 88</b>	<b>719</b>	<b>229</b>	<b>948</b>
<b>General revenues:</b>						
Investment earnings				368		368
Miscellaneous					109	109
<b>Total general revenues</b>				<b>368</b>	<b>109</b>	<b>477</b>
Change in net assets				1,087	338	1,425
Net assets at beginning of year				11,574	1,517	13,091
Net assets at end of year				\$ 12,661	\$ 1,855	\$ 14,516

See Notes to the Financial Statements

PIMA COUNTY

Notes to Financial Statements  
June 30, 2002  
(in thousands)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Pima County conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). During the year ended June 30, 2002, the County implemented GASB Statement No. 34, as amended by GASB Statement No. 37, which prescribes a new reporting model consisting of both government-wide and fund financial statements. The County also implemented GASB Statement No. 38, which prescribes new and revised note disclosures.

A. Reporting Entity

The County is a general-purpose local government that is governed by a separately elected board of Pima County supervisors. The accompanying financial statements present the activities of the County (the primary government) and its component units.

Component units are legally separate entities for which the County is considered financially accountable. Blended component units, although legally separate entities, are in substance part of the County's operations. Therefore, data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the County. Each blended and discretely presented component unit discussed below has a June 30 year-end.

The Municipal Property Corporation (MPC) is a nonprofit corporation created by the Pima County Board of Supervisors to assist in the development of the County, among other things, by acquiring, constructing and improving any facilities, including real property and improvements and personal property, entirely for use by the County. The Corporation undertook its first bond issue in October, 1992. The Corporation is governed by a five-member board elected by the Pima County Board of Supervisors to one-year terms. The Corporation is reported as a special revenue fund (blended component unit) in these financial statements. Complete financial statements for the MPC can be obtained from the Pima County Financial and Information Services Department located at 130 West Congress Street, Tucson, Arizona 85701.

The Pima County Stadium District, a legally separate entity, was formed to promote and establish major league baseball spring training in Pima County. The Board of Directors of the District comprises the same individuals who constitute the Pima County Board of Supervisors. Acting in the capacity of the Board of Directors, the Pima County Board of Supervisors is able to impose its will on the District. The Board of Directors levies the car rental surcharge rates and the recreation vehicle (RV) park tax for the District. The District is reported as a special revenue fund (blended component unit) in these financial statements. Complete financial statements for the District can be obtained from the Pima County Financial and Information Services Department located at 130 West Congress Street, Tucson, Arizona 85701.

The Metropolitan Domestic Water Improvement District (MDWID) of Pima County, a legally separate entity, was formed by the Pima County Board of Supervisors on July 7, 1992. The initial Board of Directors of the District comprised five members appointed by the Pima County Board of Supervisors to varying terms. In November 1994, three members were elected to four-year terms. The Board of Directors of the District has all the powers and duties of the Board of Supervisors of Pima County sitting as the board of directors of a county improvement district that are not in conflict with the provisions of the law. The Pima County Board of Supervisors may review all financial transactions of the Board of Directors of the District. Additionally, the Pima County Board of Supervisors may at any time revoke the authority of the Board of Directors of the District in order to protect the residents of the District.

## PIMA COUNTY

### Notes to Financial Statements June 30, 2002 (in thousands)

If this should occur, the Pima County Board of Supervisors would govern the District. Based on these factors, the District is reported as a separate component unit (discrete presentation) in these financial statements. Complete financial statements of the District can be obtained from its administrative offices located at 6265 North La Canada Drive, Tucson, Arizona 85704.

The Southwestern Fair Commission, Inc. (SFC) is a nonprofit corporation, which manages and maintains the fairgrounds owned by the County and conducts an annual fair and other events at the fairgrounds. The Commission's members are appointed, and can be removed at any time, by the Pima County Board of Supervisors. Based on these factors, SFC is reported as a separate component unit (discrete presentation) in these financial Statements. Complete financial Statements for SFC can be obtained from the Pima County Financial and Information Services Department located at 130 West Congress Street, Tucson, Arizona 85701.

#### B. Basis of Presentation

The basic financial statements include both government-wide statements and fund based financial statements. The government-wide statements focus on the County as a whole, while the fund-based financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the usefulness of the information.

**Government-wide statements** - provide information about the primary government (Pima County) and its component units. The statements include a statement of net assets and a statement of activities. These statements report the financial activities of the overall government, except for fiduciary activities. They also distinguish between the governmental and business-type activities of the County and between the County and its discretely presented component units. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County does not allocate indirect expenses to programs or functions. Program revenues include:

- Charges for services (fines and forfeitures, licenses and permits, and special assessments)
- Operating grants and contributions
- Capital grants and contributions

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes, are reported as general revenues. Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double counting of internal activities. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

**Fund-based financial statements** - provide information about the County's funds, including fiduciary funds and blended component units. Separate statements are presented for the governmental, proprietary, and fiduciary fund categories. The emphasis of fund-based financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. Fiduciary funds are aggregated and reported by fund type.

Proprietary fund operating revenues, such as charges for services, result from transactions associated with the fund's principal activity in which each party receives and gives up essentially equal values. Non-operating revenues,

## PIMA COUNTY

### Notes to Financial Statements June 30, 2002 (in thousands)

such as subsidies and investment earnings, result from transactions in which the parties do not exchange equal values. Revenues generated by ancillary activities are also reported as non-operating revenues.

The County reports the following major governmental funds:

**The General Fund** – is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**The Transportation Fund** – accounts for administrative and operating costs, as well as resources transferred to the Capital Projects Fund for construction of highways and streets. Financing is provided primarily from the County share of gasoline tax collected by the State.

**The Capital Projects Fund** – accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

The County reports the following major enterprise funds:

**Pima Health Care System** – provides health care services through Kino Hospital, Pima Health System, Home Health, and Posada del Sol, including inpatient hospital care and outpatient clinical care for medical and psychiatric problems, indigent health care under the Arizona Health Care Cost Containment System (AHCCCS), an alternative to Medicaid, home health services and long term nursing care.

**Wastewater Management Fund** – accounts for the management and operation of wastewater treatment, water pollution control programs, and solid waste management throughout the County.

The County reports the following fund types:

**Internal service funds** – account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governmental units, on a cost-reimbursement basis. These funds account for automotive maintenance and operation, insurance, printing and graphics, and telecommunications services.

**Investment trust funds** – account for assets held by the County Treasurer in an external investment pool and individual investment accounts for the benefit of outside jurisdictions.

**Agency funds** – account for the assets held by the County as an agent for individuals, private organizations, other governmental units or other funds. The agency fund is custodial in nature and does not present results of operations or have a measurement focus.

#### C. Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## PIMA COUNTY

### Notes to Financial Statements June 30, 2002 (in thousands)

Governmental funds in the fund-based financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, and landfill closure and postclosure care costs, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of grants and general revenues. Therefore, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. The County applies grant resources to such programs before using general revenues.

The County's business-type activities and enterprise funds follow FASB Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

#### D. Cash and Investments

For purposes of its statement of cash flows, the County considers only those highly liquid investments with a maturity of 3 months or less when purchased to be cash equivalents.

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest-earning investment contracts with a remaining maturity of 1 year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

If an individual fund has a deficit balance in the amount on deposit with the County Treasurer at year end, that balance is reclassified as an amount due to other funds.

#### E. Inventories

Inventories of the governmental funds consist of expendable supplies held for consumption and are recorded as expenditures at the time of purchase. Amounts on hand at year-end are shown on the balance sheet as an asset for informational purposes only and are offset by a fund balance reserve to indicate that they do not constitute "available spendable resources." These inventories are stated at cost using the first-in, first-out method or average cost method.

Inventories of Pima Health Care System, an enterprise fund, are valued at the lower of cost or market, cost being determined on the first-in, first-out method.

Inventories of Wastewater Management, an enterprise fund, are valued at lower of cost or market, cost being determined using the moving average method.

Inventories of Automotive Services, an internal service fund, are valued at the lower of cost or market, cost being determined using the moving average method.

PIMA COUNTY

Notes to Financial Statements  
June 30, 2002  
(in thousands)

F. Property Tax Calendar

The County levies real property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

During the year, the County also levies various personal property taxes that are due the second Monday of the month following receipt of the tax notice and becomes delinquent 30 days later.

A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

G. Capital Assets

Capital assets are reported at actual cost, or estimated historical cost if historical records are not available. Donated assets are reported at estimated fair value at the time received.

Excluding component units, capitalization thresholds, depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	All	N/A	N/A
Buildings and building improvements	All	Straight Line	7 to 40 Years
Equipment	\$ 5	Straight Line	3 to 25 Years
Automotive service vehicles	\$ 5	Units of Production Based on number of hours or miles	5 to 15 Years
Infrastructure	\$100	Straight Line	20 to 50 Years
Land improvements	\$100	Straight Line	20 to 25 Years
Wastewater sewer conveyance	\$ 20	Straight Line	20 to 50 Years
Wastewater treatment facilities, transfer stations and other property and equipment	\$ 20	Straight Line	50 Years

H. Investment Income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments.

PIMA COUNTY

Notes to Financial Statements  
June 30, 2002  
(in thousands)

I. Compensated Absences

Compensated absences consist of vacation leave and a calculated amount of sick leave earned by employees based on services already rendered.

Employees may accumulate up to 240 hours of vacation depending upon years of service, but any vacation hours in excess of the maximum amount that are unused at year-end are forfeited. Upon termination of employment, all unused and unforfeited vacation benefits are paid to employees. Accordingly, vacation benefits are accrued as a liability in the financial statements.

Employees may accumulate an unlimited number of sick leave hours. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but are forfeited upon termination of employment. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements. However, for employees who have twenty or more years of continuous service with the County or who have a combined total of age and years of service equal to eighty points, and who retire from County service into the Arizona State Retirement System, Public Safety Personnel Retirement System, or Corrections Officer Retirement Plan, sick leave benefits do vest and, therefore, are accrued.

NOTE 2: ACCOUNTING CHANGE AND FUND BALANCE/EQUITY RESTATEMENTS

As a result of implementing GASB Statement No. 34, the County's governmental fund-type fund balances as of June 30, 2001, have been restated as net assets as of July 1, 2001, on the government-wide Statement of Activities and its Proprietary Funds fund equity have been relabeled net assets as of July 1, 2001, on the Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets. Additionally, the County changed its capitalization threshold on July 1, 2001, from \$1 to \$5 and applied that change retroactively and made the following prior period error corrections: the General Fund's fund balance was restated to correct an overstatement of expenditures by medical assistance during the year ended June 30, 2001; the Other Governmental Funds' fund balance was restated to correct an overstatement of expenditures in the Library District and to correct an error in revenues associated with the Taylor Grazing grant.

The reconciliation below summarizes the differences between governmental fund-type fund balances as of June 30, 2001, as previously reported, to the July 1, 2001, fund balances reported on the governmental funds' fund-based statements and to July 1, 2001, net assets reported on the government-wide Statement of Activities. Also, the reconciliation below summarizes the differences between proprietary fund-type fund equities as of June 30, 2001, as previously reported to July 1, 2001, net assets reported on the proprietary funds' fund-based statements and the government-wide Statement of Activities.

PIMA COUNTY

Notes to Financial Statements  
June 30, 2002  
(in thousands)

**Governmental activities**

Beginning fund balances, restated

	General	Transportation	Capital Projects	Other Governmental Funds	Total
Fund balance—governmental funds, June 30, 2001, as previously reported	\$21,886	\$36,274	\$30,986	\$21,518	\$ 110,664
Correction of errors	580			595	1,175
Fund balance, July 1, 2001, as restated	<u>\$22,466</u>	<u>\$36,274</u>	<u>\$30,986</u>	<u>\$22,113</u>	<u>111,839</u>

Change in accounting and reporting requirements

Capital assets, net of accumulated depreciation					411,377
Revenues earned but not yet available					21,562
Long term liabilities					(282,238)
Fund equity—internal service funds, June 30, 2001, as previously reported					32,014
Cumulative effect of change in capital asset policy— internal service funds					(226)
Net assets, July 1, 2001, as restated					<u>\$ 294,328</u>

**Business-type activities**

	Pima Health Care System	Wastewater Management	Other Enterprise Funds	Total
Fund equity, June 30, 2001, as previously reported	\$24,133	\$372,960	\$17,033	\$414,126
Cumulative effect of change in capital asset policy	(546)	(1,599)	(387)	(2,532)
Net assets, July 1, 2001, as restated	<u>\$23,587</u>	<u>\$371,361</u>	<u>\$16,646</u>	<u>\$411,594</u>

NOTE 3: CASH AND INVESTMENTS

**PRIMARY GOVERNMENT**

The County's cash and investment policies are governed by State statutes and by bond covenants. The County Treasurer is authorized to invest public monies in the State Treasurer's Investment Pool; interest bearing savings accounts, certificates of deposit and repurchase agreements in eligible depositories; bonds or other obligations issued or guaranteed by the United States government; and bonds of the State of Arizona or any of its counties, cities, towns, school districts as specified by statute. State statutes also require collateral for demand deposits, certificates of deposit and repurchase agreements at 101 percent of all deposits not covered by Federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, and obligations of the various states and their municipalities, school districts and special districts. At least monthly, the Treasurer's Office determines that the collateral is adequate to cover the deposits by calculating the lower amount of par or fair value of individual securities pledged as collateral.

Most cash, including amounts held in trust and agency capacity for other entities, is deposited with the County Treasurer who invests the pooled balances on a short-term basis. Interest received is allocated monthly, on the basis of average daily cash balances, to separate districts and to various County funds. The County Treasurer also

PIMA COUNTY

Notes to Financial Statements  
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maintains discrete deposit and investment accounts for various funds and other entities. Deposits and investments are displayed on the financial statements as cash and cash equivalents, deposits with fiscal agents, investments, and restricted assets.

**County Treasurer's Investment Pool**—Arizona Revised Statutes require community colleges, school districts, and other local governments to deposit certain public monies with the County Treasurer. The County Treasurer has a fiduciary responsibility to administer those and the County monies under her stewardship. The County Treasurer invests, on a pool basis, all idle monies not specifically invested for a fund or program. In addition, the County Treasurer determines the fair value of those pooled investments annually at June 30. The County Treasurer's Investment Pool is not registered with the Securities and Exchange Commission as an investment company and there is no regulatory oversight of its operations. The structure of the pool does not provide for shares and the County has not provided or obtained any legally binding guarantees to support the value of the participants' investments.

**Deposits**—At June 30, 2002, the investment pool had cash on hand of \$4. The carrying amount of the pool's total cash in bank was \$2,529 and the bank balance was \$4,283. Of the bank balance, \$100 was covered by federal depository insurance and \$4,183 was covered by collateral held by pledging financial institution's agent in the County's name.

**Investments**—At June 30, 2002, the County Treasurer's Investment Pool's investments consisted of \$279,565 invested in the State Treasurer's Investment Pool. The State Board of Deposit provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. Those shares are not identified with specific investments, are not subject to custodial credit risk, and have no stated interest rate or maturity date.

A condensed statement of the investment pool's net assets and changes in net assets follows:

**Statement of Net Assets**

Total assets held in trust for:	
Internal participants	\$ 147,021
External participants	135,241
Total liabilities	<u>0</u>
Total net assets held in trust for pool participants	\$ <u>282,262</u>

**Statement of Changes in Net Assets**

Total additions	\$ 4,874,663
Total deductions	<u>(4,846,123)</u>
Net increase	<u>28,540</u>
Net assets held in trust:	
July 1, 2001	<u>253,722</u>
June 30, 2002	\$ <u>282,262</u>

PIMA COUNTY

Notes to Financial Statements  
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**Other Cash and Investments**—At June 30, 2002, the total nonpooled cash on hand was \$51. The carrying amount of the total nonpooled cash in bank was \$20,069, and the bank balance was \$24,658. Of the bank balance, \$7,843 was covered by federal depository insurance; \$3,693 was covered by collateral held by the pledging financial institution's agent in the County's name; and \$13,122 was uninsured and uncollateralized.

Deposits held in escrow total \$4,657. They are not reflected in a risk category.

The County's nonpooled investments are categorized below to give an indication of the level of risk assumed by the County at year-end. Category 1 includes investments that are insured or registered in the County's name or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the County's name. The County's investment in the State Treasurer's Investment Pool represents shares of the pool's portfolio. Those shares are not identified with specific investments and are not subject to custodial credit risk.

Investment Type	Category			Reported Amount	Fair Value
	1	2	3		
U.S. Government Issues	\$ 0	\$ 0	\$ 1,832	\$ 1,832	\$ 1,832
State Treasurer's Investment Pool				171,736	171,736
Total				\$ 173,568	\$ 173,568

A reconciliation of financial statement amounts to amounts disclosed within this footnote is as follows:

**Basic Financial Statements:**

*Government-Wide Statement of Net Assets:*

Cash and cash equivalents	\$ 136,493
Restricted assets:	
Cash & cash equivalents	141,763
Investments	5,301
Deposits with fiscal agents	82
<i>Statement of Fiduciary Net Assets:</i>	
Investment Trust Funds	162,515
Agency Funds	34,289
Total	<u>\$ 480,443</u>

**Note 3**

Cash in bank and on hand	\$ 22,653
Deposits held in escrow	4,657
County Treasurer's Investment Pool	279,565
Other Investments	173,568
Total	<u>\$ 480,443</u>

PIMA COUNTY

Notes to Financial Statements  
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**DISCRETELY PRESENTED COMPONENT UNITS**

**Metropolitan Domestic Water Improvement District (MDWID)**—At June 30, 2002, MDWID's cash deposits had a carrying balance of \$672 and a corresponding bank balance of \$1,311. Of the bank balance \$290 was covered by federal depository insurance and the remaining amount, with the exception of operating cash accounts, was fully insured or collateralized with securities held by MDWID or its agent in MDWID's name.

The MDWID cash and cash equivalents also include \$1,126 in operating funds held by the Pima County Treasurer, which represent a portion of the Pima County Treasurer investment pool portfolio for the year ended June 30, 2002; \$12,122 deposited with the State of Arizona Treasurer; and \$1,149 in money market funds. These deposits are not subject to custodial credit risk.

At June 30, 2002, MDWID's investments had a fair value of \$1,359. These investments were with federally insured agencies and were considered custodial credit risk category 1, indicating they were insured or registered in MDWID's name or the securities were held by MDWID or its agent in MDWID's name.

**Southwestern Fair Commission**—At June 30, 2002, the Commission maintained \$754 of cash and cash equivalents with financial institutions, of which \$454 was in excess of insured limits. This amount is not collateralized.

