SQUIRE PATTON BOGGS

$15,000,000
Pima County, Arizona
General Obligation Bonds
Series 2015

Closing: April 14, 2015

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$15,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2015

Closing: April 14, 2015

CLOSING DOCUMENTS

TERMS USED HEREIN

County	–	Pima County, Arizona
Bond Counsel	–	Squire Patton Boggs (US) LLP
Underwriter	–	RBC Capital Markets, LLC
Bond Registrar and Paying Agent	–	U.S. Bank National Association
Underwriter's Counsel	–	Greenberg Traurig, LLP

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3.	Bond Purchase Agreement, dated March 24, 2015, between the County and the Underwriter	3
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DISTRIBUTION OF TRANSCRIPTS

Transcripts containing executed counterparts or photocopies of the closing documents will be distributed by Bond Counsel to the following parties:

Pima County, Arizona	2
RBC Capital Markets, LLC	2
Squire Patton Boggs (US) LLP	1
U.S. Bank National Association	1
Greenberg Traurig, LLP	1

Certificate of Clerk

Board of Supervisors of Pima County, Arizona

State of Arizona
County of Pima ss

I, Robin Brigode, do hereby certify that I am the duly appointed and qualified, Clerk of the Board of Supervisors of Pima County, Arizona.

I further certify that the attached resolution entitled

RESOLUTION NO. 2014 - 124

(See attached copy)

is a true and correct copy of a resolution passed and adopted by the Board of Supervisors of Pima County, Arizona, at a meeting held on the 16th day of December, 2014, at which a quorum was present, and that the original resolution is officially of record in my possession.

In Witness Whereof, I have hereunto set my hand and affixed the seal of the Board of Supervisors of Pima County, Arizona, this 3rd day of April, 2015.

Robin Brigode

Clerk

RESOLUTION NO. 2014-124

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF PIMA COUNTY, ARIZONA, GENERAL OBLIGATION BONDS, SERIES 2015 IN ONE OR MORE SERIES; PROVIDING FOR THE ANNUAL LEVY OF A TAX FOR THE PAYMENT OF THE BONDS; PROVIDING TERMS, COVENANTS AND CONDITIONS CONCERNING THE BONDS; ACCEPTING A PROPOSAL FOR THE PURCHASE OF THE BONDS; APPOINTING AN INITIAL REGISTRAR AND PAYING AGENT FOR THE BONDS; APPROVING AND RATIFYING ALL ACTIONS TAKEN IN FURTHERANCE OF THIS RESOLUTION.

BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA, AS FOLLOWS:

Section 1. Recitals, Findings and Conclusions.

A. Pursuant to Title 35, Chapter 3, Article 3, Arizona Revised Statutes (the "Act"), Pima County, Arizona (the "County") is authorized to issue general obligation bonds for authorized purposes after receiving voter approval. A majority of the qualified electors of the County voting at a special bond election held in and for the County on May 20, 1997 (the "1997 Bond Election") authorized the issuance and sale by the County of $256,980,000 aggregate principal amount of bonds for various purposes, a portion of which has been previously issued. A majority of the qualified electors of the County voting at a special bond election held in and for the County on May 18, 2004 (the "2004 Bond Election") authorized the issuance and sale by the County of $582,250,000 aggregate principal amount of bonds for various purposes, a portion of which has been previously issued. A majority of the qualified electors of the County voting at a special bond election held in and for the County on May 16, 2006 (the "2006 Election") authorized the issuance and sale by the County of $54,000,000 aggregate principal amount of bonds for various purposes, a portion of which has been previously issued. A majority of the qualified electors of the County voting at a general bond election held in and for the County on November 4, 2014 (together with the 1997 Bond Election, the 2004 Bond Election and the 2006 Bond Election, the "Bond Elections") authorized the issuance and sale by the County of $22,000,000 aggregate principal amount of bonds for various purposes, none of which has been previously issued.

B. The Board of Supervisors of the County (the "Board of Supervisors") intends to issue Bonds (as defined below) in the aggregate principal amount of not to exceed $15,000,000 in one or more series for the purpose of financing public improvements in accordance with the authority granted at the Bond Elections and for the purpose of paying a portion of the costs of issuance of the Bonds.

C. The Board of Supervisors shall receive a proposal for the purchase of the Bonds from RBC Capital Markets, LLC (the "Underwriter") in the form of the below- described Bond Purchase Agreement and the County desires that the Bonds be sold through negotiation pursuant to A.R.S. § 35-457(C) to the Underwriter on the terms set forth in this resolution.

D. By this resolution, the Board of Supervisors shall approve such form of bond purchase agreement and order the proposed bond purchase agreement to be completed with the final terms of the Bonds and entered into between the County and the Underwriter when the final terms of the sale have been determined for the sale of the Bonds to the Underwriter (as so completed, the "Bond Purchase Agreement").

E. Within and by the parameters set forth in this resolution, the Board of Supervisors shall authorize the sale, execution and issuance of the Bonds and their delivery to the Underwriter in accordance with the Bond Purchase Agreement.

F. The Bonds will be offered for sale by a Preliminary Official Statement (the "Preliminary Official Statement") which with conforming and other changes will be the Official Statement (the "Official Statement").

Section 2. Authorization. The Board of Supervisors hereby authorizes the issuance and sale of Pima County, Arizona, General Obligation Bonds, Series 2015 (the "Bonds") to be issued and sold by negotiated sale pursuant to A.R.S. § 35-457(C) in an aggregate principal amount not exceeding $15,000,000, in one or more series for the purpose of (1) providing funds to make certain of the public improvements the bond financing of which was authorized at the Bond Elections and (2) paying the costs of issuance of the Bonds. The series designation on the Bonds may change if they are not issued in calendar year 2015. The Bonds shall be issued and sold in accordance with the provisions of this resolution and delivered against payment therefor by the Underwriter.

Section 3. Terms. The Bonds will be dated the date of initial delivery thereof and will bear interest, calculated on the basis of a 360-day year of twelve 30-day months, from such date to the maturity or prior redemption of each of the Bonds at the rates per annum established by the accepted proposal and set forth in the Bond Purchase Agreement as executed and delivered, the first interest payment date to be July 1, 2015, or such other date as is set forth in the Bond Purchase Agreement as executed and delivered, interest to be payable semiannually thereafter on each January 1 and July 1 during the term of the Bonds, the Bonds to be in the denomination of $5,000 each or integral multiples thereof, in fully registered form. The interest rates on the Bonds shall not exceed the maximum rates authorized at the Bond Elections and shall be sold at prices such that the yield on any issue of the Bonds for purposes of the federal income tax law arbitrage rules does not exceed 6.00% per annum. Interest will be paid on each interest payment date by check mailed by the Paying Agent (as hereinafter defined) to each registered owner of the Bonds at the address shown on the registration book of the Registrar (as hereinafter defined) on the Record Date (as described in Section 11 hereof), or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of Bonds. Principal of the Bonds, at maturity or upon redemption prior to maturity, will be payable upon presentation and surrender at the designated office of the Paying Agent. The Bonds will mature (or be subject to mandatory redemption) on July 1 in the years and in the amounts as set forth in the Bond Purchase Agreement as executed and delivered and not exceeding the longest period authorized at the Bond Elections. The principal amount of the Bonds, the principal amount maturing in each year, the interest rates applicable to each maturity, the optional, mandatory and extraordinary optional

redemption, if any, provisions, and any other final terms of the Bonds and of the sale of the Bonds shall be as set forth in the Bond Purchase Agreement as executed and delivered, and such approval shall be evidenced by the execution and delivery of the Bond Purchase Agreement.

Section 4. Prior Redemption.

A. Optional Redemption. The Bonds may be subject to optional redemption as provided in the Bond Purchase Agreement.

B. Mandatory Redemption. The Bonds may be subject to mandatory redemption as provided in the Bond Purchase Agreement.

Whenever Bonds subject to mandatory redemption are purchased, redeemed (other than pursuant to mandatory redemption) or delivered by the County to the Registrar for cancellation, the principal amount of the Bonds so retired shall satisfy and be credited against the mandatory redemption requirements for such Bonds for such years as the County may direct.

C. Notice of Redemption. Notice of redemption will be given by mail to the registered owners of the Bonds at the address shown on the bond register maintained by the Registrar not less than 30 days nor more than 60 days prior to the specified redemption date. Neither failure to give such notice, nor any defect therein, with respect to any Bond shall affect the regularity of the proceedings for redemption of any other Bond. Notwithstanding the foregoing, notice of redemption may be given in accordance with the procedures of a securities depository for the Bonds. If moneys for the payment of the redemption price and accrued interest are not held in separate accounts by the County or by a Paying Agent prior to sending the notice of redemption, such redemption shall be conditional on such moneys being so held on the date set for redemption and if not so held by such date, the redemption shall be cancelled and be of no force and effect.

D. Effect of Call for Redemption. On the date designated for redemption by notice given as herein provided, the Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date, and, if moneys for payment of the redemption price and accrued interest are held in separate accounts by a Paying Agent, interest on such Bonds or portions of Bonds so called for redemption shall cease to accrue, such Bonds shall cease to be entitled to any benefit or security hereunder and the owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and accrued interest and such Bonds shall be deemed paid and no longer outstanding.

E. Redemption of Less Than All of a Bond. The County may redeem a portion of any Bond in $5,000 increments. In that event, the registered owner shall submit the Bond for partial redemption and the Paying Agent shall make such partial payment and the Registrar shall cause to be issued a new Bond in a principal amount which reflects the redemption so made to be authenticated and delivered to the registered owner thereof.

Section 5. Use of Bond Proceeds.

A. Premium received for the Bonds shall be deposited in the Interest and Redemption Fund established pursuant to the Act in an amount specified by the Director of Finance of the County or his designee as not being used to pay costs authorized by the Act associated with the issuance of the Bonds.

B. The balance of the proceeds from the sale of the Bonds shall be set aside and used for the purposes (including the allocable expenses of issuance) authorized at the Bond Elections. The use of proceeds and the breakdown of the maturity schedule by purpose will be set forth in a Certificate (the "Certificate") of the Director of Finance of the County or his designee and will be charged against the purposes authorized at the Bond Elections. The allocation set forth in that Certificate is subject to the reserved right of the Board of Supervisors under A.R.S. § 35-456 to modify the determination of the voted purposes for which the Bonds were issued on or before retirement of the Bonds.

C. Pending any disbursement(s), the County Treasurer is directed to invest the proceeds from the sale of the Bonds in the State Treasurer's Local Government Investment Pool (LGIP); provided, however, that the County, acting through the Director of Finance of the County, may at any time provide other written investment instructions to the County Treasurer and the County Treasurer, to the extent that such investments are lawful, is authorized and directed to invest the monies designated in the written instructions in the investments set forth in the instructions.

Section 6. Form of Bonds.

A. The Bonds shall be in substantially the form of Exhibit A attached hereto and incorporated by reference herein, with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby or by the Bond Purchase Agreement and are approved by those officers executing the Bonds and the execution thereof by such officers shall constitute conclusive evidence of such approval.

B. The Bonds may have notations, legends or endorsements required by law, securities exchange rule or usage. Each Bond shall show the date of its authentication and registration.

Section 7. Book Entry Only System.

A. The Bonds will initially be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), an automated clearinghouse for securities transactions, which will act as securities depository for the Bonds. One fully registered Bond, in the aggregate principal amount of each maturity, will initially be registered in the name of and held by Cede & Co., as nominee for DTC.

