

2007

Comprehensive Annual Financial Report



Pima County, Arizona

For the Fiscal Year Ended June 30, 2007

**PIMA COUNTY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2007**

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C. H. Huckelberry

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PIMA COUNTY, ARIZONA
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2007

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PIMA COUNTY

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2007

INTRODUCTORY SECTION

Letter of Transmittal

Certificate of Achievement for Excellence in Financial Reporting

Organizational Chart

FINANCIAL SECTION

STATISTICAL SECTION

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.



PIMA COUNTY
DEPARTMENT OF FINANCE & RISK MANAGEMENT

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TUCSON, ARIZONA 85701-1317
(520) 740-8041 FAX (520) 243-2329

Thomas E. Burke, Director

December 5, 2007

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 Finance and Risk Management Department, for the fiscal year ended June 30, 2007. This report presents comprehensive financial and operating information about the County's activities for the fiscal year 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 is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting as established by the Governmental Accounting Standards Board (GASB) using the guidelines as recommended by the Government Finance Officers Association of the United States and Canada (GFOA). GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditors' report.

We believe that the financial information, 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, which 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, which includes the independent auditor's report, MD&A, audited basic financial statements, notes to the statements, and required supplementary information necessary to fairly present the financial position and results of operations of the County in conformity with generally accepted accounting principles. This section also includes supporting statements and schedules necessary to produce a CAFR.

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

Pima County and its Services

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 under the Arizona Territorial Legislature as one of the State's four original counties.

A five-member Board of Supervisors is responsible for implementing the County's governmental and administrative affairs. Each member of the Board is 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 also responsible for establishing the policies of the County, which provide guidance to the various County constitutional officers and departments. The Board appoints a County Administrator who is responsible for the general administrative and overall operations of the various departments of the County.

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 either: 1) it is able to impose its will on that organization; or 2) a potential exists 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.

Pima County offers a wide variety of governmental services, including:

- *Justice and Law Enforcement:* Clerk of the Superior Court, Constables, County Attorney, Superior Court, Juvenile Court, Justice Court system, Sheriff's Department, Indigent Defense and Public Fiduciary
- *Medical Services:* Pima Health System & Services (including Posada del Sol), Department of Institutional Health, Public Health Department (including Health & Animal Control) and Forensic Science Center
- *Community and Economic Developments:* Superintendent of Schools, Community Development and Neighborhood Conservation, Economic Development and Tourism, Community Services, Employment and Training, Community Resources, County Free Library District, Southwestern Fair Commission and Stadium District
- *Public Works:* Regional Flood Control District, Development Services (including Planning & Zoning), Transportation, Wastewater Management, Solid Waste, Environmental Quality, Capital Improvement Program, Fleet Services, Natural Resources, Parks & Recreation and Graphics Services
- *County Administration:* Board of Supervisors, County Administrator, Assessor's Office, Clerk of the Board, Elections, Finance and Risk Management, Human Resources, Information Technology, Non-Departmental (including Contingency), Procurement, Recorder, Treasurer, Facilities Management, Communications and Parking Garages

Pima County is also responsible for reporting the financial activities of its component units. These units are either discretely presented or blended. Although they are separate legal entities, blended component units are substantially a part of the County's financial activities and are combined with data for the County.

Blended and discrete component units include:

- *Southwestern Fair Commission.* Activities of the Commission are reported as a discrete component unit of the County in the accompanying financial statements.

- *Pima County Stadium District, Regional Flood Control District, and Library District.* Activities are reported in special revenue funds as blended component units in the accompanying financial statements.
- *Special Districts.* Pima County includes the financial activities of various improvement districts in its financial statements. Improvement districts are established to pay for the construction of specific public works projects that benefit citizens of a limited geographical area. The County's currently active improvement districts include La Cholla Boulevard, Hayhook and Camino Ojo De Agua Improvement Districts.

The County also has various independently governed school, irrigation, fire, and street lighting districts, and a health district. In addition, there are other entities for which the County is not financially accountable. These entities include the Industrial Development Authority, 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 the accompanying financial statements except to reflect amounts held in a fiduciary capacity by the County Treasurer.

Economic Outlook

The County is expected to experience significant decrease in revenues related to the downturn in the housing market and other shortfalls from the construction activity on Interstate 10. Specifically, the Recorder's Office and the Development Services department expect further decreases in revenues related to permitting and title recording activity, while Tucson Justice Court revenues from traffic citations are also experiencing decreases in revenues.

Additional decreases in the State Shared Sales tax of \$2.8 million is expected, with similar decreases in the County's hotel/motel tax and vehicle license tax are expected.

Overall, the slowing of the economy and reduction in housing activity is having a negative impact on the County but not to the extent being experienced by the State and municipalities that are more reliant on sales and incomes taxes.

Expenditure Limitation

Arizona voters approved a proposition amending the state constitution in 1980 that established expenditure limitations for local governments, including Pima County. While the County has not exceeded the limitation, the rapid growth of expenses from the Wastewater Management's sewer and conveyance system is significantly impacting expenditures subject to the limitation.

Major Program Initiatives and Developments

Some of the major developments that occurred in Pima County during the fiscal year ended June 30, 2007 include:

Capital Improvement Program

General Obligation, Street and Highway Revenue and Sewer Revenue bonds continue to fund a significant portion of the Capital Improvement Program. Bond sales are planned for February and April of 2008, with approximately \$100 million of general obligation bonds and \$25 million of Street and Highway Revenue bonds to be sold in February and \$75 million of Sewer Revenue bonds to be sold in April.

Several ongoing projects were completed in the fiscal year, primarily consisting of land acquisitions, building construction and acquisitions and improvements to the sewage conveyance system. Please refer to the Management Discussion and Analysis beginning on page 13 for details on these significant projects.

Financial Information

Accounting System and Budgetary Control

In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal control procedures. Internal controls for accounting purposes are designed to provide reasonable, but not absolute, assurance regarding: (1) safeguarding of assets against loss from unauthorized use or disposition, and (2) reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that: (1) costs of implementing controls should not exceed their likely derived benefits, and (2) 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, with each department budgeted on a cost center/account line item basis. Each year, the budget is presented emphasizing the programmatic components of County services, identifying the costs and funding of programs.

Capital Assets System

This fiscal year the County completed construction of the Herbert K. Abrams Public Health Center on the Kino Campus. The new center provides a centralized location for the Pima County Health department, Pima Health System and Services, and the Department of Institutional Health.

During the fiscal year the County purchased the 22-story office tower located at 33 North Stone, increasing the County's available office space and reducing the need for leased space.

The first phase of a 20-acre expansion of the Sahuarita Municipal Solid Waste Landfill, which included new environmental safeguards, was completed during the fiscal year allowing for the landfill to begin accepting commercial waste again.

The implementation process of SPL/Synergen, a comprehensive asset management system, was completed during the year. The new asset management system now provides departments with a centralized system for reporting assets, while facilitating the processing of departmental work order and project activity. The system interfaces with the County's existing financial management system.

Cash Management

Most cash, other than imprest accounts, is on deposit with the County Treasurer or the State Treasurer. Amounts temporarily available during the course of the fiscal year are invested by the County Treasurer according to statutory guidelines. To address cash flow needs in the short term, the County maintains a revolving line-of-credit with Bank of America, N.A. For short term needs within the County, the County has instituted internal borrowings among funds that were recorded in its 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-insured coverage to the County for medical malpractice, workers' compensation, unemployment, general liability, property damage, environmental damage and employee dental benefits, as well as obtaining 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. The County is fully compliant with this legal requirement. An independent auditors' report is included in this CAFR.

Single Audit

As a recipient of federal and state financial assistance, the County is required to ensure adequate internal controls are in place to comply with applicable laws and regulations related to administration of these programs. This internal control structure is subject to periodic evaluation by management of Pima County.

As a part of the County's single audit, tests are made to determine 1) the adequacy of the internal control structure, including that portion related to federal financial assistance programs, and 2) whether the County has complied with applicable laws and regulations.

The results of the County's single audit for the fiscal year ended June 30, 2006 included several reportable conditions. The reportable conditions cited inadequate policies and procedures over three of the County's numerous federal programs: High Intensity Drug Trafficking Areas (HIDTA), the Homeland Security Grant Program and the Help America Vote Act (HAVA).

The first reportable condition for HIDTA pertained to ensuring that federal cost principles and procurement procedures are used when purchasing program assets and services, specifically the rent of building space and the purchase of previously owned vehicles. The audit also reported a weakness in the County's monitoring of HIDTA grant subrecipients. For the Homeland Security Grant Program, the reportable condition pertained to inadequate retention of reimbursement requests and for quarterly program financial reports that were inaccurate and/or incomplete. Lastly, the HAVA reportable condition related to minimizing the time elapsing between receipt of monies and their disbursement. The County has submitted a corrective action plan and the reportable conditions have been corrected in fiscal year 2006-07.

The Single Audit for Pima County for the fiscal year ended June 30, 2007 was not complete at the time of publication of this Comprehensive Annual Financial Report.

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 ended June 30, 1984 through 2005, except for fiscal years ended June 30, 1990 and June 30, 1999, due to missing the filing deadline.

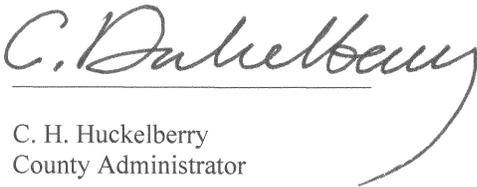
In order to receive a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report with contents that conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable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

In addition, Pima County also received GFOA's Distinguished Budget Presentation Award for its annual budget for fiscal year ending June 30, 2006. In order to qualify for the Distinguished Budget Presentation Award, the government's budget had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device. This is the seventh consecutive year the County's budget has been so recognized.

Acknowledgements

Preparation of this report could not be accomplished without the efficient and dedicated service of the staff of the County's Finance and Risk Management Department. We also wish to thank the Board of Supervisors for its continued support in planning and conducting the County's financial operations in a responsible fiduciary manner.

Respectfully submitted,


C. H. Huckelberry
County Administrator


Tom Burke, Director
Finance and Risk Management

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, 2006

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.



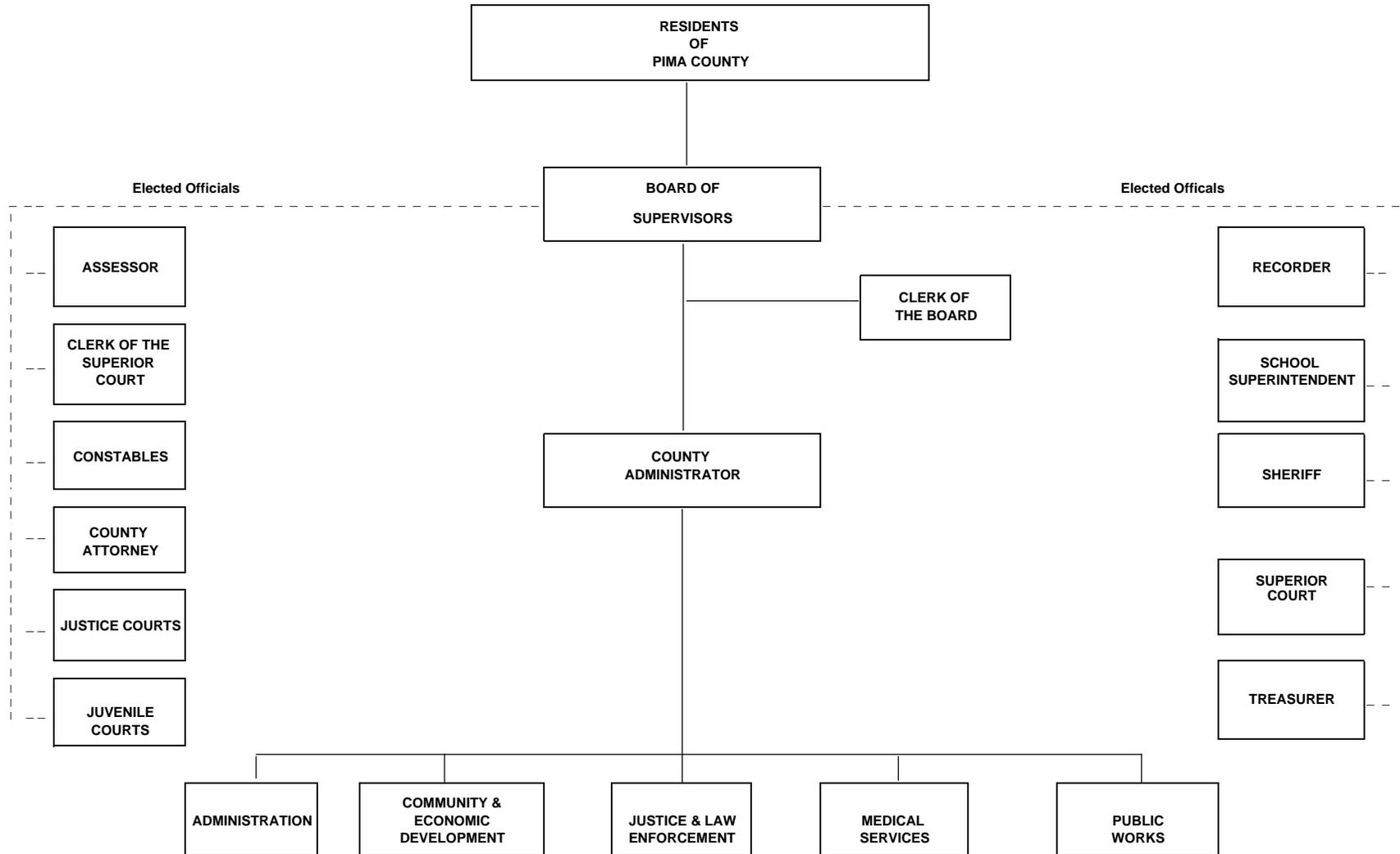
A handwritten signature in black ink, appearing to read "Thomas J. Flannery".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

PIMA COUNTY ORGANIZATIONAL CHART



PIMA COUNTY

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2007

INTRODUCTORY SECTION

FINANCIAL SECTION

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information Other than Management's Discussion and Analysis

Combining Statements and Other Schedules

STATISTICAL SECTION

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, the discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2007, 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 certain departments, two major funds, and the component unit, which account for the following percentages of the assets, liabilities, revenues, and expenses or expenditures of the opinion units affected:

Opinion Unit/Department	Assets	Liabilities	Revenues	Expenses/ Expenditures
<u>Government-Wide Statements</u>				
Governmental Activities:				
Stadium District	0.10%	0.04%	0.33%	0.67%
School Reserve Fund	0.15%	0.04%	0.41%	0.43%
Self Insurance Trust	2.72%	5.42%	0.38%	0.29%
Business-Type Activities:				
Wastewater Management	92.50%	86.57%	26.91%	26.18%
Pima Health System & Services	4.92%	12.71%	63.68%	69.50%
Development Services	1.75%	0.67%	2.95%	4.10%
Self Insurance Trust	0.00%	0.00%	0.00%	0.16%
Component Unit—Southwestern Fair Commission	100.00%	100.00%	100.00%	100.00%

Opinion Unit/Department	Assets	Liabilities	Revenues	Expenses/ Expenditures
<u>Fund Statements</u>				
Major Funds:				
Wastewater Management	100.00%	100.00%	100.00%	100.00%
Pima Health System & Services	100.00%	100.00%	100.00%	100.00%
Aggregate Remaining Fund Information:				
Stadium District	0.28%	0.15%	0.94%	0.78%
School Reserve Fund	0.42%	0.16%	1.08%	0.93%
Development Services	2.39%	1.02%	3.68%	4.79%
Self Insurance Trust	7.59%	22.93%	6.16%	4.76%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are 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 respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages 13 through 27, the budgetary comparison schedule on pages 71 through 72, and the Schedule of Agent Retirement Plans' Funding Progress on page 73 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We 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 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. The introductory section, combining and individual fund statements and schedules, and statistical section listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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 on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters at a future date. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Debbie Davenport
Auditor General

December 19, 2007

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Management's Discussion and Analysis

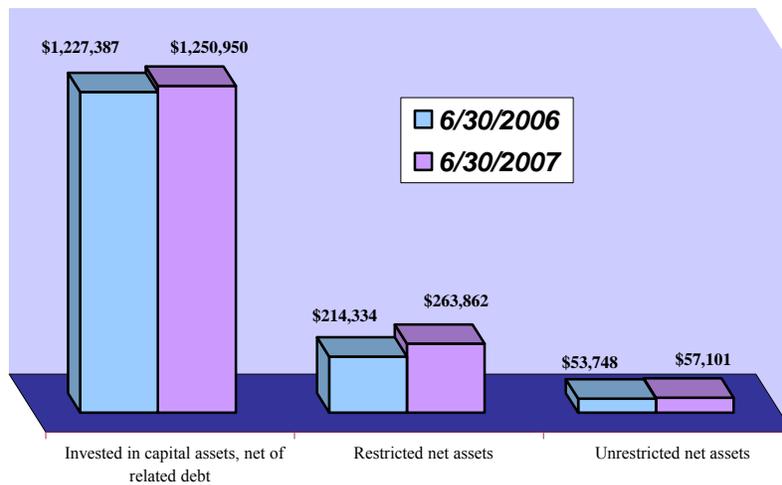
Management's Discussion & Analysis

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, 2007, 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.

FINANCIAL HIGHLIGHTS

- At June 30, 2007, the County's combined assets exceeded combined liabilities (*net assets*) by \$1,571,913, an increase of 5.1% from the prior year. Of this amount, \$57,101 is available for general government expenditures (*unrestricted net assets*), \$263,862 is restricted for specific purposes (*restricted net assets*), and \$1,250,950 is invested in capital assets, net of related debt and accumulated depreciation.

Comparative Composition of Net Assets



- Of the total fund balances of the County's governmental funds, total fund balance increased \$16,662 to \$230,660, with \$207,772 of this amount available for expenditure. The amount available for expenditure is comprised of \$48,671 for the General fund, \$89,328 for the Capital Projects fund and \$69,773 for the County's other governmental funds.
- The General fund unreserved fund balance increased \$2,248 from the previous year to \$48,671. This balance represents approximately 11.5% of the County's General fund expenditures and 5.5% of total governmental funds expenditures.

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, and (3) Notes to the basic financial statements. Required supplementary information (4) 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, sanitation, health, welfare, culture and recreation, and education and economic opportunity. The business-type activities of the County include Pima Health System & Services, Wastewater Management, Development Services and the County's downtown parking garages.

A discretely presented component unit is included in the basic financial statements and consists of a legally separate entity for which the County is financially accountable. The County reports the Southwestern Fair Commission, which operates the County Fairgrounds and the annual Pima County Fair, as a discretely presented component unit.

The government-wide financial statements can be found on pages 29-31 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 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 expendable resources*, as well as on *balances of expendable 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 fifteen 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 and Capital Projects funds. 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 32-35 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 and graphic services and telecommunications. 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 System & Services 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 36-39 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 40-41 of this report.

Notes to the 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 42-69 of this report.

Required Supplementary Information (RSI) is presented concerning the County's General fund budgetary schedule and the schedule of retirement plans' funding progress. Required supplementary information can be found on pages 71-73 of this report.

Combining Statements and Other Schedules referred to earlier provide information for non-major governmental and enterprise funds 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 76-106 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as a useful indicator of a government's financial position over time. County assets exceeded liabilities by \$1,571,913 at June 30, 2007. The following table shows condensed information for the Schedule of Assets, Liabilities, and Net Assets:

Table 1
Schedule of Assets, Liabilities, and Net Assets
At June 30, 2007

	Governmental Activities		Business-type Activities		Total	
	Fiscal Year		Fiscal Year		Fiscal Year	
	2006-2007	2005-2006*	2006-2007	2005-2006	2006-2007	2005-2006*
Current and other assets	\$ 369,780	\$ 342,488	\$ 153,227	\$ 114,925	\$ 523,007	\$ 457,413
Capital assets:						
Land, buildings, equipment, infrastructure & other	1,258,762	1,146,334	646,309	597,365	1,905,071	1,743,699
Total assets	1,628,542	1,488,822	799,536	712,290	2,428,078	2,201,112
Current and other liabilities	90,562	83,175	51,327	40,048	141,889	123,223
Long-term liabilities	538,529	446,000	175,747	136,420	714,276	582,420
Total liabilities	629,091	529,175	227,074	176,468	856,165	705,643
Net assets :						
Invested in capital assets, net of related debt	774,000	761,130	476,950	466,257	1,250,950	1,227,387
Restricted	179,195	160,053	84,667	54,281	263,862	214,334
Unrestricted	46,256	38,464	10,845	15,284	57,101	53,748
Total net assets	\$ 999,451	\$ 959,647	\$ 572,462	\$ 535,822	\$ 1,571,913	\$ 1,495,469

*As restated - See Note 2 of the financial statements

The largest portion of the County's net assets reflects its investment in capital assets (i.e. land, buildings, infrastructure and equipment), less any related outstanding debt used to acquire those assets. As of June 30, 2007, investment in capital assets totaled \$1,250,950, comprising approximately 79.6% of total net assets. The County uses a portion of these capital assets to provide services to its citizens, with the other portion available to its citizens for use; consequently, these assets are *not* available for future spending. The \$23,563 increase in capital assets, net of related debt, is primarily due to the significant amount of capital project activity that has been completed and capitalized over the past year. Although the County's investments in capital assets are 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 represent resources that are subject to external restrictions on how they may be used. As of June 30, 2007, restricted net assets totaled \$263,862 and comprised approximately 16.8% of total net assets. This represents a \$49,528 increase in restricted net assets from the \$214,334 balance of fiscal year 2005-06.

The remaining balance of the County's net assets represents *unrestricted net assets*, which may be used to meet the County's ongoing obligations to citizens and creditors. As of June 30, 2007, unrestricted net assets totaled \$57,101 and comprised approximately 3.6% of total net assets.

Governmental activities

Governmental activities contributed \$39,804, or 52.1% of the County's \$76,444 increase, in total net assets during fiscal year 2006-07. The following table shows changes in net assets for governmental activities:

Table 2
Governmental Activities
Schedule of Changes in Net Assets
For the Years Ended June 30, 2007 and 2006

	Fiscal Year		Variance	
	2006-2007	2005-2006*	Amount	Percent
Program revenues:				
Charges for services	\$ 66,898	\$ 72,121	\$ (5,223)	-7.2%
Operating grants and contributions	139,324	133,407	5,917	4.4%
Capital grants and contributions	15,085	12,188	2,897	23.8%
Total program revenues	221,307	217,716	3,591	1.6%
General revenues:				
Property taxes	343,525	316,170	27,355	8.7%
State-shared taxes	133,952	129,052	4,900	3.8%
Investment earnings	16,439	12,942	3,497	27.0%
Other general revenues	46,576	35,720	10,856	30.4%
Total general revenues	540,492	493,884	46,608	9.4%
Total revenues	761,799	711,600	50,199	7.1%
Expenses:				
General government	223,266	208,293	14,973	7.2%
Public safety	148,831	132,583	16,248	12.3%
Highways and streets	92,985	70,392	22,593	32.1%
Sanitation	9,623	7,258	2,365	32.6%
Health	33,800	32,043	1,757	5.5%
Welfare	97,154	103,085	(5,931)	-5.8%
Culture and recreation	55,482	34,510	20,972	60.8%
Education and economic opportunity	42,483	39,517	2,966	7.5%
Unallocated depreciation and amortization	168	165	3	1.8%
Interest on long-term debt	18,924	19,463	(539)	-2.8%
Total expenses	722,716	647,309	75,407	11.7%
Excess before transfers	39,083	64,291	(25,208)	-39.2%
Transfers in (out)	721	(134)	855	-638.1%
Change in net assets	39,804	64,157	(24,353)	-38.0%
Ending net assets	\$ 999,451	\$ 959,647	\$ 39,804	4.2%

*As restated - See Note 2 of the financial statements

- Key elements of the change in net assets from governmental activities include: Program revenues increased \$3,591, reflecting increases in Operating grants and contributions and Capital grants and contributions of \$8,814 and a decrease of \$5,223 in Charges for services.
 - Revenue from Operating grants and contributions increased by \$5,917 due primarily to an increase of \$8,886 in the function class culture and recreation. The County received \$6,038 in city funding for transition costs of the County Free Library system. In addition, there was a \$4,943 increase in highways and streets functional category due primarily to increased state funding for highway user fees, vehicle license tax, and lottery revenue.

- Revenue from Capital grants and contributions increased by \$2,897 due primarily to an increase of \$3,928 in the function class highways and streets. The County received \$4,765 in Urban-area HURF monies from the Pima Association of Governments for the Valencia Road: Mission to I-19 project.
- Revenue from Charges for services decreased by \$5,223 due primarily to a decline in the home construction industry. Impact fee revenue has decreased by \$7,711, a direct result of the decrease in residential building permits issued.
- General revenues increased by \$46,608, primarily due to increases in property taxes and other general revenues. Increases in real property assessed valuations were the primary factor creating a \$27,355 increase in property tax revenues. Other general revenue increased by \$10,856, due to increased land and building contributions and rent revenue from newly acquired buildings.
- Total expenses for governmental activities increased by \$75,407 due to the following:
 - Expenses for Highways and streets increased by \$22,593, due primarily to capital project expenditures for other governmental agencies.
 - An increase of \$20,972 in the culture and recreation function expenditures was primarily due to the transition of public library branches from the City of Tucson to the County Free Library District.
 - The increase in expenditures for public safety of \$16,248 is due primarily to an increase in personnel services due to salary and retirement rate increases and an increase in capital project expenditures.
 - Expenditures for general government increased by \$14,973, primarily attributable to salary adjustments of 4.5% for County employees.

Business-type activities

Business-type activities contributed \$36,640, or 47.9%, of the County's increase of \$76,444 in total net assets during the year ended June 30, 2007. The following table shows changes in net assets for business-type activities:

Table 3
Business-type Activities
Schedule of Changes in Net Assets
For the Years Ended June 30, 2007 and 2006

	Fiscal Year		Variance	
	2006-2007	2005-2006	Amount	Percent
Program revenues:				
Charges for services	\$ 376,195	\$ 376,874	\$ (679)	-0.2%
Operating grants and contributions	5,174	4,997	177	3.5%
Capital grants and contributions	803	449	354	78.8%
Total program revenues	382,172	382,320	(148)	0.0%
General revenues:				
Capital contributions	25,217	14,607	10,610	72.6%
Investment earnings	5,510	3,849	1,661	43.2%
Other general revenues	1,522	1,348	174	12.9%
Total general revenues	32,249	19,804	12,445	62.8%
Total revenues	414,421	402,124	12,297	3.1%
Expenses:				
Wastewater Management	98,222	82,701	15,521	18.8%
Pima Health System & Services	261,859	256,583	5,276	2.1%
Development Services	15,400	14,422	978	6.8%
Parking Garages	1,579	1,479	100	6.8%
Total expenses	377,060	355,185	21,875	6.2%
Excess before transfers	37,361	46,939	(9,578)	-20.4%
Transfers in (out)	(721)	134	(855)	-638.1%
Change in net assets	36,640	47,073	(10,433)	-22.2%
Ending net assets	\$ 572,462	\$ 535,822	\$ 36,640	6.8%

Key elements of the change in net assets from business-type activities include:

- Revenue for Capital contributions increased by \$10,610. Wastewater Management received developer conveyed capital assets with an estimated fair value of \$25,421 for the fiscal year 2006-07.
- Investment earnings increased by \$1,661 due primarily to higher average cash balances and an increase in interest rates to 5.2%. Wastewater Management issued sewer revenue bonds in January 2007, which contributed to the higher cash balance.
- Expenses for Wastewater Management increased by \$15,521 due primarily to increases of \$2,056 in employee compensation, the result of salary adjustments of 4.5% for County employees, \$2,258 in operating supplies, \$2,042 in general & administrative, \$2,573 in depreciation, \$1,434 loss on disposal of equipment, and \$1,875 in interest expense.
- Expenses for Pima Health System & Services increased by \$5,276 due primarily to increases of \$3,139 in medical & health care claims due to inflation and \$1,200 in transition costs for the new Abrams Public Health Center.