**NOTE 4: DUE FROM OTHER GOVERNMENTS**

**Governmental activities**

	<u>General</u>	<u>Transportation</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Governmental Activities Total</u>
Federal government—grants and contributions	\$ 533		\$ 3,346	\$ 9,195		\$ 13,074
State of Arizona:						
Taxes and shared revenues	14,602	\$ 906		272		15,780
Grants and contributions		6,266	2,774	2,146		11,186
Reimbursement for services	119	144		38	\$ 1	302
City of Tucson— reimbursement for services	607		800	452		1,859
Other local governments— reimbursement for services	266	31		66	26	389
Due from other governments—Statement of Net Assets						\$ 42,595
Amounts unavailable and therefore not accrued in governmental funds	<u>(6,071)</u>	<u>(2,957)</u>		<u>(140)</u>		
Total due from other governments—fund-based statements	\$ <u>10,056</u>	\$ <u>4,390</u>	\$ <u>6,920</u>	\$ <u>12,029</u>	\$ <u>27</u>	

PIMA COUNTY

Notes to Financial Statements  
June 30, 2002  
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Business-type activities

	Pima Health Care System	Wastewater Management	Other Enterprise Funds	Business-type Activities Total
Federal government—grants and contributions	\$ 2,116	\$ 414		\$ 2,530
State of Arizona—grants and contributions	1,310	207		1,517
Other local governments—reimbursement for services			\$ 1	1
Total due from other governments	\$ 3,426	\$ 621	\$ 1	\$ 4,048

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2002, was as follows:

	Balance July 1, 2001 (as restated)	Increases	Decreases	Balance June 30, 2002
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 107,830	\$ 6,940	\$ (1,595)	\$ 113,175
Construction in progress	99,998	92,849	(28,336)	164,511
Total capital assets not being depreciated	207,828	99,789	(29,931)	277,686
Capital assets being depreciated:				
Buildings and improvements	246,952	9,074	(148)	255,878
Infrastructure	0	7,072	0	7,072
Equipment	66,361	6,521	(5,367)	67,515
Total capital assets being depreciated	313,313	22,667	(5,515)	330,465
Less accumulated depreciation for:				
Buildings and improvements	(57,244)	(5,383)	0	(62,627)
Infrastructure	0	0	0	0
Equipment	(38,783)	(5,225)	4,230	(39,778)
Total accumulated depreciation	(96,027)	(10,608)	4,230	(102,405)
Total capital assets being depreciated, net	217,286	12,059	(1,285)	228,060
Governmental activities capital assets, net	\$ 425,114	\$ 111,848	\$ (31,216)	\$ 505,746

PIMA COUNTY

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	<u>Balance July 1, 2001 (as restated)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2002</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 11,864	\$ 902	\$	\$ 12,766
Construction in progress	38,335	37,880	(2,328)	73,887
Total capital assets not being depreciated	<u>50,199</u>	<u>38,782</u>	<u>(2,328)</u>	<u>86,653</u>
Capital assets being depreciated:				
Buildings and improvements	257,554	1,026	(1,356)	257,224
Sewer conveyance system	371,839	14,978	0	386,817
Equipment	27,074	3,077	(3,719)	26,432
Total capital assets being depreciated	<u>656,467</u>	<u>19,081</u>	<u>(5,075)</u>	<u>670,473</u>
Less accumulated depreciation for:				
Buildings and improvements	(97,037)	(8,425)	1,299	(104,163)
Sewer conveyance system	(118,355)	(8,267)	0	(126,622)
Equipment	(19,133)	(1,878)	3,601	(17,410)
Total accumulated depreciation	<u>(234,525)</u>	<u>(18,570)</u>	<u>4,900</u>	<u>(248,195)</u>
Total capital assets being depreciated, net	<u>421,942</u>	<u>511</u>	<u>(175)</u>	<u>422,278</u>
Business-type activities capital assets, net	<u>\$ 472,141</u>	<u>\$ 39,293</u>	<u>\$ (2,503)</u>	<u>\$ 508,931</u>

Depreciation expense was charged to functions as follows:

<b>Governmental activities:</b>	
General government	\$ 2,525
Public safety	2,228
Highway and streets	588
Health	335
Welfare	16
Culture and recreation	2,031
Education and economic opportunity	177
Unallocated	727
Internal service funds	1,981
Total governmental activities depreciation	<u>\$ 10,608</u>
<b>Business-type activities:</b>	
Health plans	\$ 1,565
Parking garages	353
Wastewater management	16,543
Development services	109
Total business-type activities depreciation	<u>\$ 18,570</u>

PIMA COUNTY

Notes to Financial Statements  
June 30, 2002  
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	<u>Balance July 1, 2001 (as restated)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2002</u>
<b>Discretely presented component units:</b>				
Metropolitan Domestic Water Improvement District (MDWID):				
Capital assets not being depreciated:				
Land	\$ 951	\$	\$	\$ 951
Construction in progress	5,663		(3,602)	2,061
Total capital assets not being depreciated	<u>6,614</u>		<u>(3,602)</u>	<u>3,012</u>
Capital assets being depreciated:				
Buildings and improvements	1,727	72		1,799
Water systems	28,819	8,911	(318)	37,412
Equipment	1,802	172		1,974
Total capital assets being depreciated	<u>32,348</u>	<u>9,155</u>	<u>(318)</u>	<u>41,185</u>
Less accumulated depreciation for:				
Buildings and improvements	(94)	(37)		(131)
Water systems	(4,377)	(778)	97	(5,058)
Equipment	(1,047)	(219)		(1,266)
Total accumulated depreciation	<u>(5,518)</u>	<u>(1,034)</u>	<u>97</u>	<u>(6,455)</u>
Total capital assets, being depreciated, net	<u>26,830</u>	<u>8,121</u>	<u>(221)</u>	<u>34,730</u>
MDWID capital assets, net	<u>33,444</u>	<u>8,121</u>	<u>(3,823)</u>	<u>37,742</u>
Southwestern Fair Commission (SFC):				
Capital assets being depreciated:				
Buildings and equipment	4,687	130		4,817
Total capital assets being depreciated	<u>4,687</u>	<u>130</u>		<u>4,817</u>
Less accumulated depreciation for:				
Buildings and equipment	(2,575)	(271)		(2,846)
Total accumulated depreciation	<u>(2,575)</u>	<u>(271)</u>		<u>(2,846)</u>
Total capital assets being depreciated, net	<u>2,112</u>	<u>(141)</u>		<u>1,971</u>
SFC capital assets, net	<u>2,112</u>	<u>(141)</u>		<u>1,971</u>
Discretely presented component units capital assets, net	<u>\$ 35,556</u>	<u>\$ 7,980</u>	<u>\$ (3,823)</u>	<u>\$ 39,713</u>

PIMA COUNTY

Notes to Financial Statements  
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NOTE 6: CLAIMS, JUDGMENTS and RISK MANAGEMENT

Pima County is a defendant in a number of court actions. In the opinion of County management, the final disposition of these actions, if unfavorable, will not have a material effect upon the County's financial statements.

Wastewater Management

The County has entered into settlement negotiations with Arizona Department of Environmental Quality to resolve litigation associated with the cleanup of the Camino del Cerro landfill. Cleanup expenses have been incurred and include a soil vapor extraction system, a series of drainage improvements, re-grade landfill cap and groundwater remediation. The liability is not presented within the financial statements because the outcome of the settlement negotiations is uncertain. However, the estimated settlement amount is \$3,600 and it is expected to be paid from the sale of bonds during the fiscal year ended June 30, 2003.

Other

Unvested accumulated sick leave of County employees at June 30, 2002 totaled \$27,149. This unvested accumulated sick leave is not payable to County employees upon termination of employment. Vested sick leave is accrued and payable to County employees upon termination of employment.

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; medical malpractice; environmental claims; and natural disasters. Claims against the County are accounted for in the Self Insurance Trust Fund (the Fund), an internal service fund. Annually, an actuarial evaluation is performed to determine the County's anticipated losses except for environmental losses. Environmental losses are based on reported claims and the County risk manager's knowledge and experience. Losses accounted for include reported and paid, reported but unpaid, and incurred but not reported. All liabilities of the Fund except for environmental losses are reported at their present value using an expected future investment yield assumption of four percent. The County purchases commercial insurance for claims in excess of coverage provided by the Fund and for some other risks of loss. Settled claims have not exceeded insurance coverage in any of the last three fiscal years.

All funds of the County participate in the Fund. With the exception of environmental losses, payments to the Fund are based on actuarial estimates of the amounts needed to pay prior and current-year claims and to establish some reserve for catastrophic losses. That reserve was estimated to be \$500 at June 30, 2002, and is included in the Fund net assets. Payments to the Fund for environmental losses are based on historical experience, since an actuarial basis is not available.

The claims liability of \$28,112 reported in the Fund at June 30, 2002, is based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The ultimate cost of claims includes incremental claim adjustment expenses that have been allocated to specific claims, as well as salvage and subrogation. No other claim adjustment expenses have been included.

	<u>2002</u>	<u>2001</u>
Claims liability balance—beginning	\$26,250	\$ 27,429
Current year claims and changes in estimates	8,912	9,521
Claims payments	<u>(7,050)</u>	<u>(10,700)</u>
Claims liability balance—ending	<u>\$28,112</u>	<u>\$ 26,250</u>

PIMA COUNTY

Notes to Financial Statements  
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NOTE 7: LONG-TERM LIABILITIES

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2002.

	<u>Balance July 1, 2001</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance July 1, 2002</u>	<u>Due within 1 year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$192,640	\$37,835	\$47,390	\$183,085	\$29,025
Plus deferred premium		545	249	296	146
Total general obligation bonds	<u>192,640</u>	<u>38,380</u>	<u>47,639</u>	<u>183,381</u>	<u>29,171</u>
Flood control bonds	5,840	4,585	5,095	5,330	745
Plus deferred premium		34	16	18	18
Total flood control bonds	<u>5,840</u>	<u>4,619</u>	<u>5,111</u>	<u>5,348</u>	<u>763</u>
Transportation revenue bonds	28,000	55,000	4,000	79,000	8,535
Plus deferred premium		217	11	206	22
Total transportation revenue bonds	<u>28,000</u>	<u>55,217</u>	<u>4,011</u>	<u>79,206</u>	<u>8,557</u>
Lease revenue bonds	965		140	825	145
Special assessment bonds with governmental commitment	1,053	1,821	368	2,506	385
Certificates of participation payable	4,505		1,460	3,045	1,485
Loans and Leases:					
Transportation loans payable	0	5,100		5,100	1,040
Capital leases payable:					
Jail capital lease	32,340		920	31,420	965
Other capital leases	1,668	590	1,082	1,176	745
Total capital leases	<u>34,008</u>	<u>590</u>	<u>2,002</u>	<u>32,596</u>	<u>1,710</u>
Total loans and leases	<u>34,008</u>	<u>5,690</u>	<u>2,002</u>	<u>37,696</u>	<u>2,750</u>
Reported but unpaid losses (Note 6)	15,536	8,516	7,050	17,002	4,349
Incurred but not reported losses (Note 6)	10,714	396		11,110	2,583
Contracts and notes	112		112	0	
Total governmental activities long-term liabilities	<u>\$293,373</u>	<u>\$114,639</u>	<u>\$67,893</u>	<u>\$340,119</u>	<u>\$50,188</u>

PIMA COUNTY

Notes to Financial Statements  
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	Balance July 1, 2001	Additions	Reductions	Balance July 1, 2002	Due within 1 year
<b>Business-type activities:</b>					
Sewer revenue bonds	\$77,560		\$4,120	\$73,440	\$5,200
Less unamortized deferred amount	6,116		487	5,629	
Total revenue bonds payable	<u>71,444</u>		<u>3,633</u>	<u>67,811</u>	<u>5,200</u>
Wastewater loans payable	32,715	\$28,647	3,542	57,820	3,687
Less unamortized deferred amount	401		37	364	
Total loans payable	<u>32,314</u>	<u>28,647</u>	<u>3,505</u>	<u>57,456</u>	<u>3,687</u>
Landfill closure and post-closure care costs	13,537	1,030		14,567	0
Contracts and notes	3,453	232		3,685	0
Total business-type activities long-term liabilities	<u>\$120,748</u>	<u>\$29,909</u>	<u>\$7,138</u>	<u>\$143,519</u>	<u>\$8,887</u>
<b>Discretely presented component units:</b>					
MDWID Revenue Bonds	\$32,100	\$25,860	\$7,905	\$50,055	\$1,335
Less unamortized deferred amount	1,001		461	540	
Total revenue bonds	<u>31,099</u>	<u>25,860</u>	<u>7,444</u>	<u>49,515</u>	<u>1,335</u>
MDWID notes payable	12,289	215	10,567	1,937	133
Southwestern Fair Commission notes payable	839		99	740	102
Total discretely presented component unit long-term liabilities	<u>\$44,227</u>	<u>\$26,075</u>	<u>\$18,110</u>	<u>\$52,192</u>	<u>\$1,570</u>

PIMA COUNTY

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**GENERAL OBLIGATION BONDS OUTSTANDING**

**Governmental Activities**  
 (Payments made from property  
 tax revenues of the Debt Service Fund)

General obligation bonds payable at June 30, 2002, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, \$3,334 from the November 2, 1982 bond election, \$4,230 from the May 6, 1986 bond election and \$109,896 from the May 20, 1997 bond election remain unissued. The table below presents amounts outstanding by issue.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2002</u>
1992 Refunding	\$94,065	6.20 - 6.25%	2003-09	\$ 1,135
Series of 1993	15,000	5.40%	2003-04	3,000
1993 Refunding	64,535	5.00%	2003-04	26,605
Series of 1994	10,495	5.35%	2003	570
Series of 1998	42,420	4.40 - 5.00%	2003-13	29,825
Series of 1999	50,000	5.00 - 5.25%	2003-14	42,600
Series of 2000	50,000	4.00 - 5.00%	2003-14	44,000
2001 Refunding	17,835	4.00 - 5.00%	2003-09	17,835
Series of 2002	20,000	3.50 - 4.50%	2003-16	<u>17,500</u>
G.O. bonds outstanding				183,070
Plus deferred premium				296
Plus matured and unredeemed bonds:				
1977 Series D			\$10	
1979 Series A			<u>5</u>	
Total matured and unredeemed				<u>15</u>
Total G.O. bonds outstanding				<u>\$183,381</u>

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2002.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 29,010	\$ 8,729
2004	26,385	7,331
2005	21,610	6,063
2006	20,625	5,031
2007	19,950	4,048
2008-2012	52,180	9,500
2013-2016	13,310	897
Total	<u>\$183,070</u>	<u>\$41,599</u>

PIMA COUNTY

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**ADVANCE REFUNDING GENERAL OBLIGATION BONDS**

In August 2001, the County issued \$17,835 in General Obligation Refunding Bonds Series 2001. The net proceeds of the refunding bond issuance were placed in an irrevocable trust account with a bank to advance refund \$17,290 of various General Obligation Bonds as follows:

<u>Issue</u>	<u>Amount Refunded</u>
Series of 1992	\$ 3,720
1992 Refunding	745
Series of 1993	8,400
Series of 1994	<u>4,425</u>
Total	<u>\$17,290</u>

Consequently, the refunded portion of the bonds is considered defeased and the liability for those bonds has been removed from the financial statements. As a result of the General Obligation Refunding Bonds Series 2001 Issue, the County reduced its total debt service payments over the next 8 years by \$414 (\$21,723 in new debt service cash flows less \$22,137 in old debt service flows). This resulted in an economic gain (difference between the present values of the new and old debt service payments) of \$400.

The cash and investments held in the irrevocable trusts at June 30, 2002, for these bonds and for bonds defeased in prior years amounted to \$20,416. Refunded amounts outstanding as of June 30, 2002 were as follows:

<u>Issue</u>	<u>Outstanding June 30, 2002</u>
Series of 1992	\$ 6,160
1992 Refunding	745
Series of 1993	8,400
Series of 1994	<u>4,425</u>
Total	<u>\$19,730</u>

**FLOOD CONTROL REFUNDING BONDS OUTSTANDING**

**Governmental Activities**  
(Payments made from property tax revenues  
of the Debt Service Fund of the district)

The Pima County Flood Control District was created on April 3, 1978, by State law.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2002</u>
1992 Flood Control	\$12,420	5.65 - 5.75%	2003	\$ 745
2001 Refunding	4,585	4.00 - 4.20%	2003-09	<u>4,585</u>
Flood control refunding bonds outstanding				5,330
Plus deferred premium				<u>18</u>
Total flood control refunding bonds outstanding				<u>\$5,348</u>

PIMA COUNTY

Notes to Financial Statements  
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(in thousands)

The following schedule details flood control bond debt service requirements to maturity at June 30, 2002.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 745	\$ 271
2004	780	966
2005	795	949
2006	780	903
2007	760	851
2008-2009	<u>1,470</u>	<u>1,561</u>
Total	<u>\$5,330</u>	<u>\$5,501</u>

**ADVANCE REFUNDING OF FLOOD CONTROL BONDS**

In August 2001, the County issued \$4,585 in Flood Control District General Obligation Refunding Bonds Series 2001. The net proceeds of the refunding bond issuance were placed in an irrevocable trust account with a bank to advance refund \$4,345 of Flood Control District General Obligation Refunding Bonds, Series 1992.

Consequently, the refunded portion of the bonds is considered defeased and the liability for those bonds has been removed from the financial statements.

As a result of the Flood Control District General Obligation Refunding Bonds Series 2001 Issue, the County reduced its total debt service payments over the next 8 years by \$204 (\$5,806 in old debt service cash flows less \$5,602 in new debt service flows). This resulted in an economic gain (difference between the present values of the new and old debt service payments) of \$193.

The cash and investments held in the irrevocable trusts at June 30, 2002, amounted to \$4,380. The refunded amount outstanding as of June 30, 2002 was \$4,345.

**TRANSPORTATION BONDS**

**Governmental Activities**

(Payments made from street and highway revenues)

Pima County transportation revenue bonds of 1998 were issued to provide monies to construct improvements to the County's streets and highways. Of the total amount originally authorized, \$255,000 from the November 4, 1997, bond election remains unissued.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2002</u>
Series of 1998	\$40,000	4.50%	2003-08	\$24,000
Series of 2002	55,000	4.00 - 4.50%	2003-12	55,000
Transportation bonds outstanding				79,000
Plus deferred premium				<u>206</u>
Total transportation bonds outstanding				<u>\$79,206</u>

PIMA COUNTY

Notes to Financial Statements  
June 30, 2002  
(in thousands)

The following schedule details transportation bond debt service requirements to maturity at June 30, 2002.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 8,535	\$ 3,370
2004	8,715	3,008
2005	8,905	2,640
2006	9,110	2,264
2007	9,325	1,879
2008-2012	<u>34,410</u>	<u>4,187</u>
Total	<u>\$79,000</u>	<u>\$17,348</u>

**TRANSPORTATION LOANS PAYABLE**  
Governmental Activities

During the fiscal year ended June 30, 2002, Pima County Transportation Department entered into loan agreements to provide funds for the construction and improvement of certain highways and streets. Interest is payable semiannually and is calculated based on the principal amount of the loan outstanding during such period.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2002</u>
2002 HELP Loan - Ajo	\$3,700	3.225%	2003-07	\$3,700
2002 HELP Loan - Shannon	1,400	3.225%	2003-07	<u>1,400</u>
Total transportation loans payable				<u>\$5,100</u>

The following schedule details transportation loans debt service requirements to maturity at June 30, 2002.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2003	\$1,040	\$152
2004	1,040	123
2005	1,040	89
2006	1,040	55
2007	<u>940</u>	<u>23</u>
Total	<u>\$5,100</u>	<u>\$442</u>

**LEASE REVENUE BONDS**  
Governmental Activities  
(Payments made from revenues received in the  
Governmental Funds)

The Pima County, Arizona, Municipal Property Corporation, a Special Revenue Fund, issued lease revenue bonds in 1992 to provide monies for financing the cost of acquiring, constructing, reconstructing or improving, building, and equipping other real and personal properties suitable for use by Pima County.

<u>Issue</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2002</u>
1992 Lease Revenue Bonds	6.15 - 6.50%	2003-07	<u>\$825</u>

PIMA COUNTY

Notes to Financial Statements  
June 30, 2002  
(in thousands)

The following schedule details lease revenue bond debt service requirements to maturity at June 30, 2002.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2003	\$145	\$ 52
2004	155	43
2005	165	34
2006	175	23
2007	<u>185</u>	<u>12</u>
Total	<u>\$825</u>	<u>\$164</u>

**SPECIAL ASSESSMENT BONDS OUTSTANDING**

**Governmental Activities**

(Payments made from assessments received  
in the Debt Service Fund)

Special assessment bonds are secured by pledges of revenues from special assessments levied against the benefiting property owners. The proceeds of the bond issues were used to finance construction in these districts. While there is no legal obligation for the County to further secure the special assessment bonds of the districts listed below, the County has made a moral commitment to take steps necessary to prevent default.