B. So long as the book entry only system is in effect, beneficial ownership interests in the Bonds will be available in book entry form only through direct or indirect participants in DTC, in the principal amount of $5,000 or any integral multiple thereof.

Beneficial owners of the Bonds will not receive certificates representing their interests in the Bonds and will not be deemed to be registered owners of the Bonds.

C. So long as the book entry only system is in operation, principal of and interest on the Bonds will be payable by the Paying Agent to Cede & Co., as nominee of DTC, which organization consequently bears sole responsibility for remitting such principal and interest to its direct and indirect participants for subsequent credit or disbursement to the beneficial owners of the Bonds.

D. In the event the County determines not to continue the DTC book entry only system or DTC determines to discontinue providing its services with respect to the Bonds and the County does not select another qualified securities depository, the County shall cause the Registrar to deliver to DTC for redistribution to beneficial owners of the Bonds one or more Bonds in such principal amount or amounts, in denominations of $5,000 and any integral multiple thereof, and registered in such name or names, as DTC shall designate.

Section 8. Execution of Bonds.

A. The Bonds shall be executed for and on behalf of the County by the Chair of the Board of Supervisors and attested by the Clerk of the Board of Supervisors by their manual or facsimile signatures.

B. If an officer whose signature is on a Bond no longer holds that office at the time the Bond is authenticated and registered, the Bond shall nevertheless be valid.

C. A Bond shall not be valid or binding until authenticated by the manual signature of an authorized officer of the Registrar. The signature shall be conclusive evidence that the Bond has been authenticated and issued under this resolution.

Section 9. Mutilated, Lost or Destroyed Bonds. In case any Bond becomes mutilated, destroyed or lost, the County shall cause to be executed and delivered a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond destroyed or lost, upon the registered owner's paying the reasonable expenses and charges of the County in connection therewith and, in the case of a Bond destroyed or lost, upon the registered owner filing with the Clerk of the Board of Supervisors and the Registrar evidence satisfactory to the County and the Registrar that such Bond was destroyed or lost, and furnishing the County with a sufficient indemnity Bond pursuant to Section 47-8405, Arizona Revised Statutes.

Section 10. Acceptance of Offer; Sale of Bonds; Bond Purchase Agreement Approval.

A. The Underwriter proposes to purchase the Bonds pursuant to a Bond Purchase Agreement in substantially the form employed by the County for prior bond sales. Such proposal as supplemented by the final terms as contemplated by this resolution is hereby accepted, provided that the Bonds shall not be sold for less than 99% of the principal amount thereof. When the final terms of the Bonds are known, the Bond Purchase Agreement shall be finalized. The Chair of the Board of Supervisors or the Director of Finance of the County are authorized and directed to cause the Bond Purchase Agreement to be completed and executed;

provided, however, that the parameters of this resolution shall govern the Bond Purchase Agreement and provided further that no terms or conditions may be inserted in the Bond Purchase Agreement which would be contrary to this resolution. Any other provision of this resolution to the contrary notwithstanding, no premium on the Bonds shall exceed the net premium permitted by A.R.S. § 35-457. Upon the completion, execution and delivery of the Bond Purchase Agreement, the Bonds are ordered sold to the Underwriter pursuant to the Bond Purchase Agreement. The execution and delivery of the Bond Purchase Agreement as completed shall be conclusive evidence of such approval of the final terms and provisions.

B. The Director of Finance of the County or his designee is hereby authorized and directed to cause the Bonds to be delivered to the Underwriter upon receipt of payment therefor and satisfaction of the other conditions for delivery thereof in accordance with the terms of the Bond Purchase Agreement.

Section 11. Registrar and Paying Agent.

A. The County will employ an agency where Bonds may be presented for registration of transfer (the "Registrar") and an office or agency where Bonds may be presented for payment (the "Paying Agent"). The County may appoint one or more co-Registrars or one or more additional Paying Agents. The Registrar and Paying Agent may make reasonable rules and set reasonable requirements for their respective functions with respect to the owners of the Bonds.

B. Initially, U.S. Bank National Association, a financial institution selected by the Director of Finance of the County, will act as Registrar and Paying Agent with respect to the Bonds. The County may change the Registrar or Paying Agent without notice to or consent of owners of the Bonds and the County may act in any such capacity.

C. Each Paying Agent will be required to agree in writing that the Paying Agent will hold in trust for the benefit of the owners of the Bonds all money held by the Paying Agent for the payment of principal of and interest and any premium on the Bonds.

D. The Registrar may appoint an authenticating agent acceptable to the County to authenticate Bonds. An authenticating agent may authenticate Bonds whenever the Registrar may do so. Each reference in this resolution to authentication by the Registrar includes authentication by an authenticating agent acting on behalf and in the name of the Registrar and subject to the Registrar's direction.

E. The Registrar shall keep a register of the Bonds, the registered owners of the Bonds and of transfer of the Bonds. When Bonds are presented to the Registrar or a co-Registrar with a request to register a transfer, the Registrar will register the transfer on the registration books if its requirements for transfer are met and will authenticate and deliver one or more Bonds registered in the name of the transferee of the same principal amount, maturity and rate of interest as the surrendered Bonds. Any Bond or Bonds may be exchanged at the designated office of the Registrar for a Bond or Bonds of the same maturity date and aggregate principal amount as the surrendered Bond or Bonds. The "Record Date" for the Bonds will be the close of business of the Registrar on the 15th day of the month preceding an interest payment

date. Bonds presented to the Registrar for transfer after the close of business on the Record Date and before the close of business on the next subsequent interest payment date will be registered in the name of the transferee but the interest payment will be made to the registered owners shown on the books of the Registrar as of the close of business on the Record Date.

F. The Registrar shall authenticate Bonds for original issue upon the written request of the Director of Finance of the County or his designee. The aggregate principal amount of Bonds outstanding at any time may not exceed the amount authorized by this resolution except for replacement Bonds as to which the requirements of the Registrar and the County are met.

Section 12. Tax Levy for Payment. For the purpose of providing for the payment of interest on the Bonds herein authorized and to create a redemption fund for the purpose of paying the Bonds at their respective maturity dates, there will be levied on all of the taxable property in the County a continuing, direct, annual, ad valorem tax sufficient to pay the principal of and interest on the Bonds as they become due, without limitation as to rate or amount. Upon collection, said taxes will be placed in separate funds to be designated "Interest Fund" and "Redemption Fund" or the two funds may be combined into a single "Interest and Redemption Fund" and the taxes therein will be applied solely for the purpose of payment of principal of and interest on the Bonds and for no other purpose whatsoever until all of the Bonds authorized hereunder have been fully paid, satisfied and discharged.

Section 13. Resolution a Contract. This resolution shall constitute a contract between the County and the registered owners of the Bonds and shall not be repealed or amended in any manner which would impair, impede or lessen the rights of the registered owners of the Bonds then outstanding.

Section 14. Tax Covenants.

A. The County recognizes that the purchasers and owners of the Bonds will have accepted them on and paid a price for them reflecting the understanding that interest thereon is excludable from gross income of the owners thereof for federal income tax purposes under laws in force at the time the Bonds are delivered. In this connection, the County covenants that it will use, and will restrict the use and investment of, the proceeds of the Bonds in such manner and to such extent as may be necessary so that (i) the Bonds will not constitute private activity bonds, arbitrage bonds or hedge bonds under Section 141, 148 or 149 of the Code, or to be treated other than as bonds to which Section 103(a) of the Code applies, and (ii) the interest on the Bonds will not be an item of tax preference under Section 57 of the Code. For purposes of this Section 14, the "Code" means, collectively, the Internal Revenue Code of 1986, as amended, the Treasury Regulations (whether temporary or final) promulgated pursuant thereto, and any amendments or successor provisions thereto, any official rulings, announcements, notices, procedures and judicial determinations regarding any of them.

B. The County further covenants that (i) it will take or cause to be taken such actions that may be required of it for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes; (ii) it will not take or authorize to be taken any actions that would adversely affect that exclusion; (iii) it, or persons acting for it, will, among

other acts of compliance, (a) apply the proceeds of the Bonds to the governmental purposes of the borrowing; (b) restrict the yield on investment property acquired with the proceeds; (c) make timely and adequate payments to the federal government as required under the Tax Compliance Certificate of the County (the "Tax Compliance Certificate") relating to the Bonds; (d) maintain books and records and make calculations and reports; and (e) refrain from certain uses of those proceeds, and, as applicable, of property financed with such proceeds all in such manner and to the extent necessary to assure that exclusion of that interest under the Code.

C. The Director of Finance of the County or his designee is authorized to (i) make or effect any election, selection, designation, choice, consent, approval or waiver on behalf of the County with respect to the Bonds as the County is permitted to make or give under the federal income tax laws, including, without limitation, any of the elections provided for in Section 148(f)(4)(C) of the Code or available under Section 148 of the Code, for the purpose of assuring, enhancing or protecting favorable tax treatment or status of the Bonds or interest thereon or assisting compliance with requirements for that purpose, reducing the burden or expense of such compliance, reducing the rebate amount or payments of penalties, or making payments of special amounts in lieu of making computations to determine, or paying, excess earnings as rebate, or obviating those amounts or payments, as determined by that officer, which actions shall be in writing and signed by that officer; (ii) take any and all other actions, make or obtain calculations, make payments, and make or give reports, covenants and certifications of and on behalf of the County, as may be appropriate to assure the exclusion of interest from gross income and the intended tax status of the Bonds; and (iii) give one or more appropriate certificates, for inclusion in the transcript of proceedings for the Bonds, setting forth the reasonable expectations of the County regarding the amount and use of all the proceeds of the Bonds, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of the interest on and the tax status of the Bonds.

D. The County authorizes the creation by the Director of Finance of the County or his designee of a fund that is hereinafter referred to as the "Rebate Fund," and any other such accounts or sub-accounts as necessary or advisable in order to comply with the foregoing covenants and the Tax Compliance Certificate. The County will comply with the rebate requirements set forth in the Tax Compliance Certificate.

E. The Director of Finance of the County or his designee is hereby authorized to execute on behalf of the County the Tax Compliance Certificate. The Tax Compliance Certificate shall constitute a certification, representation and agreement of the County that no investment shall be made of the proceeds of the Bonds herein authorized nor of the money in the accounts established hereunder in violation of the expectations and covenants prescribed by the Tax Compliance Certificate. The Tax Compliance Certificate shall constitute an agreement of the County to follow certain covenants which may require the County to take certain actions (including the payment of certain amounts to the United States Treasury) or which may prohibit certain actions (including the establishment of certain funds) under certain conditions as specified in the Tax Compliance Certificate.

F. The County further recognizes that Section 149(a) of the Code requires the Bonds to be issued and to remain in fully registered form in order for interest thereon to be excludable from gross income for purpose of federal income taxation under laws in force at the

time the Bonds are delivered. In this connection, the County agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form if such action would cause interest on the Bonds to be included in gross income for federal income tax purposes.

Section 15. Continuing Disclosure Undertaking. The County also recognizes that the Underwriter is required to comply with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), in connection with purchasing or selling the Bonds as an underwriter. In order to assist the Underwriter in complying with the Rule, the County will enter into a Continuing Disclosure Undertaking with respect to the Bonds, and a Continuing Disclosure Undertaking in substantially the form on file with the Clerk of the Board of Supervisors is hereby approved. The Director of Finance of the County or his designee is hereby authorized and directed to execute and deliver the Continuing Disclosure Undertaking and to do all such acts and things necessary to carry out the terms and intent of the Continuing Disclosure Undertaking.