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 expendable 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, 2007, the County's governmental funds reported combined fund balances of \$230,660, an increase of \$16,662 from the prior year. Approximately 90.1% of the combined fund balances, or \$207,772, constitutes unreserved and undesignated fund balance, which is available to meet the County's current and future needs. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has been committed to the following:

- \$9,626 to reflect inventories and prepaid amounts
- \$8,155 to pay debt service
- \$3,276 for specified programs
- \$1,756 to reflect a loan receivable
- \$75 for capital repairs and refurbishments

The General Fund is the chief operating fund of the County. At June 30, 2007, unreserved fund balance of the general fund was \$48,671 while total fund balance reached \$57,560. 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. Unreserved fund balance represents 11.5% of total General fund expenditures, while total fund balance represents 13.7% of that same amount.

Total fund balance for the General Fund increased \$5,985 compared to the prior fiscal year. Revenue increased by \$26,915 due to an increase of \$9,402 for property taxes as a result of increased assessed property valuations, \$8,289 for intergovernmental revenue as a result of increased taxes for sales, transient lodging, and vehicle license, and \$6,502 for charges for services as a result of increased overhead for the Library District. Expenditures increased by \$18,675 primarily due to a rise in personnel services resulting from salary and retirement rate increases. The excess of revenues over expenditures was \$35,209, which is further reduced by net operating transfers out of \$29,224. Operating transfers to other funds were higher for the fiscal year due to increases of \$3,200 for the Facilities Renewal Fund, \$3,000 for public transit costs within the Transportation Fund, \$2,000 for the Information Technology Enhancement Fund, \$3,200 for a Property Tax Rate Stabilization Fund, and \$4,100 for the Space Acquisition Fund.

Total fund balance for the Capital Projects Fund increased \$4,976 compared to the prior fiscal year. The decrease of \$6,444 for total revenue is related to the problems currently affecting the housing market and its impact on construction activity. Expenditures rose by \$81,652 as a result of increases from construction activity on transportation projects of \$21,784, from acquisitions and completions of building projects of \$19,411, and from acquisitions of land under the open space preservation plan of \$15,250. The defi-

ciency of revenues under expenditures was \$173,639, which was offset by the issuance of general obligation bonds of \$95,000, transportation bonds of \$21,000, and certificates of participation of \$30,320. In addition, operating transfers into the fund totaled \$30,549, which included \$11,500 of highway user revenue from the Transportation Fund and \$14,883 of tax levy revenue from the Flood Control District Fund.

Revenues for governmental functions totaled approximately \$761,335 in fiscal year 2006-07, which represents an increase of \$46,698 (6.5%) 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
Governmental Funds
Revenues Classified by Source

	Fiscal Year					
	2006-2007		2005-2006*		Variance	
	Amount	Percent	Amount	Percent	Amount	Percent
Revenues by source:						
Taxes	\$ 348,700	45.8%	\$ 321,474	45.0%	\$ 27,226	8.5%
Special assessments	521	0.1%	215	0.0%	306	142.3%
Licenses and permits	7,132	0.9%	7,452	1.1%	(320)	-4.3%
Intergovernmental	303,392	39.9%	291,353	40.8%	12,039	4.1%
Charges for services	63,508	8.3%	63,582	8.9%	(74)	-0.1%
Fines and forfeits	6,550	0.9%	6,014	0.8%	536	8.9%
Interest	13,988	1.8%	11,382	1.6%	2,606	22.9%
Miscellaneous	17,544	2.3%	13,165	1.8%	4,379	33.3%
Total revenues	<u>\$ 761,335</u>	<u>100.0%</u>	<u>\$ 714,637</u>	<u>100.0%</u>	<u>\$ 46,698</u>	<u>6.5%</u>

*As restated - See Note 2 of the financial statements

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

- Taxes Revenues from property taxes increased \$27,226. This was the result of continued increases in assessed property valuations and a County Free Library District tax rate increase from \$0.2575 to \$0.3675 per \$100 of net assessed value.
- Intergovernmental The \$12,039 increase in intergovernmental revenue was due primarily to a \$9,261 increase in state revenue the major portion of which was an increase in urban-HURF funding for roadway projects. In addition, \$3,637 of sales tax revenue was received for the new Regional Transportation Authority roadway projects.
- Miscellaneous revenue The \$4,379 increase in miscellaneous revenue is due primarily to a \$1,893 increase in rents from newly acquired and constructed buildings, a \$1,542 increase in anti-racketeering revenue, and a \$1,233 increase in County Free Library District donations and grants.

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

Table 5
Governmental Funds
Expenditures by Function

Government Function	Fiscal Year					
	2006-2007		2005-2006		Variance	
	Amount	Percent	Amount	Percent	Amount	Percent
General government	\$ 222,434	24.9%	\$ 203,881	26.8%	\$ 18,553	9.1%
Public safety	132,930	14.9%	121,229	15.9%	11,701	9.7%
Highways and streets	42,683	4.8%	39,394	5.2%	3,289	8.4%
Sanitation	6,766	0.8%	6,271	0.8%	495	7.9%
Health	32,311	3.6%	30,038	3.9%	2,273	7.6%
Welfare	97,168	10.9%	103,034	13.5%	(5,866)	-5.7%
Culture and recreation	45,197	5.1%	28,561	3.8%	16,636	58.3%
Education and economic opportunity	38,474	4.3%	37,918	5.0%	556	1.5%
Capital outlay	202,659	22.7%	121,007	15.9%	81,652	67.5%
<u>Debt service:</u>						
- Principal	53,733	5.9%	50,547	6.6%	3,186	6.3%
- Interest	18,965	2.1%	19,448	2.6%	(483)	-2.5%
- Miscellaneous	12	0.0%	15	0.0%	(3)	-20.0%
Total expenditures	<u>\$ 893,332</u>	<u>100.0%</u>	<u>\$ 761,343</u>	<u>100.0%</u>	<u>\$ 131,989</u>	<u>17.2%</u>

Total expenditures in governmental funds increased during fiscal year 2006-07 by \$131,989.

- The \$81,652 increase in capital outlay expenditures was due primarily to a \$21,784 increase in roadway construction. In addition, there were increases of \$19,411 in facilities acquisitions and \$15,225 in land acquisitions.
- The \$18,553 increase in general government expenditures was due primarily to a 4.5% salary adjustment for County employees.
- The \$16,636 increase in culture and recreation expenditures resulted from the County assuming responsibility for the operations of all public library branches within the County Free Library District from the City of Tucson.

Budget to Actual Comparison for the General Fund

Overall, budgeted revenues and expenditures for the General Fund were generally consistent with actual fund activity. Actual revenues exceeded budgeted revenues by \$13,642 and actual expenditures were less than budgeted expenditures by \$18,049. No variances between the budget to actual amounts were significant enough to affect the County's ability to provide future services.

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 System and Services, 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 for 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
Enterprise Funds
Schedule of Revenues, Expenses and Changes in Net Assets
For the Fiscal Years ended June 30, 2007 and 2006

	Fiscal Year		Variance	
	2006-2007	2005-2006	Amount	Percent
Operating revenues:				
Net patient services	\$ 255,275	\$ 252,034	\$ 3,241	1.3%
Charges for services	84,106	82,162	1,944	2.4%
Other	1,526	1,348	178	13.2%
Total net operating revenues	<u>340,907</u>	<u>335,544</u>	<u>5,363</u>	1.6%
Operating expenses:				
Employee compensation	77,627	73,452	4,175	5.7%
Medical claims	208,122	205,951	2,171	1.1%
Operating supplies & services	11,140	9,105	2,035	22.4%
Utilities	7,253	6,007	1,246	20.7%
Sludge and refuse disposal	1,649	1,298	351	27.0%
Repair and maintenance	6,441	5,184	1,257	24.2%
General and administrative	18,761	14,328	4,433	30.9%
Consultants and professional services	9,649	8,018	1,631	20.3%
Depreciation and amortization	23,844	21,092	2,752	13.1%
Total operating expenses	<u>364,486</u>	<u>344,435</u>	<u>20,051</u>	5.8%
Operating loss	<u>(23,579)</u>	<u>(8,891)</u>	<u>(14,688)</u>	165.2%
Nonoperating revenues (expenses):				
Intergovernmental revenue	12,029	5,904	6,125	103.7%
Interest income	5,556	3,849	1,707	44.4%
Sewer connection fees	30,757	42,220	(11,463)	-27.2%
Interest expense	(6,540)	(4,720)	(1,820)	38.6%
Loss on disposal of capital assets	(1,601)	(22)	(1,579)	7177.3%
Amortization of deferred charges	(109)	(97)	(12)	12.4%
Premium tax	(5,091)	(4,949)	(142)	2.9%
Total nonoperating revenues	<u>35,001</u>	<u>42,185</u>	<u>(7,184)</u>	-17.0%
Income (loss) before contributions and transfers	11,422	33,294	(21,872)	-65.7%
Capital contributions	25,217	14,607	10,610	72.6%
Transfers in	17	156	(139)	-89.1%
Transfers (out)	(738)	(22)	(716)	3254.6%
Change in net assets	<u>\$ 35,918</u>	<u>\$ 48,035</u>	<u>\$ (12,117)</u>	-25.2%

Key activity within the enterprise funds for fiscal year 2006-07 include the following:

- While net operating revenues for the County's Enterprise Funds increased \$5,363, operating expenses increased \$20,051, resulting in an operating loss of \$23,579, or a decline of \$14,688 from the prior year. The operating loss was due to losses reported of \$20,868 by Wastewater Management, \$4,010 by Development Services, and \$41 by Parking Garages, as compared to the operating income reported by Pima Health System and Services of \$1,340.
- Net patient services revenues increased by \$3,241 from fiscal year 2005-06. This is attributable to increased membership enrollment for Pima Health System and Services, which generated increases in capitation revenues.
- Charges for services revenues increased by \$1,944 as compared to the prior year. Wastewater Management reported an increase of \$7,630 due to an increase in sewer utility service fee revenue. Development Services reported a decrease of \$5,902 due to a drop in permit revenue, as a result of a decrease in construction activity.
- Employee compensation expenses increased by \$4,175 from fiscal year 2005-06, due to an increase of \$2,056 for Wastewater Management and an increase of \$1,182 for Development Services. Both increases were primarily due to the Board of Supervisor's approved salary rate increases and position reclassifications.
- Medical claims expense increased by \$2,171 due to the cost of inflation and an increase in enrollment for Pima Health System and Services during the fiscal year.
- Operating supplies & services increased \$2,035 due to Wastewater Management treatment facility and odor control expansion.
- General and administrative expenses increased \$4,433 as compared to the prior year. Pima Health System and Services reported an increase of \$1,200 due to transition costs for the new Abrams Public Health Center. Wastewater Management reported an increase of \$2,041 due to increased interfund charges for motor pool, insurance, and overhead.
- Depreciation and amortization expense increased \$2,752 due to the completion of the Wastewater Management Ina Road Treatment Facility Expansion in June 2006.
- Intergovernmental revenue increased \$6,125 from fiscal year 2005-06. Wastewater Management reported an increase of \$5,855 due primarily to a contract to construct sewer lines for the Federal Bureau of Prisons.
- Sewer connection fees charged by Wastewater Management decreased by \$11,463 due to a significant decline in new construction within the County.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2007 amounted to \$1,905,071 (net of accumulated depreciation), an increase of 9.3%. Of the \$161,372 increase in net capital assets, \$112,428 (69.7%) came from governmental activities and \$48,944 (30.3%) came from business-type activities. The County's investment in capital assets consists of land, buildings, sewage conveyance systems, infrastructure, equipment and construction in progress.

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

Table 7
Governmental and Business-type Activities
Capital Assets

	Governmental Activities		Business-type Activities		Total	
	Fiscal Year		Fiscal Year		Fiscal Year	
	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006
Land	\$ 257,387	\$ 222,954	\$ 9,695	\$ 8,706	\$ 267,082	\$ 231,660
Construction in progress	109,307	115,305	35,637	14,842	144,944	130,147
Buildings and improvements	355,608	271,771	239,576	239,799	595,184	511,570
Sewage conveyance system			349,455	327,335	349,455	327,335
Equipment	39,560	38,634	11,946	6,683	51,506	45,317
Infrastructure	496,900	497,670			496,900	497,670
Total	<u>\$ 1,258,762</u>	<u>\$ 1,146,334</u>	<u>\$ 646,309</u>	<u>\$ 597,365</u>	<u>\$ 1,905,071</u>	<u>\$ 1,743,699</u>

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

- Land increased by \$35,422 due primarily to the following acquisitions for governmental activities: \$11,557 for the Goff property, \$5,103 for the Buckelew Farm property, \$5,193 for various other open space acquisitions, \$3,297 for land acquisition related to flood control projects, \$2,217 for land acquisition related to transportation road projects, \$2,100 for the 33 N. Stone Avenue property, \$2,088 for the new justice/municipal court complex property, and \$1,787 for the Sheriff's Emergency Communications Center property.
- Buildings and improvements increased by \$83,614 due primarily to the newly-constructed Abrams Public Health Center for \$26,863, the acquisitions of 33 N. Stone Avenue for \$22,870 and of 3434 E. 22nd Street for \$4,455, the expansion of the Sahuarita Landfill for \$7,529, and the capitalization of the following projects:
 - Brandi Fenton Memorial Park for \$5,610
 - Curtis Park for \$2,713
 - Improvements within the Summerhaven area for \$1,981
 - Picture Rocks pool for \$1,943
 - Midtown Public Library branch for \$1,763
- Sewage conveyance systems increased by \$22,120 due primarily to the contribution of developer-built conveyance systems for \$8,701, the capitalization of the Carillo School/El Paso Street rehabilitation project for \$3,634, and the capitalization of other miscellaneous conveyance rehabilitation projects for \$6,153.

The County's infrastructure assets are recorded at historical cost and estimated historical cost in the government-wide financial statements. Additional information regarding the County's capital assets can be found in Note 5 of the financial statements on pages 53-54 of this report.

Long-term Debt

Significant, comparative long-term debt entered into during the last two fiscal years is presented below:

Table 8
Governmental Activities
Long-Term Debt

	Fiscal Year	
	2006-2007	2005-2006
Bonds issued (at face value):		
General obligation	\$ 95,000	
Street and highway revenue	21,000	
Loans		\$ 4,836
COPs	30,320	
Capital leases		231
Total	\$ 146,320	\$ 5,067

During the fiscal year, the county received \$95,000 in proceeds from the sale of general obligation bonds and \$21,000 from the sale of transportation revenue bonds. As of June 30, 2007, \$13,201 of proceeds from general obligation bonds and \$1,572 from transportation revenue bonds were unspent. The majority of the general obligation bonds were spent on the Sonoran Desert open space and habitat protection plan, public safety, parks and recreational facilities, and public health and community facilities, while proceeds from transportation revenue bonds were allocated to various roadway projects.

In addition, during the fiscal year, the County sold \$30,320 in certificates of participation in order to finance the purchase and remodel of the 33 N. Stone Avenue building, as well as the remodel of the Jackson Employment Center for the Community Services department.

During the fiscal year, Moody's Investors Service raised its' rating on the County's General Obligation Debt Series 2007 from 'A1' to 'Aa3' and on the County's Certificates of Participation Series 2003 from 'A2' to 'A1'. Additionally, Standard & Poor's Ratings Services raised its' rating on the Street and Highway Revenue Bonds Series 2007 to "AA" from "A+".

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its net assessed valuation. The current debt limitation for Pima County is \$1,030,493, 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 of the financial statements on pages 56-64 of this report.

Economic Factors and Next Year's Budget

General Government revenues, excluding property tax revenues, is budgeted in fiscal year 2007-08 at \$164.4 million, approximately \$7.7 million more than the budget for fiscal year 2006-07. The slowing in the growth of these revenues is reflective of the overall economy which has been moderated by numerous factors including a downturn in residential construction, slowing rate of increase in housing prices, uncertainty in the sub-prime mortgage market, rising fuel prices and a volatile stock market. Partially offsetting these negative factors are positive components of our State and local economies including continued population growth, relatively low inflation, rising wages and higher commodity prices.

Pima County is slightly less vulnerable to recession than the Phoenix metropolitan area primarily because the employment base is oriented towards national defense and higher education. Both of these sectors are expected to remain strong even though they may not grow substantially in the short term.

New construction has already declined to levels not experienced since the late nineties. Sales prices of homes being sold are slowly declining which will impact valuations for taxing purposes. Employment in

housing construction, real estate and finance are all expected to decline in fiscal year 2007-08 and also into the next fiscal year. Population growth in Pima County will continue to increase but at a slower pace than in the last few years.

The budget for fiscal year 2007-08 has expenditures for the General Fund increasing by approximately \$49.2 million primarily due to the following:

- \$24.5 million additional expenditure authority to provide for a General Fund Reserve equal to 5% of General Fund revenues
- \$15.0 million for advance payment under the agreement with University Physicians Healthcare to operate the former Kino Community Hospital
- \$7.5 million for an employee compensation plan (excluding commissioned and corrections officers) for a 2.1% general salary adjustment, a 2.5% market rate adjustment, and a 0.5% increase for employees who are members of the Arizona State Retirement System whose required contribution will increase by that percentage
- \$6.1 million in supplemental funding for individual departments
- \$2.9 million increase in General Fund Debt Service for certificates of participation issued in connection with the acquisition of the Bank of America building
- \$1.4 million net increase in the County's contribution toward the cost of non-retirement benefits: \$1.8 million net increase in state mandated employer contributions to the various state retirement system; \$1.4 million increase for the County's contribution to individual employees' Health Savings Accounts
- \$2.5 million increase in mileage costs charged to various departments
- \$2.4 million for a 10% increase in the step plan for commissioned officers effective January 6, 2008, a 5% increase in the step plan for correction officers and corrections specialists effective January 6, 2008, and a 10% increase in the step plan for corrections sergeants effective January 6, 2008
- \$1.0 million reserved for potential increases to critically deficient starting salaries - to be based on a pending market study
- \$500,000 reserve to cover the impact of the implementation of voter approved Proposition 100
- \$500,000 reserve for potential Solid Waste Program operating losses
- \$527,000 of various increases identified for General Fund departments that underwent a zero-base budget process
- \$400,000 increase in Restoration to Competency funding
- \$1.5 million net reduction for the primary and general elections held in 2006 partially offset by cost of the planned Presidential Preference Primary scheduled for early 2008
- \$18.7 million reduction in various fiscal year 2006/07 one-time expenditure items
- also includes the annualization of fiscal year 2006/07 supplemental requests, annualization of fiscal year 2006/07 salary adjustments, other position related adjustments, and adjustments for one time costs, etc.

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 Finance and Risk Management Department, 130 W. Congress, 6th Floor, Tucson, AZ, 85701.

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Basic Financial Statements

PIMA COUNTY, ARIZONA
Statement of Net Assets
As of June 30, 2007
(in thousands)

Exhibit A-1

	Primary Government			Component Unit Southwestern Fair Commission
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 280,806	\$ 71,047	\$ 351,853	\$ 1,368
Property taxes receivable (net)	9,219		9,219	
Interest receivable	1,702	524	2,226	
Internal balances	2,343	(2,343)		
Due from other governments	52,665	5,140	57,805	
Accounts receivable (net)	4,941	24,287	29,228	58
Inventories	2,411	3,200	5,611	30
Prepays	8,466	257	8,723	
Special assessments receivable	1,781		1,781	
Other assets	1,532	1,109	2,641	2
Restricted assets:				
Cash and cash equivalents	2,158	50,006	52,164	
Loans receivable	1,756		1,756	
Capital assets not being depreciated:				
Land	257,387	9,695	267,082	
Construction in progress	109,307	35,637	144,944	3
Capital assets being depreciated (net):				
Buildings and improvements	355,608	239,576	595,184	1,598
Sewage conveyance system		349,455	349,455	
Equipment	39,560	11,946	51,506	475
Infrastructure	496,900		496,900	
Total assets	1,628,542	799,536	2,428,078	3,534
LIABILITIES				
Accounts payable	44,546	16,382	60,928	235
Accrued medical and healthcare claims		25,780	25,780	
Interest payable	30	1,359	1,389	
Contract retentions	1,297		1,297	
Employee compensation	34,648	6,575	41,223	
Due to other governments	1,495	181	1,676	
Deposits and rebates	2,410		2,410	24
Deferred revenues	6,136	1,050	7,186	93
Noncurrent liabilities:				
Due within one year	55,616	13,072	68,688	
Due in more than one year	482,913	162,675	645,588	
Total liabilities	629,091	227,074	856,165	352
NET ASSETS				
Invested in capital assets, net of related debt	774,000	476,950	1,250,950	2,076
Restricted for:				
Special revenue	63,014		63,014	
Highways and streets	16,734		16,734	
Debt service	8,980	574	9,554	
Capital projects	90,467	35,480	125,947	8
Wastewater management		38,628	38,628	
Healthcare		9,985	9,985	
Unrestricted	46,256	10,845	57,101	1,098
Total net assets	\$ 999,451	\$ 572,462	\$ 1,571,913	\$ 3,182

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2007
(in thousands)

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 223,266	\$ 26,663	\$ 28,574	\$ 1,461
Public safety	148,831	9,797	8,523	234
Highways and streets	92,985	11,732	62,000	11,996
Sanitation	9,623	4,747	1,196	
Health	33,800	10,270	11,940	
Welfare	97,154		607	
Culture and recreation	55,482	2,991	8,894	1,373
Education and economic opportunity	42,483	698	17,590	21
Amortization - unallocated	168			
Interest on long-term debt	18,924			
Total governmental activities	722,716	66,898	139,324	15,085
Business-type activities:				
Wastewater Management	98,222	106,266	436	803
Pima Health System & Services	261,859	257,142	4,738	
Development Services	15,400	11,239		
Parking Garages	1,579	1,548		
Total business-type activities	377,060	376,195	5,174	803
Total primary government	\$ 1,099,776	\$ 443,093	\$ 144,498	\$ 15,888
Component unit:				
Southwestern Fair Commission	\$ 4,771	\$ 4,934	\$ 88	
Total component units	\$ 4,771	\$ 4,934	\$ 88	
General revenues:				
Property taxes, levied for general purposes				
Property taxes, levied for regional flood control district				
Property taxes, levied for library district				
Property taxes, levied for debt service				
Hotel/motel taxes, levied for sports facility and tourism				
Other taxes, levied for stadium district				
Unrestricted share of state sales tax				
Unrestricted share of state vehicle license tax				
Grants and contributions not restricted to specific programs				
Interest and penalties on delinquent taxes				
Investment earnings				
Miscellaneous				
Capital and other contributions				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets at beginning of year, as restated				
Net assets at end of year				

See accompanying notes to financial statements

**Net (Expense) Revenue and
Changes in Net Assets**

Primary Government			Component Unit Southwestern Fair Commission
Governmental Activities	Business-type Activities	Total	
\$ (166,568)		\$ (166,568)	
(130,277)		(130,277)	
(7,257)		(7,257)	
(3,680)		(3,680)	
(11,590)		(11,590)	
(96,547)		(96,547)	
(42,224)		(42,224)	
(24,174)		(24,174)	
(168)		(168)	
(18,924)		(18,924)	
<u>(501,409)</u>		<u>(501,409)</u>	
	\$ 9,283	9,283	
	21	21	
	(4,161)	(4,161)	
	(31)	(31)	
	<u>5,112</u>	<u>5,112</u>	
<u>(501,409)</u>	<u>5,112</u>	<u>(496,297)</u>	
			\$ 251
			<u>251</u>
246,640		246,640	
22,832		22,832	
25,144		25,144	
48,909		48,909	
8,715		8,715	
1,884		1,884	
106,985		106,985	
26,967		26,967	
9,468		9,468	
5,149		5,149	
16,439	5,510	21,949	
16,309	1,522	17,831	127
5,051	25,217	30,268	15
721	(721)		
<u>541,213</u>	<u>31,528</u>	<u>572,741</u>	<u>142</u>
39,804	36,640	76,444	393
959,647	535,822	1,495,469	2,789
<u>\$ 999,451</u>	<u>\$ 572,462</u>	<u>\$ 1,571,913</u>	<u>\$ 3,182</u>

Functions/Programs

Primary government:

Governmental activities:

- General government
- Public safety
- Highways and streets
- Sanitation
- Health
- Welfare
- Culture and recreation
- Education and economic opportunity
- Amortization - unallocated
- Interest on long-term debt

Total governmental activities

Business-type activities:

- Wastewater Management
- Pima Health System & Services
- Development Services
- Parking Garages

Total business-type activities

Total primary government

Component unit:

- Southwestern Fair Commission

Total component units

General revenues:

- Property taxes, levied for general purposes
- Property taxes, levied for regional flood control district
- Property taxes, levied for library district
- Property taxes, levied for debt service
- Hotel/motel taxes, levied for sports facility and tourism
- Other taxes, levied for stadium district
- Unrestricted share of state sales tax
- Unrestricted share of state vehicle license tax
- Grants and contributions not restricted to specific programs
- Interest and penalties on delinquent taxes
- Investment earnings
- Miscellaneous
- Capital and other contributions

Transfers

- Total general revenues and transfers

Change in net assets

- Net assets at beginning of year, as restated
- Net assets at end of year

PIMA COUNTY, ARIZONA
Balance Sheet - Governmental Funds
June 30, 2007
(in thousands)

Exhibit A-3

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 47,916	\$ 104,320	\$ 81,827	\$ 234,063
Property taxes receivable (net)	6,255		2,964	9,219
Interest receivable	321	614	431	1,366
Due from other funds	1,704	971	1,790	4,465
Due from other governments	24,088	5,491	22,994	52,573
Accounts receivable	1,835	54	2,841	4,730
Inventory			1,954	1,954
Prepaid expenditures	7,448	120	104	7,672
Special assessments receivable			1,781	1,781
Loan receivable	1,441		315	1,756
Other assets	160			160
Restricted cash equivalents		2,158		2,158
Total assets	\$ 91,168	\$ 113,728	\$ 117,001	\$ 321,897
 <u>Liabilities and fund balances</u>				
Liabilities:				
Accounts payable	\$ 11,172	\$ 18,732	\$ 12,514	\$ 42,418
Interest payable		20	9	29
Contract retentions		1,213	84	1,297
Employee compensation	6,517	27	2,716	9,260
Due to other funds	624	1,472	2,144	4,240
Due to other governments	22	518	955	1,495
Deposits and rebates	252	2,158		2,410
Deferred revenues	15,021	140	14,927	30,088
Total liabilities	33,608	24,280	33,349	91,237
Fund balances:				
Reserved for:				
Inventory			1,954	1,954
Prepaid expenditures	7,448	120	104	7,672
Debt service			8,155	8,155
Capital repairs and refurbishments			75	75
Specified programs			3,276	3,276
Loan receivable	1,441		315	1,756
Unreserved, undesignated:				
General fund	48,671			48,671
Capital projects		89,328		89,328
Special revenue			69,773	69,773
Total fund balances	57,560	89,448	83,652	230,660
Total liabilities and fund balances	\$ 91,168	\$ 113,728	\$ 117,001	\$ 321,897

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Assets
 June 30, 2007
 (in thousands)

Exhibit A-4

Fund balances - total governmental funds		\$ 230,660
<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	\$ 1,827,695	
Less accumulated depreciation	<u>(587,424)</u>	1,240,271
<p>Some liabilities and their associated issuance costs are not due and payable in the current period and therefore are not reported in the governmental funds</p>		
Bonds payable	(428,161)	
Certificates of participation payable	(31,731)	
Loans and leases payable	(28,450)	
Unamortized deferred issuance costs reported as other assets	<u>1,372</u>	(486,970)
<p>Some compensated absences are not due and payable shortly after June 30, 2007, and therefore are not reported in the governmental funds</p>		
Employee compensation		(24,743)
<p>Some liabilities are not due and payable shortly after June 30, 2007, and are therefore not reported in the governmental funds</p>		
Landfill liability		(17,330)
<p>Deferred revenue in governmental funds is susceptible to full accrual on the government-wide statements</p>		
		23,952
<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>		
		33,611
Net assets of governmental activities		<u><u>\$ 999,451</u></u>

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2007
(in thousands)

Exhibit A-5

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 252,350		\$ 96,350	\$ 348,700
Special assessments			521	521
Licenses and permits	2,795		4,337	7,132
Intergovernmental	152,271	\$ 11,027	140,094	303,392
Charges for services	33,604	12,417	17,487	63,508
Fines and forfeits	5,526		1,024	6,550
Investment earnings	3,321	5,313	5,354	13,988
Miscellaneous	6,828	263	10,453	17,544
	456,695	29,020	275,620	761,335
Expenditures:				
Current:				
General government	181,329		41,105	222,434
Public safety	106,825		26,105	132,930
Highways and streets			42,683	42,683
Sanitation			6,766	6,766
Health	2,526		29,785	32,311
Welfare	96,684		484	97,168
Culture and recreation	14,694		30,503	45,197
Education and economic opportunity	16,407		22,067	38,474
Capital outlay		202,659		202,659
Debt service - principal	1,785		51,948	53,733
- interest	1,230		17,735	18,965
- miscellaneous	6		6	12
	421,486	202,659	269,187	893,332
Excess (deficiency) of revenues over (under) expenditures	35,209	(173,639)	6,433	(131,997)
Other financing sources (uses):				
Premium on bonds		1,427	2	1,429
Face amount of long-term debt		146,320		146,320
Proceeds from sale of capital assets		390	1,036	1,426
Transfers in	3,560	30,549	51,980	86,089
Transfers (out)	(32,784)	(71)	(53,833)	(86,688)
	(29,224)	178,615	(815)	148,576
Net change in fund balances	5,985	4,976	5,618	16,579
Fund balance at beginning of year, as restated	51,575	84,472	78,245	214,292
Change in reserve for inventory			(209)	(209)
Change in reserve for prepaids			(2)	(2)
Fund balance at end of year	\$ 57,560	\$ 89,448	\$ 83,652	\$ 230,660

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
 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, 2007
 (in thousands)

Exhibit A-6

Net change in fund balances - total governmental funds \$ 16,579

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	\$ 157,162	
Less current year depreciation	<u>(46,784)</u>	110,378

Transfers of capital assets between governmental activities and proprietary funds are not reported in the governmental funds but are recognized in the statement of activities

707

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds but increases long-term liabilities in the statement of net assets. Repayment of the principal of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of 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	(146,320)	
Premium on bonds	(1,429)	
Debt service - principal payments	53,733	
Deferred issuance costs	902	
Amortization expense	<u>(168)</u>	(93,282)

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.