<u>Improvement District</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2002</u>
Country Club Estates	\$2,745	7.200%	2003-05	\$ 675
C.C. Estates 2nd Issue	30	7.200%	2003-05	10
La Cholla Boulevard	1,821	6.500%	2003-12	<u>1,821</u>
Total special assessment bonds outstanding				<u>\$2,506</u>

The following schedule details special assessment bond debt service requirements to maturity at June 30, 2002.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 385	\$154
2004	385	128
2005	461	99
2006	182	77
2007	182	65
2008-2012	<u>911</u>	<u>148</u>
Total	<u>\$2,506</u>	<u>\$671</u>

PIMA COUNTY

Notes to Financial Statements  
 June 30, 2002  
 (in thousands)

**REFUNDING CERTIFICATES OF PARTICIPATION OUTSTANDING**  
**Governmental Activities**  
 (Payments made from General Fund revenues  
 and from Special Revenue Fund revenues)

The Refunding Certificates of Participation (COPs) Series 7 were issued on April 1, 1995. The purpose of the original debt was to finance the purchase of the Legal Services and Public Works Buildings.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2002</u>
COPS SERIES 7	\$18,515	5.20 - 5.30%	2003-04	<u>\$3,045</u>

The following schedule details refunding certificates of participation debt service requirements to maturity at June 30, 2002.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2003	\$1,485	\$160
2004	<u>1,560</u>	<u>83</u>
Total	<u>\$3,045</u>	<u>\$243</u>

**CAPITAL LEASES**  
**Governmental Activities**

On February 1, 1997, the County entered into an agreement to sell certain jail facilities and then lease them back for a 15-year term. The jail facilities were sold for \$34,500, and the proceeds were used to finance the construction of the baseball stadium. On September 1, 1999, Pima County amended the capital lease agreement between U.S. Bank Trust National Association and Pima County. The amendments extended the lease term to 2014, increased the range of interest rates and increased the County's obligation under the lease agreement.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2002</u>
Jail Capital Lease	\$35,660	4.70 - 5.60%	2003-14	<u>\$31,420</u>

The County has also entered into capital leases for election and other equipment. The outstanding balance as of June 30, 2002, for these leases totaled \$1,176.

PIMA COUNTY

Notes to Financial Statements  
June 30, 2002  
(in thousands)

The following schedule details capital lease debt service requirements to maturity at June 30, 2002.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2003	\$1,710	\$1,633
2004	2,544	1,529
2005	2,556	1,407
2006	2,585	1,281
2007	2,696	1,150
2008-2012	15,630	2,400
2013-2014	<u>4,875</u>	<u>203</u>
Total	<u>\$32,596</u>	<u>\$9,603</u>

**SEWER REVENUE BONDS**

**Business-type Activities**

(Payments made from user charges received  
in the Wastewater Management Enterprise Fund)

Pima County sewer revenue bonds, as presented below, were issued to provide monies to construct improvements to the County's wastewater management system. Of the total amount originally authorized, \$23,115 from the May 20, 1997, bond election remains unissued.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2002</u>
Series of 1992	\$12,000	6.00 - 7.50%	2003	\$ 665
Series of 1993	6,000	5.60 - 6.50%	2003-05	895
1994A Refunding	28,670	4.10 - 5.00%	2003-05	26,725
Series of 1994B	8,000	5.00 - 6.50%	2003-15	1,135
Series of 1998	29,185	4.00 - 5.50%	2003-04	24,920
2001 Refunding	19,440	4.00 - 5.40%	2003-15	<u>19,100</u>
Sewer revenue bonds outstanding				<u>\$73,440</u>
Plus unamortized bond premium				208
Less unamortized deferred interest expense:				<u>(5,837)</u>
Total sewer revenue bonds outstanding				<u>\$67,811</u>

The following schedule details sewer revenue bond debt service requirements to maturity at June 30, 2002.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 5,200	\$3,579
2004	4,965	3,316
2005	4,595	3,067
2006	4,470	2,842
2007	5,525	2,623
2008-2012	29,350	8,961
2013-2015	<u>19,335</u>	<u>2,024</u>
Total	<u>\$73,440</u>	<u>\$26,412</u>

PIMA COUNTY

Notes to Financial Statements  
June 30, 2002  
(in thousands)

**REFUNDED SEWER REVENUE BONDS OUTSTANDING**

In prior years, the County defeased certain sewer revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. The cash and investments held in the irrevocable trusts at June 30, 2002, amounted to \$13,982. Refunded amounts outstanding as of June 30, 2002 were as follows:

<u>Issue</u>	<u>Outstanding June 30, 2002</u>
Series of 1992	\$ 7,770
Series of 1993	2,845
Series of 1994B	<u>2,650</u>
Total	<u>\$13,265</u>

**LOANS PAYABLE**

**Business-type Activities**

(Payments made from user charges received  
in the Wastewater Management Enterprise Fund)

Wastewater Management (WWM) entered into loan agreements (1996, 1997 and 2000 loans payable) to provide funds for the defeasance of prior sewer revenue bonds and the construction and improvement of wastewater treatment facilities. Interest is payable semiannually and is calculated based on the principal amount of the loan outstanding during such period. For the 2000 loan payable, principal payments to maturity are subject to change based upon the total amounts drawn down. As of June 30, 2002, WWM has drawn down \$44,264 of the available \$61,180 from the 2000 loan amount.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2002</u>
1996 Loan Payable	\$11,313	3.186%	2004-12	\$11,313
1997 Loan Payable	7,500	2.950%	2003-11	5,279
2000 Loan Payable	44,264	2.202%	2003-16	<u>41,228</u>
Loans payable				<u>57,820</u>
Less unamortized deferred interest expense				<u>(364)</u>
Total loans payable				<u>\$57,456</u>

The following schedule details loans payable debt service requirements to maturity at June 30, 2002.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 3,687	\$ 2,125
2004	4,270	1,990
2005	4,951	1,834
2006	5,502	1,652
2007	4,892	1,450
2008-2012	30,128	3,624
2013-2016	<u>4,390</u>	<u>1,553</u>
Total	<u>\$57,820</u>	<u>\$14,228</u>

PIMA COUNTY

Notes to Financial Statements  
June 30, 2002  
(in thousands)

**CONTRACTS AND NOTES**  
**Business-type Activities**  
(Payments made from restricted assets in the Wastewater Management Fund)

Contracts and notes consist of contract retentions for several construction projects. Generally, interest is not accrued and the timing of payments is based on completion of the related construction projects.

**WATER REVENUE AND REFUNDING BONDS OUTSTANDING**  
**Component Unit- Metropolitan Domestic Water Improvement District (MDWID)**  
(Payments made from user charges and special assessments)

<u>Description</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2002</u>
Series of 2002	\$24,855	2.9-5.25%	2003-2022	\$24,855
Series of 1999	27,985	3.7- 4.875%	2003-2019	<u>25,200</u>
Water revenue and refunding bonds				<u>50,055</u>
Less unamortized amounts				(1,301)
Plus unamortized premiums				<u>761</u>
Total water revenue and refunding bonds				<u>\$49,515</u>

The following schedule details MDWID water revenue and refunding debt service requirements to maturity at June 30, 2002.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 1,335	\$ 2,287
2004	1,980	2,216
2005	2,065	2,135
2006	2,150	2,047
2007	2,240	1,958
2008-2012	10,975	8,266
2013-2017	16,635	5,075
2018-2019	<u>12,675</u>	<u>1,095</u>
	<u>\$50,055</u>	<u>\$25,079</u>

PIMA COUNTY

Notes to Financial Statements  
June 30, 2002  
(in thousands)

**ADVANCED REFUNDINGS OF WATER REVENUE BONDS**

On February 1, 1999, the District issued \$27,985 in Water Revenue and Refunding Bonds with an average interest rate of 4.35 percent to advance refund \$14,105 of outstanding 1992 Series bonds with an average interest rate of 5.95 percent. The net proceeds of \$27,823 (after payment of approximately \$162 in underwriting fees, insurance and other issuance costs) plus an additional \$1,921 of 1992 Series sinking fund monies were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1992 Series bonds. As a result, the 1992 Series bonds are considered to be defeased and the liability for those bonds has been removed from long-term debt.

On February 1, 2002, the District issued \$24,855 in Water Revenue and Refunding Bonds with an average interest rate of 4.605 percent to advance refund \$5,390 of outstanding 1998 Series bonds with an average interest rate of 5.775 percent, as well as the District's outstanding principal amount of its obligations under the City of Tucson settlement of \$10,223 with an interest rate of 5.3 percent. The net proceeds of approximately \$24,200 (after payment of approximately \$655 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government Securities.

A portion of those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1998 Series bonds. The entire principal amount was prepaid with another portion of the proceeds of the 2002 Subordinate Obligations. As a result, the 1998 Series bonds are considered to be defeased and the liability for those bonds has been removed from long-term debt, and the obligations under the City of Tucson settlement were completely satisfied.

The advance refunding of the 1998 Series bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$417. This difference, reported in the accompanying financial statements as a deduction from bonds payable (valuation account), is being charged to operations through year 2023 using the straight-line method.

**NOTES PAYABLE**

**Component Unit- Metropolitan Domestic Water Improvement District (MDWID)**  
(Payments made from user charges)

MDWID's notes payable are due in monthly installments and are secured by equipment.

<u>Description</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2002</u>
Credit company	4.97%	July 2002	\$ 2
Credit company	5.75%	July 2002 - September 2002	2
Credit company	6.00%	July 2002 - March 2003	9
Credit company	6.25%	July 2002 - February 2003	20
Credit company	6.25%	July 2002 - February 2004	33
Credit company	6.00%	July 2002 - June 2019	1,822
Credit company	6.60%	July 2002 - May 2005	12
Credit company	6.25%	July 2002 - July 2005	16
Credit company	6.25%	July 2002 - July 2005	21
Total			<u>\$1,937</u>

PIMA COUNTY

Notes to Financial Statements  
June 30, 2002  
(in thousands)

The following schedule details MDWID's notes payable debt service requirements to maturity at June 30, 2002.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 133	\$ 113
2004	97	106
2005	89	100
2006	76	95
2007	81	91
2008-2012	487	372
2013-2017	646	202
2018-2019	<u>328</u>	<u>21</u>
Total	<u>\$1,937</u>	<u>\$1,100</u>

**NOTES PAYABLE**  
**Component Unit-Southwestern Fair Commission**  
(Payments made from user charges)

Southwestern Fair Commission's notes payable are due in monthly installments and are secured by equipment.

<u>Description</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2002</u>
Bank	None	Annual installments until June 2007	\$250
Bank	Prime	Monthly installments until July 2008	354
Bank	Wall Street Journal money rate	Monthly installments until July 2008	<u>136</u>
Total			<u>\$740</u>

The following schedule details Southwestern Fair Commission's notes payable debt service requirements to maturity at June 30, 2002.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2003	\$102	\$23
2004	104	19
2005	106	16
2006	108	12
2007	110	9
2008-2009	<u>210</u>	<u>5</u>
Total	<u>\$740</u>	<u>\$84</u>

PIMA COUNTY

Notes to Financial Statements  
 June 30, 2002  
 (in thousands)

**LEGAL DEBT MARGIN**

**COUNTY GENERAL OBLIGATION BONDS**

General obligation debt may not exceed six percent of the value of the County's taxable property as of the latest assessment. However, with voter approval, debt may be incurred up to 15 percent of the value of taxable property. Legal debt margin at June 30, 2002, is as follows:

Net assessed valuation:		\$4,491,395
<u>Debt Limit (15% of net assessed valuation):</u>		\$ 673,709
<u>Amount of debt applicable to debt limit:</u>		
General obligation bonds outstanding	\$183,070	
Less assets in debt service fund available for payment of general obligation bond principal	<u>(4,883)</u>	<u>(178,187)</u>
Legal debt margin available		<u>\$ 495,522</u>

**FLOOD CONTROL GENERAL OBLIGATION BONDS**

Flood Control general obligation debt may not exceed five percent of the value of the Flood Control District's taxable property as of the latest assessment. Legal debt margin at June 30, 2002, is as follows:

Net assessed valuation:		\$3,834,691
<u>Debt Limit (5% of net assessed valuation):</u>		\$191,735
<u>Amount of debt applicable to debt limit:</u>		
Flood Control general obligation bonds outstanding	\$5,330	
Less assets in debt service fund available for payment of flood control bond principal	<u>(26)</u>	<u>(5,304)</u>
Legal debt margin available		<u>\$ 186,431</u>

PIMA COUNTY

Notes to Financial Statements  
June 30, 2002  
(in thousands)

NOTE 8: SHORT TERM DEBT

**LINE OF CREDIT**

The County maintains a revolving line of credit with Bank of America National Trust and Savings Association, with a maximum outstanding balance of \$30,000, to meet its short-term cash needs. At June 30, 2002, the County had an outstanding balance of \$0. Advances on the line of credit are payable on demand. The credit line is secured by the County's general taxing authority.

	<u>Beginning Balance</u>	<u>Draws</u>	<u>Repayments</u>	<u>Ending Balance</u>
Line of credit	\$2,000	\$38,800	\$40,800	\$0

NOTE 9: LANDFILL LIABILITIES

**SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS:**

State and Federal laws and regulations require the County to place a final cover on its solid waste landfill sites when these sites stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after their closure. Although closure and postclosure care costs will not be paid until near or after the date the landfills stop accepting waste, the County records a portion of these closure and postclosure care costs as a long-term liability in each period based on landfill capacity used as of each balance sheet date. The \$14,567 reported as landfill closure and postclosure care liability in the Wastewater Management Enterprise Fund represents the cumulative amount reported to date based on the percentage used of each landfill's total estimated capacity. The County will recognize the remaining estimated cost of closure and postclosure care of \$4,227 as the remaining estimated capacities are used. These amounts are based on what it would cost to perform all closure and postclosure care in the fiscal year ended June 30, 2002; actual costs may change due to inflation, changes in technology, or changes in regulations.

<u>Landfill Site</u>	<u>Capacity Used June 30, 2002</u>	<u>Estimated Year of Closure</u>
Ajo	88%	2022
Sahuarita	93%	2003
Tangerine	75%	2007

The County plans to fund the estimated closure and postclosure care costs with proceeds of general obligation bonds and with solid waste tipping fees.

According to state and federal laws and regulations, the County must comply with the local government financial test requirements that assure the County can meet the costs of landfill closure, postclosure, and corrective action when needed. The County is in compliance with these requirements.

PIMA COUNTY

Notes to Financial Statements  
June 30, 2002  
(in thousands)

NOTE 10: RETIREMENT PLANS

Plan Descriptions

The County contributes to the Arizona State Retirement System (**ASRS**), the Corrections Officer Retirement Plan (**CORP**), the Public Safety Personnel Retirement System (**PSPRS**), consisting of Pima County Sheriff's and Pima County - County Attorney Investigators, and the Elected Officials Retirement Plan (**EORP**). The **EORP** and the **PSPRS** - Pima County, County Attorney Investigators, are not described due to their relative insignificance to the County's financial statements. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits.

The **ASRS** administers a cost-sharing multiple-employer defined benefit pension plan that covers general employees of the County. The **ASRS** is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The **PSPRS** is an agent multiple-employer defined benefit pension plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The **PSPRS**, acting as a common investment and administrative agent, is governed by a five-member board, known as The Fund Manager, and 181 local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The **CORP** is an agent multiple-employer defined benefit pension plan that covers certain employees of the State of Arizona, Departments of Corrections and Juvenile Corrections, and County employees whose primary duties require direct inmate contact. The **CORP** is governed by the Fund Manager of **PSPRS** and 23 local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report may be obtained by contacting the applicable plan.

ASRS  
3300 N. Central Ave.  
P.O. Box 33910  
Phoenix, AZ 85067-3910  
(602) 240-2000 or  
(800) 621-3778

PSPRS and CORP  
1020 E. Missouri Ave.  
Phoenix, AZ 85014  
(602) 255-5575

Funding Policy

The Arizona State Legislature establishes and may amend active plan members' and the County's contribution rates.

Cost-sharing plans For the year ended June 30, 2002, active **ASRS** members and the County were each required by statute to contribute at the actuarially determined rate of 2.49 percent (2.00 percent retirement and 0.49 percent long-term disability) of the members' annual covered payroll. The County's contributions to **ASRS** for the years ended June 30, 2002, 2001, and 2000 were \$6,351, \$6,233 and \$5,589 respectively, which were equal to the required contributions for the year.

Agent plans For the year ended June 30, 2002, active **PSPRS** members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 2.00 percent. As allowed by statute, the County contributed 3.65 percent of the members' required contribution, with the members contributing 4.00 percent. Active **CORP** members were required by statute to contribute 8.50 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 2.00 percent.

PIMA COUNTY

Notes to Financial Statements  
June 30, 2002  
(in thousands)

**Annual Pension Cost:** The County's pension cost for the two agent plans for the year ended June 30, 2002, and related information follow:

	<u>PSPRS</u>	<u>CORP</u>
Contribution rates:		
County	5.65%	2.00%
Plan members	4.00%	8.50%
Annual pension cost	\$1,319	\$274
Contributions made	\$1,319	\$274
Actuarial valuation date	June 30, 2000	June 30, 2000
Actuarial cost method	Entry age	Entry age
Actuarial assumptions:		
Investment rate of return	9.00%	9.00%
Projected salary increases	6.5% - 9.5%	6.5% - 9.5%
Includes inflation at	5.5%	5.5%
Amortization method	Level percent open	Level percent open
Remaining amortization period	20 years	20 years
Asset valuation method	Smoothed market	Smoothed market

**Trend Information:** Information for the current and two preceding years for each of the agent plans follows:

**Contributions Required and Contributions Made**

Plan	Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PSPRS	2002	\$ 1,319	100%	\$ -
	2001	1,044	100%	-
	2000	1,304	100%	-
CORP	2002	\$ 274	100%	\$ -
	2001	169	100%	-
	2000	649	100%	-

PIMA COUNTY

Notes to Financial Statements  
June 30, 2002  
(in thousands)

NOTE 11: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY  
(DEFICIT FUND BALANCES)

The Stadium District Special Revenue Fund (a nonmajor governmental fund) had a deficit fund balance at June 30, 2002, of \$5,759. Management plans to eliminate the deficit by refinancing debt and operating the Baseball Complex profitably in the future.

The Other Special Revenue Grants Fund (a nonmajor governmental fund) had a deficit fund balance at July 30, 2002, of \$171. Included in this amount is a deficit unreserved fund balance of \$209, and a reserve fund balance for prepaid expenditures of \$38. This deficit can be eliminated in the future through normal operations or by operating transfers from the General Fund.

PIMA COUNTY

Notes to Financial Statements  
June 30, 2002  
(in thousands)

NOTE 12: INTERFUND TRANSACTIONS

**A. Interfund Assets/Liabilities**

Interfund Receivables/Payables are used to record transactions between individual funds for goods provided or services rendered:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Pima Health Care System	\$ 23
Total General Fund interfund receivable		\$ 23
Pima Health Care System Fund	General	\$ 615
	Self-Insurance	186
Total Pima Health Care System Fund interfund receivable		\$ 801

Due From/Due To Other Funds are used to record loans or unpaid operating transfers between funds:

<u>Due from fund</u>	<u>Due to fund</u>	<u>Amount</u>
Major Funds:		
General:	Transportation	\$ 43
	Health and Animal Control	2
	Other Special Revenue	67
	Stadium District	668
	Other Special Revenue Grants	124
	Pima Health Care System	15,043
	Other Internal Service	5
Total General Fund due from		\$ 15,952
Transportation	General	\$ 79
	Other Internal Service	43
Total Transportation Fund due from		\$ 122
Capital Projects	General	\$ 847
	Stadium District	1,000
Total Capital Projects Fund due from		\$ 1,847
Pima Health Care System Fund	General	\$ 3,000
	Health and Animal Control	1
Total Pima Health Care System Fund due from		\$ 3,001
Wastewater Management Fund	General	\$ 1
	Transportation	44
	Flood Control	3
	Environmental Quality	6
	Development Services	11
	Other Internal Service	12
Total Wastewater Management Fund due from		\$ 77

PIMA COUNTY

Notes to Financial Statements  
June 30, 2002  
(in thousands)

<u>Due from fund</u>	<u>Due to fund</u>	<u>Amount</u>
Nonmajor Governmental Funds:		
Employment and Training	General	\$ 3
	Other Special Revenue	16
Other Special Revenue	General	4,138
	Employment and Training	23
	Stadium District	6
	Other Special Revenue Grants	7
	Capital Projects	105
	Self Insurance	2
	Other Internal Service	1
Stadium District	General	315
Other Special Revenue Grants	General	38
	Employment and Training	2
	Other Special Revenue	15
Environmental Quality	General	1
	Wastewater Management	<u>61</u>
Total Nonmajor Governmental Funds due from		\$ <u>4,733</u>
Nonmajor Enterprise Funds:		
Parking Garages	Stadium District	\$ 2,250
	General	<u>185</u>
Total Nonmajor Enterprise Funds due from		\$ <u>2,435</u>
Internal Service Funds:		
Other Internal Service	Stadium District	\$ 2,050
	Wastewater Management	4
Self Insurance	Capital Projects	<u>161</u>
Total Internal Service Funds due from		\$ <u>2,215</u>

The information in the table above includes the formal internal borrowings by the Stadium District Special Revenue Fund from the Capital Projects, Parking Garages and Other Internal Service Funds. These borrowings were instituted by the County to meet its short-term cash flow needs. Interest will be paid at a rate paid to investments of the County in the State Treasurer's Local Government Investment Pool.