Section 16. Official Statement. The Director of Finance of the County or his designee is hereby authorized and directed to prepare or authorize to be prepared, and to complete a Preliminary Official Statement (the "Preliminary Official Statement") in connection with the original issuance of the Bonds, in substantially the form on file with the Clerk of the Board of Supervisors, and a final Official Statement (the "Official Statement") relating to the original issuance of the Bonds in substantially the form of the Preliminary Official Statement, with such additions, deletions and modifications consistent with this resolution as shall be approved by the Director of Finance of the County or his designee. If and to the extent applicable, the Director of Finance of the County or his designee shall certify or otherwise represent that the Preliminary Official Statement, in original or revised form, is a "deemed final" official statement (except for permitted omissions) of the County as of a particular date and that a completed version is a "final" official statement for purposes of the Rule. The distribution and use of the Preliminary Official Statement and the final Official Statement by the County and the original purchaser of the Bonds is hereby authorized, ratified, confirmed and approved.

The Chair or any member of this Board of Supervisors, the County Administrator of the County and the Director of Finance of the County or his designee are each further authorized to use and distribute, or authorize the use and distribution of, any supplements in connection with the original issuance of the Bonds as may be necessary or appropriate, and to sign and deliver, on behalf of the County, the Official Statement and such certificates in connection with the accuracy of the Preliminary Official Statement and the Official Statement and any amendment thereto as may be necessary or appropriate.

Section 17. Bond Insurance or Other Credit Enhancement. The Director of Finance of the County is authorized to contract for one or more credit enhancements for all or any part of the Bonds, and to pay the costs of them from proceeds of the Bonds or other monies of the County, if he determines that the credit enhancement will result in a savings in financing costs to the County. If he determines that one or more credit enhancements will result in savings in the cost of this financing to the County, the Finance Director of the County is authorized to cause to be completed, signed and delivered, on behalf of the County, appropriate agreements with credit enhancement providers concerning matters customary to be covered by such agreements,

including, without limitation, any of the following: (a) the terms of the credit or liquidity support instrument and the amounts to be paid for it, (b) procedures for payments pursuant to the credit or liquidity support instrument and reimbursement of amounts advanced, including subrogation of the provider to the rights of owners of bonds receiving payment from monies furnished by the provider, (c) voting rights, (d) remedies, (e) notices and providing of information, and (f) permitted investments of monies with respect to all or any series of the Bonds. If one or more credit enhancements are obtained with respect to any of the Bonds, the provider of credit enhancement may be deemed to be the owner of the Bonds supported for purposes of demands, requests, consents, waivers or other actions by owners of the Bonds so long as the provider has not failed to comply with its obligations.

Section 18. Severability. If any section, paragraph, subdivision, sentence, clause or phrase of this resolution is for any reason held to be illegal or unenforceable, such decision will not affect the validity of the remaining portions of this resolution. The Board of Supervisors hereby declares that the County would have adopted this resolution and each and every other section, paragraph, subdivision, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this resolution may be held illegal, invalid or unenforceable.

Section 19. Ratification of Actions. All actions of the officers, employees, and agents of the County which conform to the purposes and intent of this resolution and which further the issuance and sale of the Bonds as contemplated by this resolution whether heretofore or hereafter taken shall be and are hereby ratified, confirmed and approved. Any change made in the Notice that does not conform to the prior order of this Board of Supervisors is hereby ratified. The proper officers and agents of the County are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the County as may be necessary to carry out the terms and intent of this resolution.

[Remainder of page left blank intentionally]

PASSED, ADOPTED AND APPROVED by the Board of Supervisors of Pima County, Arizona, on December 16, 2014.

PIMA COUNTY, ARIZONA

By: Sharon Bronson
Chair, Board of Supervisors
DEC 16 2014

ATTEST:

By: Robin Brigode
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE PATTON BOGGS (US) LLP
Bond Counsel

By: Timothy E. Pickrell
Timothy E. Pickrell

EXHIBIT A

RESOLUTION NO. 2014-_____

FORM OF BOND

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED AND DELIVERED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES **2015**

Number: _____ Denomination: $_____

Interest Rate	Maturity Date	Original Issue Date	CUSIP
%	July 1, 20___	_____, 2015	721663

Registered Owner: CEDE & CO.

Principal Amount: _____ AND NO/100 DOLLARS

PIMA COUNTY, ARIZONA (the "County"), for value received, hereby promises to pay to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay interest on the unpaid principal amount at the interest rate shown above.

Certain bonds of the issue of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth herein.

Interest is payable on January 1 and July 1 of each year, commencing [July 1, 2015], and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent (as herein defined) to the registered owner at the address shown on the registration books

maintained by the Registrar (as herein defined) at the close of business on the record date, or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the Paying Agent, which on the original issue date is the designated corporate trust office of U.S. Bank National Association.

This bond is one of an issue of bonds in the total principal amount of $_____ of like tenor except as to maturity date, rate of interest and number, issued by the County to provide funds to make those certain public improvements approved by a majority vote of qualified electors voting at elections duly called and held in and for the County on May 20, 1997, May 18, 2004, May 16, 2006 and November 4, 2014, pursuant to a resolution adopted by the Board of Supervisors of the County on December 16, 2014 (the "Resolution"), and pursuant to the Constitution and laws of the State of Arizona relative to the issuance and sale of such bonds.

For the punctual payment of this bond and the interest hereon and for the levy and collection of ad valorem taxes sufficient for that purpose, the full faith and credit of the County are hereby irrevocably pledged.

Upon collection, said taxes will be placed in separate funds to be designated "Interest and Redemption Fund" and the taxes therein will be applied solely for the purpose of payment of principal of and interest on the bonds and for no other purpose whatsoever until all the bonds authorized hereunder have been fully paid, satisfied, and discharged.

This bond is issued under the provisions of Title 35, Chapter 3, Article 3 of the Arizona Revised Statutes (the "Act") and the Resolution. Reference is hereby made to the Act and the Resolution referred to above for the provisions thereof, including the provisions with respect to the rights, obligations, duties and immunities of the County and the owners of bonds issued thereunder, to all of which the registered owner of this bond, by acceptance of this bond, assents.

The bonds maturing on or before July 1, 20__ are not subject to call for redemption prior to their respective maturity dates. The bonds maturing on or after July 1, 20__ are subject to call for redemption on any date on or after July 1, 20__ at the election of the County, in whole or in part from maturities selected by the County and within any maturity by lot, by the payment of a redemption price equal to the principal amount of each bond called for redemption plus accrued interest to the date fixed for redemption, without premium.

Notice of redemption will be given by mail to the registered owners of the bonds at the address shown on the bond register maintained by the Registrar not less than 30 days nor more than 60 days prior to the specified redemption date.

The initial Registrar and Paying Agent is U.S. Bank National Association (the "Registrar" and the "Paying Agent," as applicable). The Registrar or Paying Agent may be changed by the County without notice and the County may serve in such capacities.

This bond is transferable by the registered owner in person or by attorney duly authorized in writing at the designated office of the Registrar upon surrender and cancellation of this bond,

but only in the manner and subject to the limitation and upon payment of the charges provided in the Resolution. Upon such transfer, a new bond or bonds of the same aggregate principal amount, maturity and interest rate will be issued to the transferee in exchange. The Registrar may require an owner, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Resolution. The County has chosen the 15th day of the month preceding an interest payment date as the record date for this issue of bonds. Should this bond be submitted to the Registrar for transfer during the period commencing after the close of business on the record date and continuing to and including the next subsequent interest payment date, ownership will be transferred in the normal manner but the interest payment will be made payable to and mailed to the registered owner as shown on the Registrar's books at the close of business on the record date.

The Registrar may but need not register the transfer of a bond which has been selected for redemption and need not register the transfer of any bond for a period of 15 days before a selection of bonds to be redeemed. If the transfer of any bond which has been called or selected for call for redemption in whole or in part is registered, any notice of redemption which has been given to the transferor will be binding upon the transferee and a copy of the notice of redemption will be delivered to the transferee along with the bond or bonds.

Bonds of this issue are issuable only in fully registered form in the denomination of $5,000 each or integral multiples of $5,000. This bond may be exchanged at the designated office of the Registrar for a like aggregate principal amount of bonds of the same maturity in authorized denominations upon the terms set forth in the Resolution.

The County, the Registrar and the Paying Agent may treat the registered owner of this bond as the absolute owner for the purpose of receiving principal, interest and any premium and for all other purposes and none of them shall be affected by any notice to the contrary.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and laws of the State of Arizona to exist, to occur and to be performed precedent to and in the issuance of this bond exist, have occurred and have been performed and that the issue of bonds of which this is one, together with all other indebtedness of the County, is within every debt and other limit prescribed by the Constitution and laws of the State of Arizona, and that due provision has been made for the levy and collection of a direct, annual ad valorem tax upon all of the taxable property in the County for the payment of this bond and of the interest hereon as each becomes due, unlimited as to rate or amount.

The County has caused this bond to be executed by the Chair of its Board of Supervisors and attested by the Clerk of its Board of Supervisors, which signatures may be facsimile signatures.

This bond is not valid or binding upon the County without the manually affixed signature of an authorized signatory of the Registrar.

PIMA COUNTY, ARIZONA

(facsimile)
Chair, Board of Supervisors

ATTEST:

(facsimile)
Clerk, Board of Supervisors

AUTHENTICATION CERTIFICATE

This bond is one of the Pima County, Arizona General Obligation Bonds, Series 2015, described in the Resolution mentioned herein.

Date of Authentication: _____, 2015

U.S. BANK NATIONAL ASSOCIATION,
as Registrar

By: _____
Authorized Representative

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

_____
(Name and Address of Transferee)

_____
(Social Security or other Federal Tax Identification Number of Transferee)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises,

Dated: _____

_____
Note: The signature(s) on this assignment must correspond with the name(s) as written on the face of the within registered bond in every particular without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

_____

Note: Signature(s) must be guaranteed by an eligible guarantor institution pursuant to Securities and Exchange Commission Rule 17Ad-15 that is a participant in a signature guarantor program recognized by the Trustee.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM — as tenants in common
TEN ENT — as tenants by the entireties
JT TEN — as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT/TRANS MIN ACT--
_____ Custodian _____
(Cust) (Minor)
Under Uniform Gifts/Transfers to Minors Act

_____
(State)

Additional abbreviations may also be used though not in list above.

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without any notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 6, 2015

NEW ISSUES – BOOK-ENTRY-ONLY **RATINGS: See "Ratings" Herein**

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) interest on the Bonds is exempt from Arizona state income tax. Interest on the Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

$15,000,000*
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2015

Dated: Date of Initial Delivery **Due: July 1, as shown below**

The $15,000,000* principal amount of General Obligation Bonds, Series 2015 (the "Bonds") are being issued by Pima County, Arizona (the "County") and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds for purposes of the book-entry-only system maintained thereby. Purchases of beneficial interests in the Bonds will be made in book-entry-only form in amounts of $5,000 of principal due on a maturity date or any integral multiple thereof.

Interest on the Bonds will accrue from the dated date and will be payable until maturity or prior redemption semiannually on January 1 and July 1 of each year (each an "Interest Payment Date"), commencing July 1, 2015* and principal of the Bonds will be payable annually in accordance with the schedule set forth below. So long as the Bonds are registered in the name of DTC, or its nominee, payments of the principal of and interest on the Bonds will be made directly by the paying agent, initially U.S. Bank National Association, to DTC which, in turn, is obligated to remit such payments to its participants for subsequent distribution to beneficial owners of the Bonds. See Appendix F – "BOOK-ENTRY-ONLY SYSTEM."