Donations of capital assets	4,937	
Property tax revenues	(26)	
Other	<u>2,760</u>	7,671

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	(3,012)	
Change in landfill liability	(1,062)	
Net book value of capital asset disposals	(4,309)	
Change in reservation of fund balances	<u>(211)</u>	(8,594)

Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the net expense of the internal service funds is reported with governmental activities

6,345

Change in net assets of governmental activities \$ 39,804

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Net Assets - Proprietary Funds
June 30, 2007
(in thousands)

Exhibit A-7

	Business-type Activities Enterprise Funds				Governmental Activities- Internal Service Funds
	Pima Health System & Services	Wastewater Management	Other Enterprise Funds	Total Enterprise Funds	
<u>Assets</u>					
Current assets:					
Cash and cash equivalents	\$ 20,546	\$ 35,692	\$ 14,809	\$ 71,047	\$ 46,743
Restricted cash and cash equivalents		49,352		49,352	
Interest receivable	66	408	50	524	336
Due from other funds	5		108	113	1,043
Due from other governments	2,975	2,165		5,140	92
Accounts receivable (net)	15,052	9,210	25	24,287	211
Inventory	88	3,112		3,200	457
Prepaid expense	11	189	57	257	794
Total current assets	<u>38,743</u>	<u>100,128</u>	<u>15,049</u>	<u>153,920</u>	<u>49,676</u>
Noncurrent assets:					
Restricted cash and cash equivalents		654		654	
Capital assets:					
Land and other improvements		7,834	1,861	9,695	592
Buildings and improvements	694	341,639	12,927	355,260	614
Sewage conveyance system		522,795		522,795	
Equipment	943	17,467	1,842	20,252	30,890
Less accumulated depreciation	(1,029)	(287,648)	(8,653)	(297,330)	(13,675)
Construction in progress	19	35,618		35,637	70
Total capital assets (net of accumulated depreciation)	<u>627</u>	<u>637,705</u>	<u>7,977</u>	<u>646,309</u>	<u>18,491</u>
Deferred financing costs		1,109		1,109	
Total noncurrent assets	<u>627</u>	<u>639,468</u>	<u>7,977</u>	<u>648,072</u>	<u>18,491</u>
Total assets	<u>39,370</u>	<u>739,596</u>	<u>23,026</u>	<u>801,992</u>	<u>68,167</u>
<u>Liabilities</u>					
Current liabilities:					
Accounts payable	753	14,937	692	16,382	2,128
Accrued medical and health care claims	25,780			25,780	
Employee compensation	2,280	3,189	1,106	6,575	645
Interest payable		1,359		1,359	1
Due to other funds	1,152	205	1	1,358	23
Due to other governments		82	99	181	
Deferred revenues	1	1,049		1,050	
Current portion of sewer revenue bonds		7,350		7,350	
Current portion of wastewater loans payable		5,722		5,722	
Current portion reported but unpaid losses					4,200
Current portion incurred but not reported losses					1,785
Total current liabilities	<u>29,966</u>	<u>33,893</u>	<u>1,898</u>	<u>65,757</u>	<u>8,782</u>
Noncurrent liabilities:					
Contracts and notes		5,280		5,280	
Sewer revenue bonds		87,006		87,006	
Wastewater loans payable		70,389		70,389	
Reported but unpaid losses					18,739
Incurred but not reported losses					8,133
Total noncurrent liabilities		<u>162,675</u>		<u>162,675</u>	<u>26,872</u>
Total liabilities	<u>29,966</u>	<u>196,568</u>	<u>1,898</u>	<u>228,432</u>	<u>35,654</u>
<u>Net assets</u>					
Invested in capital assets, net of related debt	627	468,346	7,977	476,950	18,491
Restricted for:					
Debt service		574		574	
Capital projects		35,480		35,480	
Wastewater management		5,110		5,110	
Healthcare	9,985			9,985	
Unrestricted	(1,208)	33,518	13,151	45,461	14,022
Total net assets	<u>\$ 9,404</u>	<u>\$ 543,028</u>	<u>\$ 21,128</u>	<u>573,560</u>	<u>\$ 32,513</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.

(1,098)

Net assets of business-type activities

\$ 572,462

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2007
(in thousands)

Exhibit A-8

	Business-type Activities Enterprise Funds			Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Pima Health System & Services	Wastewater Management	Other Enterprise Funds		
Operating revenues:					
Net patient services	\$ 255,275			\$ 255,275	
Charges for services	1,867	\$ 69,453	\$ 12,786	84,106	\$ 38,126
Other	979	330	217	1,526	2,123
Total net operating revenues	258,121	69,783	13,003	340,907	40,249
Operating expenses:					
Employee compensation	36,677	29,681	11,269	77,627	6,751
Medical claims	208,122			208,122	
Operating supplies and services	1,647	8,579	914	11,140	5,966
Utilities	376	6,520	357	7,253	832
Sludge and refuse disposal		1,649		1,649	
Repair and maintenance	596	5,610	235	6,441	4,089
Incurred losses					8,118
Insurance premiums					5,016
General and administrative	7,692	8,477	2,592	18,761	2,593
Consultants and professional services	1,450	7,145	1,054	9,649	419
Depreciation	221	22,990	633	23,844	2,579
Total operating expenses	256,781	90,651	17,054	364,486	36,363
Operating income (loss)	1,340	(20,868)	(4,051)	(23,579)	3,886
Nonoperating revenues (expenses):					
Intergovernmental revenue	4,738	7,291		12,029	
Investment earnings	1,028	3,684	844	5,556	2,418
Sewer connection fees		30,757		30,757	
Interest expense	(41)	(6,499)		(6,540)	
Loss on disposal of capital assets	(146)	(1,454)	(1)	(1,601)	(21)
Amortization of deferred charges		(109)		(109)	
Premium tax	(5,091)			(5,091)	
Total nonoperating revenues (expenses)	488	33,670	843	35,001	2,397
Income (loss) before contributions and transfers	1,828	12,802	(3,208)	11,422	6,283
Capital contributions		25,217		25,217	114
Transfers in	17			17	696
Transfers (out)		(654)	(84)	(738)	(26)
Change in net assets	1,845	37,365	(3,292)	35,918	7,067
Net assets at beginning of year	7,559	505,663	24,420	537,642	25,446
Net assets at end of year	\$ 9,404	\$ 543,028	\$ 21,128	573,560	32,513

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

722

Change in net assets of business-type activities

\$ 36,640

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2007
(in thousands)

Exhibit A-9

	Pima Health System & Services	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			\$ 117	\$ 117	\$ 38,124
Cash received from customers for goods and services provided	\$ 254,741	\$ 66,689	12,787	334,217	
Cash received from miscellaneous operations	1,031	330	193	1,554	2,173
Cash payments to suppliers for goods and services	(209,920)	(28,832)	(3,680)	(242,432)	(15,501)
Cash payments to other funds for goods and services		(7,741)	(3,245)	(10,986)	(2,745)
Cash payments for incurred losses					(10,768)
Cash payments to employees for services	(38,182)	(29,483)	(10,222)	(77,887)	(6,702)
Net cash provided by (used for) operating activities	7,670	963	(4,050)	4,583	4,581
Cash flows from noncapital financing activities:					
Interest paid on short-term credit	(36)			(36)	
Cash transfers in from other funds					599
Cash transfers out to other funds					(17)
Loans with other funds	(514)	29	(108)	(593)	170
Premium tax	(5,091)			(5,091)	
Intergovernmental revenues	4,902	557		5,459	
Net cash provided by (used for) noncapital financing activities	(739)	586	(108)	(261)	752
Cash flows from capital and related financing activities:					
Proceeds from issuance of bonds and loans		51,429		51,429	
Principal paid on bonds and loans		(13,738)		(13,738)	
Interest paid on bonds and loans		(6,121)		(6,121)	
Sewer connection fees		30,650		30,650	
Proceeds from sale or transfer of capital assets	17	128	30	175	337
Proceeds from intergovernmental contract		4,820		4,820	
Purchase of capital assets	(104)	(43,720)	(204)	(44,028)	(3,507)
Net cash provided by (used for) capital and related financing activities	(87)	23,448	(174)	23,187	(3,170)
Cash flows from investing activities:					
Interest received on cash and investments	963	3,276	794	5,033	2,215
Net cash provided by investing activities	963	3,276	794	5,033	2,215
Net increase (decrease) in cash and cash equivalents	7,807	28,273	(3,538)	32,542	4,378
Cash and cash equivalents at beginning of year	12,739	57,425	18,347	88,511	42,365
Cash and cash equivalents at end of year	\$ 20,546	\$ 85,698	\$ 14,809	\$ 121,053	\$ 46,743

(Continued)

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2007
(in thousands)

Exhibit A-9.1

(Continued)

Reconciliation of operating income (loss) to net cash provided (used) by operating activities	Pima Health System & Services	Wastewater Management	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Operating income (loss)	\$ 1,340	\$ (20,868)	\$ (4,051)	\$ (23,579)	\$ 3,886
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	221	22,990	633	23,844	2,579
Changes in assets and liabilities:					
Decrease (increase) in assets:					
Accounts receivable	(428)	(892)	(23)	(1,343)	46
Due from other governments	(297)	(1,872)		(2,169)	2
Inventory and other assets	28	(81)		(53)	25
Prepaid expenses	(11)	(96)	(55)	(162)	(3)
Increase (decrease) in liabilities:					
Accounts payable	6,886	1,526	(633)	7,779	647
Due to other funds			(6)	(6)	
Due to other governments		58	9	67	
Reported but unpaid losses					(2,825)
Incurred but not reported losses					174
Other current liabilities	(69)	198	76	205	50
Net cash provided by (used for) operating activities	<u>\$ 7,670</u>	<u>\$ 963</u>	<u>\$ (4,050)</u>	<u>\$ 4,583</u>	<u>\$ 4,581</u>

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2007:

Pima Health System and Services disposed of equipment with an original cost of \$867 and accumulated depreciation of \$721 for a loss on disposal of equipment of \$146.

Wastewater Management Enterprise Fund retired capital assets with a net book value of \$1,582.

Wastewater Management Enterprise Fund received contributed developer-built conveyance systems with estimated fair values totaling \$25,421, and from other governments, capital assets with a fair value of \$36. These contributions were recorded as an increase in capital assets and capital contributions.

Wastewater Management Enterprise Fund recorded a Board of Supervisor approved connection fee credit agreement of \$282. This credit was recorded as an increase to deferred revenue and a decrease to capital contributions.

Wastewater Management Enterprise Fund retired expired sewer credit agreements totaling \$42. This transaction was recorded as a decrease to deferred revenue and an increase in capital contributions.

Wastewater Management Enterprise Fund transferred the capital assets of the Solid Waste Management division with a net book value of \$644 to the County's general government and capital assets with a net book value of \$10 to Internal Service Funds.

Wastewater Management Enterprise Fund received fully-depreciated capital assets from the County's general capital assets of \$80 and \$7 from Other Enterprise Funds.

Other Enterprise Funds transferred capital assets with a net book value of \$84 and disposed of capital assets with a net book value of \$1.

Other Enterprise Funds transferred completely depreciated capital assets of \$31 to the County's general government, \$8 to the Wastewater Management Enterprise Fund, and \$23 to the Transportation Fund.

Internal Service Funds sold assets with a net book value of \$358, resulting in a loss on disposal of \$21.

Internal Service Funds had unpaid transfers of \$11.

Internal Service Funds transferred in \$57 for noncash personal services and \$30 of capital assets from governmental activities.

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Fiduciary Net Assets - Fiduciary Funds
June 30, 2007
(in thousands)

Exhibit A-10

	Investment Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 297,267	\$ 75,225
Interest receivable	1,485	
Due from other governments		2,636
Total assets	298,752	\$ 77,861
LIABILITIES		
Employee compensation		\$ 5,428
Due to other governments		45,680
Deposits and rebates		26,753
Total liabilities		\$ 77,861
NET ASSETS		
Held in trust for participants	\$ 298,752	

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2007
(in thousands)

Exhibit A-11

	Investment Trust Funds
ADDITIONS	
Contributions from participants	\$ 2,393,233
Total contributions	2,393,233
Investment earnings	13,551
Total investment earnings	13,551
Total additions	2,406,784
DEDUCTIONS	
Distributions to participants	2,345,253
Total deductions	2,345,253
Change in net assets	61,531
Net assets held in trust July 1, 2006	237,221
Net assets held in trust June 30, 2007	\$ 298,752

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Pima County (County) conform to U.S. generally accepted accounting principles (GAAP) applicable to governmental units as promulgated by the Governmental Accounting Standards Board (GASB) and the regulatory requirements of the State of Arizona. A summary of the County's significant accounting policies follows.

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 are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide 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 Pima County Stadium District, a legally separate entity, was formed to promote and establish major league baseball spring training in Pima County. The County Board of Supervisors is the Board of Directors of the District. 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 Department of Finance and Risk Management located at 130 West Congress Street, Tucson, Arizona 85701.

The Pima County Library District was established in 1986 when legislation allowed full taxing authority and the ability to enter into agreements with other jurisdictions for the provision of library services. The County Board of Supervisors is the Board of Directors of the District. On July 1, 2006, the District assumed control of the operations of all library branches in the City of Tucson. The transition of operations from the City of Tucson to the District is governed by an intergovernmental agreement. The Library District is reported as a special revenue fund (blended component unit) in these financial statements. Separate financial statements for the District are not available.

The Pima County Regional Flood Control District was established in 1978. The District is responsible for floodplain management activities for the unincorporated areas of Pima County (except national forests, parks, monuments and Native American Nations), the City of South Tucson, and the Town of Sahuarita. The County Board of Supervisors is the Board of Directors for the Flood Control District. The Regional Flood Control District is reported as a special revenue fund (blended component unit) in these financial statements. Separate financial statements for the District are not available.

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. During the year ended June 30, 2007, the Commission and Pima County extended the lease agreement an additional twenty-five years. The Commission's members are appointed, and can be removed at any time, by the Pima County Board of Supervisors. Based on these factors, and because SFC does not provide services entirely, or almost entirely to the County, but rather to the

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

Note 1 - Summary of Significant Accounting Policies (continued)

general citizenry, 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 Department of Finance and Risk Management located at 130 West Congress Street, Tucson, Arizona 85701.

Related Organization

The Industrial Authority of Pima County (Authority) is a legally separate entity that was created to promote economic development and the development of affordable housing. The Authority fulfills its function through the issuance of tax-exempt bonds. The County Board of Supervisors appoints the Authority's Board of Directors. The Authority's operations are completely separate from the County and the County is not financially accountable for the Authority. Therefore, the financial activities of the Authority have not been included in the accompanying financial statements.

B. Basis of Accounting

Primary government:

The government-wide, proprietary funds and fiduciary funds financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, with the exception of agency funds, which have no measurement focus. 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.

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. Revenues that are collected after 30 days are reported as deferred revenues. The County's major revenue sources that are susceptible to accrual are property taxes, intergovernmental and charges for services. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, 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. The County has chosen the option not to follow FASB statements and interpretations issued after November 30, 1989.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

Note 1 - Summary of Significant Accounting Policies (continued)

Discretely presented component unit:

SFC's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The Commission's policy is to apply all FASB pronouncements issued after November 30, 1989.

C. 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 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 unit. Governmental activities are financed primarily 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. The net effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double counting of internal activities.

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 funds are financed mainly by fees and charges received from users of the services provided by the funds' operations. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

Note 1 - Summary of Significant Accounting Policies (continued)

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 for those required to be accounted for in another fund.

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 System and Services provides payment for health care services 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.

The **Wastewater Management Fund** accounts for the management and operation of wastewater treatment and water pollution control programs.

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 fleet maintenance and operation, insurance, printing and graphic services, 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 or other governmental units. The agency fund is custodial in nature and does not present results of operations.

D. Cash and Investments

Primary government:

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

Discretely presented component unit:

SFC's cash and cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

Note 1 - Summary of Significant Accounting Policies (continued)

E. Inventories and Prepaids

The County accounts for its inventories in the governmental funds using the purchases method. 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 in the government-wide and proprietary funds' financial statements are recorded as assets when purchased and expensed when consumed.

Inventories of Pima Health System and Services, 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 Fleet Services, an internal service fund, are valued at lower of cost or market, cost being determined using the moving average method.

Prepaid expenses/expenditures are accounted for using the consumption method, except for the School Reserve Fund reported as an Other Governmental Fund, which uses the purchases method.

F. Property Tax Calendar

The County levies real and personal 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. 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.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	All	N/A	N/A
Land improvements	All	Straight Line	20 - 30 Years
Buildings and building improvements	\$100	Straight Line	10 - 50 Years
Equipment	\$5	Straight Line	4 - 25 Years
Fleet service vehicles	\$5	Units of Production based on number of hours or miles	5 - 15 Years
Infrastructure	\$100	Straight Line	10 - 50 Years

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

Note 1 - Summary of Significant Accounting Policies (continued)

Discretely presented component unit:

SFC capital assets are reported at actual cost. Depreciation is provided by the straight-line method over the assets' estimated useful life, which range from 3 to 40 years.

H. Investment Earnings

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

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 their 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 up to 1920 hours of sick leave. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but are forfeited upon termination of employment. Sick leave benefits do not vest with employees; however employees who are eligible to retire from County service into the Arizona State Retirement System, Public Safety Personnel Retirement System, or Corrections Officer Retirement Plan may request sick leave be converted to annual leave, on a predetermined conversion basis. An estimate of those retirement payouts is accrued as a liability in the government-wide financial statements.

Note 2: Net Asset Beginning Balances Restated

The School Reserve fund reclassified certain financial activities from the County requiring the restatement of beginning net assets.

The following summarizes the restatement of net assets:

Governmental Activities	
Fund balance, Other Governmental Funds - June 30, 2006	\$77,951
Restatement of financial activity	294
Fund balance, Other Governmental Funds - July 1, 2006	\$78,245
Net assets – June 30, 2006, as previously reported	\$959,353
School reserve	294
Net assets – July 1, 2006, as restated	\$959,647

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

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 or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds; specified commercial paper, bonds, debentures, and notes issued by corporations organized and doing business in the United States; and bonds of the State of Arizona or any of its counties, cities, towns, or school districts as specified by statute. In addition, the County Treasurer may invest trust funds in fixed income securities of corporations doing business in the United States or District of Columbia.

Credit risk—The State statutes have the following requirements for credit risk;

1. Commercial paper must be rated P1 by Moody's Investors Service or A1 or better by Standard and Poor's rating service.
2. Corporate bonds, debentures, and notes must be rated A or better by Moody's Investors Service or Standard and Poor's rating service.
3. Fixed income securities must carry one of the two highest ratings by Moody's Investors Service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk—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.

Concentration of credit risk—Statutes do not include any requirements for concentration of credit risk.

Interest rate risk—Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years and that public operating fund monies invested in securities and deposits have a maximum maturity of 3 years. Investments in repurchase agreements must have a maximum maturity of 180 days.

Foreign currency risk—Statutes do not allow foreign investments.

Deposits—At June 30, 2007, the carrying amount of the County's deposits was \$28,919 and the bank balance was \$50,807.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

Note 3: Cash and Investments (continued)

Custodial credit risk—Custodial credit risk is the risk that the County will not be able to recover its deposits if a financial institution fails. The County does not have a formal policy with respect to custodial credit risk. As of June 30, 2007, \$907 of the County’s bank balance was exposed to custodial credit risk as follows:

Uninsured with collateral held by the bank's safekeeping department	\$	93
Uninsured and uncollateralized		814
Total	\$	907

Investments—At June 30, 2007, the County’s investments consisted of \$468,073 invested in marketable securities and \$279,434 invested in the State Treasurer’s Investment Pool. Cash from the County and from externally legally separate governments are pooled to purchase the investments in marketable securities and the State Treasurer’s Pool. The State Board of Investment provides oversight for the State Treasurer’s pools. The fair value of a participant’s position in the pool approximates the value of that participant’s pool shares and the participant’s shares are not identified with specific investments.

Credit risk—Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The County does not have a formal investment policy with respect to credit risk. At June 30, 2007, credit risk for the County’s investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
Commercial paper	A1/P1	S&P / Moody's	\$ 123,847
Corporate bonds	A/A1	S&P / Moody's	73,051
Federal Farm Credit Bank	AAA/Aaa	S&P / Moody's	24,918
Federal Home Loan Bank	AAA/Aaa	S&P / Moody's	34,606
Fannie Mae (Federal National Mortgage Association)	AA-/Aa2	S&P / Moody's	92,579
Freddie Mac (Federal Home Loan Mortgage Corp)	AAA/Aaa	S&P / Moody's	68,442
U. S. Treasury money market fund	AAA/Aaa	S&P / Moody's	6,212
State Treasurer Investment Pool	Unrated		279,434
Total			\$ 703,089

Custodial credit risk—For an investment, custodial risk is the risk that, in the event of the counterparty’s failure, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no formal policy with respect to custodial credit risk. Of the County’s \$747,507 of investments, \$461,861, consisting of the commercial paper, corporate bonds, Federal Farm Credit, Federal Home Loan Bank, Fannie Mae and Freddie Mac discount notes, U. S. Treasury notes and tri-party repurchase agreement, is uninsured and held by a counterparty in the County’s name in book form. An additional \$6,212 in a U.S. Treasury money market fund is held by a counterparty as trustee.

Concentration of credit risk—The County has no formal policy with respect to limiting the amount the Treasurer may invest in any one issuer. Five (5) percent or more of the County’s investments were with the Federal National Mortgage Association and Federal Home Loan Mortgage Corporation. These investments were 12% and 9%, respectively, of the County’s total investments.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

Note 3: Cash and Investments (continued)

Interest rate risk—Interest rate risk is the risk that changes in interest rates will adversely affect an investment’s fair value. The County does not have a formal investment policy with respect to interest rate risk.

As of June 30, 2007, the County had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity (Years)</u>
State Treasurer Investment Pool 5	\$ 197,569	0.21
State Treasurer Investment Pool 7	81,865	0.14
Commercial paper	123,847	0.11
Corporate bonds	73,051	1.84
Federal Farm Credit Bank	24,918	1.71
Federal Home Loan Bank	34,606	2.11
Fannie Mae (Federal National Mortgage Association)	92,579	0.55
Freddie Mac (Federal Home Loan Mortgage Corp)	68,442	0.60
U.S. Treasury	38,675	1.98
U.S. Treasury money market fund	6,212	0.00
Tri-party repurchase agreement	5,743	0.00
Total	<u>\$ 747,507</u>	

A reconciliation of cash, deposits, and investments to amounts shown on the Statements of Net Assets follows:

	<u>Cash on Hand</u>	<u>Amount of Deposits</u>	<u>Amount of Investments</u>	<u>Total</u>
Cash, deposits and investments:	\$ 83	\$ 28,919	\$ 747,507	\$ 776,509

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Investment Trust Funds</u>	<u>Agency Funds</u>	<u>Totals</u>
Statement of Net Assets:					
Cash and cash equivalents	\$ 280,806	\$ 71,047	\$ 297,267	\$ 75,225	\$ 724,345
Restricted cash and cash equivalents	2,158	50,006			52,164
Total	<u>\$ 282,964</u>	<u>\$ 121,053</u>	<u>\$ 297,267</u>	<u>\$ 75,225</u>	<u>\$ 776,509</u>

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. The County Treasurer allocates interest earnings to each of the Pool’s participants.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

Note 3: Cash and Investments (continued)

The Pool's assets are subject to applicable risks as discussed above and consist of the following:

	<u>Principal</u>	<u>Interest Rate</u>	<u>Maturities</u>	<u>Fair Value</u>
Commerical Paper	\$ 124,560	5.2-5.3%	4/07-5/07	\$ 123,847
Corporate Bonds	73,958	4.9-5.8%	7/07-2/11	73,051
Federal Farm Credit Bank	25,000	4.8-5.4%	7/07-9/10	24,918
Federal Home Loan Bank	35,000	4.9-5.5%	7/07-8/10	34,606
Fannie Mae (Federal National Mortgage Association)	93,655	5.0-5.5%	7/07-6/10	92,579
Freddie Mac (Federal Home Loan Mortgage Corp)	69,200	4.8-5.5%	7/07-10/10	68,442
U.S. Treasury	39,300	4.5-5.3%	2/08-5/10	38,675
Tri-party repurchase agreement	5,743	4.30%	7/07	5,743
State Treasurer Investment Pool	102,118	N/A	N/A	102,118
Cash	1,900	N/A	N/A	1,900
Interest Recievable	643	N/A	N/A	643
				<u>\$ 566,522</u>

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

Statement of Net Assets

Assets held in trust for:	
Internal participants	\$ 350,463
External Participants	216,059
	<u>566,522</u>
Total liabilities	<u>0</u>
Total net assets held in trust	<u>\$ 566,522</u>

Statement of Changes in Net Assets

Total additions	\$ 6,284,599
Total deductions	<u>(6,176,560)</u>
Net increase	108,039
Net assets held in trust:	
July 1, 2006	<u>458,483</u>
June 30, 2007	<u>\$ 566,522</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

Note 3: Cash and Investments (continued)

Discretely Presented Component Units

Southwestern Fair Commission—At June 30, 2007, the commission’s cash and cash equivalents of \$1,368 consisted of deposits with financial institutions. Of the total balance, \$970 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 4: Due from Other Governments

Governmental activities:

	General Fund	Capital Projects Fund	Other Governmental Funds	Internal Service Funds	Total Governmental Activities
Federal government:					
Grants and contributions	\$ 152	\$ 849	\$ 10,441		\$ 11,442
State of Arizona:					
Taxes and shared revenues	21,806		9,632		31,438
Grants and contributions		1,718	1,369	\$ 4	3,091
City of Tucson:					
Reimbursement for services	1,671		1,076		2,747
Due from other governments:					
Reimbursement for services	<u>459</u>	<u>2,924</u>	<u>476</u>	<u>88</u>	<u>3,947</u>
Total due from other governments fund based statements	<u>\$ 24,088</u>	<u>\$ 5,491</u>	<u>\$ 22,994</u>	<u>\$ 92</u>	<u>\$ 52,665</u>

Business-type activities:

	Pima Health System and Services	Wastewater Management	Business-type Activities Total
Federal government:			
Grants and contributions		\$ 2,165	\$ 2,165
Reimbursement for services	\$ 127		127
State of Arizona:			
Grants and contributions	<u>2,848</u>		<u>2,848</u>
Total due from other Governments	<u>\$ 2,975</u>	<u>\$ 2,165</u>	<u>\$ 5,140</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2007, was as follows:

	Balance July 1, 2006 (as reclassified)	Increases	Decreases	Balance June 30, 2007
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 222,918	\$ 38,459	\$ (3,990)	\$ 257,387
Construction in Progress	115,305	82,922	(88,920)	109,307
Total capital assets not being depreciated	<u>338,223</u>	<u>121,381</u>	<u>(92,910)</u>	<u>366,694</u>
Capital assets being depreciated:				
Buildings & Improvements	384,056	93,128	(250)	476,934
Infrastructure	889,651	29,146		918,797
Equipment	93,224	11,878	(7,666)	97,436
Total capital assets being depreciated	<u>1,366,931</u>	<u>134,152</u>	<u>(7,916)</u>	<u>1,493,167</u>
Less accumulated depreciation for:				
Buildings & Improvements	(112,249)	(9,220)	143	(121,326)
Infrastructure	(391,981)	(29,916)		(421,897)
Equipment	(54,590)	(10,382)	7,096	(57,876)
Total accumulated depreciation	<u>(558,820)</u>	<u>(49,518)</u>	<u>7,239</u>	<u>(601,099)</u>
Total capital assets, being depreciated, net	<u>808,111</u>	<u>84,634</u>	<u>(677)</u>	<u>892,068</u>
Governmental activities capital assets, net	<u>\$ 1,146,334</u>	<u>\$ 206,015</u>	<u>\$ (93,587)</u>	<u>\$ 1,258,762</u>
	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 8,706	\$ 1,610	\$ (621)	\$ 9,695
Construction in Progress	14,842	28,910	(8,115)	35,637
Total capital assets not being depreciated	<u>23,548</u>	<u>30,520</u>	<u>(8,736)</u>	<u>45,332</u>
Capital assets being depreciated:				
Buildings & Improvements	354,303	12,877	(11,920)	355,260
Infrastructure	490,600	33,064	(869)	522,795
Equipment	16,265	6,918	(2,931)	20,252
Total capital assets being depreciated	<u>861,168</u>	<u>52,859</u>	<u>(15,720)</u>	<u>898,307</u>
Less accumulated depreciation for:				
Buildings & Improvements	(114,504)	(11,793)	10,613	(115,684)
Infrastructure	(163,265)	(10,695)	620	(173,340)
Equipment	(9,582)	(1,442)	2,718	(8,306)
Total accumulated depreciation	<u>(287,351)</u>	<u>(23,930)</u>	<u>13,951</u>	<u>(297,330)</u>
Total capital assets, being depreciated, net	<u>573,817</u>	<u>28,929</u>	<u>(1,769)</u>	<u>600,977</u>
Business-type activities capital assets, net	<u>\$ 597,365</u>	<u>\$ 59,449</u>	<u>\$ (10,505)</u>	<u>\$ 646,309</u>

At July 1, 2006, the School Reserve Land Improvements of \$36 were reclassified from Land to Buildings and Improvements. The Buildings and Improvements classification is appropriate due to the depreciable nature of the assets.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

Note 5: Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$	6,295
Public safety		9,484
Highway and streets		25,629
Sanitation		457
Health		761
Welfare		8
Culture and recreation		3,604
Education and economic opportunity		546
Internal service funds		2,579
Total governmental activities depreciation expense	\$	<u>49,363</u>

Business-type activities:

Pima Health System & Services	\$	221
Parking Garages		336
Wastewater Management		22,990
Development Services		297
Total business-type activities depreciation expense	\$	<u>23,844</u>

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
Discretely presented component units:				
Southwestern Fair Commission (SFC):				
Capital assets not being depreciated:				
Construction in Progress		\$ 3		\$ 3
Total capital assets not being depreciated		<u>3</u>		<u>3</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 3,707	199		3,906
Equipment	1,612	161		1,773
Total capital assets being depreciated	<u>5,319</u>	<u>360</u>		<u>5,679</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,200)	(108)		(2,308)
Equipment	(1,210)	(88)		(1,298)
Total accumulated depreciation	<u>(3,410)</u>	<u>(196)</u>		<u>(3,606)</u>
Total capital assets being depreciated, net	<u>1,909</u>	<u>164</u>		<u>2,073</u>
SFC capital assets, net	<u>\$ 1,909</u>	<u>\$ 167</u>		<u>\$ 2,076</u>

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.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

Note 6: Claims, Judgments, and Risk Management (continued)

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, unemployment and dental losses. Environmental losses are based on reported claims and the County risk manager's knowledge and experience. Unemployment and dental losses are based on claims that have been submitted but not yet paid by the Fund. Losses accounted for include reported and paid, reported but unpaid, and incurred but not reported. All liabilities of the Fund except for environmental, unemployment and dental 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, unemployment and dental losses, payments to the Fund are based on actuarial estimates of the amounts needed to pay prior and current-year claims. Payments to the Fund for environmental losses are based on historical experience, since an actuarial basis is not available. Payments for unemployment and dental losses are based on actual claims made.

The claims liability of \$32,857 reported in the Fund at June 30, 2007, 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>2007</u>	<u>2006</u>
Claims liability balance - beginning	\$ 35,508	\$ 30,273
Current year claims and changes in estimates	8,118	12,185
Claims payments	<u>(10,769)</u>	<u>(6,950)</u>
Claims liability balance - ending	<u>\$ 32,857</u>	<u>\$ 35,508</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

Note 7: Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2007.

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance July 1, 2007</u>	<u>Due within 1 year</u>
Governmental activities:					
General obligation bonds	\$ 231,310	\$ 95,000	\$ 36,720	\$ 289,590	\$ 31,255
Plus unamortized deferred amount	608	1	49	560	49
Total general obligation bonds	<u>231,918</u>	<u>95,001</u>	<u>36,769</u>	<u>290,150</u>	<u>31,304</u>
Flood control bonds	<u>2,230</u>		<u>760</u>	<u>1,470</u>	<u>745</u>
Transportation revenue bonds	126,835	21,000	11,435	136,400	11,745
Plus unamortized deferred amount	165	1	25	141	26
Total transportation revenue bonds	<u>127,000</u>	<u>21,001</u>	<u>11,460</u>	<u>136,541</u>	<u>11,771</u>
Special assessment bonds with governmental commitment	<u>911</u>		<u>911</u>		
Certificates of participation		30,320		30,320	1,245
Plus unamortized deferred amount		1,427	16	1,411	94
Total certificates of participation		<u>31,747</u>	<u>16</u>	<u>31,731</u>	<u>1,339</u>
Loans and Leases:					
Transportation loans payable	<u>5,739</u>		<u>2,025</u>	<u>3,714</u>	<u>2,714</u>
Capital leases payable:					
Jail capital lease	28,335		1,785	26,550	1,870
Less unamortized deferred amount	(2,106)		(192)	(1,914)	(192)
Other capital leases	197		97	100	80
Total capital leases	<u>26,426</u>		<u>1,690</u>	<u>24,736</u>	<u>1,758</u>
Total loans and leases	<u>32,165</u>		<u>3,715</u>	<u>28,450</u>	<u>4,472</u>
Reported but unpaid losses (Note 6)	25,764	7,944	10,769	22,939	4,200
Incurred but not reported losses (Note 6)	9,744	174		9,918	1,785
Landfill closure and post-closure care costs (Note 8)	16,268	1,062		17,330	
Total governmental activities long-term liabilities	<u>\$ 445,089</u>	<u>\$ 156,929</u>	<u>\$ 63,489</u>	<u>\$ 538,529</u>	<u>\$ 55,616</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

Note 7: Long-Term Liabilities (continued)

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>July 1, 2007</u>	<u>Due within</u> <u>1 year</u>
Business-type activities:					
Sewer revenue bonds	\$ 55,525	\$ 50,000	\$ 8,235	\$ 97,290	\$ 7,350
Less unamortized deferred amount	(3,815)	442	(439)	(2,934)	
Total revenue bonds payable	<u>51,710</u>	<u>50,442</u>	<u>7,796</u>	<u>94,356</u>	<u>7,350</u>
Wastewater loans payable	80,367	1,429	5,503	76,293	5,722
Less unamortized deferred amount	(219)		(37)	(182)	
Total loans payable	<u>80,148</u>	<u>1,429</u>	<u>5,466</u>	<u>76,111</u>	<u>5,722</u>
Contracts and notes	4,562	787	69	5,280	
Total business-type activities long-term liabilities	<u>\$ 136,420</u>	<u>\$ 52,658</u>	<u>\$ 13,331</u>	<u>\$ 175,747</u>	<u>\$ 13,072</u>
Discretely presented component unit:					
Southwestern Fair Commission notes payable	<u>\$ 244</u>		<u>\$ 244</u>		

GENERAL OBLIGATION BONDS OUTSTANDING
Governmental Activities

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

General obligation bonds payable at June 30, 2007, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, \$28,371 from the May 20, 1997, \$398,465 from the May 18, 2004, and \$51,845 from the May 16, 2006 bond election remain unissued. The following table presents amounts outstanding by issue.

<u>Issue</u>	<u>Issue</u> <u>Amount</u>	<u>Interest</u> <u>Rates</u>	<u>Maturities</u>	<u>Outstanding</u> <u>June 30, 2007</u>
Series of 1998	\$ 42,420	4.50 - 4.60%	2008-13	\$ 14,050
Series of 1999	50,000	5.00 - 5.08%	2008-10	11,115
Series of 2000	50,000	4.00 - 5.00%	2008-14	21,000
Series of 2001 Refunding	17,835	4.50 - 5.00%	2008-09	4,465
Series of 2002	20,000	4.13 - 4.50%	2008-16	8,500
Series of 2003	50,000	3.25 - 4.25%	2008-17	37,100
Series of 2004	65,000	3.00 - 5.00%	2008-19	50,430
Series of 2005	65,000	3.50 - 5.00%	2008-20	52,315
Series of 2007	95,000	3.00 - 4.50%	2008-21	90,615
G.O. bonds outstanding				289,590
Plus unamortized deferred amount:				560
Total G.O. bonds outstanding				<u>\$ 290,150</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2007.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 31,255	\$ 12,343
2009	25,660	10,939
2010	25,080	9,782
2011	22,740	8,657
2012	23,355	7,638
2013 - 2017	107,675	23,079
2018 - 2021	53,825	3,811
Total	<u>\$ 289,590</u>	<u>\$ 76,249</u>

ADVANCED REFUNDINGS OF GENERAL OBLIGATION BONDS

In prior years, the County defeased certain General Obligation 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 liability for these defeased bonds are not included in the County's financial statements. At June 30, 2007, the following outstanding bonds were considered defeased:

	<u>Outstanding June 30, 2007</u>
1979 General Obligation Refunding Bonds	\$ 980
Series of 1999	\$ 5,785

FLOOD CONTROL REFUNDING BONDS OUTSTANDING
Governmental Activities

(Payments made from property tax revenues of the Debt Service Fund of the District)

The Pima County Regional Flood Control District outstanding bonds payable at June 30, 2007 is presented below.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2007</u>
Series 2001 Refunding	\$ 4,585	4.10 - 4.20%	2008-09	\$ 1,470

The following schedule details flood control bond debt service requirements to maturity at June 30, 2007.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 745	\$ 61
2009	725	30
Total	<u>\$ 1,470</u>	<u>\$ 91</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

Note 7: Long-Term Liabilities (continued)

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, \$147,800 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, 2007</u>
Series of 1998	\$ 40,000	4.50%	2008	\$ 4,000
Series of 2002	55,000	4.00 - 4.38%	2008-12	30,410
Series of 2003	35,000	3.38 - 4.38%	2008-18	29,790
Series of 2005	51,200	3.50 - 5.00%	2008-20	51,200
Series of 2007	21,000	3.25 - 4.75%	2008-22	21,000
Transportation bonds outstanding				136,400
Plus unamortized deferred amount:				141
Total transportation bonds outstanding				<u>\$ 136,541</u>

The following schedule details transportation bond debt service requirements to maturity at June 30, 2007.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 11,745	\$ 5,659
2009	12,215	5,183
2010	12,720	4,692
2011	13,280	4,136
2012	13,865	3,552
2013 - 2017	43,900	11,309
2018 - 2022	28,675	2,373
Total	<u>\$ 136,400</u>	<u>\$ 36,904</u>

TRANSPORTATION LOANS PAYABLE
Governmental Activities

During the fiscal year ended June 30, 2006, Pima County Transportation Department entered into a loan agreement to provide funds for roadway improvements of Alvernon Way. Interest on the Alvernon HELP loan is calculated and paid on an annual basis.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rate</u>	<u>Maturities</u>	<u>Outstanding June 30, 2007</u>
2006 HELP Loan - Alvernon	\$ 4,836	3.06%	2008-09	\$ 3,714
Total transportation loan payable				<u>\$ 3,714</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details transportation loans debt service requirements to maturity at June 30, 2007.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 2,714	\$ 114
2009	1,000	61
Total	<u>\$ 3,714</u>	<u>\$ 175</u>

CERTIFICATES OF PARTICIPATION
Governmental Activities
(Payments made from General Fund revenues)

Certificates of Participation represent proportionate interests in semiannual lease payments. The County's obligation to make lease payments is subject to annual appropriations being made by the County for that purpose. On May 1, 2007, the County issued Certificates of Participation Series 2007-A for \$28,765 to finance the acquisition of and improvements to a 22-story office tower located in downtown Tucson, and Taxable Series 2007-B for \$1,555 to acquire and construct replacement facilities for the Pima County Community Services Department. These projects are collectively referred to as the "Justice Building Project."

The following schedule details outstanding Certificates of Participation payable at June 30, 2007.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2007</u>
Series 2007-A Justice Building Project	\$ 28,765	4.00 - 5.00%	2008-2022	\$ 28,765
Series 2007-B Justice Building Project - Taxable	1,555	5.04 - 5.22%	2008-2009	<u>1,555</u>
Certificates of participation outstanding				30,320
Plus unamortized deferred amount				<u>1,411</u>
Total certificates of participation outstanding				<u>\$ 31,731</u>

The following schedule details debt service requirements to maturity for the County's Certificates of Participation payable at June 30, 2007.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 1,245	\$ 1,667
2009	1,545	1,364
2010	1,610	1,298
2011	1,675	1,234
2012	1,740	1,167
2013 - 2017	9,905	4,639
2018 - 2022	12,600	1,951
Total	<u>\$ 30,320</u>	<u>\$ 13,320</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

Note 7: Long-Term Liabilities (continued)

**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 and October 1, 2003, 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 and 2018 respectively, increased the range of interest rates and increased the County's obligation under the lease agreement.

The County has also entered into capital leases for telephone and computer equipment. The outstanding balance as of June 30, 2007, for these leases totaled \$100.

The net book value of assets acquired through capital leases consists of \$19,394 of buildings and \$171 of equipment.

The following schedule details capital lease debt service requirements to maturity at June 30, 2007.

Governmental Activities:

<u>Year Ending June 30,</u>	<u>Buildings</u>		<u>Equipment</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 1,870	\$ 1,139	\$ 80	\$ 2
2009	1,965	1,062	20	
2010	2,025	982		
2011	2,125	879		
2012	2,230	774		
2013 - 2017	13,400	2,032		
2018 - 2022	2,935	61		
	<u>\$ 26,550</u>	<u>\$ 6,929</u>	<u>\$ 100</u>	<u>\$ 2</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, \$3,666 from the May 20, 1997, and \$100,277 from the May 18, 2004 bond election remain unissued.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2007</u>
Series of 1998	\$ 29,185	4.00 - 5.50%	2008-15	\$ 15,555
Series 2001 Refunding	19,440	4.00 - 5.38%	2008-15	13,845
Series of 2004 Refunding	25,770	3.25 - 5.50%	2008-15	20,555
Series of 2007	50,000	3.75 - 5.00%	2008-26	47,335
Sewer revenue bonds outstanding				97,290
Less unamortized deferred amount:				(2,934)
Total sewer revenue bonds outstanding				<u>\$ 94,356</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details sewer revenue bond debt service requirements to maturity at June 30, 2007.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 7,350	\$ 4,352
2009	7,650	4,049
2010	6,990	3,706
2011	7,310	3,409
2012	8,395	3,078
2013 - 2017	31,755	9,619
2018 - 2022	13,955	4,744
2023 - 2026	13,885	1,439
	<u>\$ 97,290</u>	<u>\$ 34,396</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, 2000 and 2004 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.

During fiscal year 05-06 the 2004 WIFA loan was amended to a total of \$19,967. On March 21, 2007, the remaining balance of \$1,490 was drawn down.

<u>Issue</u>	<u>Issue Amount</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding June 30, 2007</u>
1996 Loans Payable	\$ 11,313	3.19%	2008-12	\$ 7,132
1997 Loans Payable	7,500	2.95%	2008-11	3,102
2000 Loans Payable	61,180	2.20%	2008-16	46,092
2004 Loans Payable	19,967	1.81%	2008-24	19,967
Loans payable				76,293
Less unamortized deferred amount				(182)
Total loans payable				<u>\$ 76,111</u>

The following schedule details loans payable debt service requirements to maturity at June 30, 2007.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 5,722	\$ 2,624
2009	5,955	2,423
2010	6,317	2,200
2011	7,604	1,949
2012	7,891	1,667
2013 - 2017	32,480	4,665
2018 - 2022	6,134	1,214
2023 - 2024	4,190	210
	<u>\$ 76,293</u>	<u>\$ 16,952</u>

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

Note 7: Long-Term Liabilities (continued)

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.

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

In prior years, the Commission had incurred long-term debt to construct the drag strip. The debt had an original maturity of July 2008. During the year ended June 30, 2007, the Commission paid off \$ 244 in total debt, leaving no balance on their long-term debt.

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, Pima County received voter approval to increase the debt limit to 15 percent of the value of taxable property. The legal debt margin at June 30, 2007, is as follows:

Net assessed valuation		\$ 6,869,955
Debt Limit (15% of net assessed valuation):		1,030,493
<u>Amount of debt applicable to debt limit:</u>		
General obligation bonds outstanding	\$ 289,590	
Less net assets in debt service fund available for payment of general obligation bond principal	(7,431)	(282,159)
Legal debt margin available		\$ 748,334

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

Note 7: Long-Term Liabilities (continued)

Flood Control General Obligation Bonds

Flood Control general obligation debt may not exceed 5 percent of the value of the Flood Control District's taxable property as of the latest assessment. Legal debt margin at June 30, 2007, is as follows:

Net assessed valuation		\$ 6,113,953
Debt Limit (5% of net assessed valuation):		305,698
<u>Amount of debt applicable to debt limit:</u>		
Flood control general obligation bonds outstanding	\$ 1,470	
Less net assets in debt service fund available for payment of flood control bond principal	(23)	(1,447)
Legal debt margin available		\$ 304,251

Note 8: Landfill Liabilities

SOLID WASTE LANDFILL CLOSURE AND POST-CLOSURE 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 post-closure 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 post-closure care costs as a long-term liability in each period, based on landfill capacity used as of each balance sheet date. The \$17,330 reported as landfill closure and post-closure care long-term liability within the governmental activities 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 post-closure care of \$6,278 as the remaining estimated capacities are used. These amounts are based on what it would cost to perform all closure and post-closure care in the fiscal year ended June 30, 2007; actual costs may change due to inflation, changes in technology, or changes in regulations.

Landfill Site	Capacity Used June 30, 2007	Estimated Remaining Service Life
Ajo *	100%	0 Year
Sahuarita	43%	16 Years
Tangerine	86%	3 Years

*Life extending facility development options are presently being considered for the Ajo Landfill, including vertical and/or horizontal expansion.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

Note 8: Landfill Liabilities (continued)

The County plans to fund the estimated closure and post-closure 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, post-closure, and corrective action when needed. The County is in compliance with these requirements. The Ina Road Landfill facility is closed to municipal solid waste and only receives construction debris. It is not subject to the closure and post-closure cost requirements referred to above. Pima County estimates that it will cost approximately \$9,272 when closure occurs and plans to fund the cost with proceeds of general obligation bonds and with solid waste tipping fees. At this time, there is no closure date available.

Note 9: 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 Sheriffs 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 212 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's 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 21 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
Phoenix, AZ 85012
(602) 240-2000 or
(800) 621-3778

PSPRS and CORP

3010 East Camelback Road
Suite 200
Phoenix, AZ 85016-4416
(602) 255-5575

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

Note 9: Retirement Plans (continued)

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, 2007, active **ASRS** members and the County were each required by statute to contribute at the actuarially determined rate of 9.10 percent (8.60 percent retirement and 0.50 percent long-term disability) of the members' annual covered payroll. The County's contributions to **ASRS** for the years ended June 30, 2007, 2006 and 2005 were \$23,105, \$17,551 and \$12,602 respectively, which were equal to the required contributions for the applicable year.

Agent plans For the year ended June 30, 2007, 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 18.85 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 8.46 percent.

Annual Pension Cost: The County's pension cost for the two agent plans for the year ended June 30, 2007, and related information follow:

	PSPRS	CORP
Contribution rates:		
County	22.50%	8.46%
Plan members	4.00%	8.50%
Annual pension cost	\$ 5,422	\$ 1,224
Contributions made	\$ 5,422	\$ 1,224
Actuarial valuation date	June 30, 2005	June 30, 2005
Actuarial cost method	Projected unit credit	Projected unit credit
Actuarial Assumptions:		
Investment rate of return	8.50%	8.50%
Projected salary increases includes inflation at	5.50% - 8.50%	5.50% - 8.50%
	5.00%	5.00%
Amortization method	Level percentage open	Level percentage open
Remaining amortization period	30 Years	30 Years
Asset valuation method	Smoothed market value	Smoothed market value

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

Note 9: Retirement Plans (continued)

Trend Information: Information for each of the three most recent actuarial valuations 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	2007	\$ 5,422	100%	\$ -
	2006	4,720	100%	-
	2005	3,325	100%	-
CORP	2007	\$ 1,224	100%	\$ -
	2006	1,088	100%	-
	2005	782	100%	-

Note 10: Interfund Transactions

A. Interfund Assets/ Liabilities

Due from / Due to Other Funds are used to record loans or unpaid operating transfers between funds.

Amounts recorded as due from:

	<i>General</i>	<i>Capital Projects</i>	<i>Other Governmental</i>	<i>PHS & Services</i>	<i>Other Enterprise</i>	<i>Internal Service</i>	<i>Total</i>
General		\$ 497	\$ 3	\$ 108	\$ 16	\$ 624	
Capital Projects	\$ 21		1,243			208	1,472
Other Governmental	499	\$ 793	33	1		818	2,144
Pima Health System & Services	1,152						1,152
Wastewater Management	10	178	17				205
Other Enterprise	1						1
Internal Service	21			1		1	23
Total	\$ 1,704	\$ 971	\$ 1,790	\$ 5	\$ 108	\$ 1,043	\$ 5,621

Amounts recorded as due to:

B. Transfers

Transfers are used to record transactions between individual funds to subsidize their operations and fund debt service payments and capital construction projects.

Amounts recorded as transfers out:

	<i>General</i>	<i>Capital Projects</i>	<i>Other Governmental</i>	<i>Wastewater Management</i>	<i>Internal Services</i>	<i>Total</i>
General	\$ 71		\$ 3,489		\$ 3,560	
Capital Projects			30,549		30,549	
Other Governmental	\$ 32,186		19,794		51,980	
Pima Health System & Services				\$ 17	17	
Internal Service	598		1	\$ 10	609	
Total	\$ 32,784	\$ 71	\$ 53,833	\$ 10	\$ 17	\$ 86,715

Amounts recorded as transfers in:

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

Note 10: Interfund Transactions (continued)

The table above does not include transfers of capital assets and long-term liabilities from the proprietary funds to the governmental activities because these are not reported in the governmental funds. During the year, the County transferred in to the Internal Service Funds \$57 to record the transfer of a long-term liability to the Governmental Activities. In addition, the following proprietary funds transferred capital assets with Governmental Activities:

<u>Transfer from</u>	<u>Transfer to</u>		<u>Transfer from</u>	<u>Transfer to</u>
Wastewater Management Enterprise Fund	Capital assets	\$ 644		
Other Enterprise	Capital assets	84		
Internal Services	Capital assets	9		
	Subtotal	<u>737</u>		
		<u>(30)</u>	Capital assets	Internal Services
	Total	<u>\$ 707</u>		

Note 11: Construction and Other Significant Commitments

At June 30, 2007, Pima County had the following major contractual commitments related to Cultural Resources, Facilities Management, General Government, Pima Health System and Services, Transportation and Wastewater Management.

Cultural Resources

At June 30, 2007, the Pima County Cultural Resources Department had construction contractual commitments of \$6,654. Funding for these expenditures will be provided from general obligation bonds.

Facilities Management

At June 30, 2007, the Pima County Facilities Management Department had construction contractual commitments of \$11,670. Funding for these expenditures will be provided from general obligation bonds.

General Government

At June 30, 2007, Pima County had contractual commitments related to service contracts for Institutional Health of \$79,166 and Risk Management of \$1,663. Funding for these expenditures will be primarily provided from general fund revenues.

Pima Health System & Services

At June 30, 2007, Pima County had contractual commitments related to service contracts for Pima Health System & Services of \$89,388. Funding for these expenditures will be primarily provided from federal and state funding sources.

Transportation

At June 30, 2007, the Pima County Transportation Department had construction contractual commitments of \$57,651 and other contractual commitments related to service contracts of \$14,317. 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.

PIMA COUNTY, ARIZONA
Notes to Financial Statements
June 30, 2007
(in thousands)

Note 11: Construction and Other Significant Commitments (continued)

Wastewater Management

At June 30, 2007, the Wastewater Management Enterprise fund had construction contractual commitments of \$18,350 and other contractual commitments related to service contracts of \$4,051. Funding for these expenditures will be primarily from Sewer Revenue Bonds and related fees.

Note 12: Stewardship, Compliance and Accountability (Deficit Fund Balances)

The Special Revenue Other Grants Fund and the Special Districts Fund (both non-major governmental funds) had deficit fund balances at June 30, 2007, of \$740 and \$593 respectively. These deficits can be eliminated in the future through normal operations.

Note 13: Contingent Liabilities

The County has entered into settlement negotiations with Arizona Department of Environmental Quality (ADEQ) 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 litigation is uncertain and the amount of the loss cannot be reasonably estimated.

Pima County has been named a co-defendant, along with the State of Arizona in lawsuits filed by the Qwest and Cox companies. The litigation challenges the taxes assessed on their assets. The future outcome of this litigation is uncertain and any potential liability is not estimable.

Note 14: Subsequent Event

On October 17, 2007, the town of Marana, Arizona filed a lawsuit against Pima County after negotiations over the transfer of the sewer treatment facilities and conveyance system, failed to produce an agreement. The town of Marana rescinded the 1979 agreement with Pima County to operate and supply sewer services to the town. The liability and future outcome of this litigation is unknown at this time.

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Required Supplementary Information

Other Than Management's Discussion & Analysis

PIMA COUNTY, ARIZONA
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget to Actual - General Fund
For the Year Ended June 30, 2007
(in thousands)

Exhibit B-1

	Budgeted Amounts		Actual	Variance
	Original	Final		Over/Under
Revenues:				
Taxes	\$ 253,565	\$ 253,565	\$ 252,350	\$ (1,215)
Licenses and permits	2,473	2,473	2,795	322
Intergovernmental	145,517	145,517	152,271	6,754
Charges for services	30,648	30,648	33,604	2,956
Fines and forfeits	5,495	5,495	5,526	31
Investment earnings	1,623	1,623	3,321	1,698
Miscellaneous	3,732	3,732	6,828	3,096
Total revenues	443,053	443,053	456,695	13,642
Expenditures:				
Assessor	8,470	8,470	8,190	280
Board of Supervisors	1,675	1,675	1,639	36
Clerk of Superior Court	10,653	10,653	10,631	22
Community & Economic Development	15,610	15,610	15,078	532
Constables	847	847	874	(27)
County Administration	52,477	52,477	36,018	16,459
County Attorney	19,062	19,062	18,266	796
Department of Institutional Health	98,146	98,146	96,684	1,462
Forensic Science Center	2,579	2,579	2,526	53
Justice Courts	7,579	7,579	7,253	326
Juvenile Court	23,907	23,907	23,150	757
Justice & Law Enforcement	27,839	27,839	28,442	(603)
Public Works	28,438	28,438	28,177	261
Recorder	2,826	2,826	2,519	307
Sheriff	103,697	103,697	106,825	(3,128)
Superior Court	27,426	27,426	27,150	276
Superior Court Mandated Services	1,575	1,575	1,840	(265)
School Superintendent	1,332	1,332	1,329	3
Treasurer	2,377	2,377	1,874	503
Debt Service - principal	1,785	1,785	1,785	
- interest	1,230	1,230	1,230	
- miscellaneous	5	5	6	(1)
Total expenditures	439,535	439,535	421,486	18,049
Excess of revenues over expenditures	3,518	3,518	35,209	31,691
Other financing sources (uses):				
Transfers in	3,301	3,301	3,560	259
Transfers (out)	(29,658)	(29,658)	(32,784)	(3,126)
Total other financing uses	(26,357)	(26,357)	(29,224)	(2,867)
Net change in fund balance	(22,839)	(22,839)	5,985	28,824
Fund balance at beginning of year	45,839	45,839	51,575	5,736
Fund balance at end of year	<u>\$ 23,000</u>	<u>\$ 23,000</u>	<u>\$ 57,560</u>	<u>\$ 34,560</u>

See notes to required supplementary information

PIMA COUNTY, ARIZONA
Notes to Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
June 30, 2007
(in thousands)

Note 1: Budgetary Basis of Accounting

Arizona Revised Statutes (ARS § 42-17101) requires that on or before the third Monday in July of each year, the Board of Supervisors adopt 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 ARS § 42-17106, expenditures may not be in excess of the amounts specified for each purpose in the budget, except as provided by law. 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. ARS § 42-17106 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.