PIMA COUNTY

Notes to Financial Statements  
June 30, 2002  
(in thousands)

**B. Transfers**

Transfers are used to record transactions between individual funds to subsidize their operations:

<u>Transfers in fund</u>	<u>Transfers out fund</u>	<u>Amount</u>
Major Funds:		
General	Transportation	\$ 151
	Flood Control District	35
	Stadium District	2,568
	Pima Health Care System	<u>7,006</u>
Total General Fund transfers in		\$ <u>9,760</u>
Capital Projects	General	\$ 3,869
	Transportation	8,702
	Flood Control District	5,732
	Other Special Revenue	898
	Debt Service	170
	Parking Garages	<u>712</u>
Total Capital Projects Fund transfers in		\$ <u>20,083</u>
Pima Health Care System Fund	General	\$ 19,297
Total Pima Health Care System Fund transfers in		\$ <u>19,297</u>
Wastewater Management Fund	General	\$ 1,174
Total Wastewater Management Fund Transfers In		\$ <u>1,174</u>
Nonmajor Governmental Funds:		
Flood Control	Capital Projects	\$ 600
Health and Animal Control	General	6,407
Employment and Training	General	295
Other Special Revenue	General	6,450
	Capital Projects	105
Stadium District	General	1,248
Environmental Quality	General	350
Debt Service	General	142
	Transportation	6,210
	Flood Control District	1,036
	Municipal Property Corporation	16
	Capital Projects	<u>51</u>
Total Nonmajor Governmental Funds transfers in		\$ <u>22,910</u>

PIMA COUNTY

Notes to Financial Statements  
 June 30, 2002  
 (in thousands)

<u>Transfers in fund</u>	<u>Transfers out fund</u>	<u>Amount</u>
Internal Service Funds:		
Other Internal Service	General	\$ <u>152</u>
Total Internal Service Funds transfers in		\$ <u>152</u>
Transfers of general capital assets reported on the fund-based statements as capital contributions and on the government-wide statements as transfers:		
Pima Health Care System		\$ 491
Wastewater Management Fund		\$ <u>710</u>
Total transfers of general capital assets		\$ <u>1,201</u>

NOTE 13: SEGMENT INFORMATION

Liquid Waste, a division of Pima County's Department of Wastewater Management, is reported within the Wastewater Management Enterprise Fund. Liquid Waste operates the sewer system which provides wastewater collection, treatment, and disposal throughout Pima County. All revenues generated by the ownership, use, and operation of Pima County's sewer system are pledged in support of sewer system debt. In addition, debt covenants require sewer system revenues, expenses, gains, losses, assets and liabilities to be accounted for separately. As a result, condensed financial information for Liquid Waste is presented in the following table.

PIMA COUNTY

Notes to Financial Statements  
June 30, 2002  
(in thousands)

Condensed Statement of Net Assets

	<b>Wastewater Management</b>
	<b>Liquid Waste</b>
Assets:	
Current assets	\$ 28,848
Due to other funds	75
Restricted assets	20,198
Non-current assets	<u>481,828</u>
Total Assets	<u>530,949</u>
Liabilities:	
Current liabilities	22,006
Due to other funds	55
Non-current liabilities	<u>120,065</u>
Total Liabilities	\$ <u>142,126</u>
Net Assets:	
Invested in capital assets (net of related debt)	352,877
Restricted	<u>35,946</u>
Total Net Assets	\$ <u>388,823</u>

PIMA COUNTY

Notes to Financial Statements  
June 30, 2002  
(in thousands)

Condensed Statement of Revenues, Expenses and Change in Net Assets

	<b>Wastewater Management</b>
	<b>Liquid Waste</b>
Charges for services	\$ 41,541
Depreciation expense	(16,356)
Other operating expenses	<u>(39,184)</u>
Operating loss	<u>(13,999)</u>
Non-operating revenues/(expenses):	
Sewer connection revenue	17,480
Miscellaneous non-operating revenue	3,806
Interest expense	(5,589)
Loss on disposal of fixed assets	(8)
Miscellaneous non-operating expense	(89)
Capital contributions	<u>11,243</u>
Change in net assets	<u>12,844</u>
Beginning net assets, as restated	<u>375,979</u>
Ending net assets	\$ <u>388,823</u>

Condensed Statement of Cash Flows

Net cash provided (used) by:

Operating activities	\$ 633
Non-capital financing activities	2,185
Capital and related financing activities	(6,782)
Investing activities	<u>1,713</u>
Net decrease	(2,251)
Beginning cash and cash equivalents	<u>40,118</u>
Ending cash and cash equivalents	\$ <u>37,867</u>

PIMA COUNTY

Notes to Financial Statements

June 30, 2002

(in thousands)

**NOTE 14: CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

At June 30, 2002, Pima County had the following major contractual commitments related to various projects. Commitments have been grouped into five major categories: Transportation Projects, Flood Control Projects, General Governments Projects, Wastewater Management Projects and Operating Leases.

**Transportation Projects**

At June 30, 2002, the Pima County Transportation Department had contractual commitments of \$21,326. Funding for these expenditures will be primarily provided from Transportation Revenue Bonds and Highway User Tax Revenue, the primary source of revenue for the Transportation Department.

**Flood Control Projects**

At June 30, 2002, the Pima County Flood Control District had contractual commitments of \$1,979. Funding for these expenditures will be primarily provided from General Obligation Bonds and the Flood Control District's tax levy of property within Pima County, the primary source of revenue for the Flood Control District.

**General Government Projects**

At June 30, 2002, Pima County had contractual commitments related to various Facilities Management Projects of \$8,030 and Parks and Recreation Projects of \$2,408. Funding for these expenditures will be primarily provided from General Obligation Bonds.

**Wastewater Management Projects**

At June 30, 2002, the Wastewater Management Enterprise Fund had commitments under construction contracts that totaled \$36,244. Funding for these expenses will be primarily provided from revenues of the sewer system and proceeds of sewer revenue debt.

**Operating Leases**

The County enters into operating leases for various equipment and office space. These leases are entered into with the provision that they may be canceled at the end of each fiscal year if future funding is not provided. Accordingly, these leases totaled \$3,255, for the year ended June 30, 2002.

PIMA COUNTY

Notes to Financial Statements  
June 30, 2002  
(in thousands)

NOTE 15: SUBSEQUENT EVENTS

On September 7, 2002, the Department of Wastewater Management experienced a rupture of the Northwest Outfall Sewer. The rupture resulted in sewage discharging into the Santa Cruz River, two large sink holes on West Speedway Boulevard and additional sagging on Columbia Street (within the City of Tucson). The Department of Wastewater Management began immediate clean up, which has resulted thus far in costs of \$3,816, with estimated additional costs of \$1,787. The Department of Risk Management has incurred related costs of \$260 for clean up and relocation of affected residents. There are additional estimated costs of approximately \$130 expected for further cleanup and security.

At this time, Pima County Department of Risk Management expects to receive claims from the various businesses affected by the street closures estimated at \$200. Defense of other claims and litigation against Pima County is expected to be approximately \$500. The AZ Department of Environmental Quality has also filed 11 charges against Pima County for violations. The liability and future outcome of litigation is unknown at this time.

*Recent Investment Losses in the State Treasurer's Local Government Investment Pool.* Pursuant to statutory authority, a portion of the County's monies, including some of its debt service funds, is invested in the State Treasurer's Local Government Investment Pool (LGIP), which was established in 1980 for the collective investment of State and local government monies. Monies in the LGIP may be invested in various types of investments prescribed by law, including bonds, debentures or other evidences of indebtedness which are issued by entities organized and doing business in the United States that have a minimum rating of "Baa" from Moody's Investors Service or "BBB" from Standard & Poor's Rating Service. In December 2002, the State Treasurer announced that the LGIP currently holds \$130,986 of asset-backed securities issued by an NPF-12 trust that are serviced by National Century Financial Enterprises (NCFE). Recently, NCFE has come under investigation by the Federal Bureau of Investigation, the Securities and Exchange Commission and various state authorities for possible fraud and violations of federal and state laws. NCFE has since declared bankruptcy and the trustee for the bonds has informed the State Treasurer that the interest payment due December 1, 2002, was not received.

All LGIP participants have been allocated a proportional share of the value of the NPF-12 securities and such securities have been placed by the State Treasurer into a separate pool (the "Separate LGIP Pool"). It is likely that the LGIP will incur a loss on the total securities held of \$130,986. Of this likely loss to the LGIP, the County currently estimates it would be allocated approximately \$9,900 as its proportional share as an LGIP participant, of which approximately \$2,400 is currently estimated to be the loss to the County's General Fund. Approximately \$1,000 is currently estimated to be the loss to the general obligation bond funds of the County. The State is pursuing legal action to the fullest extent possible to protect the interests of the LGIP participants which may eventually include the recovery of all or a portion of the investment loss.



**Required Supplementary Information**  
**Other Than MD&A**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended June 30, 2002  
(in thousands)

	Original Budget	Final Amended Budget	Actual	Variance Over/(Under)
<b>Revenues:</b>				
Taxes	\$ 179,673	\$ 179,673	\$ 181,840	\$ 2,167
Licenses and permits	1,112	1,112	2,071	959
Intergovernmental	112,164	112,164	111,922	(242)
Charges for services	17,955	17,955	19,974	2,019
Fines and forfeits	3,257	3,257	3,898	641
Interest	170	170	2,086	1,916
Miscellaneous	3,362	3,362	1,995	(1,367)
<b>Total revenues</b>	<b>317,693</b>	<b>317,693</b>	<b>323,786</b>	<b>6,093</b>
<b>Expenditures:</b>				
Assessor	6,516	6,516	6,442	74
Board of Supervisors	1,313	1,313	1,282	31
Clerk of Superior Court	7,821	7,902	7,810	92
Community Resources	21,669	21,668	21,156	512
Constables	502	502	490	12
County Administration	27,511	27,082	17,802	9,280
County Attorney	15,685	15,631	15,300	331
Justice Courts	4,603	5,020	4,667	353
Juvenile Court	17,977	17,977	17,834	143
Justice & Law Enforcement	16,063	16,063	19,968	(3,905)
Dept. of Medical Assistance	62,487	63,810	62,522	1,288
Medical Examiner	1,638	1,638	1,781	(143)
Facilities Management	8,497	8,495	8,638	(143)
Recorder	1,359	1,359	1,296	63
Sheriff	68,209	66,650	69,304	(2,654)
Superior Court	20,906	20,630	20,424	206
Superior Court Mandated Services	1,575	1,575	2,308	(733)
Supt. of Schools	1,094	1,094	1,069	25
Treasurer	1,948	1,948	1,722	226
Debt Service - principal	1,389	1,861	1,913	(52)
- interest	1,678	1,705	1,754	(49)
- miscellaneous	7	8	4	4
<b>Total expenditures</b>	<b>290,447</b>	<b>290,447</b>	<b>285,486</b>	<b>4,961</b>
Excess of revenues over expenditures	27,246	27,246	38,300	11,054
<b>Other financing sources (uses):</b>				
Transfers in	9,770	9,770	9,760	(10)
Transfers (out)	(37,955)	(37,955)	(39,384)	(1,429)
<b>Total other financing uses</b>	<b>(28,185)</b>	<b>(28,185)</b>	<b>(29,624)</b>	<b>(1,439)</b>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(939)	(939)	8,676	9,615
Fund balance at beginning of year, as restated	12,440	12,440	22,466	10,026
<b>Fund balance at end of year</b>	<b>\$ 11,501</b>	<b>\$ 11,501</b>	<b>\$ 31,142</b>	<b>\$ 19,641</b>

See Notes to Required Supplementary Information

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

TRANSPORTATION SPECIAL REVENUE FUND

For the Year Ended June 30, 2002  
(in thousands)

	Original Budget	Final Amended Budget	Actual	Variance Over/(Under)
<b>Revenues:</b>				
Special assessments			\$ 76	\$ 76
Licenses and permits	\$ 385	\$ 385	645	260
Intergovernmental	50,488	50,488	47,942	(2,546)
Charges for services	416	416	430	14
Interest	1,000	1,000	1,106	106
Miscellaneous	415	415	400	(15)
<b>Total revenues</b>	<u>52,704</u>	<u>52,704</u>	<u>50,599</u>	<u>(2,105)</u>
<b>Expenditures:</b>				
General government	8,994	8,994	7,020	1,974
Highways and streets	35,006	35,006	27,835	7,171
<b>Total expenditures</b>	<u>44,000</u>	<u>44,000</u>	<u>34,855</u>	<u>9,145</u>
<b>Excess of revenues over expenditures</b>	<u>8,704</u>	<u>8,704</u>	<u>15,744</u>	<u>7,040</u>
<b>Other financing uses:</b>				
Transfers (out)	(17,101)	(17,101)	(15,063)	2,038
<b>Total other financing uses</b>	<u>(17,101)</u>	<u>(17,101)</u>	<u>(15,063)</u>	<u>2,038</u>
<b>Excess (deficiency) of revenues and other sources over (under) expenditures and other uses</b>	<u>(8,397)</u>	<u>(8,397)</u>	<u>681</u>	<u>9,078</u>
Fund balance at beginning of year	25,277	25,277	36,274	10,997
Change in reserve for inventory			166	166
<b>Fund balance at end of year</b>	<u>\$ 16,880</u>	<u>\$ 16,880</u>	<u>\$ 37,121</u>	<u>\$ 20,241</u>

See Notes to Required Supplementary Information

PIMA COUNTY  
 SCHEDULE OF AGENT RETIREMENT PLANS' FUNDING PROGRESS

Exhibit B-3

June 30, 2002  
 (in thousands)

Plan	Year Ended June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Funding Liability (Excess)	Funded Ratio	Annual Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
PSPRS	2002	\$ 135,706	\$ 120,044	\$ (15,662)	113.00%	\$ 23,272	-
	2001	137,727	106,271	(31,456)	129.60%	21,643	-
	2000	128,990	96,276	(32,714)	134.00%	18,278	-
CORP	2002	\$ 36,932	\$ 32,704	\$ (4,228)	112.90%	\$ 13,937	-
	2001	36,604	27,728	(8,876)	132.00%	12,640	-
	2000	34,508	24,466	(10,042)	141.00%	12,912	-

See Notes to Required Supplementary Information

PIMA COUNTY

Notes to Required Supplementary Information  
June 30, 2002  
(in thousands)

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

On or before the third Monday in July of each year, the Board of Supervisors adopts a tentative budget for the fiscal year. A public hearing and special board meeting is scheduled at which time the final budget is adopted.

The County adopts, on a modified accrual basis, budgets for all governmental fund types (General, Special Revenue, Debt Service, and Capital Projects Fund). Operating plans for all Enterprise Funds are also adopted as part of the budget document. Per state statute, expenditures may not exceed appropriations at the department or elected official level. Each Special Revenue Fund maintains budgetary control at the fund or sub-fund level where applicable. Budgetary control for the Capital Projects Fund and the Debt Service Fund are at the fund level.

Adopted budgets provide that the beginning unreserved fund balance plus revenues and other financing sources equal expenditures and other uses. State statute requires that amendments to the budget, including transfers of appropriations between departments or funds are not permissible unless the Board of Supervisors determines that it is in the public interest and it is based on a demonstrated need.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders for specific items are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Appropriation balances, including all outstanding encumbrances, lapse at the end of the fiscal year. Any item ordered in a fiscal year but not received is charged against an appropriation in the year that the item is received.

NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2002, expenditures exceeded appropriations in the following General Fund departments (the legal level of budgetary control) by the following amounts: Justice & Law Enforcement, \$3,905; Medical Examiner, \$143; Facilities Management, \$143; Sheriff, \$2,654; and Superior Court Mandated Services, \$733. These overexpenditures were funded by greater than anticipated revenues.



**Combining Statements and Other Schedules-**  
**Other (Non-Major) Governmental Funds**

## Other (Non-Major) Governmental Funds

Health and Animal Control Fund - to account for resources used to finance activities involved in the conservation and improvement of public health. Major sources of funding include Federal and State grants, charges for services provided, and operating transfers from the General Fund.

Flood Control District Fund - to account for amounts expended to protect persons and property from flood waters. Revenues are provided by taxes on real property and government grants.

Employment and Training Fund - to account for resources controlled by the County as a prime sponsor under the Workforce Investment Act. Financing is provided by the Federal Government.

Other Special Revenue Fund - to account for resources specifically identified to be expended for the Library District and various other programs of the County. These include various probation programs, consumer protection programs, family support, antiracketeering programs, law library, etc. Revenues are provided by Library District tax, fines, intergovernmental revenues, fees and forfeitures, and charges for services.

Stadium District Fund - to account for resources specifically identified to be expended for the Stadium District. Revenues are provided by the car rental, hotel/motel bed and recreation vehicle park taxes and charges for services provided. The Stadium District is a blended component unit of Pima County.

Other Special Revenue Grants Fund - to account for Federal and State grants received by the County not required to be accounted for in a separate fund. Each grant has a specific project objective and the grants funds must be used for a stated purpose.

School Reserve Fund - to account for Federal and State grants received by the Superintendent of Schools. Each grant has a specific project objective and the grants funds must be used for a stated purpose.

Environmental Quality Fund - to account for resources specifically identified to be expended for protection of water, air and land from pollutants. Revenues are provided by fines, fees and forfeitures, licenses, permits and Federal and State grants.

Municipal Property Corporation Fund - to account for resources specifically identified to be expended on various equipment acquisition and building improvement programs of the County. Financing is provided through the sale of lease revenue bonds. Revenues are provided by interest income. The Municipal Property Corporation is a blended component unit of Pima County.