The Bonds will be subject to redemption prior to their stated maturities on or after July 1, 2025* as provided under "THE BONDS – Redemption Provisions" herein.

The Bonds are being issued for the purpose of (i) funding various capital projects in the County and (ii) paying costs related to the issuance of the Bonds. See "SOURCES AND USES OF FUNDS" herein.

Upon their issuance, the Bonds will be direct and general obligations of the County, payable as to principal and interest from ad valorem taxes to be levied against all taxable property within the County without limitation as to rate or amount to pay the principal of and interest on the Bonds.

Maturity Schedule*

Due July 1	Principal Amount	Interest Rate	Yield	CUSIP (a) (721663)	Due July 1	Principal Amount	Interest Rate	Yield	CUSIP (a) (721663)
2015	$1,525,000				2023	$810,000			
2016	1,625,000				2024	835,000			
					2025	860,000			
2018	2,175,000				2026	885,000			
2019	1,100,000				2027	920,000			
2020	750,000				2028	955,000			
2021	770,000				2029	995,000			
2022	795,000								

(a) CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2015 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the County, the Underwriter, or the Bond Registrar and Paying Agent (each as defined herein) or their agents or counsel take responsibility for the accuracy of such numbers.

This cover page contains only a brief description of the Bonds and the security therefor. It is not intended to be a summary of material information with respect to the Bonds. Investors should read the entire Official Statement to obtain information necessary to make an informed investment decision.

The Bonds are offered when, as and if issued by the County and received by the underwriter identified below (the "Underwriter") subject to the approving opinion of Squire Patton Boggs (US) LLP, Bond Counsel, as to validity and tax exemption. Certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about April 14, 2015.*

RBC CAPITAL MARKETS

_____, 2015

* Preliminary, subject to change.

PIMA COUNTY, ARIZONA
BOARD OF SUPERVISORS

Sharon Bronson, *Chair*

Ray Carroll

Richard Elías

Ally Miller

Ramón Valadez

COUNTY ADMINISTRATIVE OFFICIALS

ELECTED OFFICIALS

Bill Staples
County Assessor

Beth Ford
County Treasurer

Barbara LaWall
County Attorney

APPOINTED OFFICIALS

C. H. Huckelberry
County Administrator

Thomas Burke
Finance and Risk Management Director

BOND COUNSEL

Squire Patton Boggs (US) LLP
Phoenix, Arizona

BOND REGISTRAR AND PAYING AGENT

U.S. Bank National Association
Phoenix, Arizona

This Official Statement, which includes the cover page and the appendices hereto, does not constitute an offering of any security other than the original offering of the Bonds identified on the cover page hereof. No person has been authorized by Pima County, Arizona (the "County"), to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the County.

All financial and other information presented in this Official Statement has been provided by the County from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show certain historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. This Official Statement contains, in part, estimates and matters of opinion, whether or not expressly stated to be such, which are not intended as statements or representations of fact or certainty, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. All forecasts, projections, assumptions, opinions or estimates are "forward looking statements," which must be read with an abundance of caution and which may not be realized or may not occur in the future. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

A wide variety of other information, including financial information, concerning the County is available from publications and websites of the County and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of, or incorporated into, this Official Statement, except as expressly noted herein.

RBC Capital Markets, LLC (the "Underwriter") has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors in accordance with the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The issuance and sale of the Bonds have not been registered under the federal Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)2 and 3(a)12, respectively, for the issuance and sale of municipal securities; nor have the issuance and sale of the Bonds been qualified under the Securities Act of Arizona, in reliance upon various exemptions thereunder. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The information contained herein in Appendix F – "BOOK-ENTRY-ONLY SYSTEM" has been furnished by The Depository Trust Company, and no representation has been made by the County or the Underwriter, or any of their counsel or agents, as to the accuracy or completeness of such information.

The County has undertaken to provide continuing disclosure with respect to the Bonds as required by Rule 15c2-12 of the Securities and Exchange Commission. See "CONTINUING SECONDARY MARKET DISCLOSURE" and Appendix D – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" herein.

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Appendix A - PIMA COUNTY, ARIZONA
GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION

Appendix B - PIMA COUNTY, ARIZONA
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Appendix E - EXCERPTS FROM PIMA COUNTY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Appendix F - BOOK-ENTRY-ONLY SYSTEM

$15,000,000*
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2015

INTRODUCTORY STATEMENT

The purpose of this Official Statement, which includes the cover page and the appendices hereto, is to provide information in connection with the sale and issuance of the $15,000,000* principal amount of General Obligation Bonds, Series 2015 (the "Bonds") by Pima County, Arizona (the "County").

The offering of the Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Bonds. Accordingly, prospective purchasers of the Bonds should read this entire Official Statement before making their investment decision.

All financial and other information presented in this Official Statement with respect to the County has been provided by representatives of the County from its records, except for information expressly attributed to other sources. The presentation of financial and other information, including tables of receipts from taxes and other sources, is intended to show recent historical information and, except as expressly stated otherwise, is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. This Official Statement contains, in part, estimates and matters of opinion, whether or not expressly stated to be such, which are not intended as statements or representations of fact or certainty, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. All forecasts, projections, assumptions, opinions or estimates are "forward looking statements," which must be read with an abundance of caution and which may not be realized or may not occur in the future. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

References to provisions of State of Arizona ("Arizona" or the "State") law, whether codified in the Arizona Revised Statutes or uncodified, or of the Arizona Constitution, are references to those current provisions. Those provisions may be amended, repealed or supplemented.

THE BONDS

Authorization and Use of Funds

The Bonds are being issued pursuant to the authority contained in Title 35, Chapter 3, Article 3, Arizona Revised Statutes, and under the provisions of an authorizing resolution (the "Bond Resolution") adopted by the Board of Supervisors of Pima County, Arizona (the "Board") on December 16, 2014. The Bonds are being issued for the purpose of (i) funding various capital projects in the County and (ii) paying costs related to the issuance of the Bonds. See "SOURCES AND USES OF FUNDS" herein.

The Bonds offered herein represent a portion of the aggregate principal amount authorized to be issued by the voters of the County at elections held on May 20, 1997, May 18, 2004, May 16, 2006 and November 4, 2014. After the issuance of the Bonds, the County will have $25,681,000* principal amount of authorized but unissued general obligation bonds. General obligation bonds of the County are outstanding currently, and additional general obligation bonds may be authorized at future elections.

* Preliminary, subject to change.

General Description

As described herein in Appendix F – "BOOK-ENTRY-ONLY SYSTEM," the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York for purposes of the book-entry-only system provided thereby. So long as DTC, or its nominee, is the registered owner of all of the Bonds, all payments on the Bonds will be made directly to DTC for payment to the owners as described herein in Appendix F – "BOOK-ENTRY-ONLY SYSTEM."

The Bonds will be dated the date of initial delivery thereof and will be available in amounts of $5,000 of principal due on a maturity date or any integral multiple thereof. The Bonds will bear interest from their dated date, payable semiannually on January 1 and July 1 of each year (each an "Interest Payment Date"), commencing July 1, 2015*. Interest on the Bonds will be paid by the bond registrar and paying agent, initially U.S. Bank National Association, or its successors (the "Bond Registrar and Paying Agent"), to the owners thereof (initially Cede & Co., as nominee of DTC) as shown on the registration books maintained by the Bond Registrar and Paying Agent, at the close of business on the fifteenth day of the month preceding each Interest Payment Date or if such day is a Saturday, Sunday or holiday on the next preceding business day (the "Record Date"). So long as the Bonds are in DTC's book-entry-only system, and thereafter at the written request and expense of the owners of $1,000,000 or more in aggregate principal amount of Bonds delivered to the Bond Registrar and Paying Agent prior to a Record Date, interest and principal will be paid by wire transfer to a bank account in the continental United States.

Security and Source of Payment

The Bonds will be direct and general obligations of the County and will be payable as to both principal and interest from ad valorem property taxes to be levied against all taxable property within the County, without limitation as to rate or amount to pay the principal of and interest on the Bonds. General obligation bonds and general obligation refunding bonds heretofore and hereafter issued by the County have and will have an equal claim with the Bonds upon the proceeds of ad valorem property taxes levied for debt service by the County.

Redemption Provisions*

The Bonds maturing on or before July 1, 2025 will not be subject to call for redemption prior to their respective maturity dates. The Bonds maturing on or after July 1, 2026 will be subject to call for redemption on any date on or after July 1, 2025 at the election of the County, in whole or in part from maturities selected by the County and within any maturity by lot, by the payment of a redemption price equal to the principal amount of each Bond called for redemption plus accrued interest to the date fixed for redemption, without premium.

Notice of Redemption

So long as the Bonds are in DTC's book-entry-only system, notice of redemption of any Bond will be provided to DTC by electronic media as described herein in Appendix F – "BOOK-ENTRY-ONLY SYSTEM" not less than thirty (30) days nor more than sixty (60) days prior to the date set for redemption. Thereafter, notices will be mailed on the same schedule to the registered owner of the Bond or Bonds being redeemed at the address shown on the bond register maintained by the Bond Registrar and Paying Agent. Failure to give proper notice of redemption shall not affect the redemption of any Bond for which proper notice was given.

If moneys for the payment of the redemption price and accrued interest are not held in separate accounts by the County or the Bond Registrar and Paying Agent prior to sending the notice of redemption, such redemption shall be conditional on such moneys being so held on the date set for redemption and if not so held by such date, the redemption shall be cancelled and be of no force and effect.

* Preliminary, subject to change.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Bonds will be applied as follows:

Sources of Funds:	
Proceeds of the Bonds	$
Net Original Issue Premium/(Discount)	
Total Sources	$
Uses of Funds:	
County Capital Project Expenditures	$
Payment of Issuance Expenses (Including Underwriter's Discount)	
Deposit to Interest Account (a)	
Total Uses	$

(a) Reflects any net premium from the sale of the Bonds that Arizona law requires be deposited to the Interest Account.

LEGAL MATTERS

Legal matters incident to the authorization, sale and issuance of the Bonds by the County and to the tax-exempt status of interest on the Bonds are subject to the legal opinion of Squire Patton Boggs (US) LLP ("Bond Counsel"). The signed legal opinion of Bond Counsel, dated and premised on the law in effect as of the date of the Bonds, will be delivered to the Underwriter (as defined herein) at the time of original delivery of the Bonds.

The proposed text of the legal opinion is set forth as Appendix C - "FORM OF OPINION OF BOND COUNSEL." The legal opinion to be delivered may vary from the text of Appendix C if necessary to reflect the facts and law existing on the date of delivery. The opinion will speak only as of its date, and subsequent distribution, by recirculation of this Official Statement or otherwise, should not be construed as a representation that Bond Counsel has reviewed or expressed any opinion concerning any matters relating to the Bonds subsequent to the original delivery of the Bonds.

Certain legal matters will be passed upon for the Underwriter by Greenberg Traurig, LLP, as counsel to the Underwriter.

TAX MATTERS

General

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) interest on the Bonds is exempt from Arizona state income tax. Bond Counsel expresses no opinion as to any other tax consequences regarding the Bonds.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the County contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the County's certifications and representations or the continuing compliance with the County's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the County may cause loss of such status and result in the interest on the Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The County has covenanted to take the actions required of it for the interest on the Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the market value of the Bonds.

A portion of the interest on the Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the County as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Bonds.