Note 2: Excess of Expenditures Over Appropriations

For the year ended June 30, 2007, expenditures exceeded appropriations in the following General Fund departments (the legal level of budgetary control) by the following amounts: Sheriff, \$3,128; Justice & Law Enforcement, \$603; Superior Court Mandated Services, \$265; Constables, \$27; and Debt Service Miscellaneous, \$1. These over-expenditures were funded by greater than anticipated revenues.

PIMA COUNTY, ARIZONA
Schedule of Agent Retirement Plans' Funding Progress
June 30, 2007
(in thousands)

Exhibit B-2

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	2007	\$ 128,524	\$ 197,365	\$ 68,841	65.1%	\$ 29,428	233.9%
	2006	133,450	181,084	47,634	73.7%	28,556	166.8%
	2005	132,736	162,817	30,081	81.5%	24,313	123.7%
CORP	2007	\$ 44,196	\$ 54,488	\$ 10,292	81.1%	\$ 20,190	51.0%
	2006	43,318	49,891	6,573	86.8%	17,658	37.2%
	2005	41,729	45,244	3,515	92.2%	15,681	22.4%

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Combining Statements and Other Schedules

Other (Nonmajor) Governmental Funds

OTHER GOVERNMENTAL FUNDS (Nonmajor)

Transportation Fund - to account 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 and vehicle license taxes collected by the State.

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.

Regional Flood Control District Fund - to account for amounts expended to protect persons and property from floodwaters. Revenues are provided by taxes on real property and government grants. The Regional Flood Control District is a blended component unit of Pima County.

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 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 fines, intergovernmental revenues, fees and forfeitures, and charges for services.

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.

Special Districts Fund - to account for financial activity related to Improvement Districts, which are legally separate districts not accounted for elsewhere.

Solid Waste Fund - to account for the resources used to finance the operations of the County's landfills and transfer stations, and to account for the state shared revenue tax for the tire recycling program.

Library District Fund - to account for the resources used to finance activities to provide library services to Pima County and the City of Tucson. Revenues are provided primarily by Library District taxes. The Library District is a blended component unit of Pima County.

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.

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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PIMA COUNTY, ARIZONA
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2007
(in thousands)

	Special Revenue Funds					
	Transportation	Health and Animal Control	Regional Flood Control District	Employment and Training	Other	Other Grants
<u>Assets</u>						
Cash and cash equivalents	\$ 8,207	\$ 1,552	\$ 891		\$ 42,731	\$ 455
Property taxes receivable (net of allowances for uncollectables)			732			
Interest receivable	19		15		136	7
Due from other funds	1,132	2	120		247	15
Due from other governments	10,535	2,329	1,254	\$ 2,943	283	3,682
Accounts receivable	4	120		70	1,750	13
Inventory	1,772	182				
Prepaid expenditures	36	17	3	16	11	1
Special assessments receivable						
Loan receivable	315					
Total assets	<u>\$ 22,020</u>	<u>\$ 4,202</u>	<u>\$ 3,015</u>	<u>\$ 3,029</u>	<u>\$ 45,158</u>	<u>\$ 4,173</u>
<u>Liabilities and fund balances</u>						
Liabilities:						
Accounts payable	\$ 3,363	\$ 1,336	\$ 1,677	\$ 1,121	\$ 1,493	\$ 1,459
Interest payable						9
Contract retentions			82		2	
Employee compensation	595	442	133	82	177	613
Due to other funds	467	8	24	442	364	8
Due to other governments	254				180	304
Deferred revenues	4,465	1,102	621	615	1,108	2,520
Total liabilities	<u>9,144</u>	<u>2,888</u>	<u>2,537</u>	<u>2,260</u>	<u>3,324</u>	<u>4,913</u>
Fund balances:						
Reserved for inventory	1,772	182				
Reserved for prepaid expenditures	36	17	3	16	11	1
Reserved for debt service						
Reserved for capital repairs and refurbishments						
Reserved for specified programs						
Reserved for loan receivable	315					
Unreserved	10,753	1,115	475	753	41,823	(741)
Total fund balances	<u>12,876</u>	<u>1,314</u>	<u>478</u>	<u>769</u>	<u>41,834</u>	<u>(740)</u>
Total liabilities and fund balances	<u>\$ 22,020</u>	<u>\$ 4,202</u>	<u>\$ 3,015</u>	<u>\$ 3,029</u>	<u>\$ 45,158</u>	<u>\$ 4,173</u>

Special Revenue Funds							Total Other Governmental Funds
School Reserve	Environmental Quality	Special Districts	Solid Waste	Library District	Stadium District	Debt Service Fund	
\$ 1,794	\$ 1,161	\$ 225	\$ 3,025	\$ 13,446	\$ 829	\$ 7,511	\$ 81,827
				759		1,473	2,964
	4		10	57	1	182	431
	27		18	3	226		1,790
629	507		285	249	298		22,994
42	101		425	36	280		2,841
							1,954
9	1		2	8			104
		1,781					1,781
							315
<u>\$ 2,474</u>	<u>\$ 1,801</u>	<u>\$ 2,006</u>	<u>\$ 3,765</u>	<u>\$ 14,558</u>	<u>\$ 1,634</u>	<u>\$ 9,166</u>	<u>\$ 117,001</u>
\$ 115	\$ 75		\$ 307	\$ 1,475	\$ 93		\$ 12,514
							9
							84
130	89		54	394	7		2,716
	1	\$ 818	12				2,144
				217			955
	491	1,781		877	127	\$ 1,220	14,927
245	656	2,599	373	2,963	227	1,220	33,349
							1,954
9	1		2	8			104
		209				7,946	8,155
					75		75
	1,039		1,655	582			3,276
							315
2,220	105	(802)	1,735	11,005	1,332		69,773
2,229	1,145	(593)	3,392	11,595	1,407	7,946	83,652
<u>\$ 2,474</u>	<u>\$ 1,801</u>	<u>\$ 2,006</u>	<u>\$ 3,765</u>	<u>\$ 14,558</u>	<u>\$ 1,634</u>	<u>\$ 9,166</u>	<u>\$ 117,001</u>

PIMA COUNTY, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2007
(in thousands)

	Special Revenue Funds					
	Transportation	Health and Animal Control	Regional Flood Control District	Employment and Training	Other	Other Grants
Revenues:						
Taxes			\$ 22,739			
Special assessments						
Licenses and permits	\$ 244	\$ 2,214				
Intergovernmental	62,608	9,841	1,440	\$ 11,561	\$ 4,635	\$ 35,729
Charges for services	815	2,425	226		8,054	
Fines and forfeits		213				
Investment earnings	677	3	278		1,974	66
Miscellaneous	437	238	256	161	6,860	803
Total revenues	<u>64,781</u>	<u>14,934</u>	<u>24,939</u>	<u>11,722</u>	<u>21,523</u>	<u>36,598</u>
Expenditures:						
Current:						
General government					16,883	24,222
Public safety			14,325		4,743	7,037
Highways and streets	42,639				44	
Sanitation						
Health		25,288				
Welfare						484
Culture and recreation					349	95
Education and economic opportunity				12,017	1,585	5,458
Debt service - principal					76	21
- interest					5	
- miscellaneous						
Total expenditures	<u>42,639</u>	<u>25,288</u>	<u>14,325</u>	<u>12,017</u>	<u>23,685</u>	<u>37,317</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,142</u>	<u>(10,354)</u>	<u>10,614</u>	<u>(295)</u>	<u>(2,162)</u>	<u>(719)</u>
Other financing sources (uses):						
Premium on bonds						
Proceeds from sale of capital assets	527					
Transfers in	3,031	9,515		289	16,030	256
Transfers (out)	(30,324)	(149)	(15,764)		(3,641)	(17)
Total other financing sources (uses)	<u>(26,766)</u>	<u>9,366</u>	<u>(15,764)</u>	<u>289</u>	<u>12,389</u>	<u>239</u>
Net change in fund balance	(4,624)	(988)	(5,150)	(6)	10,227	(480)
Fund balance at beginning of year, as restated	17,755	2,220	5,628	775	31,643	(260)
Change in reserve for inventory	(255)	82			(36)	
Change in reserve for prepaid expenditures						
Fund balance at end of year	<u>\$ 12,876</u>	<u>\$ 1,314</u>	<u>\$ 478</u>	<u>\$ 769</u>	<u>\$ 41,834</u>	<u>\$ (740)</u>

Special Revenue Funds							Total Other Governmental Funds
School Reserve	Environmental Quality	Special Districts	Solid Waste	Library District	Stadium District	Debt Service Fund	
		\$ 521		\$ 24,889		\$ 48,722	\$ 96,350
	\$ 1,879						521
\$ 3,090	1,035		\$ 1,196	7,034	\$ 1,907	18	4,337
	63		4,747		1,220		140,094
	85	7	176	748			17,487
	92		88	469	7	1,612	1,024
				1,517	1		5,354
							10,453
<u>3,090</u>	<u>3,154</u>	<u>528</u>	<u>6,207</u>	<u>34,657</u>	<u>3,135</u>	<u>50,352</u>	<u>275,620</u>
							41,105
							26,105
							42,683
			6,766				6,766
	4,497						29,785
				27,529	2,530		484
3,007							30,503
		911				50,940	22,067
		58				17,672	51,948
						6	17,735
							6
<u>3,007</u>	<u>4,497</u>	<u>969</u>	<u>6,766</u>	<u>27,529</u>	<u>2,530</u>	<u>68,618</u>	<u>269,187</u>
83	(1,343)	(441)	(559)	7,128	605	(18,266)	6,433
509						2	2
	400				2,915	19,544	1,036
		(263)		(485)	(3,021)	(169)	51,980
							(53,833)
<u>509</u>	<u>400</u>	<u>(263)</u>		<u>(485)</u>	<u>(106)</u>	<u>19,377</u>	<u>(815)</u>
592	(943)	(704)	(559)	6,643	499	1,111	5,618
1,639	2,088	111	3,951	4,952	908	6,835	78,245
							(209)
(2)							(2)
<u>\$ 2,229</u>	<u>\$ 1,145</u>	<u>\$ (593)</u>	<u>\$ 3,392</u>	<u>\$ 11,595</u>	<u>\$ 1,407</u>	<u>\$ 7,946</u>	<u>\$ 83,652</u>

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Combining Statements and Other Schedules

Schedule of Revenues, Expenditures and Changes in Fund
Balance

Budget and Actual – Other Governmental Funds

PIMA COUNTY, ARIZONA
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
Capital Projects Fund
For the Year Ended June 30, 2007
(in thousands)

Exhibit C-3

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Intergovernmental	\$ 11,881	\$ 11,027	\$ (854)
Charges for services	17,408	12,417	(4,991)
Investment earnings	4,177	5,313	1,136
Miscellaneous	1,741	263	(1,478)
Total revenues	<u>35,207</u>	<u>29,020</u>	<u>(6,187)</u>
Expenditures:			
Capital outlay	<u>155,902</u>	<u>202,659</u>	<u>(46,757)</u>
Total expenditures	<u>155,902</u>	<u>202,659</u>	<u>(46,757)</u>
Deficiency of revenues under expenditures	<u>(120,695)</u>	<u>(173,639)</u>	<u>(52,944)</u>
Other financing sources (uses):			
Face amount of long-term debt	120,000	146,320	26,320
Premium on bonds		1,427	1,427
Proceeds from sale of capital assets		390	390
Transfers in	28,948	30,549	1,601
Transfers (out)		(71)	(71)
Total other financing sources	<u>148,948</u>	<u>178,615</u>	<u>29,667</u>
Net change in fund balance	28,253	4,976	(23,277)
Fund balance at beginning of year	51,764	84,472	32,708
Fund balance at end of year	<u>\$ 80,017</u>	<u>\$ 89,448</u>	<u>\$ 9,431</u>

PIMA COUNTY, ARIZONA
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
Transportation - Special Revenue Fund
For the Year Ended June 30, 2007
(in thousands)

Exhibit C-4

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Licenses and permits	\$ 295	\$ 244	\$ (51)
Intergovernmental	61,419	62,608	1,189
Charges for services	520	815	295
Investment earnings	300	677	377
Miscellaneous	185	437	252
Total revenues	<u>62,719</u>	<u>64,781</u>	<u>2,062</u>
Expenditures:			
Highways and streets	41,434	42,639	(1,205)
Total expenditures	<u>41,434</u>	<u>42,639</u>	<u>(1,205)</u>
Excess of revenues over expenditures	<u>21,285</u>	<u>22,142</u>	<u>857</u>
Other financing sources (uses):			
Proceeds from sale of capital assets		527	527
Transfers in		3,031	3,031
Transfers (out)	(32,808)	(30,324)	2,484
Total other financing uses	<u>(32,808)</u>	<u>(26,766)</u>	<u>6,042</u>
Net change in fund balance	(11,523)	(4,624)	6,899
Fund balance at beginning of year	15,673	17,755	2,082
Change in reserve for inventory		(255)	(255)
Fund balance at end of year	<u>\$ 4,150</u>	<u>\$ 12,876</u>	<u>\$ 8,726</u>

PIMA COUNTY, ARIZONA
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
Health and Animal Control - Special Revenue Fund
For the Year Ended June 30, 2007
(in thousands)

Exhibit C-5

	Budget	Actual	Variance Over/Under
Revenues:			
Licenses and permits	\$ 2,498	\$ 2,214	\$ (284)
Intergovernmental	10,305	9,841	(464)
Charges for services	2,420	2,425	5
Fines and forfeits	206	213	7
Investment earnings		3	3
Miscellaneous	111	238	127
Total revenues	<u>15,540</u>	<u>14,934</u>	<u>(606)</u>
Expenditures:			
Health	15,983	15,185	798
Health grants	9,318	10,103	(785)
Total expenditures	<u>25,301</u>	<u>25,288</u>	<u>13</u>
Deficiency of revenues under expenditures	<u>(9,761)</u>	<u>(10,354)</u>	<u>(593)</u>
Other financing sources (uses):			
Transfers in	9,515	9,515	
Transfers (out)		(149)	(149)
Total other financing sources	<u>9,515</u>	<u>9,366</u>	<u>(149)</u>
Net change in fund balance	(246)	(988)	(742)
Fund balance at beginning of year	1,262	2,220	958
Change in reserve for inventory		82	82
Fund balance at end of year	<u>\$ 1,016</u>	<u>\$ 1,314</u>	<u>\$ 298</u>

PIMA COUNTY, ARIZONA
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
Regional Flood Control District - Special Revenue Fund
For the Year Ended June 30, 2007
(in thousands)

Exhibit C-6

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Taxes	\$ 22,664	\$ 22,739	\$ 75
Intergovernmental	3	1,440	1,437
Charges for services	1	226	225
Investment earnings	100	278	178
Miscellaneous	25	256	231
Total revenues	<u>22,793</u>	<u>24,939</u>	<u>2,146</u>
Expenditures:			
Flood control	8,743	14,325	(5,582)
Total expenditures	<u>8,743</u>	<u>14,325</u>	<u>(5,582)</u>
Excess of revenues over expenditures	<u>14,050</u>	<u>10,614</u>	<u>(3,436)</u>
Other financing (uses):			
Transfers (out)	(14,744)	(15,764)	(1,020)
Total other financing (uses)	<u>(14,744)</u>	<u>(15,764)</u>	<u>(1,020)</u>
Net change in fund balance	(694)	(5,150)	(4,456)
Fund balance at beginning of year	5,329	5,628	299
Fund balance at end of year	<u>\$ 4,635</u>	<u>\$ 478</u>	<u>\$ (4,157)</u>

PIMA COUNTY, ARIZONA
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
Employment and Training - Special Revenue Fund
For the Year Ended June 30, 2007
(in thousands)

Exhibit C-7

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 11,396	\$ 11,561	\$ 165
Miscellaneous	2	161	159
Total revenues	11,398	11,722	324
Expenditures:			
Employment and training	11,686	12,017	(331)
Total expenditures	11,686	12,017	(331)
Deficiency of revenues under expenditures	(288)	(295)	(7)
Other financing sources:			
Transfers in	289	289	
Total other financing sources	289	289	
Net change in fund balance	1	(6)	(7)
Fund balance at beginning of year	386	775	389
Fund balance at end of year	\$ 387	\$ 769	\$ 382

PIMA COUNTY, ARIZONA
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
Other - Special Revenue Fund
For the Year Ended June 30, 2007
(in thousands)

Exhibit C-8

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 4,890	\$ 4,635	\$ (255)
Charges for services	6,747	8,054	1,307
Fines and forfeits	645		(645)
Investment earnings	637	1,974	1,337
Miscellaneous	7,155	6,860	(295)
Total revenues	<u>20,074</u>	<u>21,523</u>	<u>1,449</u>
Expenditures:			
Current:			
General government	35,933	16,883	19,050
Public Safety	5,502	4,743	759
Highways and streets	45	44	1
Culture and recreation	1,876	349	1,527
Education and economic opportunity	2,156	1,585	571
Debt service - principal	124	76	48
- interest	19	5	14
Total expenditures	<u>45,655</u>	<u>23,685</u>	<u>21,970</u>
Deficiency of revenues under expenditures	<u>(25,581)</u>	<u>(2,162)</u>	<u>23,419</u>
Other financing sources (uses):			
Transfers in	15,916	16,030	114
Transfers (out)	(2,020)	(3,641)	(1,621)
Total other financing sources	<u>13,896</u>	<u>12,389</u>	<u>(1,507)</u>
Net change in fund balance	(11,685)	10,227	21,912
Fund balance at beginning of year	26,923	31,643	4,720
Change in reserve for inventory		(36)	(36)
Fund balance at end of year	<u>\$ 15,238</u>	<u>\$ 41,834</u>	<u>\$ 26,596</u>

PIMA COUNTY, ARIZONA
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
Other Grants - Special Revenue Fund
For the Year Ended June 30, 2007
(in thousands)

Exhibit C-9

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 35,159	\$ 35,729	\$ 570
Investment earnings	17	66	49
Miscellaneous	192	803	611
Total revenues	35,368	36,598	1,230
Expenditures:			
Clerk of Superior Court Grants	73	52	21
Community Services Grants	6,746	5,458	1,288
County Attorney Grants	2,652	2,459	193
Institutional Health Grants	500	484	16
Justice Court Grants		29	(29)
Juvenile Court Grants	11,154	11,304	(150)
Legal Defender Grants	21	19	2
Parks and Recreation Grants	139	95	44
Public Defender Grants	57	46	11
Adult Probation Grants	8,514	9,793	(1,279)
Sheriff Grants	5,488	7,037	(1,549)
Superior Court Grants	579	428	151
County Administrator Grants	7	92	(85)
Debt Service - principal		21	(21)
Total expenditures	35,930	37,317	(1,387)
Deficiency of revenues under expenditures	(562)	(719)	(157)
Other financing sources (uses):			
Transfers in		256	256
Transfers (out)		(17)	(17)
Total other financing sources		239	239
Net change in fund balance	(562)	(480)	82
Fund balance at beginning of year	856	(260)	(1,116)
Fund balance at end of year	\$ 294	\$ (740)	\$ (1,034)

PIMA COUNTY, ARIZONA
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
School Reserve - Special Revenue Fund
For the Year Ended June 30, 2007
(in thousands)

Exhibit C-10

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 3,816	\$ 3,090	\$ (726)
Total revenues	<u>3,816</u>	<u>3,090</u>	<u>(726)</u>
Expenditures:			
School Reserve Grants	3,910	3,007	903
Total expenditures	<u>3,910</u>	<u>3,007</u>	<u>903</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(94)</u>	<u>83</u>	<u>177</u>
Other financing sources:			
Proceeds from sale of capital assets		509	509
Total other financing sources		<u>509</u>	<u>509</u>
Net change in fund balance	(94)	592	686
Fund balance at beginning of year (as restated)	1,349	1,639	290
Change in reserve for prepaid expenditures		(2)	(2)
Fund balance at end of year	<u>\$ 1,255</u>	<u>\$ 2,229</u>	<u>\$ 974</u>

PIMA COUNTY, ARIZONA
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
Environmental Quality - Special Revenue Fund
For the Year Ended June 30, 2007
(in thousands)

Exhibit C-11

	Budget	Actual	Variance Over/Under
Revenues:			
Licenses and permits	\$ 2,473	\$ 1,879	\$ (594)
Intergovernmental	1,245	1,035	(210)
Fines and forfeits		63	63
Investment earnings	45	85	40
Miscellaneous	48	92	44
Total revenues	<u>3,811</u>	<u>3,154</u>	<u>(657)</u>
Expenditures:			
Environmental quality	3,473	3,207	266
Environmental quality grants	1,128	1,290	(162)
Total expenditures	<u>4,601</u>	<u>4,497</u>	<u>104</u>
Deficiency of revenues under expenditures	<u>(790)</u>	<u>(1,343)</u>	<u>(553)</u>
Other financing sources:			
Transfers in	400	400	
Total other financing sources	<u>400</u>	<u>400</u>	
Net change in fund balance	(390)	(943)	(553)
Fund balance at beginning of year	1,846	2,088	242
Fund balance at end of year	<u>\$ 1,456</u>	<u>\$ 1,145</u>	<u>\$ (311)</u>

PIMA COUNTY, ARIZONA
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
Special Districts - Special Revenue Fund
For the Year Ended June 30, 2007
(in thousands)

Exhibit C-12

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Special assesments		\$ 521	\$ 521
Investment earnings		7	7
Total revenues		<u>528</u>	<u>528</u>
Expenditures:			
Debt service - principal		911	(911)
- interest		58	(58)
Total expenditures		<u>969</u>	<u>(969)</u>
Deficiency of revenues under expenditures		<u>(441)</u>	<u>(441)</u>
Other financing (uses):			
Transfers (out)		(263)	(263)
Total other financing (uses)		<u>(263)</u>	<u>(263)</u>
Net change in fund balance		(704)	(704)
Fund balance at beginning of year		111	111
Fund balance at end of year		<u>\$ (593)</u>	<u>\$ (593)</u>

PIMA COUNTY, ARIZONA
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
Solid Waste - Special Revenue Fund
For the Year Ended June 30, 2007
(in thousands)

Exhibit C-13

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 1,200	\$ 1,196	\$ (4)
Charges for services	5,782	4,747	(1,035)
Investment earnings	40	176	136
Miscellaneous	101	88	(13)
Total revenues	<u>7,123</u>	<u>6,207</u>	<u>(916)</u>
Expenditures:			
Sanitation	8,468	6,766	1,702
Total expenditures	<u>8,468</u>	<u>6,766</u>	<u>1,702</u>
Deficiency of revenues under expenditures	<u>(1,345)</u>	<u>(559)</u>	<u>786</u>
Net change in fund balance	(1,345)	(559)	786
Fund balance at beginning of year	3,031	3,951	920
Fund balance at end of year	<u>\$ 1,686</u>	<u>\$ 3,392</u>	<u>\$ 1,706</u>

PIMA COUNTY, ARIZONA
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget to Actual
Library District - Special Revenue Fund
For the Year Ended June 30, 2007
(in thousands)

Exhibit C-14

	Budget	Actual	Variance Over/Under
Revenues:			
Taxes	\$ 24,764	\$ 24,889	\$ 125
Intergovernmental	7,247	7,034	(213)
Fines and forfeits	500	748	248
Investment earnings		469	469
Miscellaneous	1,088	1,517	429
Total revenues	<u>33,599</u>	<u>34,657</u>	<u>1,058</u>
Expenditures:			
Culture and recreation	34,917	27,529	7,388
Total expenditures	<u>34,917</u>	<u>27,529</u>	<u>7,388</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,318)</u>	<u>7,128</u>	<u>8,446</u>
Other financing (uses):			
Transfers (out)	(485)	(485)	
Total other financing (uses)	<u>(485)</u>	<u>(485)</u>	
Net change in fund balance	(1,803)	6,643	8,446
Fund balance at beginning of year	2,913	4,952	2,039
Fund balance at end of year	<u>\$ 1,110</u>	<u>\$ 11,595</u>	<u>\$ 10,485</u>

PIMA COUNTY, ARIZONA
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
Stadium District - Special Revenue Fund
For the Year Ended June 30, 2007
(in thousands)

Exhibit C-15

	Budget	Actual	Variance Over/Under
Revenues:			
Intergovernmental	\$ 1,655	\$ 1,907	\$ 252
Charges for services	1,124	1,220	96
Investment earnings	20	7	(13)
Miscellaneous		1	1
Total revenues	<u>2,799</u>	<u>3,135</u>	<u>336</u>
Expenditures:			
Stadium District	<u>2,479</u>	<u>2,530</u>	<u>(51)</u>
Total expenditures	<u>2,479</u>	<u>2,530</u>	<u>(51)</u>
Excess of revenues over expenditures	<u>320</u>	<u>605</u>	<u>285</u>
Other financing sources (uses):			
Transfers in	2,951	2,915	(36)
Transfers (out)	<u>(3,021)</u>	<u>(3,021)</u>	
Total other financing (uses)	<u>(70)</u>	<u>(106)</u>	<u>(36)</u>
Net change in fund balance	250	499	249
Fund balance at beginning of year	738	908	170
Fund balance at end of year	<u>\$ 988</u>	<u>\$ 1,407</u>	<u>\$ 419</u>

PIMA COUNTY, ARIZONA
Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
Debt Service Fund
For the Year Ended June 30, 2007
(in thousands)

Exhibit C-16

	Budget	Actual	Variance Over/Under
Revenues:			
Taxes	\$ 49,446	\$ 48,722	\$ (724)
Special assessments	291		(291)
Intergovernmental	8	18	10
Investment earnings	693	1,612	919
Total revenues	<u>50,438</u>	<u>50,352</u>	<u>(86)</u>
Expenditures:			
Debt service - principal	54,777	50,940	3,837
- interest	18,614	17,672	942
- miscellaneous	27	6	21
Total expenditures	<u>73,418</u>	<u>68,618</u>	<u>4,800</u>
Deficiency of revenues under expenditures	<u>(22,980)</u>	<u>(18,266)</u>	<u>4,714</u>
Other financing sources (uses):			
Premium on bonds		2	2
Transfers in	22,029	19,544	(2,485)
Transfers (out)		(169)	(169)
Total other financing sources	<u>22,029</u>	<u>19,377</u>	<u>(2,652)</u>
Net change in fund balance	(951)	1,111	2,062
Fund balance at beginning of year	5,732	6,835	1,103
Fund balance at end of year	<u>\$ 4,781</u>	<u>\$ 7,946</u>	<u>\$ 3,165</u>



Combining Statements and Other Schedules

Other (Nonmajor) Enterprise Funds

Other (Nonmajor) Enterprise Funds

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

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

PIMA COUNTY, ARIZONA
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2007
(in thousands)

Exhibit C-17

	Development Services	Parking Garages	Total Other Enterprise Funds
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 12,990	\$ 1,819	\$ 14,809
Interest receivable	44	6	50
Due from other funds		108	108
Accounts receivable	24	1	25
Prepaid expense	57		57
Total current assets	13,115	1,934	15,049
Noncurrent assets:			
Capital assets:			
Land and other improvements		1,861	1,861
Buildings and improvements		12,927	12,927
Equipment	1,591	251	1,842
Less accumulated depreciation	(727)	(7,926)	(8,653)
Total capital assets (net of accumulated depreciation)	864	7,113	7,977
Total noncurrent assets	864	7,113	7,977
Total assets	13,979	9,047	23,026
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	427	265	692
Employee compensation	1,085	21	1,106
Due to other funds	1		1
Due to other governments		99	99
Total current liabilities	1,513	385	1,898
Total liabilities	1,513	385	1,898
<u>Net assets</u>			
Invested in capital assets	864	7,113	7,977
Unrestricted	11,602	1,549	13,151
Total net assets	\$ 12,466	\$ 8,662	\$ 21,128