Debt Service Fund - to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

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COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2002  
(in thousands)

	Special Revenue Funds				Special Revenue Funds				Municipal Property Corporation	Debt Service Fund	Total Other Governmental Funds
	Health and Animal Control	Flood Control District	Employment and Training	Other	Stadium District	Other Grants	School Reserve	Environmental Quality			
<b>Assets</b>											
Cash and cash equivalents	\$ 521	\$ 5,327	\$ 176	\$ 21,806		\$ 184	\$ 1,816	\$ 440	\$ 3	\$ 5,367	\$ 35,640
Deposits with fiscal agents									82		82
Property taxes receivable (net of allowances for uncollectables)		552		497						2,113	3,162
Interest receivable		26		33		7				65	131
Interfund receivable											-
Due from other funds			19	4,282	\$ 315	55		62			4,733
Due from other governments	2,087		2,928	434	133	5,426	176	845			12,029
Accounts receivable	59			139	57	21					276
Inventory	183										183
Prepaid expenditures	1	19	47	70	3	38			34		212
<b>Total assets</b>	<b>\$ 2,851</b>	<b>\$ 5,924</b>	<b>\$ 3,170</b>	<b>\$ 27,261</b>	<b>\$ 508</b>	<b>\$ 5,731</b>	<b>\$ 1,992</b>	<b>\$ 1,347</b>	<b>\$ 119</b>	<b>\$ 7,545</b>	<b>\$ 56,448</b>
<b>Liabilities and fund balances</b>											
<b>Liabilities:</b>											
Accounts payable	\$ 788	\$ 564	\$ 2,756	\$ 804	\$ 278	\$ 3,511	\$ 110	\$ 163		\$ 8	8,982
Interest payable				2		6				3	11
Contract retentions				27							27
Employee compensation	556	94	164	226	14	931		111			2,096
Interfund payable											-
Due to other funds	3	3	25	98	5,974	131		6			6,240
Due to other governments				2,313		9	231				2,553
Deposits and rebates											-
General obligation bonds										15	15
Deferred revenues		446		366	1	1,314	19	276		1,555	3,977
<b>Total liabilities</b>	<b>1,347</b>	<b>1,107</b>	<b>2,945</b>	<b>3,836</b>	<b>6,267</b>	<b>5,902</b>	<b>360</b>	<b>556</b>		<b>1,581</b>	<b>23,901</b>
<b>Fund balances:</b>											
Reserved for inventory	183	0	0	0	0	0	0	0	0		183
Reserved for prepaid expenditures	1	19	47	70	3	38		0	34		212
Reserved for debt service									82	5,964	6,046
Reserved for capital repairs and refurbishments					75						-
Reserved for specified programs								502			75
Unreserved	1,320	4,798	178	23,355	(5,837)	(209)	1,632	289	3		502
<b>Total fund balances</b>	<b>1,504</b>	<b>4,817</b>	<b>225</b>	<b>23,425</b>	<b>(5,759)</b>	<b>(171)</b>	<b>1,632</b>	<b>791</b>	<b>119</b>	<b>5,964</b>	<b>32,547</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,851</b>	<b>\$ 5,924</b>	<b>\$ 3,170</b>	<b>\$ 27,261</b>	<b>\$ 508</b>	<b>\$ 5,731</b>	<b>\$ 1,992</b>	<b>\$ 1,347</b>	<b>\$ 119</b>	<b>\$ 7,545</b>	<b>\$ 56,448</b>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2002  
(in thousands)

	Special Revenue Funds				Special Revenue Funds				Municipal Property Corporation	Debt Service Fund	Total Other Governmental Funds
	Health and Animal Control	Flood Control District	Employment and Training	Other	Stadium District	Other Grants	School Reserve	Environmental Quality			
Revenues:											
Taxes		\$ 13,713		\$ 9,431						\$ 39,823	\$ 62,967
Special assessments										364	364
Licenses and permits	\$ 1,995							\$ 1,366			3,361
Intergovernmental	8,003	136	\$ 18,093	4,858	\$ 1,567	\$ 45,950		1,346		7	82,790
Charges for services	1,475			4,373	1,173	26		110			7,157
Fines and forfeits	185			615				184			984
Interest	1	152		726		158		3	\$ 2	653	1,695
Miscellaneous	182	3	278	3,714	2	745		1		13	4,938
<b>Total revenues</b>	<b>11,841</b>	<b>14,004</b>	<b>18,371</b>	<b>23,717</b>	<b>2,742</b>	<b>46,879</b>	<b>2,830</b>	<b>3,010</b>	<b>2</b>	<b>40,860</b>	<b>164,256</b>
Expenditures:											
Current:											
General government				8,965		8,034					16,999
Public safety		5,111		4,000		27,871					36,982
Highways and streets											-
Health	17,642							2,893			20,535
Welfare				61		15					76
Culture and recreation				9,931	1,594	603					12,128
Education and economic opportunity			18,712			10,859	2,654				32,225
Debt service - principal				55		16				35,358	35,429
- interest				3		5				12,366	12,374
- miscellaneous				2					7	378	387
<b>Total expenditures</b>	<b>17,642</b>	<b>5,111</b>	<b>18,712</b>	<b>23,017</b>	<b>1,594</b>	<b>47,403</b>	<b>2,654</b>	<b>2,893</b>	<b>7</b>	<b>48,102</b>	<b>167,135</b>
Excess (deficiency) of revenues over (under) expenditures	(5,801)	8,893	(341)	700	1,148	(524)	176	117	(5)	(7,242)	(2,879)
Other financing sources (uses):											
Refunding bonds										22,420	22,420
Premium on bonds										515	515
Payment to refunded bonds escrows agent										(22,551)	(22,551)
Capital leases				408		182					590
Transfers in	6,407	600	295	6,555	1,248			350		7,455	22,910
Transfers (out)		(6,803)		(898)	(2,568)				(16)	(170)	(10,455)
<b>Total other financing sources (uses)</b>	<b>6,407</b>	<b>(6,203)</b>	<b>295</b>	<b>6,065</b>	<b>(1,320)</b>	<b>182</b>	<b>0</b>	<b>350</b>	<b>(16)</b>	<b>7,669</b>	<b>13,429</b>
<b>Net change in fund balances</b>	<b>606</b>	<b>2,690</b>	<b>(46)</b>	<b>6,765</b>	<b>(172)</b>	<b>(342)</b>	<b>176</b>	<b>467</b>	<b>(21)</b>	<b>427</b>	<b>10,550</b>
Fund balance at beginning of year, as restated	1,000	2,127	271	16,660	(5,587)	171	1,470	324	140	5,537	22,113
Change in reserve for inventory	(102)										(102)
Change in reserve for prepaid							(14)				(14)
<b>Fund balance at end of year</b>	<b>\$ 1,504</b>	<b>\$ 4,817</b>	<b>\$ 225</b>	<b>\$ 23,425</b>	<b>\$ (5,759)</b>	<b>\$ (171)</b>	<b>\$ 1,632</b>	<b>\$ 791</b>	<b>\$ 119</b>	<b>\$ 5,964</b>	<b>\$ 32,547</b>

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## **Combining Statements and Other Schedules**

Budget to Actual –  
Other Governmental Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

## CAPITAL PROJECTS FUND

For the Year Ended June 30, 2002  
(in thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
<b>Revenues:</b>			
Special assessments		\$ 158	\$ 158
Intergovernmental	\$ 17,992	17,564	(428)
Charges for services	2,000	3,551	1,551
Interest	4,000	2,065	(1,935)
Miscellaneous	1,228	810	(418)
Total revenues	<u>25,220</u>	<u>24,148</u>	<u>(1,072)</u>
<b>Expenditures:</b>			
Capital outlay	<u>146,589</u>	<u>109,670</u>	<u>36,919</u>
Total expenditures	<u>146,589</u>	<u>109,670</u>	<u>36,919</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(121,369)</u>	<u>(85,522)</u>	<u>35,847</u>
<b>Other financing sources (uses):</b>			
Face amount of long-term debt	80,000	81,921	1,921
Premium on bonds		281	281
Transfers in	17,881	20,083	2,202
Transfers (out)	(25)	(756)	(731)
Total other financing sources	<u>97,856</u>	<u>101,529</u>	<u>3,673</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(23,513)</u>	<u>16,007</u>	<u>39,520</u>
Fund balance at beginning of year	50,303	30,986	(19,317)
Fund balance at end of year	<u>\$ 26,790</u>	<u>\$ 46,993</u>	<u>\$ 20,203</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

## HEALTH &amp; ANIMAL CONTROL - SPECIAL REVENUE FUND

For the Year Ended June 30, 2002  
(in thousands)

	Budget	Actual	Variance Over/(Under)
<b>Revenues:</b>			
Licenses and permits	\$ 1,873	\$ 1,995	\$ 122
Intergovernmental	9,352	8,003	(1,349)
Charges for services	1,360	1,475	115
Fines and forfeits	155	185	30
Interest		1	1
Miscellaneous	134	182	48
<b>Total revenues</b>	<b>12,874</b>	<b>11,841</b>	<b>(1,033)</b>
<b>Expenditures:</b>			
Health	11,292	10,705	587
Health grants	8,288	6,937	1,351
<b>Total expenditures</b>	<b>19,580</b>	<b>17,642</b>	<b>1,938</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(6,706)</b>	<b>(5,801)</b>	<b>905</b>
<b>Other financing sources:</b>			
Transfers in	6,407	6,407	
<b>Total other financing sources</b>	<b>6,407</b>	<b>6,407</b>	
<b>Excess (deficiency) of revenues and other sources over (under) expenditures</b>	<b>(299)</b>	<b>606</b>	<b>905</b>
Fund balance at beginning of year	1,000	1,000	
Change in reserve for inventory		(102)	(102)
<b>Fund balance at end of year</b>	<b>\$ 701</b>	<b>\$ 1,504</b>	<b>\$ 803</b>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

FLOOD CONTROL DISTRICT - SPECIAL REVENUE FUND

For the Year Ended June 30, 2002  
(in thousands)

	Budget	Actual	Variance Over/(Under)
<b>Revenues:</b>			
Taxes	\$ 13,253	\$ 13,713	\$ 460
Intergovernmental	171	136	(35)
Interest	200	152	(48)
Miscellaneous	13	3	(10)
<b>Total revenues</b>	<u>13,637</u>	<u>14,004</u>	<u>367</u>
<b>Expenditures:</b>			
Flood control	6,240	5,111	1,129
<b>Total expenditures</b>	<u>6,240</u>	<u>5,111</u>	<u>1,129</u>
<b>Excess of revenues over expenditures</b>	<u>7,397</u>	<u>8,893</u>	<u>1,496</u>
<b>Other financing sources (uses):</b>			
Transfers in		600	600
Transfers (out)	(6,899)	(6,803)	96
<b>Total other financing uses</b>	<u>(6,899)</u>	<u>(6,203)</u>	<u>696</u>
<b>Excess of revenues and other sources over expenditures and other uses</b>	498	2,690	2,192
<b>Fund balance at beginning of year</b>	961	2,127	1,166
<b>Fund balance at end of year</b>	<u>\$ 1,459</u>	<u>\$ 4,817</u>	<u>\$ 3,358</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

EMPLOYMENT AND TRAINING - SPECIAL REVENUE FUND

For the Year Ended June 30, 2002  
(in thousands)

	Budget	Actual	Variance Over/(Under)
<b>Revenues:</b>			
Intergovernmental	\$ 19,622	\$ 18,093	\$ (1,529)
Miscellaneous	127	278	151
<b>Total revenues</b>	<u>19,749</u>	<u>18,371</u>	<u>(1,378)</u>
<b>Expenditures:</b>			
Employment and training	20,044	18,712	1,332
<b>Total expenditures</b>	<u>20,044</u>	<u>18,712</u>	<u>1,332</u>
<b>Deficiency of revenues under expenditures</b>	<u>(295)</u>	<u>(341)</u>	<u>(46)</u>
<b>Other financing sources (uses):</b>			
Transfers in	295	295	
<b>Total other financing sources (uses)</b>	<u>295</u>	<u>295</u>	
<b>Deficiency of revenues and other sources under expenditures</b>		(46)	(46)
<b>Fund balance at beginning of year</b>	182	271	89
<b>Fund balance at end of year</b>	<u>\$ 182</u>	<u>\$ 225</u>	<u>\$ 43</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

## OTHER - SPECIAL REVENUE FUND

For the Year Ended June 30, 2002  
(in thousands)

	Budget	Actual	Variance Over/(Under)
<b>Revenues:</b>			
Taxes	\$ 9,436	\$ 9,431	\$ (5)
Intergovernmental	11,978	4,858	(7,120)
Charges for services	4,099	4,373	274
Fines and forfeits	594	615	21
Interest	866	726	(140)
Miscellaneous	4,044	3,714	(330)
<b>Total revenues</b>	<b>31,017</b>	<b>23,717</b>	<b>(7,300)</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	27,472	8,965	18,507
Public Safety	6,347	4,000	2,347
Welfare	316	61	255
Culture and recreation	12,677	9,931	2,746
Education and economic opportunity	1,018		1,018
Debt service - principal	6	55	(49)
- interest	1	3	(2)
- miscellaneous	2	2	
<b>Total expenditures</b>	<b>47,839</b>	<b>23,017</b>	<b>24,822</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(16,822)</b>	<b>700</b>	<b>17,522</b>
<b>Other financing sources (uses):</b>			
Capital leases		408	408
Transfers in	7,884	6,555	(1,329)
Transfers (out)		(898)	(898)
<b>Total other financing sources (uses)</b>	<b>7,884</b>	<b>6,065</b>	<b>(1,819)</b>
<b>Excess (deficiency) of revenues and other sources over (under) expenditures and other uses</b>	<b>(8,938)</b>	<b>6,765</b>	<b>15,703</b>
<b>Fund balance at beginning of year, as restated</b>	<b>12,587</b>	<b>16,660</b>	<b>4,073</b>
<b>Fund balance at end of year</b>	<b>\$ 3,649</b>	<b>\$ 23,425</b>	<b>\$ 19,776</b>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

STADIUM DISTRICT - SPECIAL REVENUE FUND

For the Year Ended June 30, 2002  
(in thousands)

	Budget	Actual	Variance Over/(Under)
<b>Revenues:</b>			
Intergovernmental	\$ 1,750	\$ 1,567	\$ (183)
Charges for services	710	1,173	463
Miscellaneous	118	2	(116)
<b>Total revenues</b>	<u>2,578</u>	<u>2,742</u>	<u>164</u>
<b>Expenditures:</b>			
Stadium District	1,473	1,594	(121)
<b>Total expenditures</b>	<u>1,473</u>	<u>1,594</u>	<u>(121)</u>
<b>Excess of revenues over expenditures</b>	<u>1,105</u>	<u>1,148</u>	<u>43</u>
<b>Other financing sources (uses):</b>			
Transfers in	1,410	1,248	(162)
Transfers (out)	(2,558)	(2,568)	(10)
<b>Total other financing uses</b>	<u>(1,148)</u>	<u>(1,320)</u>	<u>(172)</u>
<b>Deficiency of revenues and other sources under expenditures and other uses</b>	(43)	(172)	(129)
<b>Fund balance at beginning of year</b>	(6,244)	(5,587)	657
<b>Fund balance at end of year</b>	<u>\$ (6,287)</u>	<u>\$ (5,759)</u>	<u>\$ 528</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

## OTHER GRANTS - SPECIAL REVENUE FUND

For the Year Ended June 30, 2002  
(in thousands)

	Budget	Actual	Variance Over/(Under)
<b>Revenues:</b>			
Intergovernmental	\$ 58,748	\$ 45,950	\$ (12,798)
Charges for services	107	26	(81)
Interest	15	158	143
Miscellaneous	676	745	69
<b>Total revenues</b>	<u>59,546</u>	<u>46,879</u>	<u>(12,667)</u>
<b>Expenditures:</b>			
Community Services Grants	12,974	10,859	2,115
County Attorney Grants	3,382	2,313	1,069
Justice Court Grants	32	35	(3)
Juvenile Court Grants	11,214	11,410	(196)
Legal Defender Grants	20	12	8
Parks and Recreation Grants	29	26	3
Public Defender Grants	66	50	16
Sheriff Grants	16,800	12,405	4,395
Superior Court Grants	10,153	9,695	458
County Administrator	1,000	577	423
School Reserve Grants	4,327		4,327
Debt Service - principal		16	(16)
- interest		5	(5)
<b>Total expenditures</b>	<u>59,997</u>	<u>47,403</u>	<u>12,594</u>
<b>Deficiency of revenues under expenditures</b>	<u>(451)</u>	<u>(524)</u>	<u>(73)</u>
<b>Other financing sources:</b>			
Capital leases		182	182
Transfers in	1,434		(1,434)
<b>Total other financing sources</b>	<u>1,434</u>	<u>182</u>	<u>(1,252)</u>
<b>Excess (deficiency) of revenues and other sources (under) expenditures and other uses</b>	983	(342)	(1,325)
<b>Fund balance at beginning of year</b>	3,284	171	(3,113)
<b>Fund balance at end of year</b>	<u>\$ 4,267</u>	<u>\$ (171)</u>	<u>\$ (4,438)</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

SCHOOL RESERVE - SPECIAL REVENUE FUND

For the Year Ended June 30, 2002  
(in thousands)

	Budget	Actual	Variance Over/(Under)
<b>Revenues:</b>			
Intergovernmental	\$ 3,739	\$ 2,830	\$ (909)
<b>Total revenues</b>	<u>3,739</u>	<u>2,830</u>	<u>(909)</u>
<b>Expenditures:</b>			
School Reserve Grants	11,060	2,654	8,406
<b>Total expenditures</b>	<u>11,060</u>	<u>2,654</u>	<u>8,406</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(7,321)</u>	<u>176</u>	<u>7,497</u>
<b>Other financing sources (uses):</b>			
Transfers in	6,000		(6,000)
Transfers (out)	(8)		8
<b>Total other financing sources (uses)</b>	<u>5,992</u>		<u>(5,992)</u>
<b>Excess (deficiency) of revenues and other sources (under) expenditures and other uses</b>	<u>(1,329)</u>	<u>176</u>	<u>1,505</u>
<b>Fund balance at beginning of year, as restated</b>	1,398	1,470	72
<b>Change in reserve for prepaid</b>		(14)	(14)
<b>Fund balance at end of year</b>	<u>\$ 69</u>	<u>\$ 1,632</u>	<u>\$ 1,563</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

ENVIRONMENTAL QUALITY - SPECIAL REVENUE FUND

For the Year Ended June 30, 2002  
(in thousands)

	Budget	Actual	Variance Over/(Under)
<b>Revenues:</b>			
Licenses and permits	\$ 1,588	\$ 1,366	\$ (222)
Intergovernmental	1,368	1,346	(22)
Charges for services	110	110	
Fines and forfeits		184	184
Interest		3	3
Miscellaneous		1	1
<b>Total revenues</b>	<u>3,066</u>	<u>3,010</u>	<u>(56)</u>
<b>Expenditures:</b>			
Environmental quality	2,174	1,605	569
Environmental quality grants	1,243	1,288	(45)
<b>Total expenditures</b>	<u>3,417</u>	<u>2,893</u>	<u>524</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(351)</u>	<u>117</u>	<u>468</u>
<b>Other financing sources:</b>			
Transfers in	350	350	
<b>Total other financing sources</b>	<u>350</u>	<u>350</u>	
<b>Excess (deficiency) of revenues and other sources over (under) expenditures and other uses</b>	<u>(1)</u>	<u>467</u>	<u>468</u>
<b>Fund balance at beginning of year</b>	<u>277</u>	<u>324</u>	<u>47</u>
<b>Fund balance at end of year</b>	<u>\$ 276</u>	<u>\$ 791</u>	<u>\$ 515</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

MUNICIPAL PROPERTY CORPORATION - SPECIAL REVENUE FUND

For the Year Ended June 30, 2002  
(in thousands)

	Budget	Actual	Variance Over/(Under)
<b>Revenues:</b>			
Interest	\$ 5	\$ 2	\$ (3)
<b>Total revenues</b>	<u>5</u>	<u>2</u>	<u>(3)</u>
<b>Expenditures:</b>			
Debt service - miscellaneous	7	7	
<b>Total expenditures</b>	<u>7</u>	<u>7</u>	
<b>Deficiency of revenues under expenditures</b>	<u>(2)</u>	<u>(5)</u>	<u>(3)</u>
<b>Other financing uses:</b>			
Transfers (out)		(16)	(16)
<b>Total other financing uses</b>		<u>(16)</u>	<u>(16)</u>
<b>Deficiency of revenues under expenditures and other uses</b>	<u>(2)</u>	<u>(21)</u>	<u>(19)</u>
<b>Fund balance at beginning of year</b>		140	140
<b>Fund balance at end of year</b>	<u>\$ (2)</u>	<u>\$ 119</u>	<u>\$ 121</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

## DEBT SERVICE FUND

For the Year Ended June 30, 2002  
(in thousands)

	Budget	Actual	Variance Over/(Under)
<b>Revenues:</b>			
Taxes	\$ 39,232	\$ 39,823	\$ 591
Special assessments	383	364	(19)
Intergovernmental		7	7
Interest	817	653	(164)
Miscellaneous		13	13
<b>Total revenues</b>	<u>40,432</u>	<u>40,860</u>	<u>428</u>
<b>Expenditures:</b>			
Debt service - principal	36,814	35,358	1,456
- interest	13,483	12,366	1,117
- miscellaneous	43	378	(335)
<b>Total expenditures</b>	<u>50,340</u>	<u>48,102</u>	<u>2,238</u>
<b>Deficiency of revenues under expenditures</b>	<u>(9,908)</u>	<u>(7,242)</u>	<u>2,666</u>
<b>Other financing sources (uses):</b>			
Refunding bonds		22,420	22,420
Payment to refunded bond escrow agent		(22,551)	(22,551)
Premium on bonds		515	515
Transfers in	9,549	7,455	(2,094)
Transfers (out)		(170)	(170)
<b>Total other financing sources</b>	<u>9,549</u>	<u>7,669</u>	<u>(1,880)</u>
<b>Excess (deficiency) of revenues and other sources over (under) expenditures and other uses</b>	(359)	427	786
<b>Fund balance at beginning of year</b>	3,059	5,537	2,478
<b>Fund balance at end of year</b>	<u>\$ 2,700</u>	<u>\$ 5,964</u>	<u>\$ 3,264</u>

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# **Combining Statements and Other Schedules**

**Other (Non-Major) Enterprise Funds**

## **Other (Non-Major) Enterprise Funds**

Development Services – to account for the operations of providing zoning permits, enforcing ordinances in compliance with state and administering uniform building codes.