Prospective purchasers of the Bonds upon their original issuance at prices other than the respective prices indicated on the cover page of this Official Statement and prospective purchasers of the Bonds at other than their original issuance, should consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of

interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, recent presidential and legislative proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government bonds, including proposals that would result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds. Investors in the Bonds should be aware that any such future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In such event, the market value of the Bonds may be adversely affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment in the event of any such change.

Investors should consult their own financial and tax advisers to analyze the importance of these risks.

Original Issue Discount and Original Issue Premium

Certain of the Bonds ("Discount Bonds") as indicated on the cover page of this Official Statement were offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. The amount of OID that accrues each year to a corporate owner of a Discount Bond is taken into account in computing the corporation's liability for federal alternative minimum tax. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the cover page of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Bonds ("Premium Bonds") as indicated on the cover page of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the cover page of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount and Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Bonds and as to other federal tax consequences and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

LITIGATION

To the knowledge of appropriate representatives of the County, no litigation or administrative action or proceeding is pending or threatened to restrain or enjoin, or seeking to restrain or enjoin: the issuance or delivery of the Bonds; the levy and/or collection of taxes to pay the principal of and interest on the Bonds; contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered; or the validity of the Bonds. Appropriate representatives of the County will deliver a certificate to that effect at the time of the original delivery of the Bonds.

The County has been named as a defendant in several lawsuits for which the County believes either that it has adequate self-insurance or insurance coverage in the event of liability or that such liability would not otherwise materially and adversely affect the financial condition of the County.

UNDERWRITING

RBC Capital Markets, LLC (the "Underwriter") has agreed to purchase the Bonds, subject to certain conditions, at a purchase price of $_____. If the Bonds are sold to produce the yields shown on the cover page hereof, the Underwriter's compensation will be $_____. The Underwriter will be obligated to accept delivery and pay for all of the Bonds if any are delivered. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at yields higher than the public offering yields reflected on the cover page hereof. The initial public offering yields may be changed from time to time by the Underwriter.

RATINGS

Fitch Ratings, Inc. ("Fitch") and Standard & Poor's Financial Services LLC ("S&P") have assigned the Bonds ratings of "AA" and "AA-," respectively. Such ratings reflect only the respective views of Fitch and S&P, and any explanation of the meaning or significance of the ratings may only be obtained from the rating agencies. The County furnished to the rating agencies certain information and materials, some of which may not have been included in this Official Statement relating to the Bonds or the County.

Generally, rating agencies base their ratings on such information and materials and on their own investigations, studies and assumptions. There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating agency if in its judgment circumstances so warrant. Any lowering or withdrawal of a rating may have an adverse effect on the marketability or market price of the Bonds.

CONTINUING SECONDARY MARKET DISCLOSURE

The County has covenanted for the benefit of certain holders of the Bonds to provide certain financial information and operating data relating to the County by no later than February 1 in each year commencing February 1, 2016 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notices of Listed Events"). The Annual Reports, the Notices of Listed Events and any other document or information required to be filed as set forth in Appendix D – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" will be filed by the County with the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access system as described in such Form. The specific nature of the information to be contained in the Annual Reports and the Notices of Listed Events is set forth in such Form.

These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). Pursuant to Arizona law, the ability of the County to provide information pursuant to such covenants is subject to annual appropriation to, among other things, cover the costs of preparing and disseminating the Annual Report and the Notices of Listed Events. A failure by the County to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer

before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The County has complied with all existing continuing disclosure undertakings relating to the County for the last five years in all material respects.

FINANCIAL STATEMENTS

Included as Appendix E of this Official Statement are excerpts of the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. The County has not requested or obtained the consent of the Office of the Arizona Auditor General to include such excerpts in the Official Statement and the Office of the Arizona Auditor General has performed no procedures subsequent to rendering its opinion on such Comprehensive Annual Financial Report.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these opinions or estimates have been or will be realized. Information in this Official Statement has been derived by the County from official and other sources and is believed by the County to be accurate and reliable. Information other than that obtained from official records of the County has not been independently confirmed or verified by the County and its accuracy is not guaranteed.

Neither this Official Statement nor any statement that may have been or that may be made orally or in writing is to be construed as a part of a contract with the original purchasers or subsequent owners of the Bonds.

By: _____
Chair, Board of Supervisors

By: _____
County Administrator

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APPENDIX A

PIMA COUNTY, ARIZONA
General Economic and Demographic Information

General Information

Pima County, Arizona (the "County") is located in the southern portion of the State of Arizona ("Arizona" or the "State"), with a section of its southern boundary bordering Mexico. The boundaries of the County encompass an area of approximately 9,184 square miles. Organized in 1864 by the Arizona Territorial Legislature as one of the State's four original counties, the County is today the second most populous county in Arizona with an estimated 2014 population of 1,007,162. Approximately 53% of the County's population resides in the City of Tucson, Arizona ("Tucson"), the County seat of government and southern Arizona's largest city.

TABLE 1
Population Statistics For Pima County, the City of Tucson and the State of Arizona

	Pima County	City of Tucson	State of Arizona
2014 Estimate (a)	1,007,162	529,336	6,667,241
2010 Census	980,263	520,116	6,392,017
2000 Census	843,746	486,699	5,130,632
1990 Census	666,880	405,390	3,665,228
1980 Census	531,443	330,537	2,716,546
1970 Census	351,667	262,933	1,775,399

(a) Population estimates as of July 1, 2014 (released December 2014) provided by the Office of Employment and Population Statistics, Arizona Department of Administration.

Source: Except as otherwise described, U.S. Census Bureau.

Organization

The County is governed by a five-member Board, each member of which is elected for a four-year term to represent one of the designated districts within the County. The chairman is selected by the Board from among its members. The Board is responsible for establishing the policies of the various County departments and approving the annual budgets of these departments. The Board appoints a County Administrator who is responsible for the general administration and overall operations of the various departments of the County.

Mr. Charles H. Huckelberry was appointed County Administrator in December 1993. From 1987 to 1993, Mr. Huckelberry served as an Assistant County Manager with responsibility for the administration of public works. He served as the Director of Pima County's Department of Transportation and the Flood Control District from 1979 to 1987; as Deputy Director of the Wastewater Department from 1976 to 1979; and as the Wastewater Department's Manager of Field Engineering from 1974 to 1976. He was self-employed as a civil engineering and land surveying consultant for one year. From 1972 to 1973, Mr. Huckelberry was employed as a Research and Development Engineer for the Shell Oil Company. He holds both a Bachelor of Science Degree in Mining Engineering and a Master of Science Degree in Civil Engineering from The University of Arizona and is a registered professional engineer and land surveyor as well as a member of numerous professional organizations.

Mr. Thomas Burke was appointed Finance and Risk Management Director in January 2005 and had served as Deputy Director of Finance from May 2004. Prior to his move to Finance, Mr. Burke served as Deputy Director of Pima County's Department of Natural Resources, Parks and Recreation from 2003 to 2004. From 2000 to 2003, he was a Deputy County Attorney representing various Pima County departments including the County Assessor,

County Treasurer and Public Works departments. From 1989 to 1998, Mr. Burke served as the Manager of Pima County's Real Property Services and from 1994 to 1998 also served as the County's Superintendent of Streets overseeing special taxing districts. During 1998 to 2000, he was a partner in an Arizona law firm representing local governments. Prior to his work with the County, Mr. Burke was an attorney with a Tucson law firm from 1983 to 1989 and was a Certified Public Accountant with Ernst & Whinney from 1976 to 1980. Mr. Burke holds a Bachelor of Science in Business Administration with a major in Accounting and a Juris Doctor, both from The University of Arizona, and is licensed as an attorney in the State.

Transportation

Tucson is the economic and transportation center of the County, as well as southern Arizona. Tucson is traversed by Interstates 10 and 19, as well as State Highways 77, 83, 85 and 86. Interstate 10 passes through Tucson and connects Tucson with the City of Phoenix, Arizona, to the north and Los Angeles, California, to the west and New Mexico and Texas to the east. Interstate 19 provides access to the City of Nogales, Arizona and Mexico to the south, while U.S. Highway 86 connects with a direct route to the Gulf of California vacation areas. The main line of the Union Pacific Railroad extends across Tucson to the eastern portion of the County. Tucson International Airport, located approximately 20 minutes from Tucson's downtown business area, provides local, regional, national and international air service through several airlines. The airport has an 11,000-ft. lighted, paved primary runway, a 9,100-ft. paved secondary runway and a 7,000-ft paved runway, all of which can accommodate all major types of carriers. The County is also served by Greyhound bus lines and Amtrak.

Economy

The economy of the County is based largely on a variety of service industries, trade, and government employment. Figures from the Arizona Department of Administration, Office of Employment and Population Statistics indicate that 366,300 persons were employed, on average (not including the agricultural industry), in the County for 2014. The following table presents the County's average annual total employment by industry for the periods indicated. During the recent recession, employment decreased in the County. Beginning in 2011, employment levels have either stabilized or grown across most employment sectors, as reflected in the information shown below.

TABLE 2
Pima County
Average Annual Employment
Number of Persons Employed 2009-2014

Industry	2009	2010	2011	2012	2013	2014
Goods Producing						
Mining and Construction	18,300	16,800	16,400	16,500	17,600	17,500
Manufacturing	25,100	24,000	23,400	23,400	23,200	23,100
Service Providing						
Trade, Transportation and Utilities	58,200	56,900	57,700	57,800	58,800	59,200
Information	4,700	4,300	4,200	4,200	4,300	4,300
Financial Activities	17,000	17,200	16,800	16,800	17,000	17,300
Professional and Business Services	47,100	45,700	46,700	48,400	49,200	50,200
Education and Health Services	58,500	58,300	59,800	60,900	61,200	63,900
Leisure and Hospitality	38,700	38,100	39,100	40,300	39,800	41,300
Other Services	13,400	12,700	12,500	12,800	12,700	12,500
Government	79,100	78,200	76,800	77,700	77,300	77,000
Total Wage & Salary Employment	360,100	352,200	353,400	358,800	361,100	366,300

Source: U.S. Department of Labor, Bureau of Labor Statistics, by Arizona Department of Administration, Office of Employment and Population Statistics.

The average annual unemployment rate for the County for 2014 was 6.3%. The average annual unemployment rates for 2013 and 2012 were 7.0% and 7.4%, respectively. The table below shows comparative unemployment rates for the County, the State and the United States for the periods indicated. As reflected for the United States as a whole, the unemployment rate for Arizona and for the County saw significant increases in 2009 and 2010 but has decreased each year since 2011.

TABLE 3
Pima County
Comparative Employment Statistics (a)

	Pima County		Average Unemployment Rate		
Calendar Year	**Average Employment**	**Average Unemployment**	**Pima County**	**Arizona**	**U.S.**
2014	425,841	28,444	6.3%	7.0%	6.2%
2013	418,342	31,616	7.0%	8.0%	7.4%
2012	425,499	33,850	7.4%	8.3%	8.1%
2011	426,436	39,204	8.4%	9.4%	8.9%
2010	434,840	45,039	9.4%	10.4%	9.6%
2009	442,500	43,540	9.0%	9.8%	9.3%

(a) Data shown in table includes all employment, including agriculture, and is not seasonally adjusted.

Source: U.S. Department of Labor, Bureau of Labor Statistics and Arizona Department of Administration, Office of Employment and Population Statistics.

The following table indicates the major employers in southern Arizona, which includes the County, as reported in April 2014.