PIMA COUNTY, ARIZONA
Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2007
(in thousands)

Exhibit C-18

	Development Services	Parking Garages	Total Other Enterprise Funds
Operating revenues:			
Charges for services	\$ 11,238	\$ 1,548	\$ 12,786
Other	217		217
Total net operating revenues	<u>11,455</u>	<u>1,548</u>	<u>13,003</u>
Operating expenses:			
Employee compensation	10,999	270	11,269
Operating supplies and services	895	19	914
Utilities	167	190	357
Repair and maintenance	66	169	235
General and administrative	2,004	588	2,592
Consultants and professional services	1,037	17	1,054
Depreciation	297	336	633
Total operating expenses	<u>15,465</u>	<u>1,589</u>	<u>17,054</u>
Operating loss	<u>(4,010)</u>	<u>(41)</u>	<u>(4,051)</u>
Nonoperating revenues (expenses):			
Investment earnings	763	81	844
Loss on disposal of capital assets	(1)		(1)
Total nonoperating revenues:	<u>762</u>	<u>81</u>	<u>843</u>
Income (loss) before contributions and transfers	<u>(3,248)</u>	<u>40</u>	<u>(3,208)</u>
Transfers (out)		<u>(84)</u>	<u>(84)</u>
Change in net assets	(3,248)	(44)	(3,292)
Net assets at beginning of year	<u>15,714</u>	<u>8,706</u>	<u>24,420</u>
Net assets at end of year	<u>\$ 12,466</u>	<u>\$ 8,662</u>	<u>\$ 21,128</u>

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2007
(in thousands)

Exhibit C-19

	Development Services	Parking Garages	Total Other Enterprise Funds
Cash flows from operating activities:			
Cash received from other funds for goods and services provided	\$ 117		\$ 117
Cash received from customers for goods and services provided	11,238	\$ 1,549	12,787
Cash received from miscellaneous operations	193		193
Cash payments to suppliers for goods and services	(2,834)	(846)	(3,680)
Cash payments to other funds for goods and services	(3,217)	(28)	(3,245)
Cash payments to employees for services	(9,952)	(270)	(10,222)
Net cash provided by (used for) operating activities	(4,455)	405	(4,050)
Cash flows from noncapital financing activities:			
Loans with other funds		(108)	(108)
Net cash used for noncapital financing activities		(108)	(108)
Cash flows from capital and related financing activities:			
Proceeds from sale of capital assets	30		30
Purchase of capital assets	(120)	(84)	(204)
Net cash used for capital and related financing activities	(90)	(84)	(174)
Cash flows from investing activities:			
Interest on cash and investments	719	75	794
Net cash provided by investing activities	719	75	794
Net increase (decrease) in cash and cash equivalents	(3,826)	288	(3,538)
Cash and cash equivalents at beginning of year	16,816	1,531	18,347
Cash and cash equivalents at end of year	\$ 12,990	\$ 1,819	\$ 14,809

(Continued)

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2007
(in thousands)

Exhibit C-19.1

(Continued)

Reconciliation of operating loss to net cash provided by (used for) operating activities	Development Services	Parking Garages	Total Other Enterprise Funds
Operating loss	\$ (4,010)	\$ (41)	\$ (4,051)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:			
Depreciation	297	336	633
Changes in assets and liabilities:			
Decrease (increase) in assets:			
Accounts receivable	(24)	1	(23)
Prepaid expenses	(55)		(55)
Increase (decrease) in liabilities:			
Accounts payable	(731)	98	(633)
Due to other funds	(6)		(6)
Due to other governments	(2)	11	9
Other current liabilities	76		76
Net cash provided by (used for) operating activities	<u>\$ (4,455)</u>	<u>\$ 405</u>	<u>\$ (4,050)</u>

Noncash investing, capital, and financing activities:

During the year ended June 30, 2007, the Development Services Enterprise Fund disposed of capital assets with an original cost of \$175 and accumulated depreciation of \$174 for a loss on disposal of \$1.

During the year ended June 30, 2007, the Development Services Enterprise Fund transferred the following completely depreciated capital assets: \$31 to the County's general government, \$8 to the Wastewater Management Enterprise Fund, and \$23 to the Transportation Fund.

During the year ended June 30, 2007, the Parking Garages Enterprise Fund transferred capital assets with a net book value of \$84 to the County's general capital assets.



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, graphics and telecommunication services to County departments.

PIMA COUNTY, ARIZONA
Combining Statement of Net Assets
Internal Service Funds
June 30, 2007
(in thousands)

Exhibit C-20

	<u>Self Insurance Trust</u>	<u>Other Internal Service</u>	<u>Total Internal Service Funds</u>
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 41,569	\$ 5,174	\$ 46,743
Interest receivable	322	14	336
Due from other funds	818	225	1,043
Due from other governments		92	92
Accounts receivable	202	9	211
Inventory		457	457
Prepaid expense	731	63	794
Total current assets	43,642	6,034	49,676
Noncurrent assets:			
Capital assets:			
Land and other improvements	592		592
Buildings and improvements		614	614
Equipment	162	30,728	30,890
Less accumulated depreciation	(81)	(13,594)	(13,675)
Construction in progress	60	10	70
Total capital assets (net of accumulated depreciation)	733	17,758	18,491
Total noncurrent assets	733	17,758	18,491
Total assets	44,375	23,792	68,167
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	1,133	995	2,128
Employee compensation	125	520	645
Interest payable		1	1
Due to other funds	2	21	23
Current portion reported but unpaid losses	4,200		4,200
Current portion incurred but not reported losses	1,785		1,785
Total current liabilities	7,245	1,537	8,782
Noncurrent liabilities:			
Reported but unpaid losses	18,739		18,739
Incurred but not reported losses	8,133		8,133
Total noncurrent liabilities	26,872		26,872
Total liabilities	34,117	1,537	35,654
<u>Net assets</u>			
Invested in capital assets	733	17,758	18,491
Unrestricted	9,525	4,497	14,022
Total net assets	\$ 10,258	\$ 22,255	\$ 32,513

PIMA COUNTY, ARIZONA
Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2007
(in thousands)

Exhibit C-21

	Self Insurance Trust	Other Internal Service	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 17,588	\$ 20,538	\$ 38,126
Other	654	1,469	2,123
Total operating revenues	<u>18,242</u>	<u>22,007</u>	<u>40,249</u>
Operating expenses:			
Employee compensation	1,881	4,870	6,751
Operating supplies and services	226	5,740	5,966
Utilities	26	806	832
Incurring losses	8,118		8,118
Insurance premiums	3,939	1,077	5,016
General and administrative	712	1,881	2,593
Repair and maintenance	66	4,023	4,089
Consultants and professional services	393	26	419
Depreciation	11	2,568	2,579
Total operating expenses	<u>15,372</u>	<u>20,991</u>	<u>36,363</u>
Operating income	<u>2,870</u>	<u>1,016</u>	<u>3,886</u>
Nonoperating revenues (expenses):			
Investment earnings	2,207	211	2,418
Loss on disposal of capital assets		(21)	(21)
Total nonoperating revenues	<u>2,207</u>	<u>190</u>	<u>2,397</u>
Income before capital contributions and transfers:	5,077	1,206	6,283
Capital contributions		114	114
Transfers in	40	656	696
Transfers (out)		(26)	(26)
Change in net assets	5,117	1,950	7,067
Net assets at beginning of year	<u>5,141</u>	<u>20,305</u>	<u>25,446</u>
Net assets at end of year	<u>\$ 10,258</u>	<u>\$ 22,255</u>	<u>\$ 32,513</u>

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2007
(in thousands)

Exhibit C-22

	Self Insurance Trust	Other Internal Service	Total Internal Service Funds
Cash flows from operating activities:			
Cash received from other funds for goods and services provided	\$ 17,587	\$ 20,537	\$ 38,124
Cash received from miscellaneous operations	688	1,485	2,173
Cash payments to suppliers for goods and services	(3,675)	(11,826)	(15,501)
Cash payments to other funds for goods and services	(740)	(2,005)	(2,745)
Cash payments for incurred losses	(10,768)		(10,768)
Cash payments to employees for services	(1,857)	(4,845)	(6,702)
Net cash provided by operating activities	<u>1,235</u>	<u>3,346</u>	<u>4,581</u>
Cash flows from noncapital financing activities:			
Transfers in		599	599
Transfers out		(17)	(17)
Loans with other funds	95	75	170
Net cash provided by noncapital financing activities	<u>95</u>	<u>657</u>	<u>752</u>
Cash flows from capital and related financing activities:			
Proceeds from sale of equipment		337	337
Purchase of capital assets	(76)	(3,431)	(3,507)
Net cash used for capital and related financing activities	<u>(76)</u>	<u>(3,094)</u>	<u>(3,170)</u>
Cash flows from investing activities:			
Interest on cash and investments	2,017	198	2,215
Net cash provided by investing activities	<u>2,017</u>	<u>198</u>	<u>2,215</u>
Net increase in cash and cash equivalents	3,271	1,107	4,378
Cash and cash equivalents at beginning of year	<u>38,298</u>	<u>4,067</u>	<u>42,365</u>
Cash and cash equivalents at end of year	<u>\$ 41,569</u>	<u>\$ 5,174</u>	<u>\$ 46,743</u>

(Continued)

PIMA COUNTY, ARIZONA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2007
(in thousands)

Exhibit C-22.1

(Continued)

Reconciliation of operating income to net cash provided by operating activities	Self Insurance Trust	Other Internal Service	Total Internal Service Funds
	\$	\$	\$
Operating income	2,870	1,016	3,886
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	11	2,568	2,579
Changes in assets and liabilities:			
Decrease (increase) in assets:			
Accounts receivable	33	13	46
Due from other governments		2	2
Inventory		25	25
Prepaid expenses	53	(56)	(3)
Increase (decrease) in liabilities:			
Accounts payable	894	(247)	647
Reported but unpaid losses	(2,825)		(2,825)
Incurred but not reported losses	174		174
Other current liabilities	25	25	50
Net cash provided by operating activities	\$ 1,235	\$ 3,346	\$ 4,581

Noncash investing, capital, and financing activities:

During the year ended June 30, 2007, the Self Insurance Trust Fund transferred in \$10 of capital assets from Wastewater Management Enterprise Fund and \$30 of capital assets from governmental activities.

During the year ended June 30, 2007, Other Internal Service Funds (Fleet Services) received proceeds of \$337 for retired assets that cost \$358.

During the year ended June 30, 2007, Other Internal Service Funds (Graphics) had unpaid transfers totaling \$11.

During the year ended June 30, 2007, Other Internal Service Funds (Graphics) transferred in \$57 from governmental activities for noncash personal services.



Combining Statements and Other Schedules

Fiduciary Funds

PIMA COUNTY, ARIZONA
Combining Statement of Fiduciary Net Assets
Investment Trust Funds
June 30, 2007
(in thousands)

Exhibit C-23

	Treasurer's Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
ASSETS			
Cash and cash equivalents	\$ 215,416	\$ 81,851	\$ 297,267
Interest receivable	643	842	1,485
Total assets	216,059	82,693	298,752
LIABILITIES			
Total liabilities			
NET ASSETS			
Held in trust for participants	\$ 216,059	\$ 82,693	\$ 298,752

PIMA COUNTY, ARIZONA
Combining Statement of Changes in Fiduciary Net Assets
Investment Trust Funds
For the Year Ended June 30, 2007
(in thousands)

Exhibit C-24

	Treasurer's Investment Pool	Individual Investment Accounts	Total Investment Trust Funds
ADDITIONS			
Contributions:			
Participants	\$ 2,268,075	\$ 125,158	\$ 2,393,233
Total contributions	2,268,075	125,158	2,393,233
Investment earnings	7,367	6,184	13,551
Total investment earnings	7,367	6,184	13,551
Total additions	2,275,442	131,342	2,406,784
DEDUCTIONS			
Distributions to participants	2,205,455	139,798	2,345,253
Total deductions	2,205,455	139,798	2,345,253
Net increase (decrease)	69,987	(8,456)	61,531
Net assets held in trust July 1, 2006	146,072	91,149	237,221
Net assets held in trust June 30, 2007	\$ 216,059	\$ 82,693	\$ 298,752

PIMA COUNTY, ARIZONA
Combining Statement of Fiduciary Net Assets
Agency Funds
June 30, 2007
(in thousands)

Exhibit C-25

	<u>Payroll</u>	<u>Treasurer's Clearing</u>	<u>Other</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 5,428	\$ (1,724)	\$ 71,521	\$ 75,225
Due from other governments		2,636		2,636
Total assets	<u>5,428</u>	<u>912</u>	<u>71,521</u>	<u>77,861</u>
LIABILITIES				
Employee compensation	5,428			5,428
Due to other governments			45,680	45,680
Deposits and rebates		912	25,841	26,753
Total liabilities	<u>\$ 5,428</u>	<u>\$ 912</u>	<u>\$ 71,521</u>	<u>\$ 77,861</u>

PIMA COUNTY, ARIZONA
Combining Statement of Changes in Fiduciary Net Assets
Agency Funds
For the Year Ended June 30, 2007
(in thousands)

Exhibit C-26

	Balance 06/30/06	Additions	Deductions	Balance 06/30/07
Payroll Clearing				
Assets				
Cash and cash equivalents	\$ 7,558	\$ 409,225	\$ 411,355	\$ 5,428
Total assets	<u>7,558</u>	<u>409,225</u>	<u>411,355</u>	<u>5,428</u>
Liabilities				
Employee compensation	7,558	409,225	411,355	5,428
Total liabilities	<u>7,558</u>	<u>409,225</u>	<u>411,355</u>	<u>5,428</u>
Treasurer's Clearing				
Assets				
Cash and cash equivalents	(3,715)	1,285,448	1,283,457	(1,724)
Due from other governments	3,715	2,636	3,715	2,636
Total assets	<u>(3,715)</u>	<u>1,288,084</u>	<u>1,287,172</u>	<u>(1,724)</u>
Liabilities				
Due to other governments		915,799	915,799	
Deposits and rebates		372,285	371,373	912
Total liabilities		<u>1,288,084</u>	<u>1,287,172</u>	<u>912</u>
Other				
Assets				
Cash and cash equivalents	49,678	621,540	599,697	71,521
Total assets	<u>49,678</u>	<u>621,540</u>	<u>599,697</u>	<u>71,521</u>
Liabilities				
Due to other governments	26,594	499,693	480,607	45,680
Deposits and rebates	23,084	121,847	119,090	25,841
Total liabilities	<u>49,678</u>	<u>621,540</u>	<u>599,697</u>	<u>71,521</u>
Totals - All Agency Funds				
Assets				
Cash and cash equivalents	53,521	2,316,213	2,294,509	75,225
Due from other governments	3,715	2,636	3,715	2,636
Total assets	<u>57,236</u>	<u>2,318,849</u>	<u>2,298,224</u>	<u>77,861</u>
Liabilities				
Employee compensation	7,558	409,225	411,355	5,428
Due to other governments	26,594	1,415,492	1,396,406	45,680
Deposits and rebates	23,084	494,132	490,463	26,753
Total liabilities	<u>\$ 57,236</u>	<u>\$ 2,318,849</u>	<u>\$ 2,298,224</u>	<u>\$ 77,861</u>

PIMA COUNTY

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2007

INTRODUCTORY SECTION

FINANCIAL SECTION

STATISTICAL SECTION

Financial Trends Information

Revenue Capacity Information

Debt Capacity Information

Demographic and Economic Information

Operating Information

STATISTICAL SECTION

FINANCIAL TRENDS:

The financial trends schedules are intended to provide users with information to assist them in understanding and assessing how a government's financial position has changed over time. Financial trends information is considered to be a primary source of the historical perspective that helps users comprehend the direction in which a government's economic condition is heading. It also serves the purpose of giving users a form of information that is among their most highly valued, comparative information over time.

PIMA COUNTY, ARIZONA
Net Assets by Component
Last Six Fiscal Years
(in thousands)
(accrual basis of accounting)

Exhibit D-1

	Fiscal Year					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities						
Invested in capital assets, net of related debt	\$ 215,646	\$ 272,130	\$ 391,514	\$ 741,453	\$ 761,130	\$ 774,000
Restricted for:						
Special revenue	43,339	29,322	52,363	59,789	53,384	63,014
Highways and streets					21,353	16,734
Debt service	5,450	2,926	5,686	11,439	7,934	8,980
Capital projects	33,752	35,686	17,368	27,027	77,088	90,467
Worker's compensation				9,042		
Unrestricted	60,050	66,015	41,020	33,451	38,464	46,256
Total governmental activities net assets	<u>358,237</u>	<u>406,079</u>	<u>507,951</u>	<u>882,201</u>	<u>959,353</u>	<u>999,451</u>
Business-type activities						
Invested in capital assets, net of related debt	380,916	444,590	451,162	457,600	466,257	476,950
Restricted for:						
Debt service	1,216	1,245	499	468	438	574
Capital projects	18,982	3,008	88			35,480
Wastewater Management	15,748	3,669	3,696	3,511	48,379	38,628
Healthcare	19,684	13,217	4,011	6,319	5,464	9,985
Unrestricted (deficit)	(4,109)	(24,744)	(4,766)	20,851	15,284	10,845
Total business-type activities net assets	<u>432,437</u>	<u>440,985</u>	<u>454,690</u>	<u>488,749</u>	<u>535,822</u>	<u>572,462</u>
Primary government						
Invested in capital assets, net of related debt	596,562	716,720	842,676	1,199,053	1,227,387	1,250,950
Restricted for:						
Special revenue	43,339	29,322	52,363	59,789	53,384	63,014
Highways and streets					21,353	16,734
Debt service	6,666	4,171	6,185	11,907	8,372	9,554
Capital projects	52,734	38,694	17,456	27,027	77,088	125,947
Worker's compensation				9,042		
Wastewater management	15,748	3,669	3,696	3,511	48,379	38,628
Healthcare	19,684	13,217	4,011	6,319	5,464	9,985
Unrestricted	55,941	41,271	36,254	54,302	53,748	57,101
Total primary government net assets	<u>\$ 790,674</u>	<u>\$ 847,064</u>	<u>\$ 962,641</u>	<u>\$ 1,370,950</u>	<u>\$ 1,495,175</u>	<u>\$ 1,571,913</u>

PIMA COUNTY, ARIZONA
Changes in Net Assets
Last Six Fiscal Years
(amounts in thousands)
(accrual basis of accounting)

Exhibit D-2

	Fiscal Year					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Expenses						
Governmental activities:						
General government	\$ 137,296	\$ 131,925	\$ 140,827	\$ 194,873	\$ 208,293	\$ 223,266
Public safety	123,513	132,939	151,860	118,412	132,583	148,831
Highways and streets	42,515	39,492	42,133	65,414	70,392	92,985
Sanitation					7,258	9,623
Health	23,120	23,917	30,165	31,798	32,043	33,800
Welfare	73,243	84,457	76,894	96,199	103,085	97,154
Culture and recreation	27,081	31,326	32,727	29,663	34,510	55,482
Education and economic opportunity	37,565	35,033	33,093	39,714	39,517	42,483
Depreciation-unallocated *	727	820	805	849		
Amortization-unallocated	649	654	967	161	165	168
Interest on long-term debt	14,391	15,779	15,012	16,152	19,463	18,924
Total governmental activities expenses	<u>480,100</u>	<u>496,342</u>	<u>524,483</u>	<u>593,235</u>	<u>647,309</u>	<u>722,716</u>
Business-type activities:						
Wastewater Management	65,494	74,816	71,804	76,079	82,701	98,222
Pima Health System & Services	195,445	221,970	268,869	249,809	256,583	261,859
Development Services	7,917	8,373	9,617	10,857	14,422	15,400
Parking Garages	1,254	1,346	1,377	1,494	1,479	1,579
Total business-type activities expenses	<u>270,110</u>	<u>306,505</u>	<u>351,667</u>	<u>338,239</u>	<u>355,185</u>	<u>377,060</u>
Total primary government expenses	<u>750,210</u>	<u>802,847</u>	<u>876,150</u>	<u>931,474</u>	<u>1,002,494</u>	<u>1,099,776</u>
Program revenues						
Governmental activities:						
Charges for services						
General government	21,542	18,667	21,422	22,881	26,033	26,663
Public safety	8,498	10,804	10,289	6,985	8,136	9,797
Highways and streets	4,916	5,339	11,728	20,549	21,617	11,732
Sanitation					4,531	4,747
Health	6,971	7,822	8,772	9,526	9,693	10,270
Welfare	1,379	1,037	918			
Culture and recreation	1,787	1,662	1,709	1,643	1,797	2,991
Education and economic opportunity	214	196	101	298	314	698
Operating grants and contributions	121,934	121,587	135,119	125,121	133,113	139,324
Capital grants and contributions	18,207	5,665	17,413	23,663	12,188	15,085
Subtotal governmental activities program revenues	<u>\$ 185,448</u>	<u>\$ 172,779</u>	<u>\$ 207,471</u>	<u>\$ 210,666</u>	<u>\$ 217,422</u>	<u>\$ 221,307</u>

(continued)

* Due to the changes in the County's asset management system in fiscal year 2005-2006, depreciation - unallocated is included in the general government activities.

PIMA COUNTY, ARIZONA
Changes in Net Assets
Last Six Fiscal Years
(amounts in thousands)
(accrual basis of accounting)

Exhibit D-2

(Continued)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Program revenues						
Business-type activities:						
Charges for services						
Wastewater Management	\$ 63,601	\$ 71,626	\$ 82,432	\$ 92,379	\$ 104,501	\$ 106,266
Pima Health System & Services	179,322	195,872	224,820	244,932	253,748	257,142
Development Services	7,754	8,464	11,830	14,730	17,140	11,239
Parking Garages	1,454	1,413	1,460	1,507	1,485	1,548
Operating grants and contributions	6,505	4,909	4,777	4,238	4,997	5,174
Capital grants and contributions					449	803
Total business-type activities program revenues	<u>258,636</u>	<u>282,284</u>	<u>325,319</u>	<u>357,786</u>	<u>382,320</u>	<u>382,172</u>
Total primary government program revenues	<u>444,084</u>	<u>455,063</u>	<u>532,790</u>	<u>568,452</u>	<u>599,742</u>	<u>603,225</u>
Net (expense) revenue						
Governmental activities	(294,652)	(323,563)	(317,012)	(382,569)	(429,887)	(501,409)
Business-type activities	<u>(11,474)</u>	<u>(24,221)</u>	<u>(26,348)</u>	<u>19,547</u>	<u>27,135</u>	<u>5,112</u>
Total governmental activities net expense	<u>(306,126)</u>	<u>(347,784)</u>	<u>(343,360)</u>	<u>(363,022)</u>	<u>(402,752)</u>	<u>(496,297)</u>
General revenues and other changes in net assets						
Governmental activities:						
Taxes						
Property taxes	237,049	251,844	272,507	294,643	316,170	343,525
Hotel/motel taxes	2,495	2,557	2,745	2,822	6,856	8,715
Other taxes levied for stadium district	1,600	1,597	1,709	1,819	1,808	1,884
Shared sales tax	76,752	78,504	83,202	91,510	103,158	106,985
Shared vehicle licenses	21,093	21,904	23,413	23,630	25,894	26,967
Unrestricted grants and contributions	9,550	9,216	3,201	7,571	7,975	9,468
Interest and penalties on delinquent taxes	5,479	7,052	6,321	6,771	5,683	5,149
Investment earnings	8,157	5,064	3,102	6,140	12,942	16,439
Miscellaneous	10,340	12,774	14,063	16,254	12,828	16,309
Capital contributions		2,789	5,441	185	247	5,051
Gain on sale of capital assets					323	
Extraordinary item		(7,447)				
Transfers	<u>(13,954)</u>	<u>(17,980)</u>	<u>(13,196)</u>	<u>1,935</u>	<u>(134)</u>	<u>721</u>
Total governmental activities	<u>358,561</u>	<u>367,874</u>	<u>402,508</u>	<u>453,280</u>	<u>493,750</u>	<u>541,213</u>
Business-type activities:						
State shared tax	905	959	1,146	1,163		
Investment earnings	2,888	1,727	747	1,609	3,849	5,510
Miscellaneous	3,309	5,828	2,750	2,865	1,348	1,522
Capital contributions	11,261	12,479	22,214	20,722	14,607	25,217
Extraordinary item		(2,673)				
Transfers	<u>13,954</u>	<u>17,980</u>	<u>13,196</u>	<u>(1,935)</u>	<u>134</u>	<u>(721)</u>
Total business-type activities	<u>32,317</u>	<u>36,300</u>	<u>40,053</u>	<u>24,424</u>	<u>19,938</u>	<u>31,528</u>
Total primary government	<u>390,878</u>	<u>404,174</u>	<u>442,561</u>	<u>477,704</u>	<u>513,688</u>	<u>572,741</u>
Change in net assets						
Governmental activities	63,909	44,311	85,496	70,711	63,863	39,804
Business-type activities	<u>20,843</u>	<u>12,079</u>	<u>13,705</u>	<u>43,971</u>	<u>47,073</u>	<u>36,640</u>
Total primary government	<u>\$ 84,752</u>	<u>\$ 56,390</u>	<u>\$ 99,201</u>	<u>\$ 114,682</u>	<u>\$ 110,936</u>	<u>\$ 76,444</u>

PIMA COUNTY, ARIZONA
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(amounts in thousands)
(modified accrual basis of accounting)

Exhibit D-3

	Fiscal Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund										
Reserved	\$ 1,602	\$ 2,479	\$ 1,846	\$ 2,233	\$ 2,486	\$ 2,549	\$ 7,068	\$ 4,056	\$ 5,152	\$ 8,889
Unreserved	<u>2,332</u>	<u>6,030</u>	<u>24,721</u>	<u>19,653</u>	<u>28,656</u>	<u>30,999</u>	<u>25,628</u>	<u>33,171</u>	<u>46,423</u>	<u>48,671</u>
Subtotal general fund	<u><u>3,934</u></u>	<u><u>8,509</u></u>	<u><u>26,567</u></u>	<u><u>21,886</u></u>	<u><u>31,142</u></u>	<u><u>33,548</u></u>	<u><u>32,696</u></u>	<u><u>37,227</u></u>	<u><u>51,575</u></u>	<u><u>57,560</u></u>
All other governmental funds										
Reserved	14,335	10,472	10,412	9,176	8,542	6,742	7,603	12,746	11,784	13,999
Unreserved, reported in:										
Special revenue funds	16,009	27,114	40,785	48,616	61,134	42,312	45,325	54,384	66,167	69,773
Capital projects funds	<u>77,252</u>	<u>34,580</u>	<u>27,790</u>	<u>30,986</u>	<u>46,985</u>	<u>82,793</u>	<u>97,270</u>	<u>147,650</u>	<u>84,472</u>	<u>89,328</u>
Total all other governmental funds	<u><u>\$ 107,596</u></u>	<u><u>\$ 72,166</u></u>	<u><u>\$ 78,987</u></u>	<u><u>\$ 88,778</u></u>	<u><u>\$ 116,661</u></u>	<u><u>\$ 131,847</u></u>	<u><u>\$ 150,198</u></u>	<u><u>\$ 214,780</u></u>	<u><u>\$ 162,423</u></u>	<u><u>\$ 173,100</u></u>

PIMA COUNTY, ARIZONA
 Changes in Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 (amounts in thousands)
 (modified accrual basis of accounting)

Exhibit D-4

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Taxes	\$ 181,398	\$ 194,948	\$ 214,332	\$ 227,542	\$ 244,807	\$ 258,375	\$ 279,527	\$ 300,972	\$ 321,474	\$ 348,700
Special assessments	925	874	703	845	598	1,023	505	244	215	521
Licenses and permits	3,389	4,306	4,541	4,882	6,077	6,087	6,566	7,265	7,452	7,132
Intergovernmental	180,970	211,006	241,225	253,863	260,218	245,378	273,225	278,414	291,059	303,392
Charges for services	18,714	24,404	27,308	26,613	31,112	35,721	43,505	53,568	63,582	63,508
Fines and forfeits	3,411	3,930	4,245	4,365	4,882	5,047	5,010	5,967	6,014	6,550
Investment earnings	4,119	9,009	11,384	15,468	6,952	4,152	2,656	5,181	11,382	13,988
Miscellaneous	16,485	10,208	9,452	8,131	8,143	10,356	11,918	14,806	13,165	17,544
Total revenues	409,411	458,685	513,190	541,709	562,789	566,139	622,912	666,417	714,343	761,335
Expenditures										
General government	101,156	102,390	110,022	122,023	125,416	132,416	140,319	193,308	203,881	222,434
Public safety	91,835	103,679	109,815	117,058	123,021	127,155	146,275	109,798	121,229	132,930
Highways and streets	21,166	21,923	25,689	24,977	27,835	26,741	29,170	38,363	39,394	42,683
Sanitation									6,271	6,766
Health	18,763	20,142	22,579	22,584	23,102	24,029	30,322	30,802	30,038	32,311
Welfare	68,101	69,687	69,368	71,260	73,136	84,238	76,725	96,996	103,034	97,168
Culture and recreation	18,605	19,447	20,263	22,242	25,581	25,214	27,141	23,172	28,561	45,197
Education and economic opportunity	29,486	30,103	33,135	32,458	37,524	35,057	32,146	38,098	37,918	38,474
Capital outlay	50,139	66,671	89,215	87,673	109,670	97,147	103,167	127,632	121,007	202,659
Debt service - principal	27,472	42,833	37,480	39,823	37,342	45,544	49,025	42,891	50,547	53,733
- interest	13,329	14,860	13,981	15,003	14,128	15,695	14,851	16,127	19,448	18,965
- miscellaneous	29	76	83	186	391	24	161	25	15	12
Total expenditures	440,081	491,811	531,630	555,287	597,146	613,260	649,302	717,212	761,343	893,332
Excess (deficiency) of revenues over (under) expenditures	(30,670)	(33,126)	(18,440)	(13,578)	(34,357)	(47,121)	(26,390)	(50,795)	(47,000)	(131,997)
Other financing sources (uses):										
Refunding bonds	7,466				22,420		6,880			
Issuance cost on bonds						(163)				
Premium on bonds					796	410	148	250		1,429
Payments to refunded bond escrow agent	(7,466)				(22,551)		(6,846)			
Capital leases					590	177			231	
Proceeds from sale of capital assets		332				37	406	27	416	1,426
Face amount of long-term debt	77,169	307	54,129	50,358	81,921	85,000	65,000	116,200	4,836	146,320
Transfers in	28,565	25,976	33,084	34,335	52,753	78,457	68,583	50,008	59,948	86,089
Transfers (out)	(28,613)	(26,024)	(46,218)	(72,276)	(65,658)	(93,597)	(89,916)	(46,962)	(56,263)	(86,688)
Total other financing sources (uses)	77,121	591	40,995	12,417	70,271	70,321	44,255	119,523	9,168	148,576
Extraordinary item						(6,237)				
Residual equity - net	1,126	1,588	348	4,315						
Change in reserves - net	204	92	160	(107)	50	629	(366)	385	(177)	(211)
Net change in fund balances	\$ 47,781	\$ (30,855)	\$ 23,063	\$ 3,047	\$ 35,964	\$ 17,592	\$ 17,499	\$ 69,113	\$ (38,009)	\$ 16,368
Debt service as a percentage of noncapital expenditures	10.47%	13.59%	11.65%	11.76%	10.26%	11.56%	11.53%	9.87%	10.90%	9.88%

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STATISTICAL SECTION

REVENUE CAPACITY:

The revenue capacity information is intended to assist users to understand and assess the factors affecting a government's ability to generate its own-source revenues. The presentation here is not limited to property tax revenues, but certain other revenues are presented to comply with debt disclosure requirements, e.g., hotel taxes, car rental and RV taxes and street and highway revenues.