Parking Garages – to account for the management and operation of six public parking garages located in downtown Tucson.

## COMBINING STATEMENT OF NET ASSETS - NONMAJOR ENTERPRISE FUNDS

June 30, 2002  
(in thousands)

	Development Services	Parking Garages	Total Other Enterprise Funds
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 6,051	\$ 729	\$ 6,780
Interest receivable	22		22
Due from other funds		2,435	2,435
Due from other governments	1		1
Accounts receivable	1	15	16
Total current assets	<u>6,075</u>	<u>3,179</u>	<u>9,254</u>
<b>Noncurrent assets:</b>			
<b>Capital assets:</b>			
Land and other improvements		657	657
Buildings and improvements		12,927	12,927
Equipment	817	227	1,044
Less accumulated depreciation	(485)	(6,252)	(6,737)
Total capital assets (net of accumulated depreciation)	<u>332</u>	<u>7,559</u>	<u>7,891</u>
Total noncurrent assets	<u>332</u>	<u>7,559</u>	<u>7,891</u>
<b>Total assets</b>	<u>\$ 6,407</u>	<u>\$ 10,738</u>	<u>\$ 17,145</u>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 168	\$ 181	\$ 349
Employee compensation	740	14	754
Due to other funds	11		11
Due to other governments		195	195
Total current liabilities	<u>919</u>	<u>390</u>	<u>1,309</u>
<b>Total liabilities</b>	<u>919</u>	<u>390</u>	<u>1,309</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	332	7,559	7,891
Unrestricted	5,156	2,789	7,945
<b>Total net assets</b>	<u>\$ 5,488</u>	<u>\$ 10,348</u>	<u>\$ 15,836</u>

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
NONMAJOR ENTERPRISE FUNDS

For the Year Ended June 30, 2002  
(in thousands)

	Development Services	Parking Garages	Total Other Enterprise Funds
Operating revenues:			
Charges for services	\$ 7,754	\$ 1,454	\$ 9,208
Other	155	1	156
<b>Total net operating revenues</b>	<b>7,909</b>	<b>1,455</b>	<b>9,364</b>
Operating expenses:			
Employee compensation	5,558	99	5,657
Operating supplies and services	956	11	967
Utilities	97	169	266
Repair and maintenance	113	110	223
General and administrative	1,397	540	1,937
Consultants and professional services	171		171
Depreciation and amortization	109	353	462
<b>Total operating expenses</b>	<b>8,401</b>	<b>1,282</b>	<b>9,683</b>
Operating income (loss)	(492)	173	(319)
Nonoperating revenues (expenses):			
Interest income	158	72	230
Loss on disposal of capital assets	(9)		(9)
<b>Total nonoperating revenues (expenses):</b>	<b>149</b>	<b>72</b>	<b>221</b>
Income (loss) before transfers	(343)	245	(98)
Transfers (out)		(712)	(712)
Change in net assets	(343)	(467)	(810)
Net assets at beginning of year, as restated	5,831	10,815	16,646
<b>Net assets at end of year</b>	<b>\$ 5,488</b>	<b>\$ 10,348</b>	<b>\$ 15,836</b>

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS

For the Year Ended June 30, 2002  
(in thousands)

	Development Services	Parking Garages	Total Other Enterprise Funds
Cash flows from operating activities:			
Cash received from other funds for goods and services provided	\$ 140		\$ 140
Cash received from customers for goods and services provided	7,770	\$ 1,454	9,224
Cash received from miscellaneous operations	155	1	156
Cash payments to suppliers for goods and services	(838)	(723)	(1,561)
Cash payments to other funds for goods and services	(2,333)	(91)	(2,424)
Cash payments to employees for services	(5,140)	(94)	(5,234)
Net cash provided (used) by operating activities	<u>(246)</u>	<u>547</u>	<u>301</u>
Cash flows from noncapital financing activities:			
Interest received on interfund loans		63	63
Transfers out		(712)	(712)
Loan payments from other funds		441	441
Net cash used by noncapital financing activities		<u>(208)</u>	<u>(208)</u>
Cash flows from capital and related financing activities:			
Purchase of property, plant, and equipment	<u>(41)</u>	<u>(74)</u>	<u>(115)</u>
Net cash used for capital and related financing activities	<u>(41)</u>	<u>(74)</u>	<u>(115)</u>
Cash flows from investing activities:			
Interest on cash and investments	<u>180</u>	<u>11</u>	<u>191</u>
Net cash provided by investing activities	<u>180</u>	<u>11</u>	<u>191</u>
Net increase in cash and cash equivalents	(107)	276	169
Cash and cash equivalents at beginning of year	<u>6,158</u>	<u>453</u>	<u>6,611</u>
Cash and cash equivalents at end of year	<u>\$ 6,051</u>	<u>\$ 729</u>	<u>\$ 6,780</u>

(Continued)

COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR ENTERPRISE FUNDS  
 For the Year Ended June 30, 2002  
 (in thousands)  
 (Continued)

Reconciliation of operating income (loss) to net cash provided (used) by operating activities	Development Services	Parking Garages	Total Other Enterprise Funds
Operating income (loss)	\$ (492)	\$ 173	\$ (319)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	109	353	462
Decrease in interfund receivables	27		27
Decrease in inventory and other assets	6	1	7
Decrease in accounts payable	(16)	(11)	(27)
Increase in other current liabilities	120	31	151
Net cash provided (used) by operating activities	<u>\$ (246)</u>	<u>\$ 547</u>	<u>\$ 301</u>

Noncash investing, capital, and financing activities:

During the year ended June 30, 2002, the Development Services Enterprise Fund disposed of assets with an original cost of \$40 and accumulated depreciation of \$31 for a loss on disposal of \$9.



# **Combining Statements and Other Schedules**

**Internal Service Funds**

## **Internal Service Funds**

Self Insurance Trust Fund - to account for the risk management function of the County. The Fund provides self-insurance coverage to the County for medical malpractice, workers' compensation, unemployment, dental, general liability, environmental liability and property damage as well as acquiring coverage for other risks.

Other Internal Service - to account for the acquisition, operation and maintenance of automotive equipment provided to County departments, as well as to account for the provision of printing and telecommunication services to County departments.

## COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS

June 30, 2002  
(in thousands)

	Self Insurance Trust	Other Internal Service	Total Other Internal Service Funds
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 41,052	\$ 3,839	\$ 44,891
Interest receivable	130	5	135
Due from other funds	161	2,054	2,215
Due from other governments		27	27
Accounts receivable		1	1
Inventory		331	331
Prepaid expense	458	50	508
Total current assets	<u>41,801</u>	<u>6,307</u>	<u>48,108</u>
<b>Noncurrent assets:</b>			
<b>Capital assets:</b>			
Land and other improvements	592		592
Buildings and improvements		462	462
Equipment	128	25,082	25,210
Less accumulated depreciation	<u>(86)</u>	<u>(11,766)</u>	<u>(11,852)</u>
Total capital assets (net of accumulated depreciation)	<u>634</u>	<u>13,778</u>	<u>14,412</u>
Total noncurrent assets	<u>634</u>	<u>13,778</u>	<u>14,412</u>
Total assets	<u>\$ 42,435</u>	<u>\$ 20,085</u>	<u>\$ 62,520</u>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 126	\$ 1,005	\$ 1,131
Employee compensation	108	489	597
Interfund payable	186		186
Due to other funds	2	61	63
Current portion reported but unpaid losses	4,349		4,349
Current portion Incurred but not reported losses	<u>2,583</u>		<u>2,583</u>
Total current liabilities	<u>7,354</u>	<u>1,555</u>	<u>8,909</u>
<b>Noncurrent liabilities:</b>			
Reported but unpaid losses	12,653		12,653
Incurred but not reported losses	<u>8,527</u>		<u>8,527</u>
Total noncurrent liabilities	<u>21,180</u>		<u>21,180</u>
Total liabilities	<u>28,534</u>	<u>1,555</u>	<u>30,089</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	634	13,777	14,411
Unrestricted	<u>13,267</u>	<u>4,753</u>	<u>18,020</u>
Total net assets	<u>\$ 13,901</u>	<u>\$ 18,530</u>	<u>\$ 32,431</u>

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2002  
(in thousands)

	Self Insurance Trust	Other Internal Service	Total Other Internal Service Funds
Operating revenues:			
Charges for services	\$ 11,532	\$ 14,522	\$ 26,054
Other	471	493	964
<b>Total operating revenues</b>	<b>12,003</b>	<b>15,015</b>	<b>27,018</b>
Operating expenses:			
Employee compensation	1,593	3,790	5,383
Operating supplies and services	140	3,944	4,084
Incurred losses	8,912		8,912
Insurance premiums	2,342	611	2,953
General and administrative	657	3,296	3,953
Repairs and maintenance	90		90
Consultants and professional services	445		445
Depreciation and amortization	16	1,965	1,981
<b>Total operating expenses</b>	<b>14,195</b>	<b>13,606</b>	<b>27,801</b>
Operating income (loss)	(2,192)	1,409	(783)
Nonoperating revenues (expenses):			
Interest income	1,046	105	1,151
Gain/(loss) on disposal of capital assets	116	(178)	(62)
<b>Total nonoperating revenues (expenses):</b>	<b>1,162</b>	<b>(73)</b>	<b>1,089</b>
Income (loss) before operating transfers	(1,030)	1,336	306
Capital contributions	6	179	185
Transfers in		152	152
Change in net assets	(1,024)	1,667	643
Net assets at beginning of year, as restated	14,925	16,863	31,788
Net assets at end of year	<b>\$ 13,901</b>	<b>\$ 18,530</b>	<b>\$ 32,431</b>

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2002  
(in thousands)

	Self Insurance Trust	Other Internal Service	Total Other Internal Service Funds
<b>Cash flows from operating activities:</b>			
Cash received from other funds for goods and services provided	\$ 11,532	\$ 14,541	\$ 26,073
Cash received from miscellaneous operations	693	492	1,185
Cash payments to suppliers for goods and services	(3,235)	(6,422)	(9,657)
Cash payments to other funds for goods and services	(580)	(1,078)	(1,658)
Cash payments for incurred losses	(7,050)		(7,050)
Cash payments to employees for services	(1,572)	(3,661)	(5,233)
<b>Net cash provided (used) by operating activities</b>	<b>(212)</b>	<b>3,872</b>	<b>3,660</b>
<b>Cash flows from noncapital financing activities:</b>			
Transfers in		152	152
Loans to other funds		(883)	(883)
Loans payments from other funds	52		52
Loan payments to other funds	(23)		(23)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>29</b>	<b>(731)</b>	<b>(702)</b>
<b>Cash flows from capital and related financing activities:</b>			
Proceeds from sale of equipment		231	231
Purchase of property, plant, and equipment		(1,726)	(1,726)
<b>Net cash (used) for capital and related financing activities</b>		<b>(1,495)</b>	<b>(1,495)</b>
<b>Cash flows from investing activities:</b>			
Proceeds from matured investments	250		250
Interest on cash and investments	1,218	108	1,326
<b>Net cash provided by investing activities</b>	<b>1,468</b>	<b>108</b>	<b>1,576</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,285</b>	<b>1,754</b>	<b>3,039</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>39,767</b>	<b>2,085</b>	<b>41,852</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 41,052</b>	<b>\$ 3,839</b>	<b>\$ 44,891</b>

(Continued)

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2002

(in thousands)

(Continued)

Reconciliation of operating income (loss) to net cash provided (used) by operating activities	Self Insurance Trust	Other Internal Service	Total Other Internal Service Funds
Operating income (loss)	\$ (2,192)	\$ 1,409	\$ (783)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	16	1,965	1,981
Decrease in accounts receivable	221		221
(Increase) in inventory and other assets	(132)	(33)	(165)
Increase (decrease) in accounts payable	(167)	341	174
Increase in reported but unpaid losses	1,466		1,466
Increase in incurred but not reported losses	396		396
Increase in interfund payable	159		159
Increase in other current liabilities	21	190	211
Net cash provided (used) by operating activities	<u>\$ (212)</u>	<u>\$ 3,872</u>	<u>\$ 3,660</u>

Noncash investing, capital, and financing activities:

During the year ended June 30, 2002, \$6 of general capital assets were transferred to Self Insurance Trust Fund.

During the year ended June 30, 2002, Self Insurance Trust Fund sold a capital asset with a book value of \$45 for \$161, resulting in a gain of \$116.

During the year ended June 30, 2002, Other Internal Service Fund sold and retired assets with a net book value of \$409 for \$231, resulting in a net loss on retirement of \$178.

During the year ended June 30, 2002, \$179 of general capital assets were transferred to Other Internal Service Fund.



# **Combining Statements and Other Schedules**

**Fiduciary Funds**

PIMA COUNTY  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 Fiduciary Funds  
 June 30, 2002  
 (in thousands)

Exhibit C-20

	Treasurer's Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 135,077	\$ 27,438	\$ 162,515
Interest receivable	164	108	272
<b>Total assets</b>	<u>135,241</u>	<u>27,546</u>	<u>162,787</u>
<b>LIABILITIES</b>			
<b>Total liabilities</b>	<u>          </u>	<u>          </u>	<u>          </u>
<b>NET ASSETS</b>			
Held in trust	<u>\$ 135,241</u>	<u>\$ 27,546</u>	<u>\$ 162,787</u>

PIMA COUNTY  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 Fiduciary Funds  
 For the Year Ended June 30, 2002  
 (in thousands)

Exhibit C-21

	Treasurer's Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
<b>ADDITIONS</b>			
Contributions:			
Participants	\$ 1,755,680	\$ 120,287	\$ 1,875,967
<b>Total contributions</b>	<u>1,755,680</u>	<u>120,287</u>	<u>1,875,967</u>
Investment earnings:			
Interest	2,679	1,269	3,948
<b>Total investment earnings</b>	<u>2,679</u>	<u>1,269</u>	<u>3,948</u>
<b>Total additions</b>	<u>1,758,359</u>	<u>121,556</u>	<u>1,879,915</u>
<b>DEDUCTIONS</b>			
Distributions to participants	1,758,442	127,350	1,885,792
<b>Total deductions</b>	<u>1,758,442</u>	<u>127,350</u>	<u>1,885,792</u>
<b>Net (decrease)</b>	(83)	(5,794)	(5,877)
<b>Net assets held in trust July 1, 2001</b>	135,324	33,340	168,664
<b>Net assets held in trust June 30, 2002</b>	<u>\$ 135,241</u>	<u>\$ 27,546</u>	<u>\$ 162,787</u>

PIMA COUNTY  
 COMBINING STATEMENT OF ASSETS AND LIABILITIES  
 Agency Funds  
 June 30, 2002  
 (in thousands)

Exhibit C-22

	Payroll	Treasurer's Clearing	Other	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,495	\$ 294	\$ 32,500	\$ 34,289
Due from other governments		5,089		5,089
<b>Total assets</b>	<b>\$ 1,495</b>	<b>\$ 5,383</b>	<b>\$ 32,500</b>	<b>\$ 39,378</b>
<b>LIABILITIES</b>				
Employee compensation	\$ 1,495			\$ 1,495
Due to other governments			\$ 11,752	11,752
Deposits and rebates		\$ 5,383	20,748	26,131
<b>Total liabilities</b>	<b>\$ 1,495</b>	<b>\$ 5,383</b>	<b>\$ 32,500</b>	<b>\$ 39,378</b>

PIMA COUNTY  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 Agency Funds  
 For the Year Ended June 30, 2002  
 (in thousands)

	Balance 06/30/01	Additions	Deductions	Balance 06/30/02
<b>Payroll Clearing</b>				
Assets				
Cash and cash equivalents	\$ 2,290	\$ 318,108	\$ 318,903	\$ 1,495
Total assets	<u>\$ 2,290</u>	<u>\$ 318,108</u>	<u>\$ 318,903</u>	<u>\$ 1,495</u>
Liabilities				
Employee compensation	\$ 2,290	\$ 318,108	\$ 318,903	\$ 1,495
Total liabilities	<u>\$ 2,290</u>	<u>\$ 318,108</u>	<u>\$ 318,903</u>	<u>\$ 1,495</u>
<b>Treasurer's Clearing</b>				
Assets				
Cash and cash equivalents	\$ (5,644)	\$ 1,007,982	\$ 1,002,044	\$ 294
Due from other governments	\$ 8,294	5,089	8,294	5,089
Total assets	<u>\$ 2,650</u>	<u>\$ 1,013,071</u>	<u>\$ 1,010,338</u>	<u>\$ 5,383</u>
Liabilities				
Deposits and rebates	\$ 2,650	\$ 276,092	\$ 273,359	\$ 5,383
Due to other governments		736,979	736,979	
Total liabilities	<u>\$ 2,650</u>	<u>\$ 1,013,071</u>	<u>\$ 1,010,338</u>	<u>\$ 5,383</u>
<b>Other</b>				
Assets				
Cash and cash equivalents	\$ 26,662	\$ 621,527	\$ 615,689	\$ 32,500
Total assets	<u>\$ 26,662</u>	<u>\$ 621,527</u>	<u>\$ 615,689</u>	<u>\$ 32,500</u>
Liabilities				
Due to other governments	\$ 11,580	\$ 254,871	\$ 254,699	\$ 11,752
Due to other funds	6		6	
Deposits and rebates	15,076	366,656	360,984	20,748
Total liabilities	<u>\$ 26,662</u>	<u>\$ 621,527</u>	<u>\$ 615,689</u>	<u>\$ 32,500</u>
<b>Totals - All Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 23,308	\$ 1,947,617	\$ 1,936,636	\$ 34,289
Due from other governments	8,294	5,089	8,294	5,089
Total assets	<u>\$ 31,602</u>	<u>\$ 1,952,706</u>	<u>\$ 1,944,930</u>	<u>\$ 39,378</u>
Liabilities				
Employee compensation	\$ 2,290	\$ 318,108	\$ 318,903	\$ 1,495
Due to other governments	11,580	991,850	991,678	11,752
Due to other funds	6		6	
Deposits and rebates	17,726	642,748	634,343	26,131
Total liabilities	<u>\$ 31,602</u>	<u>\$ 1,952,706</u>	<u>\$ 1,944,930</u>	<u>\$ 39,378</u>

**PIMA COUNTY**

**Comprehensive Annual Financial Report**

For the Fiscal Year Ended June 30, 2002

**INTRODUCTORY SECTION**

**FINANCIAL SECTION**

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**STATISTICAL SECTION**

General Revenues by Source

General Government Expenditures by Function

Property Tax Levies and Collections

Assessed, Limited and Full Cash (Secondary) Value of Taxable Property

Property Tax Rates - Direct and Overlapping Governments

Special Assessment Billings and Collections

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita

Computation of Direct and Overlapping General Bond Debt

Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures

Revenue Bond Coverage - Sewer Bonds

Demographic Statistics

Principal Taxpayers

Comparative Net Valuations and Tax Rates

School District Outstanding Bond Issues

Historical Collections - Hotel Excise Tax, Car Rental Surcharges and Recreational Vehicle Tax

Streets and Highways Revenues

Lease, Lease-Purchase and Purchase Agreements

Population Statistics

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## STATISTICAL SECTION

The Statistical Section contains data designed to disclose economic, financial and demographic information to aid the reader of the Comprehensive Annual Financial Report in understanding the environment in which Pima County operates.

PIMA COUNTY  
GENERAL REVENUES BY SOURCE (1)  
Last Ten Fiscal Years  
(Amounts in thousands)

Fiscal Year	Property Taxes (2)	Licenses & Permits	Inter-governmental	Charges for Services	Fines & Forfeits	Interest Income	Miscellaneous & Other	Total
1992-93	\$ 172,685	\$ 2,742	\$ 117,873	\$ 18,316	\$ 5,039	\$ 3,798	\$ 9,530	\$ 329,983
1993-94	166,781	3,078	134,362	22,587	3,537	4,111	9,532	343,988
1994-95	162,289	3,263	147,973	21,831	3,434	5,730	11,593	356,113
1995-96	164,525	3,210	156,924	22,058	2,940	4,399	8,242	362,298
1996-97	168,350	3,275	164,850	22,283	3,802	3,690	12,624	378,874
1997-98	182,323	3,389	179,512	18,714	3,411	2,801	13,445	403,595
1998-99	195,822	4,306	201,540	21,207	3,930	4,287	9,698	440,790
1999-00	215,035	4,541	229,244	24,125	4,245	8,701	8,099	493,990
2000-01	228,387	4,882	237,176	23,363	4,365	10,008	6,932	515,113
2001-02	245,247	6,077	242,654	27,561	4,882	4,887	7,333	538,641

(1) Includes General, Special Revenue and Debt Service Funds.