TABLE 4
Southern Arizona
Major Employers

Company	**Type of Business**	**Approximate Number of Full-Time Equivalents**
University of Arizona	Higher Education	11,047
Raytheon Missile Systems	Military and Defense	9,933
State of Arizona	Government	9,439
Davis-Monthan Air Force Base	Military and Defense	8,933
Pima County	Government	7,328
Tucson Unified School District	Education	6,525
The University of Arizona Health Network	Health Care	6,329
U.S. Army Intelligence Center and Fort Huachuca	Military and Defense	5,717
Freeport-McMoRan Copper & Gold Inc.	Mining and Agriculture	5,600
Wal-Mart Stores Inc.	Retailers	5,300
City of Tucson	Government	4,845
Tohono O'odham Nation	Government	4,350
U.S. Border Patrol	Government	4,135
Carondelet Health Network	Health Care	3,476
TMC HealthCare	Health Care	2,954
Southern Arizona VA Health Care System	Health Care	2,450
Asarco LLC	Mining and Agriculture	2,366
Pima Community College	Higher Education	2,177
Corrections Corp. of America (CCA)	Other	2,146
Fry's Food Stores	Restaurants and Food Distribution	2,024

Source: *The Star 200*, The Arizona Daily Star (April 2014).

Non-Governmental Employment

During the recent recession, average employment figures across all categories with the exception of financial activities and education and health services showed declines in employment. From 2011 through 2014, employment figures for all non-government categories showed signs of either growth or stabilization, with overall employment up by approximately 12,500 jobs, or 4.5%.

The average annual employment in service-providing categories for 2014 was 248,700. It is anticipated that as the County continues to grow in population and economic activity, service-providing employment will continue to provide the primary source of jobs in the County. As detailed in TABLE 2, employment in the Education and Health Services and Trade, Transportation and Utilities industries have been the primary areas of employment in the service-providing industry.

Government

Government employment plays an important role in the County with federal, State and local government employees averaging 77,000 for 2014, representing 21.0% of the County's total wage and salary employment base. The State, Davis-Monthan Air Force Base and U.S. Border Patrol are significant contributors to government employment in the County. (See "Southern Arizona - Major Employers" listed in TABLE 4.) Davis-Monthan Air Force Base is a major training ground for active duty members on the A-10 "Warthog" aircraft. The facility is also responsible for the education of tactical missile crews. Its storage capacity of 4,400 aircraft is the largest in the world. In the past, Davis-Monthan Air Force Base reportedly has been included on lists of installations considered for closure or realignment by the Defense Base Closure and Realignment Commission. There can be no assurances that Davis-Monthan Air Force Base will not be included on similar lists in the future. Any such closure or realignment would most likely be subject to review and approval by, among others, the Department of Defense and the President of the United States and would have a negative but unquantifiable effect on the County.

Manufacturing

The manufacturing sector in the County continues to be dominated by the high technology industries of aerospace and electronics. Raytheon Missile Systems, the largest manufacturing company and second largest employer in the County, is a major supplier of advanced munitions. Civilian aviation products and services are provided by Bombardier, which has an aircraft maintenance facility in Tucson; B/E Aerospace, which manufactures aircraft cabin and interior products; and Universal Avionics Systems Corp., which builds and installs advanced instrumentation, communication and navigation systems for civil aircraft. Texas Instruments manufactures electronic circuitry and data storage devices. Ventana Medical Systems provides computerized medical laboratory equipment.

Average annual employment in the manufacturing sector within the County for 2014 was 23,100, representing 6.3% of the County's total wage and salary employment base. Manufacturing employment in the County has decreased each year since the recession, but has shown signs of stabilization in recent years.

The following table presents the major manufacturers in the County and Tucson metropolitan area as of April 2014:

TABLE 5
Southern Arizona
Major Manufacturers

Company	Type of Business	Approximate 2014 Employment
Ventana Medical Systems Inc.	Manufacturing & Research	1,100
IBM Corp.*	Manufacturing & Research	915
Bombardier Aerospace	Aerospace & Aircraft	913
Honeywell Aerospace*	Aerospace & Aircraft	800
B/E Aerospace Inc.	Aerospace & Aircraft	720
Solar Industries	Manufacturing & Research	400
Texas Instruments Inc.	Manufacturing & Research	370
Sargent Aerospace & Defense	Aerospace & Aircraft	315
FLSmidth Krebs	Manufacturing & Research	293
Marana Aerospace Solutions, Inc.	Aerospace & Aircraft	281
Universal Avionics Systems Corp.	Aerospace & Aircraft	268

* Estimated

Source: *The Star 200*, The Arizona Daily Star (April 2014).

The County's proximity to Mexico makes twin plant "maquiladora" operations practical. Components are manufactured in Tucson and transported duty-free to Nogales, Sonora, Mexico, 65 miles south of Tucson, for assembly. These manufacturers contribute to the County's economy in many ways, including the support of numerous suppliers and peripheral industries. The proximity of the Mexican border is more significant to manufacturing concerns given the existence of the North American Free Trade Agreement between Canada, the United States and Mexico. However, the uncertainty of the U.S. and Mexican economies may negatively impact the employment of the previously described manufacturing concerns.

Tourism

Tourism is an important economic mainstay in the County and the Tucson area. The County's climate, historical and cultural sites, location and proximity to vacation areas in California, Mexico, and other Southwest destinations attract vacationers, conventioneers and other visitors. The Metropolitan Tucson Convention and Visitors Bureau estimated that 343 convention bookings with 194,726 convention delegates visited the Tucson area in fiscal year 2013-14, the most recent data available (representing convention sales and sporting events). In the Tucson area, the Bureau estimated that there were approximately 169 hotels and resorts with 16,851 rooms. Points of interest, recreational sites and sight-seeing attractions include the Arizona-Sonora Desert Museum, Kitt Peak National Observatory, Pima Air and Space Museum, Titan Missile Museum, Saguaro National Park, Mission San Xavier del Bac, Mount Lemmon, Sabino Canyon, Biosphere 2, and numerous resorts and golf courses.

According to the Arizona Hospitality Research & Resource Center, tourists in the County spent $1.44 billion in calendar year 2012, an increase from tourism-related expenditures in calendar year 2011. In calendar year 2013, tourists in the County spent approximately $1.49 billion, an increase of 3.5% from the prior year.

The figures in the following table include the estimated tourist portion of amusement, bar and restaurant, hotel and motel, and retail gross sales. Shown below are tourist dollars expended in the County and State economies for 2009 through September 2014, which is the most current data available as of the date of this Official Statement.

TABLE 6
Total Tourist Expenditures
($ in millions)

Year	Pima County	State of Arizona
2014 (a)	$1,115	$8,316
2013	1,487	10,624
2012	1,443	10,017
2011	1,370	9,549
2010	1,296	8,844
2009	1,304	8,795

(a) Data through September 2014.

Source: Arizona Hospitality Research & Resources Center, The W.A. Franke College of Business, Northern Arizona University.

Education

The University of Arizona (the "University") provides approximately 11,047 jobs to the area and is an important link to the economic growth of the County. Its presence as a research university has assisted in attracting new business enterprises over the years. The academic organization of the University is comprised of twelve undergraduate colleges, four graduate and professional colleges and a number of interdisciplinary programs. Enrollment figures for the fall semester of 2014 were estimated at 42,236 undergraduate and graduate full-time students. This enrollment includes students in continuing education programs, interns and residents, post-doctoral programs and on-campus non-credit students.

Pima County Community College offers two-year programs in vocational and technical education. Total student enrollment for Pima County Community College for 2013-14 was 52,197 students.

Source: The University of Arizona and Pima County Community College.

Wholesale and Retail Trade

Wholesale and retail trade includes restaurants, hotels, taverns, service stations, automobile repair shops, shopping malls and wholesale dealers. The largest individual employers in the retail sector (companies with more than 1,000 employees) are Wal-Mart Stores, Fry's Food Stores, Safeway Inc., Target Corp., Walgreen Co., Circle K Stores Inc. and Home Depot.

The retail sales figures set forth below are based on the sales tax collections within the County excluding penalties, late charges and nontaxable items. The sales tax rate levied by the State on retail sales within the County is 5.6%. In addition, cities and towns within the County generally levy a 2% to 4% sales tax. The County Regional Transportation Authority levies a county-wide 0.5% sales tax.

The following table sets forth retail sales figures in the County for the periods indicated. After many years of continued growth, retail sales in the County decreased by 9.86% in calendar year 2009 and by an additional 2.20% in calendar year 2010. In calendar year 2011, retail sales in the County returned to positive growth, increasing by 7.80% from the prior year, and have continued to grow each year, as indicated by the following table.

TABLE 7
Pima County Retail Sales (a)

Year	Amount	% Change
2014	$7,866,774,190	3.40%
2013	7,608,383,644	4.36%
2012	7,290,710,677	5.60%
2011	6,904,863,298	7.80%
2010	6,402,891,553	(2.20%)
2009	6,547,084,057	(9.86%)

(a) Excludes food and gasoline sales.

Source: Arizona Department of Revenue.

Financial Institutions

The Federal Deposit Insurance Corporation (FDIC) collects deposit balances for commercial and savings banks as of June 30 of each year. The following table illustrates the summary of bank deposits of all FDIC-insured institutions within the County for the past five fiscal years. As of June 30, 2014, there were 19 institutions with 185 offices in the County, with a deposit balance of approximately $13.055 billion.

TABLE 8
Pima County
Bank Deposits

June 30	Amount
2014	$13,055,000,000
2013	12,762,000,000
2012	12,152,000,000
2011	11,973,000,000
2010	11,892,000,000
2009	11,502,000,000

Source: Federal Deposit Insurance Corporation.

Mining

According to the Arizona Mining Association, Arizona leads the nation in copper production, accounting for approximately 63% of the total U.S. mine production. However, the cyclical nature of this industry has caused consolidation of its resources to improve production. In the early 1980's, the Arizona copper industry's direct economic impact on the Arizona economy regularly exceeded $1.0 billion, peaking in 1981 at approximately $1.612 billion when the industry employed roughly 25,000 persons. Since that time, employment in this sector has significantly decreased, with employment in the mining industry within the County being approximately 2,300 in 2013 and 2,400 for 2014.

Agriculture

Agriculture plays a less significant role in the economy of the County as a whole, but a small portion of the County relies on agriculture as its leading economic source. Principal crops harvested are cotton, wheat and hay, as well as vegetables.

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APPENDIX B

PIMA COUNTY, ARIZONA
Financial Information

Introduction

The fiscal year for the County is from July 1 through June 30. The County's budget process is an ongoing function. Each fiscal year's process starts with the issuance in December of guidelines to all departments within which budgets must be developed. Department budget requests are submitted in February. A review process then takes place culminating with the County Administrator's submission of a proposed budget to the Board in time for budget hearings in mid-June. State statutes require that a tentative budget be adopted by the Board no later than the third Monday in July. At the time the final budget is adopted, which can be no later than the first Monday in August of each year, the Board holds a public hearing and meeting to determine the tax levy needed to support the budget. Taxes are then assessed and levied no later than the third Monday in August.

Expenditure Limitation

Beginning in fiscal year 1981-82, the County became subject to an annual expenditure limitation which is set by the Arizona Economic Estimates Commission. This limitation is based on the County's annual expenditures for fiscal year 1979-80, with this base adjusted to reflect interim population, cost of living and boundary changes. Certain expenditures are specifically exempt from the limit, including expenditures made from federal funds and bond sale proceeds, as well as debt service payments. The limitations can be exceeded for certain emergency expenditures or if approved by the voters. The Constitutional provisions which relate to the expenditure limitation provide three processes to exceed the spending limit: a permanent base adjustment, a one-time override, and a capital project accumulation.