PIMA COUNTY, ARIZONA
 Taxable Assessed Value and Estimated Actual Value of Property
 Last Ten Tax Years
 (in thousands)

Exhibit D-5

Tax Year	Commercial Property	Residential Property	Vacant Land	Other	Taxable Assessed Value	Total Direct Tax Rate	Estimated Limited Value	Assessed Value as a Percentage of Limited Value
1998	1,424,832	2,006,740	233,782	17,043	3,682,397	5.2487	33,930,287	10.85%
1999	1,446,979	2,154,367	236,602	15,682	3,853,630	5.5651	32,801,718	11.75%
2000	1,532,186	2,324,927	239,298	15,253	4,111,664	5.5635	34,898,941	11.78%
2001	1,601,929	2,494,934	246,938	17,692	4,361,493	5.5828	37,257,921	11.71%
2002	1,678,649	2,709,068	263,270	18,348	4,669,335	5.4998	39,908,791	11.70%
2003	1,764,657	2,955,066	281,243	21,508	5,022,474	5.4981	42,927,737	11.70%
2004	1,823,592	3,265,040	302,323	21,595	5,412,550	5.4967	46,754,009	11.58%
2005	1,882,879	3,615,603	323,147	27,920	5,849,549	5.4611	50,631,267	11.55%
2006	2,001,137	4,076,600	359,662	29,803	6,467,202	5.3406	56,437,790	11.46%
2007	2,204,072	4,689,972	428,486	30,802	7,353,331	5.0674	64,347,659	11.43%

Source: Pima County Assessor's Office.

Notes: Property in Pima County is assessed annually with values being set by either the County Assessor or the Arizona Department of Revenue. The values are the basis for Primary Taxes and annual changes therein are restricted by the State Constitution. Assessment ratios are set by the legislature for individual property types. The taxable assessed value is arrived at by multiplying an assessment ratio that has varied from ten percent for residential property, to twenty-five percent for commercial property. Tax rates are per \$100 of assessed value.

PIMA COUNTY, ARIZONA
Direct and Overlapping Property Tax Rates
Last Ten Tax Years
(per \$100 of assessed value)

Exhibit D-6

County Direct Rates						
Tax Year	County Primary	County Secondary	Flood Control District (1)	County Library District	Fire District Assistance	Total
1998	3.6852	0.9650	0.3246	0.2224	0.0515	5.2487
1999	4.0720	0.9350	0.3046	0.2024	0.0511	5.5651
2000	4.0720	0.9350	0.3046	0.2024	0.0495	5.5635
2001	4.0720	0.8950	0.3546	0.2124	0.0488	5.5828
2002	4.0720	0.8150	0.3546	0.2124	0.0458	5.4998
2003	4.0720	0.8150	0.3546	0.2124	0.0441	5.4981
2004	4.0720	0.8150	0.3546	0.2124	0.0427	5.4967
2005	4.0720	0.7150	0.3746	0.2575	0.0420	5.4611
2006	3.8420	0.7150	0.3746	0.3675	0.0415	5.3406
2007	3.6020	0.6850	0.3446	0.3975	0.0383	5.0674

Overlapping Rates																
Tax Year	State of Arizona	Education Assistance	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)	Town of Casas Adobes Incorporation Costs	Town of Tortolita Incorporation Costs	Gladden Farms Community Facilities District	Vanderbilt Farms Community Facilities District	Quail Creek Community Facilities District	
1998	0.0000	0.5300	1.1922	0.9601	0.2937	0.1400	6.9300	3.0000	1.0000	0.5000						
1999	0.0000	0.5217	1.3696	1.0238	0.2937	0.1400	6.9300	3.0000	1.0000	0.5000						
2000	0.0000	0.5123	1.5574	1.1270	0.2918	0.1300	6.9300	3.0000	1.0000	0.5000						
2001	0.0000	0.4974	1.5470	1.1202	0.2828	0.1300	10.4000	3.0000	24.7500	0.5000						
2002	0.0000	0.4889	1.5333	1.1202	0.2706	0.1300	10.4000	3.0000	24.7500							
2003	0.0000	0.4717	1.4884	1.1569	0.2513	0.1200	10.4000	3.0000	50.0000		0.1438	0.2313				
2004	0.0000	0.4560	1.3428	1.1847	0.2383	0.1200	12.9000	3.0000	60.0000				2.8000			
2005	0.0000	0.4358	1.3114	1.2364	0.2383	0.1200	12.9000	3.0000	60.0000				2.8000			
2006	0.0000	0.0000	1.2515	1.2257	0.2383	0.1200	12.9000	3.0000	60.0000				2.8000	0.3000		
2007	0.0000	0.0000	1.1845	1.1321	0.2258	0.1000	12.9000	3.0000	65.0000				2.8000	0.3000	3.3000	

- (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).

Notes:

Primary and secondary tax rates (per \$100 of net assessed value) are set by the County Board of Supervisors or the governing boards of other taxing jurisdictions.

(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, ARIZONA
 Direct and Overlapping Property Tax Rates - School Districts
 Last Ten Tax Years
 (per \$100 of assessed value)

Exhibit D-6a

School District	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Tucson Unified (#1)	\$ 8.8281	\$ 8.7869	\$ 9.0494	\$ 9.8088	\$ 9.2780	\$ 8.7610	\$ 8.3286	\$ 7.8829	\$ 7.3857	\$ 7.0500
Marana Unified (#6)	6.9743	7.6408	7.5418	7.7028	7.3623	6.7979	6.5034	6.0991	5.9117	5.7887
Flowing Wells Unified (#8)	7.7804	8.8612	8.4928	8.0490	7.2175	6.6568	6.5883	7.1232	6.8677	6.5674
Amphitheater Unified (#10)	7.0881	7.1715	6.8816	7.4427	7.0207	6.7601	6.3375	6.4258	6.1193	5.4964
Sunnyside Unified (#12)	10.5437	10.6897	10.3609	10.3706	9.6945	9.1041	8.4846	8.6482	9.1529	8.1490
Tanque Verde Unified (#13)	6.9273	6.8939	6.9434	6.8484	6.6818	7.1785	5.6661	5.7985	5.4806	5.1033
Ajo Unified (#15)	4.9511	4.6791	6.0973	7.0508	4.1555	5.3016	4.4316	4.4994	4.4929	4.8627
Catalina Foothills Unified (#16)	7.9121	7.8515	7.7258	7.5344	7.0956	7.0256	6.6459	6.8422	6.7428	6.3942
Vail Elementary (#20)	7.5128	7.3298	7.2604	7.2314	7.2295	7.1748	7.0008	6.7510	6.7032	6.0327
Sahuarita Unified (#30)	7.6282	8.3204	8.7007	8.7860	9.1329	9.0113	8.3095	8.1495	7.7345	6.1807
San Fernando Elementary (#35)								3.7121	3.7481	3.7900
Empire Elementary (#37)	7.0259	10.3858	8.5371	7.6596	6.6965	6.4699	6.1171	8.0930	8.4864	7.5703
Continental Elementary (#39)	2.6371	2.5439	2.4983	2.4346	2.4398	2.3198	2.2216	2.1532	2.0682	1.8970
Indian Oasis Unified (#40)	9.9071	10.4568	9.1002							
Redington Elementary (#44)	4.6590	7.7641	5.0186	6.3661	6.4230	5.6853	3.9915	4.8856	4.8853	4.8952
Altar Valley Elementary (#51)	7.3093	6.3348	6.5620	6.3052	6.3035	6.3615	6.2759	6.2607	5.7696	5.8086
Unorganized*	2.2000	2.1654	2.1265	2.0647	2.0296	1.9583	1.8931	1.8090	1.7394	1.6020

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

PIMA COUNTY, ARIZONA
Principal Property Taxpayers
Current Year and Nine Years Ago
(amounts in thousands)

Exhibit D-7

Taxpayer	1998			1999			2000			2001			2002		
	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value
Tucson Electric Power Co.	\$ 166,300	1	4.3%	\$ 166,300	1	4.2%	\$ 166,949	1	3.9%	\$ 136,337	1	3.0%	\$ 137,315	1	2.8%
QWEST	78,336	2	2.0%	78,336	2	2.0%	78,642	2	1.9%	84,382	2	1.9%	87,757	2	1.8%
Phelps Dodge	0		0.0%	0		0.0%	0		0.0%	0		0.0%	18,250	6	0.4%
Southwest Gas Corporation	46,441	3	1.2%	46,441	3	1.2%	46,191	3	1.1%	51,214	3	1.1%	53,668	3	1.1%
Raytheon/Hughes Aircraft **	15,040	7	0.4%	14,193	8	0.4%	14,193	8	0.3%	13,642	9	0.3%	13,349	10	0.3%
Arizona Portland Cement	13,267	9	0.3%	13,363	9	0.3%	13,146	9	0.3%	16,614	6	0.4%	18,213	7	0.4%
Dnd Neffson (Tucson Mall)	19,071	6	0.5%	18,910	6	0.5%	15,168	6	0.4%	19,362	4	0.4%	18,733	5	0.4%
TRICO	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Westin La Paloma	14,486	8	0.4%	15,669	7	0.4%	15,097	7	0.4%	16,183	7	0.4%	16,703	8	0.3%
Star Pass Resorts	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
El Conquistador Hotel	0		0.0%	0		0.0%	0		0.0%	13,632	10	0.3%	13,898	9	0.3%
Ventana Hotel Associates	11,720	10	0.3%	12,983	10	0.3%	12,950	10	0.3%	0		0.0%	0		0.0%
Cyprus/Sierrita Mining Co.	27,300	5	0.7%	27,300	5	0.7%	20,000	5	0.5%	0		0.0%	0		0.0%
Union Pacific Railroad	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
A T & T	0		0.0%	0		0.0%	0		0.0%	14,292	8	0.3%	0		0.0%
HDP Northwest	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
ASARCO Mining	35,170	4	0.9%	35,170	4	0.9%	21,200	4	0.5%	18,911	5	0.4%	27,736	4	0.6%
Total Top Ten	\$ 427,131		11.0%	\$ 428,665		10.9%	\$ 403,536		9.6%	\$ 384,569		8.5%	\$ 405,622		8.4%

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

(1) Secondary Assessed Valuation for tax year	\$ 3,852,574	\$ 4,000,624	\$ 4,236,070	\$ 4,491,395	\$4,835,561
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** Name change 2001

(continued)

PIMA COUNTY, ARIZONA
Principal Property Taxpayers
Current Year and Nine Years Ago
(amounts in thousands)

Exhibit D-7

(continued)

Taxpayer	2003			2004			2005			2006			2007		
	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value	Estimated Assessed Value (1)	Rank	Percent of Total Assessed Value
Tucson Electric Power Co.	\$ 122,499	1	2.3%	\$ 125,597	1	2.2%	\$ 145,937	1	2.4%	\$ 143,362	1	2.1%	\$ 150,771	1	1.8%
QWEST	108,829	2	2.1%	104,944	2	1.9%	104,468	2	1.7%	87,093	2	1.3%	94,300	2	1.1%
Phelps Dodge	14,375	8	0.3%	15,250	7	0.3%	21,209	6	0.4%	55,176	4	0.8%	93,656	3	1.1%
Southwest Gas Corporation	55,710	3	1.1%	59,528	3	1.1%	62,970	3	1.0%	62,846	3	0.9%	62,919	4	0.8%
Raytheon/Hughes Aircraft **	13,290	9	0.3%	13,895	9	0.2%	16,069	8	0.3%	21,665	6	0.3%	58,987	5	0.7%
Arizona Portland Cement	19,990	4	0.4%	21,296	4	0.4%	22,459	4	0.4%	22,858	5	0.3%	23,468	6	0.3%
DND Neffson (Tucson Mall)	18,703	5	0.4%	19,364	5	0.3%	22,377	5	0.4%	19,087	7	0.3%	19,897	7	0.2%
TRICO	11,467	10	0.2%	12,925	10	0.2%	0		0.0%	14,806	10	0.2%	18,044	8	0.2%
Westin La Paloma	16,057	6	0.3%	15,943	6	0.3%	16,358	7	0.3%	15,504	9	0.2%	15,959	9	0.2%
Star Pass Resorts	0		0.0%	0		0.0%	0		0.0%	17,068	8	0.2%	15,280	10	0.2%
El Conquistador Hotel	14,461	7	0.3%	14,655	8	0.3%	13,653	10	0.2%	0		0.0%	0		0.0%
Ventana Hotel Associates	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Cyprus/Sierrita Mining Co.	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Union Pacific Railroad	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
A T & T	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
HDP Northwest	0		0.0%	0		0.0%	14,708	9	0.2%	0		0.0%	0		0.0%
ASARCO Mining	0		0.0%	0		0.0%	0		0.0%	0		0.0%	0		0.0%
Total Top Ten	<u>\$ 395,381</u>		7.7%	<u>\$ 403,397</u>		7.2%	<u>\$ 440,208</u>		7.3%	<u>\$ 459,465</u>		6.6%	<u>\$ 553,281</u>		6.7%

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

(1) Secondary Assessed Valuation for Tax Year	\$5,221,271	\$5,620,156	\$6,050,950	\$6,869,955	\$8,220,396
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** Name change 2001

PIMA COUNTY, ARIZONA
Real Property Tax Levies and Collections
Last Ten Fiscal Years
(in thousands)

Exhibit D-8

Fiscal Year	Original Real Property Tax Levy	Tax Roll Corrections	Real Property Tax Levy (Adjusted)	Collected to June 30, End of Tax Fiscal Year (2)		Collections in Subsequent Years	Collected to June 30, 2007 (2)		Delinquent Taxes Receivable (1)
				Amount	Percent of Original Levy		Amount	Percent of Adjusted Levy	
1997-98	168,688	(748)	167,940	160,593	95.20%	6,632	167,225	99.57%	715
1998-99	180,550	(1,553)	178,997	172,330	95.45%	7,159	179,489	100.27%	(492)
1999-00	201,925	(1,167)	200,758	192,409	95.29%	8,561	200,970	100.11%	(212)
2000-01	214,642	(974)	213,668	204,424	95.24%	9,154	213,578	99.96%	90
2001-02	228,477	(1,023)	227,454	218,192	95.50%	8,986	227,178	99.88%	276
2002-03	241,416	(1,013)	240,403	231,619	95.94%	8,666	240,285	99.95%	118
2003-04	260,570	(987)	259,583	250,929	96.30%	8,635	259,564	99.99%	19
2004-05	281,172	(729)	280,443	271,841	96.68%	8,772	280,613	100.06%	(170)
2005-06	302,127	(489)	301,638	292,019	96.65%	9,634	301,653	100.00%	(15)
2006-07	330,240	(1,271)	328,969	318,520	96.45%		318,520	96.82%	10,449

NOTES:

- (1) Represents the difference between the adjusted levy and collected to June 30, 2007.
- (2) Amounts collected are on a cash basis rather than the modified accrual basis used in the financial statements.

PIMA COUNTY, ARIZONA
Assessed, Limited and Full Cash (Secondary) Value of Taxable Property
Last Ten Fiscal Years
(in thousands)

Exhibit D-9

<u>Fiscal Year</u>	<u>Net Assessed Value</u>	<u>Limited and Full Cash Values (1)</u>	<u>Ratio of Net Assessed to Full Cash Value</u>
1997-98 Primary	3,468,269	32,144,456	10.79%
1997-98 Secondary	3,700,218	34,305,592	10.79%
1998-99 Primary	3,682,397	33,930,287	10.85%
1998-99 Secondary	3,852,574	35,297,284	10.91%
1999-00 Primary	3,853,630	32,801,718	11.75%
1999-00 Secondary	4,000,624	33,893,530	11.80%
2000-01 Primary	4,111,664	34,898,941	11.78%
2000-01 Secondary	4,236,070	35,819,691	11.83%
2001-02 Primary	4,361,493	37,257,921	11.71%
2001-02 Secondary	4,491,395	38,196,337	11.76%
2002-03 Primary	4,669,336	39,908,791	11.70%
2002-03 Secondary	4,835,561	41,109,997	11.76%
2003-04 Primary	5,022,474	42,927,737	11.70%
2003-04 Secondary	5,221,271	44,423,165	11.75%
2004-05 Primary	5,412,550	46,754,009	11.58%
2004-05 Secondary	5,620,156	48,474,537	11.59%
2005-05 Primary	5,849,549	50,631,267	11.55%
2005-06 Secondary	6,050,950	52,335,111	11.56%
2006-07 Primary	6,467,202	56,437,790	11.46%
2006-07 Secondary	6,869,955	59,890,229	11.47%

(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, ARIZONA
 Comparative Net Valuations and Tax Rates
 (per \$100 assessed value)
 (valuation \$ amounts in thousands)

Exhibit D-10

<u>Jurisdiction</u>	<u>FY 2006-07 (Tax Year 2006)</u>		<u>FY 2007-08 (Tax Year 2007)</u>	
	<u>Valuation</u>	<u>Rate</u>	<u>Valuation</u>	<u>Rate</u>
<u>State of Arizona</u>	\$ 6,467,202	\$0.0000	\$ 7,353,331	\$0.0000
<u>Pima County</u>				
General Fund - Primary	6,467,202	3.8420	7,353,331	3.6020
Debt Service - Secondary	6,869,955	0.7150	8,220,396	0.6850
Free Library - Secondary	6,869,955	0.3675	8,220,396	0.3975
Total County - Primary	6,467,202	3.8420	7,353,331	3.6020
Total County - Secondary	6,869,955	1.0825	8,220,396	1.0825
Grand Total		<u>4.9245</u>		<u>4.6845</u>
<u>Education Assistance</u>	6,467,202	0.0000	7,353,331	0.0000
<u>Flood Control District - Secondary</u>	6,113,953	0.3746	7,412,190	0.3446
<u>Fire District Assistance - Secondary</u>	6,869,955	0.0415	8,220,396	0.0383
<u>Pima Community College District</u>				
Primary	6,467,202	1.0570	7,353,331	1.0191
Secondary	6,869,955	0.1945	8,220,396	0.1654
Total		<u>1.2515</u>		<u>1.1845</u>
<u>Central Arizona Water Conservation District</u>				
Secondary	6,869,955	0.1200	8,220,396	0.1000
<u>Cities & Towns</u>				
City of Tucson				
Primary	2,839,163	0.3411	3,133,310	0.3296
Secondary	3,016,231	0.8846	3,484,462	0.8025
Total		<u>1.2257</u>		<u>1.1321</u>
City of South Tucson				
Primary	19,000	0.2383	20,445	0.2258
<u>School Districts</u>				
Unorganized - Primary	9,370	1.7394	11,225	1.6020
Tucson Unified (District #1)				
Primary	2,782,666	5.9922	3,079,057	5.7500
Secondary	2,951,009	1.3935	3,436,035	1.3000
Total		<u>7.3857</u>		<u>7.0500</u>

(continued)

PIMA COUNTY, ARIZONA
Comparative Net Valuations and Tax Rates
(per \$100 assessed value)
(valuation \$ amounts in thousands)

Exhibit D-10

(continued)

Jurisdiction	FY 2006-07 (Tax Year 2006)		FY 2007-08 (Tax Year 2007)	
	Valuation	Rate	Valuation	Rate
Marana Unified (District #6)				
Primary	\$ 555,272	\$3.8618	\$ 656,187	\$3.8368
Secondary	593,167	2.0499	750,524	1.9519
Total		<u>5.9117</u>		<u>5.7887</u>
Flowing Wells Unified (District #8)				
Primary	176,501	4.5715	191,524	4.4196
Secondary	184,631	2.2962	211,004	2.1478
Total		<u>6.8677</u>		<u>6.5674</u>
Amphitheater Unified (District #10)				
Primary	1,176,348	4.1240	1,322,814	3.7983
Secondary	1,253,085	1.9953	1,491,531	1.6981
Total		<u>6.1193</u>		<u>5.4964</u>
Sunnyside Unified (District #12)				
Primary	345,217	5.6887	389,900	4.6857
Secondary	368,703	3.4642	427,586	3.4633
Total		<u>9.1529</u>		<u>8.1490</u>
Tanque Verde Unified (District #13)				
Primary	155,295	4.0917	175,387	3.7882
Secondary	169,903	1.3889	203,700	1.3151
Total		<u>5.4806</u>		<u>5.1033</u>
Ajo Unified (District #15)				
Primary	14,851	4.4929	15,475	4.8627
Secondary	15,767	0.0000	16,570	0.0000
Total		<u>4.4929</u>		<u>4.8627</u>
Catalina Foothills Unified (District #16)				
Primary	504,862	4.3099	564,911	4.1359
Secondary	528,079	2.4329	634,764	2.2583
Total		<u>6.7428</u>		<u>6.3942</u>
Vail Elementary (District #20)				
Primary	300,483	4.6184	362,131	4.0570
Secondary	324,978	2.0848	414,651	1.9757
Total		<u>6.7032</u>		<u>6.0327</u>

(continued)

PIMA COUNTY, ARIZONA
Comparative Net Valuations and Tax Rates
(per \$100 assessed value)
(valuation \$ amounts in thousands)

Exhibit D-10

(continued)

Jurisdiction	FY 2006-07 (Tax Year 2006)		FY 2007-08 (Tax Year 2007)	
	Valuation	Rate	Valuation	Rate
Sahuarita Unified (District #30)				
Primary	\$ 174,384	\$4.2452	\$ 248,840	\$4.0631
Secondary	183,014	3.4893	267,294	2.1176
Total		<u>7.7345</u>		<u>6.1807</u>
San Fernando Elementary (District #35)				
Primary	818	3.7481	858	3.7900
Secondary	832	0.0000	880	0.0000
Total		<u>3.7481</u>		<u>3.7900</u>
Empire Elementary (District #37)				
Primary	4,988	8.4864	5,374	7.5703
Secondary	5,489	0.0000	5,792	0.0000
Total		<u>8.4864</u>		<u>7.5703</u>
Continental Elementary (District #39)				
Primary	236,964	1.7394	278,996	1.6020
Secondary	249,038	0.3288	312,815	0.2950
Total		<u>2.0682</u>		<u>1.8970</u>
Indian Oasis Unified (District #40)				
Primary	1,182	0.0000	1,059	0.0000
Secondary	1,183	0.0000	1,059	0.0000
Total		<u>0.0000</u>		<u>0.0000</u>
Redington Elementary (District #44)				
Primary	1,219	4.8853	1,272	4.8952
Secondary	1,339	0.0000	1,387	0.0000
Total		<u>4.8853</u>		<u>4.8952</u>
Altar Valley Elementary (District #51)*				
Primary	26,781	4.7765	29,071	4.8733
Secondary	28,088	0.9931	30,747	0.9353
Total		<u>5.7696</u>		<u>5.8086</u>

*Formerly known as the Mary E. Dill School District

PIMA COUNTY, ARIZONA
 Historical Collections - Hotel Excise Tax,
 Car Rental Surcharges and Recreational Vehicle Tax
 Last Ten Fiscal Years
 (amounts in thousands)

Exhibit D-11

Fiscal Year	Hotel Excise Tax (1)	Car Rental Surcharges (2)	Recreational Vehicle Tax (3)
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
2002-03	2,536	1,436	195
2003-04	2,717	1,277	209
2004-05	2,885	1,595	200
2005-06	5,212	1,589	214
2006-07	7,796	1,357	210

- (1) Tax increased from 1% to 2% January 1, 1997; the additional 1% can only be used for County sports facilities.
 In January of 2006, the tax increased from 2% to 6%, of which only 34% can be used for 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 Finance and Risk Management Department

PIMA COUNTY, ARIZONA
Streets and Highways Revenues
Last Ten Fiscal Years
(amounts in thousands)

Exhibit D-12

<u>Fiscal Year</u>	<u>Amount</u>
1997-98	\$ 33,370
1998-99	39,535
1999-00	47,699
2000-01	48,317
2001-02	47,071
2002-03	48,072
2003-04	51,334
2004-05	53,878
2005-06	56,937
2006-07	44,607

Source: Pima County Finance and Risk Management Department

STATISTICAL SECTION

DEBT CAPACITY:

The debt capacity information is intended to assist users to understand and assess a government's debt burden and ability to issue debt. Debt capacity information is cited as being very useful for assessing economic condition as frequently as revenue or tax capacity. Five of the schedules presented provide ten-year comparisons.

Certain schedules, for example; leases, lease-purchase and purchase agreements, are provided to comply with debt disclosure requirements.