(2) Includes special assessment districts.

PIMA COUNTY  
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (1)  
Last Ten Fiscal Years  
(Amounts in thousands)

Fiscal Year	General Government	Public Safety	Highways & Streets	Sanitation	Health	Welfare	Culture & Recreation	Education & Economic Opportunity	Debt Service (3)	Total
1992-93	\$ 84,024	\$ 75,019	\$ 16,409	\$ 3,499	\$ 14,314	\$ 53,638	\$ 14,988	\$ 15,520	\$ 40,052	\$ 317,463
1993-94	82,837	75,546	16,190	3,538	14,568	56,561	11,159	21,118	42,175	323,692
1994-95	87,162	81,622	20,403	4,685	15,273	58,851	13,687	24,154	43,874	349,711
1995-96	88,764	89,473	20,567	4,747	16,272	60,671	15,568	26,915	40,767	363,744
1996-97	132,240	91,563	22,715	4,754	18,632	63,808	17,364	28,720	47,924	427,720
1997-98	101,156	91,835	21,166	- (2)	18,763	68,101	18,605	29,486	40,830	389,942
1998-99	102,390	103,679	21,923	-	20,142	69,687	19,447	30,103	57,769	425,140
1999-00	110,022	109,815	25,689	-	22,579	69,368	20,263	33,135	51,544	442,415
2000-01	122,023	117,058	24,977	-	22,584	71,260	22,242	32,458	55,012	467,614
2001-02	125,416	123,021	27,835	-	23,102	73,136	25,581	37,524	51,861	487,476

(1) Includes General, Special Revenue and Debt Service Funds.

(2) During FY 97-98 Sanitation expenditures were moved to an enterprise fund as a sub-fund entity.

(3) Includes non-bonded debt, such as lease-purchases.

PIMA COUNTY

PROPERTY TAX LEVIES AND COLLECTIONS (1)

Last Ten Fiscal Years  
(in thousands)

Fiscal Year	Original Real Property Tax Levy	Tax Roll Corrections	Adjusted Levy	Collected to June 30, End of Tax Fiscal Year (2)		Collected to June 30, 2002 (2)		Delinquent Taxes Receivable (3)
				Amount	Percent of Original Levy	Amount	Percent of Adjusted Levy	
1992-93	\$ 148,847	\$ 808	\$ 149,655	\$ 139,662	93.83%	\$ 147,630	98.65%	\$ 2,025
1993-94	141,189	(758)	140,431	133,706	94.70%	139,862	99.59%	569
1994-95	143,765	(1,115)	142,650	136,440	94.90%	141,432	99.15%	1,218
1995-96	147,786	(594)	147,192	140,805	95.28%	146,632	99.62%	560
1996-97	152,009	(1,066)	150,943	145,204	95.52%	150,543	99.73%	400
1997-98	168,688	(748)	167,940	160,593	95.20%	167,225	99.57%	715
1998-99	180,550	(1,682)	178,868	172,330	95.45%	179,628	100.42%	(760)
1999-00	201,925	(849)	201,076	192,409	95.29%	201,047	99.99%	29
2000-01	214,642	(875)	213,767	204,424	95.24%	213,626	99.93%	141
2001-02	228,477	(710)	227,767	218,192	95.50%	218,192	95.80%	9,575

NOTES:

- (1) Unsecured personal property taxes are not included in this schedule because the dates of the monthly tax rolls vary each year. On the average 93% of unsecured property taxes are collected within 90 days after the due date.
- (2) Amounts collected are on a cash basis rather than the modified accrual basis used in the financial statements.
- (3) Represents the difference between the adjusted levy and collected to June 30, 2002.

PIMA COUNTY  
 ASSESSED, LIMITED AND FULL CASH (SECONDARY) VALUE OF TAXABLE PROPERTY  
 Last Ten Fiscal Years  
 (Amounts in thousands)

Fiscal Year	Net Assessed Value	Limited and Full Cash Values (1)	Ratio of Net Assessed to Full Cash Value
1992-93 Primary	\$ 2,951,177	\$ 25,895,298	11.40%
1992-93 Secondary	2,993,029	26,266,792	11.39%
1993-94 Primary	2,941,413	27,059,620	10.87%
1993-94 Secondary	2,974,072	27,379,317	10.86%
1994-95 Primary	3,049,266	27,753,938	10.99%
1994-95 Secondary	3,150,105	28,575,801	11.02%
1995-96 Primary	3,130,753	28,973,933	10.81%
1995-96 Secondary	3,218,884	29,751,166	10.82%
1996-97 Primary	3,208,291	30,042,703	10.68%
1996-97 Secondary	3,247,512	30,433,238	10.67%
1997-98 Primary	3,468,269	31,002,247	11.19%
1997-98 Secondary	3,700,218	34,304,545	10.79%
1998-99 Primary	3,682,397	33,930,287	10.85%
1998-99 Secondary	3,852,574	35,295,924	10.92%
1999-00 Primary	3,853,630	32,800,358	11.75%
1999-00 Secondary	4,000,624	33,892,170	11.80%
2000-01 Primary	4,111,664	34,898,918	11.78%
2000-01 Secondary	4,236,070	35,819,667	11.83%
2001-02 Primary	4,361,493	37,257,921	11.71%
2001-02 Secondary	4,491,395	38,196,337	11.76%

(1) Limited value is the basis for primary taxes and annual changes therein are restricted by statute;  
 Full Cash Value or Secondary Value approximates market value.

PIMA COUNTY  
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
(Per \$100 of Assessed Value)  
Last Ten Fiscal Years

Fiscal Year	County Primary	County Secondary	Flood Control District (1)	County Library District	Fire District Assistance	Total	State of Arizona	Education Assistance
1993-94	3.5102	1.1031	0.5398	0.1924	0.0567	5.4022	0.4700	0.5300
1994-95	3.5102	1.0201	0.4623	0.2024	0.0501	5.2451	0.4700	0.5300
1995-96	3.5137	1.0201	0.3596	0.2124	0.0539	5.1597	0.4700	0.5300
1996-97	3.5137	0.9701	0.3596	0.2224	0.0549	5.1207	0.0000	0.5300
1997-98	3.5839	1.0000	0.3296	0.2224	0.0517	5.1876	0.0000	0.5300
1998-99	3.6852	0.9650	0.3246	0.2224	0.0515	5.2487	0.0000	0.5300
1999-00	4.0720	0.9350	0.3046	0.2024	0.0511	5.5651	0.0000	0.5217
2000-01	4.0720	0.9350	0.3046	0.2024	0.0495	5.5635	0.0000	0.5123
2001-02	4.0720	0.8950	0.3546	0.2124	0.0488	5.5828	0.0000	0.4974
2002-03	4.0720	0.8150	0.3546	0.2124	0.0458	5.4998	0.0000	0.4889

Fiscal Year	Community College District	City of Tucson	City of South Tucson	Central AZ Water Conserv District	Flowing Wells Irrigation District (2)	Silverbell Irrigation District (2)	Cortaro-Marana Irrigation District (2)	Mobile Home Relocation District (3)
1993-94	1.0599	1.0900	0.1300	0.1400	6.9300	3.0000	1.0000	0.5000
1994-95	1.1038	1.1582	0.1300	0.1400	6.9300	1.5000	1.0000	0.5000
1995-96 (4)	1.2183	1.1490	0.3100	0.1400	6.9300	1.5000	1.0000	0.5000
1996-97	1.2433	1.1489	0.2937	0.1400	6.9300	1.5000	1.0000	0.5000
1997-98	1.1836	0.9916	0.2937	0.1400	6.9300	2.0000	1.0000	0.5000
1998-99	1.1922	0.9601	0.2937	0.1400	6.9300	3.0000	1.0000	0.5000
1999-00	1.3696	1.0238	0.2937	0.1400	6.9300	3.0000	1.0000	0.5000
2000-01	1.5574	1.1270	0.2918	0.1300	6.9300	3.0000	1.0000	0.5000
2001-02	1.5470	1.1202	0.2828	0.1300	10.4000	3.0000	24.7500	0.5000
2002-03	1.5333	1.1202	0.2706	0.1300	10.4000	3.0000	24.7500	0.0000

- (1) The Pima County Flood Control District tax levy applies only to real property.  
(2) Irrigation districts tax rates shown are levied on a per acre basis.  
(3) Mobile Home Relocation levy applies only to unsecured mobile homes (not presented after 2001-02).  
(4) In FY 1995-96 the Country Club Estates special improvement district levied a one-time assessment for legal costs.  
The rate thereof was \$0.8807.

## Notes:

- (A) The Towns of Marana, Oro Valley and Sahuarita do not currently levy a property tax.  
(B) The Tucson Business Improvement District levy (on a per-business basis) is not shown.

PIMA COUNTY  
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS - SCHOOL DISTRICTS  
(Per \$100 of Assessed Value)  
Last Ten Fiscal Years

School District	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Tucson Unified (#1)	\$ 7.9691	\$ 8.7672	\$ 8.9060	\$ 9.4708	\$ 8.9101	\$ 8.8281	\$ 8.7869	\$ 9.0494	\$ 9.8088	\$ 9.2780
Marana Unified (#6)	7.3247	7.2264	7.2597	6.9775	6.6480	6.9743	7.6408	7.5418	7.7028	7.3623
Flowing Wells Unified (#8)	7.4727	7.6029	7.2255	6.5723	7.2592	7.7804	8.8612	8.4928	8.0490	7.2175
Amphitheater Unified (#10)	7.5557	7.3911	8.1646	7.6789	7.5099	7.0881	7.1715	6.8816	7.4427	7.0207
Sunnyside Unified (#12)	9.6930	10.8924	11.2560	10.5055	10.6503	10.5437	10.6897	10.3609	10.3706	9.6945
Tanque Verde Unified (#13)	6.5173	6.8044	7.3043	7.4922	6.9303	6.9273	6.8939	6.9434	6.8484	6.6818
Ajo Unified (#15)	4.6002	4.9327	6.5463	4.0261	4.0992	4.9511	4.6791	6.0973	7.0508	4.1555
Catalina Foothills Unified (#16)	7.7534	7.8525	7.8948	8.0098	7.5160	7.9121	7.8515	7.7258	7.5344	7.0956
Vail Elementary (#20)	4.3089	6.5543	8.7207	7.6203	6.9153	7.5128	7.3298	7.2604	7.2314	7.2295
Sahuarita Unified (#30)	5.7002	5.6717	5.4218	7.0353	6.7570	7.6282	8.3204	8.7007	8.7860	9.1329
Empire Elementary (#37)	7.5511	6.8466	5.8927	5.8100	6.2398	7.0259	10.3858	8.5371	7.6596	6.6965
Continental Elementary (#39)	1.6947	1.7019	1.8636	2.4913	2.6630	2.6371	2.5439	2.4983	2.4346	2.4398
Indian Oasis Unified (#40)	-	-	-	9.3934	10.6021	9.9071	10.4568	9.1002	-	-
Redington Elementary (#44)	3.8304	4.6607	5.0535	3.9803	4.4378	4.6590	7.7641	5.0186	6.3661	6.4230
Altar Valley Elementary (#51)	5.9601	7.7367	6.0884	9.1132	8.5139	7.3093	6.3348	6.5620	6.3052	6.3035
Unorganized*	2.3600	2.3600	2.3600	2.2000	2.2000	2.2000	2.1654	2.1265	2.0647	2.0296

\*County Education District; applies only to those geographical areas within Pima County not part of formal school districting.

Note: San Fernando Elementary (District #35) does not levy property taxes.

PIMA COUNTY  
 SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS  
 Last Ten Fiscal Years  
 (Amounts in thousands)

<u>Fiscal Year</u>	<u>Current Assessments Billed</u>	<u>Total Assessments Collected</u>	<u>Ratio of Collections to Amt Due</u>	<u>Amount Uncollected</u>	<u>Amount Prepaid</u>	<u>Total Outstanding Assessments</u>
1992-93	\$ 651	\$ 877	88.2%	\$ 77	303	4,239
1993-94	516	745	100.0%		229	3,097
1994-95	417	830	99.8%	1	414	4,300
1995-96	316	397	100.0%		81	3,900
1996-97	617	699	99.0%	6	88	3,337
1997-98	608	684	100.0%		76	2,828
1998-99	594	680	99.7%	2	88	2,300
1999-00	450	562	100.0%		112	1,697
2000-01	371	407	100.0%		36	1,053
2001-02	275	297	99.6%	1	23	2,507

PIMA COUNTY  
 RATIO OF NET GENERAL BONDED DEBT  
 TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA  
 Last Ten Fiscal Years  
 (\$ Amounts in thousands)

Fiscal Year	Population at July 1	Secondary Net Assessed Value	Gross General Bond Debt	Debt Service Funds Available for Principal	Net General Bond Debt	Percent Net General Bond Debt to Assessed Value	Net General Bond Debt per Capita*
1992-93	720,000	2,993,029	262,665	15,838	246,827	8.25%	\$ 342.82
1993-94	738,600	2,974,072	252,835	16,161	236,674	7.96%	320.44
1994-95	759,600	3,150,105	230,760	14,537	216,223	6.86%	284.65
1995-96	775,100	3,218,884	207,745	15,062	192,683	5.99%	248.59
1996-97	799,375	3,247,512	183,680	8,032	175,648	5.41%	219.73
1997-98	817,851	3,700,218	186,990	10,931	176,059	4.76%	215.27
1998-99	845,775	3,852,574	153,295	6,827	146,468	3.80%	173.18
1999-00	854,329	4,000,624	173,985	6,249	167,736	4.19%	196.34
2000-01	872,394	4,236,070	192,640	4,309	188,331	4.45%	215.88
2001-02	890,356	4,491,395	183,085	4,883	178,202	3.97%	200.15

\*In dollars and cents.

NOTE:

Includes all long-term general obligation bonds outstanding. Does not include bonded debt of Pima County Flood Control District or various County Improvement Districts.

PIMA COUNTY  
 COMPUTATION OF DIRECT AND OVERLAPPING GENERAL BOND DEBT  
 At June 30, 2002  
 (\$ Amounts in thousands)

Jurisdiction	Net General Bond Debt Outstanding	Applicable to Pima County	
		Percentage	Amount
Direct:			
Pima County*	\$ 178,202	100%	\$ 178,202
Flood Control District	5,330	100%	5,330
Total Direct	<u>183,532</u>		<u>183,532</u>
Overlapping:			
School Districts	709,161	100%	709,161
City of Tucson	241,596	100%	241,596
Fire Districts		100%	
Irrigation Districts		100%	
Total Overlapping	<u>950,757</u>		<u>950,757</u>
	<u>\$ 1,134,289</u>		<u>\$ 1,134,289</u>

\*Excludes improvement districts.

PIMA COUNTY  
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
 GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES  
 Last Ten Fiscal Years  
 (Amounts in thousands)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures (1)	Ratio of Debt Service To General Expenditures
1992-93	\$ 21,111	\$ 14,497	\$ 35,608	\$ 317,463	11.2%
1993-94	22,540	16,083	38,623	323,692	11.9%
1994-95	24,711	15,261	39,972	349,711	11.4%
1995-96	24,765	14,328	39,093	363,744	10.7%
1996-97	33,328	12,976	46,304	427,720	10.8%
1997-98	26,128	10,533	36,661	389,942	9.4%
1998-99	39,118	12,809	51,927	425,140	12.2%
1999-00	34,803	12,122	46,925	442,415	10.6%
2000-01	36,873	13,173	50,046	467,614	10.7%
2001-02	35,358	12,366	47,724	487,476	9.8%

(1) Includes General, Special Revenue and Debt Service Funds.

PIMA COUNTY  
REVENUE BOND COVERAGE  
SEWER BONDS  
Last Ten Fiscal Years  
(Amounts in thousands)

Fiscal Year	Gross Revenue (2)	Direct Operating Expense (3)	Net Revenue Available for Debt Service	Debt Service Requirements (1)			Coverage Ratio (4)
				Principal	Interest	Total	
1992-93	\$ 32,931	\$ 22,461	\$ 10,470	\$ 980	\$ 4,701	\$ 5,681	1.84
1993-94	38,063	23,063	15,000	790	4,796	5,586	2.69
1994-95	40,541	24,029	16,512	975	4,747	5,722	2.89
1995-96	39,467	25,686	13,781	1,030	4,064	5,094	2.71
1996-97	42,278	26,559	15,719	1,610	3,992	5,602	2.81
1997-98	48,235	33,920	14,315	2,885	5,039	7,924	1.81
1998-99	53,101	35,268	17,833	4,250	4,621	8,871	2.01
1999-00	60,067	39,441	20,626	4,515	4,369	8,884	2.32
2000-01	62,650	41,036	21,614	4,120	4,001	8,121	2.66
2001-02	64,269	44,897	19,372	5,200	3,579	8,779	2.21

## NOTES:

- (1) Debt Service Requirements include principal and interest payable in the 12 months following each fiscal year.
- (2) Includes sewer connection fees.
- (3) Excludes depreciation.
- (4) Sewer revenue bond covenants require minimum coverage of 1.20.

PIMA COUNTY  
DEMOGRAPHIC STATISTICS - POPULATION AND EMPLOYMENT  
Last Ten Years

Calendar Year	Population as of July 1	Civilian Labor Force	Total Unemp Rate	EMPLOYMENT				
				Mining	Construction	Manufacturing	Trades and Services	Finance, Insurance and Real Estate
1993	720,000	347,498	4.3%	2,200	15,500	24,100	146,100	12,300
1994	738,600	371,451	4.5%	2,100	18,600	27,100	148,000	12,400
1995	759,600	385,912	3.8%	3,000	18,900	28,300	159,600	11,800
1996	775,100	393,107	3.6%	2,400	20,200	27,800	162,500	12,000
1997	799,375	401,611	3.2%	2,300	18,800	29,600	167,600	12,500
1998	817,851	421,039	2.7%	2,300	20,900	29,500	169,800	12,600
1999	845,775	440,254	2.7%	2,000	21,600	29,600	182,600	13,400
2000	854,329	394,100	2.6%	1,800	22,100	33,500	191,600	13,800
2001	872,394	393,200	2.8%	1,800	21,600	34,000	190,800	14,100
2002	890,356	397,900	4.7%	1,500	21,800	32,300	184,500	15,100

Sources: Arizona Department of Economic Security; Economic Forecasting Project,  
University of Arizona; "Arizona's Economy," U of A Business Research Program.

PIMA COUNTY  
 DEMOGRAPHIC STATISTICS - TRANSPORTATION AND REAL ESTATE  
 Last Ten Years

Calendar Year	Transportation				Real Estate		
	Aircraft Movements	No. of Air Passengers	Bus Ridership	Riders Per Mile	Residential Bldg Permits	Multiple Listings	Sales Volume In \$ 000's
1993	230,790	2,602,487	16,288,787	2.10	2,772	8,760	915,876
1994	241,400	2,956,105	16,158,155	2.07	3,271	9,352	1,030,882
1995	242,315	3,412,297	15,466,961	2.02	2,540	7,761	916,825
1996	250,768	3,494,758	15,813,141	2.00	2,267	8,645	1,073,569
1997	239,263	3,500,330	15,943,383	2.03	2,136	8,071	1,047,805
1998	242,966	3,484,674	14,925,612	1.91	2,101	8,906	1,221,214
1999	284,149	3,497,788	15,279,274	1.90	2,508	10,627	1,517,076
2000	262,845	3,526,164	15,334,429	1.90	2,453	11,127	1,667,928
2001	260,258	3,733,205	14,513,188	1.87	3,182	11,229	1,775,178
2002	259,794	3,459,183	13,628,899	1.80	3,367	11,860	1,955,348

Sources: "Arizona's Economy," U of A Business Research Program (EBR), College of Business & Public Administration,  
 and Pima County Development Services Department. "MLS Month in Review" August 2002, Tucson Association of  
 of Realtors, Multiple Listing Service, Inc.