The County's expenditure limitation for the 2013-14 fiscal year was $527,442,812. The County's expenditures for the 2013-14 fiscal year did not exceed the limit. The County's 2014-15 fiscal year expenditure limitation is $525,447,388, and the County anticipates that its expenditures for such year will not exceed the limit.

Ad Valorem Taxes

At the general election held November 6, 2012, the voters of the State ratified Senate Concurrent Resolution 1025, which amends a provision of the Arizona Constitution relating to the State's property tax system. Beginning in tax year 2015 (for operations during the County's fiscal year 2015-16), and for tax years thereafter, the constitutional amendment will limit the value of real property and improvements, including mobile homes, used for all ad valorem tax purposes (both primary and secondary tax purposes) to the lesser of the full cash value of the property or an amount five percent greater than the value of property used for taxation purposes determined for the prior year. The foregoing limitation does not apply to (1) equalization orders that the Arizona Legislature exempts from such limitation; (2) property used in the business of patented or unpatented producing mines, mills and smelters; (3) producing oil, gas and geothermal interests; (4) real property and improvements used for operation of telephone, telegraph, gas, water and electric utilities; (5) aircraft that is regularly scheduled and operated by an aircraft company; (6) standing timber; (7) pipelines; and (8) personal property, except mobile homes. Statutory amendments to implement this Constitutional amendment were enacted in the 2013 legislative session.

The information which follows under the heading "PROPERTY TAXES" summarizes the assessment, levy and collection process as it currently exists.

PROPERTY TAXES

General

For tax purposes in Arizona, real property and improvements is either valued by the Assessor of the County or the Arizona Department of Revenue. Property valued by the Department of Revenue is referred to as "centrally

valued" property and is generally large mine and utility entities. Property valued by the Assessor of the County is referred to as "locally assessed" property and generally encompasses residential, agricultural and traditional commercial and industrial property.

While locally assessed property in the State has two different values, "limited property value" and "full cash value," only the limited property value is used as the basis for taxation. The full cash value is maintained and used as the benchmark for determining the taxable value. For tax year 2015 and subsequent tax years, the limited property value of real property and improvements, including mobile homes, used for all ad valorem property tax purposes (both primary and secondary as hereinafter described) is limited by the Arizona Constitution to the lesser of the full cash value of the property or an amount five percent greater than the limited property value of the property determined for the prior year. Such limitation on increase in value does not apply to certain types of property set forth in the Arizona Constitution and the Arizona Revised Statutes. For centrally valued property and personal property (except mobile homes), the full cash value of the property is used as the basis for taxation.

Prior to tax year 2015, the value of real property and improvements, including mobile homes, used for primary ad valorem property tax purposes was the limited property value; for secondary ad valorem tax purposes it was the full cash value. Limited property value for property in existence in the prior year that did not undergo modification through construction, destruction, split or change in use increased by the greater of either 10% of the prior year's limited property value or 25% of the difference between the prior year's limited property value and the current year's full cash value. Increases in full cash value were not limited.

Determination of Full Cash Value

The first step in the tax process is the determination of the full cash value of each parcel of real property within the State. Full cash value is statutorily defined to mean "the value determined as prescribed by statute" or if no statutory method is prescribed it is "synonymous with market value which means that estimate of value that is derived annually by using standard appraisal methods and techniques," which generally include the market approach, the cost approach and the income approach. In general, the Assessor of the County uses a cost approach to value commercial/industrial property and a market approach to value residential property. State law allows taxpayers to appeal such full cash valuations by providing evidence of a lower value, which may be based upon another valuation approach.

The Assessor of the County, upon meeting certain conditions, may value residential, agricultural and vacant land property classifications at the same full cash value for up to three years. The Assessor of the County currently values existing properties on a two-year cycle.

Certain residential property owners 65 years of age and older may obtain a property valuation "freeze" against valuation increases (the "Property Valuation Protection Option") if the owners total income from all sources does not exceed 400% (500% for two or more owners of the same property) of the "Social Security Income Benefit Rate." The Property Valuation Protection Option must be renewed every three years. If the property is sold to a person who does not qualify, the property reverts to its current full cash value. Any freeze on increases in property value will, as a result, freeze the assessed value of the affected property for both primary and secondary tax purposes, as hereinafter described.

Property Classification and Assessment Ratios

All property, both real and personal, is assigned a classification (defined by property use) and related assessment ratio that is multiplied by the taxable value of the property to obtain the assessed valuation. The assessment ratios for each property classification are set forth by tax year in the following table.

Property Tax Assessment Ratios (a)
Fiscal Years 2011-12 through 2015-16

	Assessment as Percentage of Full Cash Value				
Property Classification (b)	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**
Mining, Utility, Commercial and Industrial (c)	20.0%	20.0%	19.5%	19.0%	18.5%
Agriculture and Vacant Land (c)	16.0%	16.0%	16.0%	16.0%	16.0%
Owner Occupied Residential	10.0%	10.0%	10.0%	10.0%	10.0%
Leased or Rented Residential	10.0%	10.0%	10.0%	10.0%	10.0%
Railroad, Private car Company and Airline Flight Property	15.0%	15.0%	15.0%	16.0%	15.0%

(a) Additional property classifications exist, but seldom amount to a significant portion of a municipal body's total valuation.

(b) For tax year 2015, full cash values up to $146,973 on commercial, industrial and agricultural personal property are exempt from taxation. For tax year 2014, full cash values up to $141,385 on commercial, industrial and agricultural personal property were exempt from taxation. This exemption is indexed annually for inflation. Any portion of the full cash value in excess of that amount will be assessed at the applicable rate. The assessment ratio for mining, utilities, commercial and industrial property will be reduced to 18% for tax year 2016 and thereafter. The assessment ratio for agricultural and vacant property will be reduced to 15% for tax year 2016 and thereafter.

(c) This percentage is determined annually to be equal to the ratio of (i) the total assessed valuation of all mining, utility, commercial, industrial and military reuse zone properties, agricultural personal property and certain leasehold personal property to (ii) the total full cash (market) value of such properties.

Primary Taxes

Taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and the State are primary taxes. These taxes are levied against the assessed valuation of the property (taxable property value multiplied by the appropriate property classification assessment ratio).

The primary taxes levied by each county, city, town and community college district are constitutionally limited to a maximum increase of 2% over the prior year's levy plus any taxes on property not subject to taxation in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). The 2% limitation does not apply to primary taxes levied on behalf of school districts.

Primary taxes on residential property only are constitutionally limited to 1% of the limited value of such property.

Secondary Taxes

Taxes levied for debt retirement (e.g., debt service on the Bonds), voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts are secondary taxes. These taxes are also levied against the assessed valuation of the property (taxable property value multiplied by the appropriate property classification assessment ratio) as described above. There is no constitutional or statutory limitation on annual levies for voter-approved bond indebtedness and special district assessments.

Tax Procedures

The State tax year has been defined as the calendar year, notwithstanding the fact that these tax procedures begin prior to January 1 of the tax year and continue through May of the succeeding calendar year.

On or before the third Monday in August each year the Board of Supervisors of the County prepares the tax roll setting forth the valuation by taxing district of all property in the County subject to taxation. The Assessor of the County is required to complete the assessment roll by December 15th of the year prior to the levy. This tax roll also shows the valuation and classification of each parcel of land located within the County for the tax year. The tax roll is then forwarded to the Treasurer of the County.

With the various budgetary procedures having been completed by the governmental entities, the appropriate tax rate for each jurisdiction is then applied to the parcel of property in order to determine the total tax owed by each property owner. Any subsequent decrease in the value of the tax roll as it existed on the date of the tax levy due to appeals or other reasons would reduce the amount of taxes received by each jurisdiction.

The property tax lien on real property attaches on January 1 of the year the tax is levied. Such lien is prior and superior to all other liens and encumbrances on the property subject to such tax except liens or encumbrances held by the State or liens for taxes accruing in any other years.

Delinquent Tax Procedures

The property taxes due the County are billed, along with State and other taxes, each September and are due and payable in two installments on October 1 and March 1 and become delinquent on November 1 and May 1, respectively. Delinquent taxes are subject to an interest penalty of 16% per annum prorated monthly as of the first day of the month. (Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31.) After the close of the tax collection period, the Treasurer of the County prepares a delinquent property tax list and the property so listed is subject to a tax lien sale in February of the succeeding year. In the event that there is no purchaser for the tax lien at the sale, the tax lien is assigned to the State, and the property is reoffered for sale from time to time until such time as it is sold, subject to redemption, for an amount sufficient to cover all delinquent taxes.

After three years from the sale of the tax lien, the tax lien certificate holder may bring an action in a court of competent jurisdiction to foreclose the right of redemption and, if the delinquent taxes plus accrued interest are not paid by the owner of record or any entity having a right to redeem, a judgment is entered ordering the Treasurer of the County to deliver a treasurer's deed to the certificate holder as prescribed by law.

In the event of bankruptcy of a taxpayer pursuant to the United States Bankruptcy Code (the "Bankruptcy Code"), the law is currently unsettled as to whether a lien can attach against the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly non-interest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are oversecured, and then possibly only on the prorated basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact bankruptcy might have on the ability to collect ad valorem taxes on property of a taxpayer within the County. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on delinquent property.

When a debtor files or is forced into bankruptcy, any act to obtain possession of the debtor's estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover a claim against the debtor that arose before the commencement of the bankruptcy is stayed pursuant to the Bankruptcy Code. While the automatic stay of a bankruptcy court may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of bankruptcy court. It is reasonable to conclude that "tax sale investors" may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of the payment of post-bankruptcy petition tax collections becomes uncertain.

It cannot be determined what impact any deterioration of the financial conditions of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of, or the secondary market for, the Bonds. None of the County, the Underwriter or their respective agents or consultants has undertaken any independent investigation of the operations and financial condition of any taxpayer, nor have they assumed responsibility for the same.

In the event the County is expressly enjoined or prohibited by law from collecting taxes due from any taxpayer, such as may result from the bankruptcy of a taxpayer, any resulting deficiency could be collected in subsequent tax years by adjusting the County's tax rate charged to non-bankrupt taxpayers during such subsequent tax years.

Property Valuations

The following table lists various property valuations for the County for the current fiscal year.

Valuations for 2014-15 Fiscal Year

Estimated Actual Valuation (a)	$63,492,262,442
Net Secondary Assessed Valuation	7,579,898,868
Net Primary Assessed Valuation	7,518,481,988

(a) Actual full cash value net of estimated value of property exempt from taxation.

Source: *2014 Property Tax Rates and Assessed Values*, Arizona Tax Research Association; *2014 Abstract of the Assessment Roll*, Arizona Department of Revenue.

Net Secondary Assessed Valuation Comparisons and Trends

The information set forth below is shown to indicate the ratio between assessed values and estimated actual values for the County, as well as changes in the secondary assessed valuations of the County and overlapping municipal units on a comparative basis. The basis of property assessment for these years is shown under "Ad Valorem Taxes – Tax Procedures."