PIMA COUNTY, ARIZONA
Ratios of Outstanding Debt by Type to Personal Income and Per Capita
Last Ten Fiscal Years
(\$ amounts in thousands)

Exhibit D-13

Fiscal Year	Governmental Activities							Business-Type Activities				
	General Obligation Bonds	Flood Control Bonds	Transportation Revenue Bonds	Lease Revenue Bonds	Special Assessment Bonds	Certificates of Participation	Transportation Loans	Capital Leases	Sewer Revenue Bonds	Wastewater Loans Payable	Contracts and Notes	Total Primary Government
1997-98	\$ 186,990	\$ 8,135	\$ 40,000	\$ 1,340	\$ 2,828			\$ 49,678	\$ 82,017	\$ 13,094	\$ 352	\$ 384,434
1998-99	153,295	7,360	36,000	1,220	2,300	\$ 8,945		36,368	79,473	13,967	264	339,192
1999-00	173,985	6,595	32,000	1,095	1,697	6,725		35,338	75,564	14,477	2,479	349,955
2000-01	192,640	5,840	28,000	965	1,053	4,505		34,008	71,444	32,314	112	370,881
2001-02	183,381	5,348	79,206	825	2,506	3,045	\$ 5,100	32,596	67,811	57,456	3,685	440,959
2002-03	200,554	4,585	105,541	495	2,121	1,560		4,060	63,098	63,551	6,849	483,463
2003-04	232,553	3,805	95,461		1,736			3,020	60,064	83,941	5,783	515,686
2004-05	267,927	3,010	137,736		1,093			1,943	55,809	83,978	4,852	584,227
2005-06	231,918	2,230	127,000		911			5,739	51,710	80,148	4,562	530,644
2006-07	290,150	1,470	136,541					31,731	94,356	76,111	5,280	664,089

Fiscal Year	Total Primary Government	Personal Income	Percentage of Personal Income	Population at July 1	Debt per Capita (a)
1997-98	\$ 384,434	\$ 17,687,372	2.17%	817,851	\$ 470
1998-99	339,192	18,999,743	1.79%	845,775	401
1999-00	349,955	20,855,000	1.68%	854,329	410
2000-01	370,881	21,827,000	1.70%	872,394	425
2001-02	440,959	21,991,000	2.01%	890,356	495
2002-03	483,463	22,973,000	2.10%	908,227	532
2003-04	515,686	23,965,000	2.15%	926,052	557
2004-05	584,227	26,302,000	2.22%	943,795	619
2005-06	530,644	28,421,000	1.87%	961,519	552
2006-07	664,089	30,899,000	2.15%	1,003,918	661

(a) See schedule D-20 for population data.

Note: Details regarding outstanding debt can be found in Note 7 page 56 in Notes to the Financial Statements.

PIMA COUNTY, ARIZONA
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years
(\$ amounts in thousands)

Exhibit D-14

Fiscal Year	General Obligation Bond Debt	Flood Control General Obligation Bond Debt	Debt Service Funds Available for Principal	Net General Bond Debt	Secondary Net Assessed Value	Percent Net General Bond Debt to Assessed Value	Population at July 1	Net General Bond Debt per Capita
1997-98	\$ 186,990	\$ 8,135	\$ 10,931	\$ 184,194	\$ 3,700,218	4.98%	817,851	\$ 225
1998-99	153,295	7,360	6,827	153,828	3,852,574	3.99%	845,775	182
1999-00	173,985	6,595	6,249	174,331	4,000,624	4.36%	854,329	204
2000-01	192,640	5,840	4,309	194,171	4,236,070	4.58%	872,394	223
2001-02	183,381	5,348	4,883	183,846	4,491,395	4.09%	890,356	206
2002-03	200,554	4,585	2,226	202,913	4,835,561	4.20%	908,227	223
2003-04	232,553	3,805	2,648	233,710	5,221,271	4.48%	926,052	252
2004-05	267,927	3,010	8,899	262,038	5,620,156	4.66%	943,795	278
2005-06	231,918	2,230	5,571	228,577	6,050,950	3.78%	961,519	238
2006-07	290,150	1,470	7,431	284,189	6,869,955	4.14%	1,003,918	283

Note: Details regarding outstanding debt can be found in Note 7 on page 56 in Notes to the Financial Statements.

PIMA COUNTY, ARIZONA
Ratio of Direct and Overlapping Debt to Property Values and Per Capita
Last Ten Fiscal Years
(\$ amounts in thousands)

Exhibit D-14a

Fiscal Year	Total Overlapping Debt	Secondary Net Assessed Value	Percentage of Assessed Value	Population at July 1	Debt per Capita
1997-98	\$ 1,124,003	\$ 3,700,218	30.38%	817,851	\$ 1,374
1998-99	1,090,052	3,852,574	28.29%	845,775	1,289
1999-00	1,067,544	4,000,624	26.68%	854,329	1,250
2000-01	1,135,282	4,236,070	26.80%	872,394	1,301
2001-02	1,134,289	4,491,395	25.25%	890,356	1,274
2002-03	1,129,103	4,835,561	23.35%	908,227	1,243
2003-04	1,091,892	5,221,271	20.91%	926,052	1,179
2004-05	1,185,435	5,620,156	21.09%	943,795	1,256
2005-06	1,146,388	6,050,950	18.95%	961,519	1,192
2006-07	1,107,662	6,869,955	16.12%	1,003,918	1,103

Note: Overlapping governments are those that coincide (at least in part), with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Pima County. When considering the County's ability to issue and repay long-term debt, the process should recognize the entire debt burden borne by the residents and business therein. However, this does not imply that every taxpayer is a resident, and therefore is responsible for the repayment of debt of each overlapping government.

PIMA COUNTY, ARIZONA
 Computation of Direct and Overlapping
 Governmental Activities Debt Outstanding
 At June 30, 2007
 (\$ amounts in thousands)

Exhibit D-15

Governmental Unit	Debt Outstanding	Amount Overlapping
Debt repaid with property tax School Districts	\$ 521,169	\$ 521,169
City of Tucson	294,774	294,774
Total overlapping		\$ 815,943
Debt repaid with property tax Direct:		
Pima County *	\$ 290,150	\$ 290,150
Flood Control District	1,470	1,470
Total direct		\$ 291,620
Other Debt:		
Certificates of participation	\$ 31,731	\$ 31,731
Jail capital lease	24,636	24,636
Other capital leases	100	100
Transportation bonds	136,541	136,541
Transportation loans	3,714	3,714
Total other debt		\$ 196,722
Total direct and overlapping debt		\$ 1,304,285

*Excludes improvement districts.

Note: Overlapping governments are those that coincide with the geographic boundaries of the County. All overlapping governments are 100% within the County's boundaries. This schedule estimates the portion of the outstanding debt borne by the residents and businesses of Pima County. When considering the county's ability to issue and repay long-term debt, the process should recognize the entire debt burden borne by the residents and businesses therein. However, this does not imply that every taxpayer is a resident of each government and therefore is responsible for the repayment of debt of each overlapping government.

PIMA COUNTY, ARIZONA
 Legal Debt Margin
 Last Ten Fiscal Years
 (\$ amounts in thousands)

Exhibit D-16

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Assessed Value	\$ 3,700,218	\$ 3,852,574	\$ 4,000,624	\$ 4,236,070	\$ 4,491,395	\$ 4,835,561	\$ 5,221,271	\$ 5,620,156	\$ 6,050,950	\$ 6,869,955
Legal Debt Margin										
Debt limit (15% of assessed value)	555,033	577,886	600,094	635,410	673,709	725,334	783,191	843,023	907,643	1,030,493
Debt applicable to limit:										
General obligation bonds	186,990	153,295	173,985	192,640	183,070	200,275	232,105	267,270	231,310	289,590
Less: Net assets reserved for repayment of general obligation debt	(11,844)	(6,827)	(6,249)	(4,309)	(4,883)	(2,226)	(2,648)	(8,899)	(5,571)	(7,431)
Total net debt applicable to the limit	175,146	146,468	167,736	188,331	178,187	198,049	229,457	258,371	225,739	282,159
Legal debt margin	\$ 379,887	\$ 431,418	\$ 432,358	\$ 447,079	\$ 495,522	\$ 527,285	\$ 553,734	\$ 584,652	\$ 681,904	\$ 748,334
Total net debt applicable to the limit as a percentage of debt limit.	31.56%	25.35%	27.95%	29.64%	26.45%	27.30%	29.30%	30.65%	24.87%	27.38%

Note: General obligation debt may not exceed six percent of the value of the County's taxable property as of the latest assessment. However, Pima County received voter approval to increase the debt limit to fifteen percent of the value of taxable property. Amount reserved for payment of principal is the reserved fund balance of the Debt Service Fund.

See Notes to the Financial Statements (Note 7 page 63) for calculation of the legal debt margin for the current year.

PIMA COUNTY, ARIZONA
Wastewater Management Liquid Waste Pledged Sewer Revenue Debt Coverage
Last Ten Fiscal Years
(amounts in thousands)

Exhibit D-17a

Fiscal Year	Sewer User Revenues (2)	Less: Operating Expense (3)	Available Net Revenue	Debt Service (1)		Coverage Ratio (4)
				Principal	Interest	
1997-98	\$ 48,235	\$ 33,920	\$ 14,315	\$ 3,169	\$ 5,594	1.63
1998-99	49,979	31,114	18,865	4,727	5,031	1.93
1999-00	56,589	34,742	21,847	5,006	4,650	2.26
2000-01	58,647	36,438	22,209	6,611	4,783	1.95
2001-02	59,021	39,183	19,838	8,887	5,704	1.36
2002-03	66,756	46,378	20,378	9,235	5,666	1.37
2003-04	78,393	44,704	33,689	9,656	5,990	2.15
2004-05	88,768	47,037	41,731	9,501	5,706	2.74
2005-06	104,494	56,902	47,592	11,073	5,350	2.90
2006-07	100,540	67,662	32,878	13,072	6,976	1.64

(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, interest expense and amortization.

(4) Sewer revenue debt rate covenants require minimum coverage of 1.20.

Note: Details regarding outstanding debt can be found in Notes to Financial Statements.

PIMA COUNTY, ARIZONA
Pledged Revenue Bond Coverage - Transportation Revenue Bonds
Last Ten Fiscal Years
(amounts in thousands)

Exhibit D-17b

Fiscal Year	Transportation Revenue	Less: Operating Expense	Available Net Revenue	Debt Service *		Coverage Ratio
				Principal	Interest	
1997-98						
1998-99	\$ 42,017	\$ 27,173	\$ 14,844	\$ 4,000	\$ 1,644	2.63
1999-00	52,345	31,714	20,631	4,000	1,444	3.79
2000-01	53,264	31,006	22,258	4,000	1,244	4.24
2001-02	50,599	34,855	15,744	8,535	3,370	1.32
2002-03	51,852	34,059	17,793	10,215	4,394	1.22
2003-04	55,777	36,865	18,912	8,905	3,965	1.47
2004-05	57,819	38,349	19,470	10,710	6,058	1.16
2005-06	61,944	39,336	22,608	11,435	5,257	1.35
2006-07	64,781	42,639	22,142	11,745	5,659	1.27

Note: Details regarding the County's outstanding debt can be found in Notes to Financial Statements.
Operating expenditures do not include interest, depreciation, or amortization. There was no Transportation debt issued prior to FY 1998 - 1999.

* Debt Service requirements include principal and interest payable in the 12 months following each fiscal year.

PIMA COUNTY, ARIZONA
Pledged Revenue Bond Coverage - Lease Revenue Bonds
Last Ten Fiscal Years
(amounts in thousands)

Exhibit D-17c

Fiscal Year	Lease Revenue	Less: Operating Expense	Available Net Revenue	Debt Service		Coverage Ratio
				Principal	Interest	
1997-98	\$ 8	\$ 7	\$ 1	\$ 120	\$ 82	0.00
1998-99	6	7	(1)	125	75	(0.01)
1999-00	6	7	(1)	130	68	(0.01)
2000-01	6	7	(1)	140	61	(0.00)
2001-02	2	7	(5)	145	52	(0.03)
2002-03	1	7	(6)	155	31	(0.03)
2003-04	0	27	(27)	460	99	(0.05)
2004-05	*					
2005-06	*					
2006-07	*					

* This debt was satisfied in full during FY 2003-04.

PIMA COUNTY, ARIZONA
 Lease, Lease-Purchase and Purchase Agreements
 Scheduled Payments
 (amounts in thousands)

Exhibit D-18

Function/Department	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08
Elections					
Clerk of Superior Court	\$ 195	\$ 147	\$ 31	\$ 82	\$ 82
Jail *	3,824	2,764	3,042	3,015	5,920
Juvenile Court	74				
Public Works Building	1,643				
Sheriff	42	42	42	21	
Superior Court					
	<u>\$ 5,778</u>	<u>\$ 2,953</u>	<u>\$ 3,115</u>	<u>\$ 3,118</u>	<u>\$ 6,002</u>

* Funds derived from a sale/leaseback of the County's Adult Corrections Facility provided funding for construction of Kino Veteran's Memorial Sportspark & Tucson Electric Park Stadium.

Source: Pima County Finance and Risk Management Department

PIMA COUNTY, ARIZONA
Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Expenditures
Last Ten Fiscal Years
(amounts in thousands)

Exhibit D-19

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures *</u>	<u>Ratio of Debt Service To General Expenditures</u>
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%
2002-03	43,648	13,904	57,552	515,774	11.2%
2003-04	46,998	13,702	60,700	546,136	11.1%
2004-05	41,255	14,794	56,049	589,708	9.5%
2005-06	48,672	18,147	66,819	640,336	10.4%
2006-07	50,940	17,672	68,612	689,968	9.9%

* Includes General, Special Revenue and Debt Service Funds, while excluding Capital Projects Fund.

STATISTICAL SECTION

DEMOGRAPHIC AND ECONOMIC INFORMATION:

The dual objectives of the demographic and economic information are to assist users in understanding certain aspects of the environment in which a government operates and to provide information that facilitates the comparisons of financial statement data over time and across governments.

Information of this type can help readers assess a government's condition by providing information about community expansion, average age increases or decreases, and changes in personal income and unemployment. This type of data is important to readers in assessing economic condition.

PIMA COUNTY, ARIZONA
Demographic and Economic Statistics
Last Ten Years

Exhibit D-20

Calendar Year	Population (a)	Personal Income (b)	Per Capita Personal Income	Unemployment Rate (a)
1998	817,851	\$ 17,687,372	\$ 21,468	2.7%
1999	845,775	18,999,743	22,464	2.7%
2000	854,329	20,855,000	24,057	2.6%
2001	872,394	21,827,000	24,698	2.8%
2002	890,356	21,991,000	24,787	4.7%
2003	908,227	22,973,000	25,395	4.8%
2004	926,052	23,965,000	25,797	3.5%
2005	943,795	26,302,000	27,599	4.1%
2006	961,519	28,421,000	28,894	4.4%
2007	1,003,918	30,899,000	30,813	3.3%

Note :

- a) Population and unemployment data are obtained from projections supplied by the Arizona Department of Economic Security Statistics Unit.
- b) Personal income is obtained from "Arizona's Economy" magazine (in thousands).

PIMA COUNTY, ARIZONA
Principal Employers
Current Year and Nine Years Ago

Exhibit D-21

Employer	1998			1999			2000			2001			2002		
	Employees	Rank	Percent of County Employment	Employees	Rank	Percent of County Employment	Employees	Rank	Percent of County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
Fort Huachuca	10,321	2	2.5%	10,312	2	2.3%	11,140	1	2.8%	11,376	1	2.9%	10,969	2	2.8%
Raytheon	7,700	6	1.8%	7,700	6	1.7%	9,800	4	2.5%	10,149	3	2.6%	10,400	3	2.6%
University of Arizona	10,416	1	2.5%	10,520	1	2.4%	10,850	2	2.8%	11,032	2	2.8%	11,606	1	2.9%
State of Arizona	9,763	3	2.3%	9,694	3	2.2%	10,071	3	2.6%	9,978	4	2.5%	9,932	4	2.5%
Davis Monthan AFB	8,362	4	2.0%	8,352	4	1.9%	8,346	5	2.1%	8,796	6	2.2%	9,200	5	2.3%
Tucson Unified School District	8,115	5	1.9%	8,187	5	1.9%	8,239	6	2.1%	9,102	5	2.3%	8,278	6	2.1%
Pima County Government	6,686	7	1.6%	7,028	7	1.6%	6,832	7	1.7%	7,119	7	1.8%	7,175	7	1.8%
City of Tucson	5,420	8	1.3%	5,497	8	1.2%	5,494	8	1.4%	6,058	8	1.5%	5,933	8	1.5%
T M C HealthCare Inc.				3,060	10	0.7%							3,800	9	1.0%
B H P Copper	3,679	10	0.9%												
Phelps Dodge							3,275	10	0.8%	4,200	9	1.1%	3,783	10	1.0%
Carondelet Health Network	4,041	9	1.0%	5,497	9	1.2%	3,596	9	0.9%	3,329	10	0.8%			
Total	74,503		17.8%	75,847		17.1%	77,643		19.7%	81,139		20.5%	81,076		20.5%

Total Work Force 421,039 440,254 394,100 393,200 397,900

(continued)

Note: Data is obtained from www.azstarnet.com/sn/star200, a website of the Arizona Daily Star.

PIMA COUNTY, ARIZONA
Principal Employers
Current Year and Nine Years Ago

Exhibit D-21

(continued)

Employer	2003			2004			2005			2006			2007		
	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment	Employees	Rank	Percent of Total County Employment
Raytheon	10,100	3	2.4%	10,171	2	2.4%	10,300	3	2.3%	10,756	2	2.4%	11,184	1	2.5%
University of Arizona	11,335	2	2.7%	10,078	3	2.3%	10,348	2	2.3%	10,282	3	2.3%	10,354	2	2.3%
State of Arizona	9,732	5	2.3%	9,753	4	2.3%	9,750	4	2.2%	9,742	4	2.2%	9,927	3	2.2%
Fort Huachuca	11,580	1	2.7%	11,939	1	2.8%	12,250	1	2.8%	13,098	1	3.0%	9,119	4	2.0%
Davis Monthan AFB	9,947	4	2.3%	7,692	5	1.8%	8,727	5	2.0%	8,233	5	1.9%	8,233	5	1.8%
Tucson Unified School District	8,234	6	1.9%	7,690	6	1.8%	7,684	6	1.7%	7,623	6	1.7%	7,419	6	1.6%
Pima County Government	7,135	7	1.7%	6,987	7	1.6%	6,767	7	1.5%	6,765	7	1.5%	7,290	7	1.6%
City of Tucson	6,168	8	1.5%	5,495	8	1.3%	6,757	8	1.5%	5,306	8	1.2%	5,848	8	1.3%
Wal-Mart Stores, Inc.	4,000	9	0.9%	4,420	9	1.0%	4,595	9	1.0%	4,980	9	1.1%	5,625	9	1.2%
Phelps Dodge Tohono O'odam Nation	3,375	10	0.8%	3,515	10	0.8%	4,500	10	1.0%	4,123	10	0.9%	4,900	10	1.1%
Carondelet Health Network															
Total	<u>81,606</u>		19.2%	<u>77,740</u>		18.1%	<u>81,678</u>		18.3%	<u>80,908</u>		18.2%	<u>79,899</u>		17.6%
Total Work Force			424,400			431,400			443,100			443,300			453,500

Note: Data is obtained from www.azstarnet.com/sn/star200, a website of the Arizona Daily Star.

PIMA COUNTY, ARIZONA
Population and Employment
Last Ten Calendar Years

Exhibit D-22

Calendar Year	Population	Civilian Labor Force	Total Unemployment Rate	EMPLOYMENT				
				Mining	Construction	Manufacturing	Trades and Services	Finance, Insurance and Real Estate
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
2003	908,227	424,400	4.8%	1,400	23,700	29,100	184,500	14,800
2004	926,052	431,400	3.5%	1,200	24,000	28,500	185,000	15,600
2005	943,795	443,100	4.1%	1,500	26,600	28,600	199,300	18,200
2006	961,519	443,300	4.4%	1,700	28,500	29,300	219,200	17,500
2007	1,003,918	453,500	3.3%	1,900	28,100	29,000	228,600	17,800

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

Note: Beginning with the July, 2003 issue, "Arizona's Economy" stopped using the Standard Industrial Classification System Reporting Format (SICS) and began using the North American Industrial Classification System reporting format (NAICS).

PIMA COUNTY, ARIZONA
Transportation and Real Estate
Last Ten Calendar Years

Exhibit D-23

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
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
2003	271,802	3,522,401	15,016,131	1.91	9,441	12,933	2,271,131
2004	239,966	3,611,696	15,393,817	1.96	10,432	15,054	2,899,012
2005	261,037	3,928,773	15,847,429	2.00	12,103	17,039	3,908,054
2006	289,440	4,251,710	17,179,275	2.18	11,903	16,630	4,462,020
2007	263,910	4,284,880	17,857,865	2.21	6,265	13,821	3,757,536

Sources: "Arizona's Economy", U of A Business Research Program (EBR), College of Business & Public Administration,
Pima Association of Governments, Tucson Association of Realtors, Multiple Listing Service, Inc.

PIMA COUNTY, ARIZONA
 Economic Indicators by Calendar Year
 Last Ten Calendar Years
 (\$ amounts in thousands)

Exhibit D-24

Calendar Year	Aggregate Retail Sales	Construction Activity		Bank Deposits
		Construction Awards	No. of Dwelling Units Awarded	
1998	\$ 7,260,497	\$ 1,001,909	5,667	\$ 5,280,000
1999	7,807,773	1,041,542	8,806	5,737,000
2000	8,170,826	1,561,110	8,489	5,619,000
2001	8,632,021	1,536,760	7,694	5,664,000
2002	8,728,079	1,678,354	7,716	6,554,000
2003	8,804,946		8,015	7,175,000
2004	9,550,501		9,281	7,895,000
2005	10,366,181		12,640	9,013,000
2006	11,478,781		10,313	10,134,000
2007	11,829,081		6,110	10,497,000

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

PIMA COUNTY, ARIZONA
 Population Statistics
 June 30, 2007

Exhibit D-25

<u>Age Group</u>	<u>Population</u>
0-4	66,930
5-9	64,763
10-14	61,594
15-19	66,407
20-24	72,539
25-39	207,374
40-54	203,426
55-59	61,104
60-64	50,353
65-69	39,540
70-74	34,089
75+	<u>75,799</u>
Total	<u><u>1,003,918</u></u>

POPULATION PROJECTIONS

<u>Year</u>	<u>Projected Population</u>
2007	1,003,918
2010	1,070,723
2015	1,175,967
2020	1,271,912
2040	1,585,983
2050	1,709,026

Source: Arizona Department of Economic Security

PIMA COUNTY, ARIZONA
Average Annual Jail Population
Last Ten Calendar Years

Exhibit D-26

<u>Calendar Year</u>	<u>Average Jail Population</u>
1997	1,229
1998	1,362
1999	1,339
2000	1,330
2001	1,481
2002	1,462
2003	1,539
2004	1,739
2005	2,009
2006	2,028

Source: Pima County Sheriff's Department

STATISTICAL SECTION

OPERATING INFORMATION:

The objectives of the operating information are to provide contextual information about a government's operations and resources to assist users in using financial information to understand and assess a government's economic condition. Two types of information are considered important.

1. Basic information about infrastructure assets, utilities and public works; in essence, the capital resources at the government's disposal. Examples include miles of streets and sewers and wastewater treatment volume.
2. Descriptive service information, which would help to evaluate the size of the government. This would include types of services, the related demand and volume, and the non-financial resources employed to provide the services.

PIMA COUNTY, ARIZONA
 Employees by Function
 Last Five Fiscal Years

Exhibit D-27

<u>Function/Program</u>	<u>Full-time employees (FTEs) as of 6/30:</u>				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities					
General government	1,851	2,040	2,952	2,911	2,776
Public safety	1,986	1,902	1,434	1,401	1,442
Highways and streets	290	288	351	526	334
Sanitation	0	0	0	45	41
Health	407	413	408	414	408
Welfare	174	185	20	23	22
Culture and recreation	180	197	164	180	466
Education and economic opportunity	140	117	250	289	179
Total governmental activities	5,028	5,142	5,579	5,789	5,668
Business-type activities					
Wastewater management-liquid	506	481	449	668	472
Wastewater management-solid	43	42	42	0	0
Kino Hospital	607	548	0	0	0
Pima Health System & Services	511	162	631	634	559
Development Services	141	149	116	156	153
Parking Garages	3	3	3	3	3
Total business-type activities	1,811	1,385	1,241	1,461	1,187
Total	6,839	6,527	6,820	7,250	6,855

Note:

Internal service funds FTEs were added to the General Government function. Internal service fund employees contribute through their labors to Pima County funds.

Variances can be noted in the Governmental Activities categories due to a change in classification criteria in fiscal year 2005.

Variances can be noted in the Governmental Activities categories due to employees being added to the Library District from the City of Tucson on July 1, 2006.

Variances can also be noted in the Business Activities categories due to the closure of Kino Hospital which resulted in the absorption of some Kino employees into Pima Health System & Services and the transference of Solid Waste operations to Sanitation, a governmental activity.

PIMA COUNTY, ARIZONA
Operating Indicators by Program
Last Five Fiscal Years

Exhibit D-28

Program:	Fiscal Year				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Sheriff					
Physical arrests	32,159	33,815	32,501	30,686	33,929
Traffic violations/citations					
Criminal					
Total	3,920	3,813	4,148	3,170	3,927
Civil					
Total	42,074	36,823	37,868	27,846	30,204
Total violations/citations	<u>45,994</u>	<u>40,636</u>	<u>42,016</u>	<u>31,016</u>	<u>34,131</u>
Wastewater					
Avg. daily sewage treated (MGD)	64.5	65.0	65.5	66.4	68.5
New connections	8,289	9,718	11,245	8,325	8,734
Cultural and Recreational					
Spring training	137,302	147,117	146,739	155,377	142,773
Sidewinders	167,552	165,387	165,441	171,179	153,595
Parks & Recreation					
Athletic field permits issued	101	107	129	135	141
Community center admissions	280,850	344,470	388,092	391,295	438,051
Volunteer hours	23,070	22,465	23,785	17,218	25,700
Library					
Volumes in collection	1,300,000	1,338,000	1,430,690	1,390,792	1,395,849
Total volumes borrowed	5,761,423	6,063,771	6,249,123	6,276,794	6,371,480
Number of cardholders	458,736	486,402	474,045	488,250	492,973
Capital Projects Completed					
Land	\$ 12,908,101	\$ 20,698,771	\$ 42,755,555	\$ 16,646,964	\$ 37,402,683
Buildings	9,356,754	18,609,343	42,916,920	2,018,849	66,095,100
Improvements	2,598,134	5,592,348	5,071,608	3,568,917	21,944,399
Infrastructure	72,540,294	67,890,856	7,476,315	76,950,908	29,146,482
	<u>\$ 97,403,283</u>	<u>\$ 112,791,318</u>	<u>\$ 98,220,398</u>	<u>\$ 99,185,638</u>	<u>\$ 154,588,664</u>

PIMA COUNTY, ARIZONA
Capital Assets and Infrastructure by Program
Last Five Fiscal Years

Exhibit D-29

	Fiscal Year				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Program:					
Sheriff					
Stations	6	6	6	6	7
Zone offices	5	5	5	5	4
Patrol Units	252	280	276	303	302
Transportation (streets and highways)					
Streets (miles)	1,750	1,773	1,782	1,798	1,801
Pothole repair	\$ 691,236	\$ 672,427	\$ 926,828	\$ 964,051	\$ 1,150,950
Flood Control					
Bank protection (miles)	138	138	138	138	139
Flood plain / drainageway (acres)	10,219	10,313	10,558	10,622	10,840
Parks & Recreation					
Urban parks (acres)	2,366	2,411	2,419	2,885	2,932
Playgrounds	30	32	34	36	41
(1) Baseball/softball diamonds	64	67	73	78	84
Soccer/football fields	12	12	14	14	16
Community centers	8	9	9	9	9
Swimming pools	7	8	8	9	9
Wastewater					
Sanitary sewers (miles)	3,049	3,177	3,249	3,314	3,464
Treatment capacity (MGD)	74.76	74.76	81.50	87.45	92.45
Libraries					
County	12	12	12	12	25
(2) City	12	12	12	13	
Open Space Acquisitions					
Properties added	2	7	7	17	18
Acres	606	10,334	13,942	1,235	3,668
Cumulative acreage	7,437	17,771	31,713	32,948	36,616
Total properties	18	25	32	49	67

(1) 2005 Baseball/softball diamonds adjusted after department review

(2) On July 1, 2006, the Pima County Library District assumed control of the operations of the libraries.

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