PIMA COUNTY  
 DEMOGRAPHIC STATISTICS - PROPERTY VALUES AND CONSTRUCTION AND BANK DEPOSITS  
 Last Ten Fiscal Years  
 (\$ Amounts in thousands)

Fiscal Year	Limited (1) Property Values							Construction Activity		Bank Deposits
	Commercial Property	Residential Property	Vacant Land	Mines (3)	Utilities (3)	Other	Total	Const Awards	No. Dwelling Units Awarded (2)	
1992-93	\$ 3,917,553	\$ 13,032,963	\$ 7,666,589	\$ 204,675	\$ 998,089	\$ 75,429	\$ 25,895,298	\$ 909,208	5,441	\$ 4,868,891
1993-94	3,900,630	13,542,072	8,365,815	202,015	984,196	57,147	27,051,875	861,567	6,480	5,338,642
1994-95	3,997,932	14,754,539	7,726,300	208,300	998,433	68,434	27,753,938	1,080,008	8,175	5,123,831
1995-96	3,921,248	15,950,339	7,809,340	206,450	1,015,254	71,302	28,973,933	1,090,534	6,528	5,119,874
1996-97	3,949,588	16,724,071	7,962,069	240,840	1,092,508	73,627	30,042,703	1,016,559	5,355	5,584,239
1997-98	4,095,613	18,600,065	7,939,668	234,500	1,096,482	179,172	32,145,500	1,001,909	5,667	5,428,634
1998-99	4,324,570	20,203,759	7,874,733	234,604	1,096,164	196,457	33,930,287	1,041,542	8,806	5,475,232
1999-00	4,428,290	21,729,070	5,097,384	157,938	1,207,311	181,725	32,801,718	1,561,110	8,489	5,059,897
2000-01	4,882,504	23,449,128	5,124,238	155,128	1,101,458	186,486	34,898,942	1,536,760	7,694	5,812,485
2001-02	6,617,058	25,129,561	5,279,147	-	-	232,156	37,257,922	1,678,354	7,716	6,029,443

Sources: "Arizona's Economy," U of A Business Research Program (EBR), College of Business & Public Administration and the Pima County Assessor's Office; Arizona Banker's Association.

- (1) Limited Values are the basis for Primary Taxes and annual changes therein are restricted by the State Constitution.
- (2) Includes multi-family units (apartments & condominiums).
- (3) Arizona Revised Statutes has redefined the categories, combining mines and utilities with commercial property.

PIMA COUNTY  
 DEMOGRAPHIC STATISTICS - ECONOMIC INDICATORS  
 BY CALENDAR YEAR  
 Last Ten Years  
 (\$ Amounts in thousands)

Calendar Year	Aggregate Retail Sales	Total Personal Income	Per Capita Personal Income*
1993	\$ 5,535,279	\$ 12,634,221	17,670
1994	6,075,864	13,719,349	18,640
1995	6,302,384	14,616,474	19,283
1996	6,586,348	15,626,844	20,112
1997	6,937,227	16,409,122	20,640
1998	7,260,497	17,687,372	21,468
1999	7,807,773	18,999,743	22,464
2000	8,170,826	20,855,000	24,057
2001	8,632,021	21,827,000	24,698
2002	8,728,079	21,991,000	24,787

Source: "Arizona's Economy", UofA Business Research Program (EBR)  
 College of Business & Public Administration.

\*Amounts in dollars.

PIMA COUNTY  
PRINCIPAL TAXPAYERS  
June 30, 2002  
(Amounts in thousands)

Taxpayer	Estimated 2002 Assessed Value (1)	Percent of Total 2002-03 Assessed Value
Tucson Electric Power Company	\$ 137,315	2.8%
QWEST	87,757	1.8%
Southwest Gas Corporation	53,668	1.1%
ASARCO Mining	27,736	0.6%
Tucson Mall	18,733	0.4%
Phelps Dodge	18,250	0.4%
Arizona Portland Cement	18,213	0.4%
Westin Tucson Hotels	16,703	0.3%
El Conquistador Hotel Associates	13,898	0.3%
Raytheon	13,349	0.3%
<b>Total Top Ten</b>	<b>\$ 405,622</b>	<b>8.4%</b>

Sources: Arizona Department of Revenue, Pima County Assessor's Office.

(1) Secondary Assessed Valuation for Tax Year 2003. Total: \$4,835,561

PIMA COUNTY  
COMPARATIVE NET VALUATIONS AND TAX RATES  
Per \$100 Assessed Value  
(\$ Amounts of Valuation expressed in thousands)

Jurisdiction	FY 2001-02 (Tax Year 2001)		FY 2002-03 (Tax Year 2002)	
	Valuation	Rate	Valuation	Rate
<u>State of Arizona</u>	\$ 4,361,493	\$0.0000	\$ 4,669,336	\$0.0000
<b><u>Pima County</u></b>				
General Fund - Primary	4,361,493	4.0720	4,669,336	4.0720
Debt Service - Secondary	4,491,395	0.8950	4,835,561	0.8150
Free Library - Secondary	4,491,395	0.2124	4,835,561	0.2124
Total County - Primary	4,361,493	4.0720	4,669,336	4.0720
Total County - Secondary	4,491,395	1.1074	4,835,561	1.0274
Grand Total		<u>5.1794</u>		<u>5.0994</u>
<u>Education Assistance</u>	4,361,493	0.4974	4,669,336	0.4889
<u>Flood Control District - Secondary</u>	3,834,691	0.3546	4,158,577	0.3546
<u>Fire District Assistance - Secondary</u>	4,491,395	0.0488	4,835,561	0.0458
<b><u>Pima Community College District</u></b>				
Primary	4,361,493	1.1455	4,669,336	1.1530
Secondary	4,491,395	0.4015	4,835,561	0.3803
Total		<u>1.5470</u>		<u>1.5333</u>
<b><u>Central Arizona Water Conservation District</u></b>				
Secondary	4,491,395	0.1300	4,835,561	0.1300
<b><u>Cities &amp; Towns</u></b>				
<b><u>City of Tucson</u></b>				
Primary	2,088,308	0.1403	2,202,934	0.2089
Secondary	2,138,461	0.9799	2,268,733	0.9113
Total		<u>1.1202</u>		<u>1.1202</u>
<b><u>City of South Tucson</u></b>				
Primary	15,606	0.2828	15,495	0.2706
<b><u>School Districts</u></b>				
Unorganized - Primary	9,264	2.0647	9,612	2.0296
<b><u>Tucson Unified (District #1)</u></b>				
Primary	2,022,227	8.0889	2,133,650	7.6124
Secondary	2,069,364	1.7199	2,193,148	1.6656
Total		<u>9.8088</u>		<u>9.2780</u>

(Continued)

PIMA COUNTY  
COMPARATIVE NET VALUATIONS AND TAX RATES  
Per \$100 Assessed Value  
(\$ Amounts of Valuation expressed in thousands)

Jurisdiction	FY 2001-02 (Tax Year 2001)		FY 2002-03 (Tax Year 2002)	
	Valuation	Rate	Valuation	Rate
<b>Marana Unified (District #6)</b>				
Primary	310,432	4.8598	341,216	4.5964
Secondary	321,138	2.8430	356,529	2.7659
Total		<u>7.7028</u>		<u>7.3623</u>
<b>Flowing Wells Unified (District #8)</b>				
Primary	129,673	5.2832	141,193	4.6906
Secondary	133,804	2.7658	147,141	2.5269
Total		<u>8.0490</u>		<u>7.2175</u>
<b>Amphiteather Unified (District #10)</b>				
Primary	775,203	5.2342	847,392	4.9565
Secondary	808,292	2.2085	888,617	2.0642
Total		<u>7.4427</u>		<u>7.0207</u>
<b>Sunnyside Unified (District #12)</b>				
Primary	256,903	5.1738	268,623	4.9592
Secondary	263,033	5.1968	278,027	4.7353
Total		<u>10.3706</u>		<u>9.6945</u>
<b>Tanque Verde Unified (District #13)</b>				
Primary	98,325	4.9160	109,603	4.7034
Secondary	101,894	1.9324	114,850	1.9784
Total		<u>6.8484</u>		<u>6.6818</u>
<b>Ajo Unified (District #15)</b>				
Primary	11,491	7.0508	12,204	4.1555
Secondary	13,067	0.0000	13,441	0.0000
Total		<u>7.0508</u>		<u>4.1555</u>
<b>Catalina Foothills Unified (District #16)</b>				
Primary	343,038	4.6659	367,693	4.4041
Secondary	353,009	2.8685	376,716	2.6915
Total		<u>7.5344</u>		<u>7.0956</u>
<b>Vail Elementary (District #20)</b>				
Primary	140,231	4.9933	163,073	4.9303
Secondary	144,439	2.2381	171,119	2.2992
Total		<u>7.2314</u>		<u>7.2295</u>

(Continued)

PIMA COUNTY  
 COMPARATIVE NET VALUATIONS AND TAX RATES  
 Per \$100 Assessed Value  
 (\$ Amounts of Valuation expressed in thousands)

Jurisdiction	FY 2001-02 (Tax Year 2001)		FY 2002-03 (Tax Year 2002)	
	Valuation	Rate	Valuation	Rate
<b>Sahuarita Unified (District #30)</b>				
Primary	83,369	4.9498	79,283	4.6745
Secondary	85,046	3.8362	82,413	4.4584
Total		<u>8.7860</u>		<u>9.1329</u>
<b>San Fernando Elementary (District #35)</b>				
Primary	644	0.0000	668	0.0000
Secondary	678	0.0000	687	0.0000
Total		<u>0.0000</u>		<u>0.0000</u>
<b>Empire Elementary (District #37)</b>				
Primary	3,312	7.6596	3,461	6.6965
Secondary	3,382	0.0000	3,864	0.0000
Total		<u>7.6596</u>		<u>6.6965</u>
<b>Continental Elementary (District #39)</b>				
Primary	153,704	2.0647	165,484	2.0296
Secondary	159,214	0.3699	170,793	0.4102
Total		<u>2.4346</u>		<u>2.4398</u>
<b>Indian Oasis Unified (District #40)</b>				
Primary	2,252	0.0000	3,406	0.0000
Secondary	2,252	0.0000	3,406	0.0000
Total		<u>0.0000</u>		<u>0.0000</u>
<b>Redington Elementary (District #44)</b>				
Primary	826	6.3661	1,191	6.4230
Secondary	854	0.0000	1,208	0.0000
Total		<u>6.3661</u>		<u>6.4230</u>
<b>Altar Valley Elementary (District #51)*</b>				
Primary	20,600	5.1919	21,583	5.5127
Secondary	21,976	1.1133	23,398	0.7908
Total		<u>6.3052</u>		<u>6.3035</u>

\*Formerly known as the Mary E. Dill School District

PIMA COUNTY  
SCHOOL DISTRICT OUTSTANDING BOND ISSUES  
June 30, 2002  
(\$ Amounts in thousands)

School District	Issue Date	Issue Amount	Amount Redeemed/ Retired	Amount Outstanding	Maturity Date
Tucson Unified District #1	05/01/91	\$ 11,075	\$ 11,075	\$ -	07/01/02
	05/01/91	40,000	40,000	0	07/01/02
	08/01/92	82,360	31,600	50,760	07/01/10
	08/01/92	110,000	88,850	21,150	07/01/07
	08/01/93	90,000	23,555	66,445	07/01/13
	08/01/93	49,660	9,465	40,195	07/01/10
	08/01/94	30,000	0	30,000	07/01/14
	04/01/95	42,950	9,450	33,500	07/01/14
	12/11/97	69,470	1,395	68,075	07/01/12
			<u>525,515</u>	<u>215,390</u>	<u>310,125</u>
Marana Unified District #6	02/01/94	5,380	5,380	0	07/01/06
	05/01/93 (3)	19,400	19,400	0	07/01/12
	06/01/95	7,500	795	6,705	07/01/10
	03/01/98	26,705	7,265	19,440	07/01/10
	06/30/98	5,400	420	4,980	07/01/17
	06/30/98 (1)	0	0	0	01/01/01
	07/01/98	1,700	1,700	0	07/01/00
	07/01/98	545	545	0	07/01/01
	07/01/98	10,260	10,260	0	07/01/12
	10/01/98	8,535	0	8,535	07/01/12
	07/01/99	8,655	45	8,610	07/01/12
	06/01/00 (4)	0	0	0	07/01/05
	06/01/00	10,515	0	10,515	07/01/17
	08/01/00	19,435	7,250	12,185	07/01/15
	08/01/01 (4)	14,545	575	13,970	07/01/12
			<u>138,575</u>	<u>53,635</u>	<u>84,940</u>
Flowing Wells Unified District #8	05/15/95	6,050	3,730	2,320	07/01/05
	06/01/96	12,695	8,665	4,030	07/01/14
	09/01/98	8,390	0	8,390	07/01/14
			<u>27,135</u>	<u>12,395</u>	<u>14,740</u>
Amphitheater Unified District #10	10/01/88	22,225	22,225	0	07/01/00
	02/01/90	34,495	32,815	1,680	07/01/04
	03/01/92	5,000	2,600	2,400	07/01/03
	10/01/92	19,000	10,200	8,800	07/01/06
	10/01/92	26,235	15,710	10,525	07/01/04
	02/01/95	14,500	9,200	5,300	07/01/07
	11/01/95	29,000	0	29,000	07/01/09
	02/19/97	19,350	0	19,350	07/01/10
	10/15/98	12,680	365	12,315	07/01/06
	12/01/99	33,835	0	33,835	07/01/12
		<u>216,320</u>	<u>93,115</u>	<u>123,205</u>	
Sunnyside Unified District #12	11/01/91	9,960	9,960	0	07/01/01
	03/01/93	7,265	7,265	0	07/01/99
	03/01/94	13,425	13,425	0	07/01/02
	03/01/94	9,000	0	9,000	07/01/08
	04/15/94	9,000	350	8,650	07/01/11
	04/15/94	12,000	0	12,000	07/01/11
	08/01/97	6,445	0	6,445	07/01/11
	08/25/98	12,925	1,025	11,900	07/01/15
	11/01/99	11,040	0	11,040	07/01/13
			<u>91,060</u>	<u>32,025</u>	<u>59,035</u>

(Continued)

PIMA COUNTY  
SCHOOL DISTRICT OUTSTANDING BOND ISSUES  
June 30, 2002  
(\$ Amounts in thousands)

School District	Issue Date	Issue Amount	Amount Redeemed/ Retired	Amount Outstanding	Maturity Date
Tanque Verde Unified District #13	02/01/89	2,685	2,685	0	07/01/99
	11/15/94	8,700	5,220	3,480	07/01/10
	12/20/94	365	365	0	07/01/01
	03/01/98	4,995	675	4,320	07/01/10
		<u>16,745</u>	<u>8,945</u>	<u>7,800</u>	
Catalina Foothills Unified District #16	03/01/91	20,000	16,150	3,850	07/01/05
	07/01/92	9,600	9,600	0	07/01/10
	02/01/93	8,500	8,500	0	07/01/03
	01/01/94	25,720	11,350	14,370	07/01/10
	02/01/94	5,000	2,775	2,225	07/01/10
	02/08/94	955	0	955	07/01/09
	05/01/95	5,500	4,450	1,050	07/01/10
	03/01/96	5,485	2,885	2,600	07/01/06
	01/01/98	10,600	1,675	8,925	07/01/13
	06/30/98	9,120	650	8,470	07/01/10
	10/01/01	7,815	0	7,815	07/01/10
	<u>108,295</u>	<u>58,035</u>	<u>50,260</u>		
Vail Elementary District #20	09/01/92	4,470	3,095	1,375	07/01/04
	08/01/94	5,300	890	4,410	07/01/09
	06/01/98	4,200	360	3,840	07/01/17
	03/01/01	10,000	0	10,000	07/01/15
		<u>23,970</u>	<u>4,345</u>	<u>19,625</u>	
Sahuarita Unified District #30	01/01/96	9,500	4,590	4,910	07/01/11
	01/01/96	370	370	0	07/01/00
	01/29/97	9,750	2,490	7,260	07/01/11
	01/28/98	10,645	540	10,105	07/01/11
	01/28/98	124	83	41	07/01/03
	<u>30,389</u>	<u>8,073</u>	<u>22,316</u>		
Continental Elementary District #39	08/01/93	1,625	805	820	07/01/08
	04/01/97	3,785	620	3,165	07/01/12
		<u>5,410</u>	<u>1,425</u>	<u>3,985</u>	
Indian Oasis Unified District #40	05/20/02	13,105	0	13,105	07/01/14
		<u>13,105</u>	<u>0</u>	<u>13,105</u>	
Altar Valley Elementary District #51(2)	10/21/93	290	265	25	07/01/03
		<u>290</u>	<u>265</u>	<u>25</u>	
<b>TOTAL SCHOOL BONDED INDEBTEDNESS</b>		<u>\$ 198,204</u>	<u>\$ 81,088</u>	<u>\$ 117,116</u>	

## Notes:

- (1) & (4) Interest supplement
- (2) Formerly known as Mary E. Dill School District
- (3) Previously reported as \$18,200 Series A and \$1,200 refunding issue

PIMA COUNTY  
 HISTORICAL COLLECTIONS - HOTEL EXCISE TAX,  
 CAR RENTAL SURCHARGES  
 AND RECREATIONAL VEHICLE TAX  
 Last Ten Fiscal Years  
 (Amounts in thousands)

Fiscal Year	Hotel Excise Tax (1)	Car Rental Surcharges (2)	Recreational Vehicle Tax (3)
1992-93	\$ 800	\$ 755	\$ -
1993-94	938	849	-
1994-95	922	941	-
1995-96	945	986	-
1996-97	1,794	1,340	-
1997-98	2,378	1,385	182
1998-99	2,438	1,396	217
1999-00	2,625	1,477	213
2000-01	2,824	1,557	199
2001-02	2,495	1,377	190

- (1) Tax increased from 1% to 2% January 1, 1997; the additional 1% can only be used for County sports facilities.
- (2) Car rental surcharges increased from \$2.50 to \$3.50 per rental contract July 1, 1996. Usage is restricted to County sports facilities.
- (3) Recreational vehicle taxes apply at the rate of \$0.50 per vehicle per night and became effective July 1, 1997. Usage of this tax is limited to Spring Training activities.

Source: Pima County Financial and Information Services Department

**PIMA COUNTY  
STREETS AND HIGHWAYS REVENUES  
Last Ten Fiscal Years  
(Amounts in thousands)**

<u>Fiscal Year</u>	<u>Amount</u>
1992-93	\$ 21,578
1993-94	23,860
1994-95	24,208
1995-96	25,764
1996-97	30,412
1997-98	33,370
1998-99	39,535
1999-00	47,699
2000-01	48,317
2001-02	47,071

Source: Pima County Financial and  
Information Services Department

**PIMA COUNTY**  
**LEASE, LEASE-PURCHASE AND PURCHASE AGREEMENTS**  
**Scheduled Payments**  
**(Amounts in thousands)**

<u>Function/Department</u>	<u>FY 00-01</u>	<u>FY 01-02</u>	<u>FY 02-03</u>
Elections	\$ 460	\$ 460	\$ 460
Clerk of Superior Court	13		133
Jail (1)	2,555	2,555	2,557
Juvenile Court	100	116	74
Legal Services Building	926	52	
Public Works Building	1,639	1,642	1,645
Sheriff	235	118	42
Superior Court	260	260	77
	<u>\$ 6,188</u>	<u>\$ 5,203</u>	<u>\$ 4,988</u>

(1) Funds derived from a sale/leaseback of the County's Adult Corrections Facility provided funding for construction of Kino Veteran's Memorial Sportspark & TEP Stadium.

Source: Pima County Financial and Information Services Department

PIMA COUNTY  
POPULATION STATISTICS  
June 30, 2002

<u>Age Group</u>	<u>Population</u>
0-4	60,242
5-9	59,734
10-14	60,254
15-19	60,202
20-24	66,486
25-39	184,674
40-54	181,883
55-59	42,557
60-64	35,083
65-69	33,873
70-74	34,380
75+	<u>70,988</u>
Total	<u><u>890,356</u></u>

POPULATION PROJECTIONS

<u>Year</u>	<u>Projected Population</u>
2001	890,356
2005	943,795
2010	1,031,623
2015	1,119,342
2020	1,206,244
2040	1,522,615

Source: Arizona Department of Economic Security

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