Net Secondary Assessed Value and Estimated Actual Cash Value Comparison

Fiscal Year	Net Secondary Assessed Valuation	Estimated Actual Valuation (a)	Net Secondary Assessed Valuation as a Percentage of the Estimated Actual Valuation
2014-15	$7,579,898,868	$63,492,262,442	11.94%
2013-14	7,623,691,280	63,198,953,329	12.06%
2012-13	8,171,211,922	67,389,331,666	12.13%
2011-12	8,448,281,586	70,163,492,245	12.04%
2010-11	9,342,561,193	77,358,317,302	12.08%
2009-10	9,860,980,900	80,653,625,457	12.23%

(a) Actual full cash value net of estimated value of property exempt from taxation.

Source: *2014 Property Tax Rates and Assessed Values*, Arizona Tax Research Association; *2014 Abstract of the Assessment Roll*, Arizona Department of Revenue.

Net Secondary Assessed Valuation Comparisons

Fiscal Year	City of Tucson	Percent Change	Pima County	Percent Change	State of Arizona	Percent Change
2014-15	$3,131,952,246	(0.61%)	$7,579,898,868	(0.57%)	$55,352,051,074	5.24%
2013-14	3,151,042,287	(6.70%)	7,623,691,280	(6.70%)	52,594,377,492	(6.54%)
2012-13	3,377,401,416	(3.17%)	8,171,211,922	(3.28%)	56,271,814,583	(8.80%)
2011-12	3,487,959,628	(10.89%)	8,448,281,586	(9.57%)	61,700,292,915	(18.43%)
2010-11	3,914,105,239	(2.88%)	9,342,561,193	(5.26%)	75,643,290,656	(12.56%)
2009-10	4,030,242,132	3.46%	9,860,980,900	2.77%	86,504,734,898	0.48%

Source: *2014 Property Tax Rates and Assessed Values*, Arizona Tax Research Association.

Net Secondary Assessed Valuations of Major Taxpayers

Shown below are the major property taxpayers located within the County, an estimate of their current assessed value and their relative proportion of the County's net secondary assessed value.

Taxpayer (a)	Use of Property	2014-15 Net Secondary Assessed Valuation	As Percent of County's 2014-15 Net Secondary Assessed Valuation
Unisource Energy Corp	Utility	$201,401,036	2.66%
Phelps Dodge Sierrita Inc-Sierrita Mine	Mining	95,185,613	1.26%
Southwest Gas Corporation	Utility	66,789,093	0.88%
Asarco LLC-Mission Mine	Mining	55,322,315	0.73%
Qwest Corporation	Telecommunications	38,035,353	0.50%
Trico Electric Coop Inc.	Utility	21,844,835	0.29%
Wal-Mart Stores Inc.	Retail	19,365,907	0.26%
Northwest Hospital LLC	Healthcare	16,982,799	0.22%
DND Neffson Company	Shopping Mall	16,036,589	0.21%
DDR Tucson Spectrum II LLC	Shopping Mall	13,403,978	0.18%
		$544,367,518	7.19%

(a) Some of such taxpayers or their parent corporations are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information (collectively, the "Filings") may be inspected, copied and obtained at prescribed rates at the Commission's public reference facilities at 100 F Street, N.E., Washington, D.C. 20549-2736. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR data base at http://www.sec.gov. No representative of the County, Bond Counsel, the Underwriter or Underwriter's Counsel have examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

Source: Pima County Assessor.

Record of Real and Secured Personal Property Taxes Levied and Collected

Property taxes are levied and collected on all taxable property within the County and are certified by the County Treasurer. The following table sets forth the County's real and secured personal property tax collected year-to-date for the current fiscal year and the past five full fiscal years.

Fiscal Year	Real and Secured Personal Property Tax Levy	Fiscal Year Collections (a)		Total Collections (b)	
		Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2014-15	$359,297,850	(c)	(c)	$196,714,516	54.75%
2013-14	323,026,354	$311,703,395	96.49%	318,990,942	98.75%
2012-13	324,785,757	301,208,459	92.74%	323,856,491	99.71%
2011-12	335,466,625	323,013,333	96.29%	335,088,130	99.89%
2010-11	352,275,617	335,747,500	95.31%	349,948,370	99.34%
2009-10	353,593,620	338,592,132	95.76%	353,241,297	99.90%

(a) Reflects collections made through June 30th, the end of the fiscal year, on such year's levy. Property taxes are payable in two installments. The first installment is due on October 1 and becomes delinquent on November 1, but is waived if the full tax year's taxes are paid in full by December 31. The second installment is due on March 1 and becomes delinquent on May 1. Interest at the rate of 16% per annum attaches on first and second installments following their delinquent dates. Penalties for delinquent payments are not included in the above collection figures.
(b) Reflects collections made through January 31, 2015 against the current and prior levies.
(c) In the process of collection.

Source: Pima County Treasurer.

Tax Rate Data

The tax rates provided below reflect the total property tax rate levied by the County. As such, the rates are the sum of the primary tax rate, which is levied against the primary assessed value within the County, and the secondary tax rate for debt service payments, the County Library District, the County Fire District Assistance Tax and the County Flood Control District, all of which are levied against the County's secondary assessed value (except in the case of the Flood Control District, which is levied against the District's secondary assessed value, excluding the value of personal property).

Fiscal Year	Primary Tax Rate	Secondary Tax Rate	Total Tax Rate
2014-15	$4.2779	$1.4860	$5.7639
2013-14	3.6665	1.4644	5.1309
2012-13	3.4178	1.4342	4.8520
2011-12	3.4178	1.4313	4.8491
2010-11	3.3133	1.3665	4.6798
2009-10	3.3133	1.2784	4.5917

Source: *2014 Property Tax Rates and Assessed Values*, Arizona Tax Research Foundation.

Debt Limitation

Pursuant to the Arizona Constitution, outstanding general obligation debt for county purposes may not exceed 15% of a county's net secondary assessed valuation. The following indicates the County's current bonding capacity.

Net Secondary Assessed Valuation (FY 2014-15)	**$7,579,898,868**
15% Constitutional Limitation	1,136,984,830
Net Direct General Obligation Bonds Outstanding	407,275,000
Plus: The Bonds	15,000,000*
Unused 15% Limitation	$714,709,830*

General Obligation Bonded Debt Outstanding

The following chart lists the outstanding general obligation bonded debt of the County that will be outstanding after the issuance of the Bonds.

Date of Issue	Original Amount	Original Purpose	Original Maturity Dates	Remaining Balance Outstanding
01-01-07	$95,000,000	Various Improvements	7-1-07/21	$48,550,000
02-15-08	100,000,000	Various Improvements	7-1-08/22	63,000,000
04-22-09	75,000,000	Various Improvements	7-1-09/23	36,185,000
12-02-09	113,535,000	Various Improvements and Refunding	7-1-10/24	63,885,000
05-25-11	75,000,000	Various Improvements	7-1-12/26	44,185,000
06-13-12	76,225,000	Various Improvements and Refunding	7-1-13/27	55,905,000
06-05-13	88,575,000	Various Improvements and Refunding	7-1-14/28	85,565,000
01-30-14	10,000,000	Various Improvements	7-1-15/28	10,000,000
Subtotal				$407,275,000
Plus: The Bonds				15,000,000*
Total General Obligation Bonded Debt to be Outstanding				$422,275,000*

* Preliminary, subject to change

Annual Debt Service Requirements of Outstanding General Obligation Bonded Debt Outstanding*

The following chart indicates the general obligation debt service requirements of the County that will be outstanding after the issuance of the Bonds.

Fiscal Year Ending (June 30)	Existing General Obligation Bonded Debt Outstanding		The Bonds*		Total Debt Service Requirement (b)*
	Principal	Interest	Principal	Interest (a)	
2015	$36,815,000	$14,714,800	$1,525,000	$94,599	$53,149,399
2016	37,655,000	13,580,875	1,625,000	417,600	53,278,475
2017	41,445,000	12,398,325		385,100	54,228,425
2018	40,880,000	11,041,400	2,175,000	385,100	54,481,500
2019	39,375,000	9,555,125	1,100,000	319,850	50,349,975
2020	42,710,000	8,186,313	750,000	286,850	51,933,163
2021	39,165,000	6,687,738	770,000	264,350	46,887,088
2022	40,755,000	5,221,713	795,000	241,250	47,012,963
2023	28,675,000	3,596,713	810,000	225,350	33,307,063
2024	19,770,000	2,424,306	835,000	201,050	23,230,356
2025	12,770,000	1,634,056	860,000	176,000	15,440,056
2026	13,320,000	1,086,656	885,000	150,200	15,441,856
2027	8,990,000	514,244	920,000	114,800	10,539,044
2028	4,950,000	192,594	955,000	78,000	6,175,594
2029			995,000	39,800	1,034,800

(a) The first interest payment date on the Bonds is July 1, 2015*. Interest is estimated.
(b) Amounts may not add due to rounding.

Net Direct and Overlapping General Obligation Bonded Debt

The chart below reflects the property valuation and outstanding general obligation debt for jurisdictions that overlap the County's boundaries. The overlapping bonded debt figures were compiled from information obtained from the County Treasurer's Office and individual jurisdictions. A breakdown of each overlapping jurisdiction's applicable general obligation bonded debt, net secondary assessed valuation and combined tax rate per $100 assessed valuation follows.

Jurisdiction	2014-15 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(f)(g)	Portion Applicable to the County		Combined Tax Rate Per $100 Assessed Valuation (e)
			Percent	Net Debt Amount	
State of Arizona	$55,352,051,074	None	100%	None	$0.0000
Pima County	**7,579,898,868**	**$422,275,000***	**100%**	**$422,275,000***	**6.1093 (b)**
Pima County Flood Control District (c)	6,767,457,872	None	100%	None	0.3035
Pima County Community College District	7,579,898,868	None	100%	None	1.3344
Joint Technical Education District	7,213,435,956	None	100%	None	0.5000
Avra Valley Fire District	34,816,090	3,138,000	100%	3,138,000	3.8300
Northwest Fire District	973,803,888	28,370,000	100%	28,370,000	2.9272
Rincon Valley Fire District	8,658,575	4,920,000	100%	4,920,000	3.2909
Gladden Farms Community Facilities District	15,723,726	8,085,000	100%	8,085,000	2.8000
Quail Creek Community Facilities District	61,346	10,495,000	100%	10,495,000	3.3000
Elementary School Districts	347,989,389	15,495,000	100%	15,495,000	2.9871 (d)
Unified School Districts	4,206,159,149	553,785,000	100%	553,785,000	6.0209 (d)
Cities and Towns	4,341,058,245	214,760,000	100%	214,760,000	1.0538 (d)
Total				$1,261,323,000*	

* Preliminary, subject to change.

Jurisdiction	2014-15 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(f)(g)	Combined Tax Rate Per $100 Assessed Valuation (e)
State of Arizona	$55,352,051,074	None	None
Pima County	7,579,898,868	$422,275,000	**$6.1093** (b)
Pima County Flood Control District (c)	6,767,457,872	None	0.3035
Pima County Community College District	7,579,898,868	None	1.3344
Joint Technical Education District	7,213,435,956	None	0.5000
Avra Valley Fire District	34,816,090	3,138,000	3.8300
Northwest Fire District	973,803,888	28,370,000	2.9272
Rincon Valley Fire District	8,658,575	4,920,000	3.2909
Gladden Farms Community Facilities District	15,723,726	8,085,000	2.8000
Quail Creek Community Facilities District	61,346	10,495,000	3.3000
Elementary School Districts:			
San Fernando ESD #35	1,293,428	None	5.8244
Empire ESD #37	7,713,138	None	2.1687
Continental ESD #39	307,026,750	15,495,000	2.6146
Redington ESD #44	1,453,488	None	4.7711
Altar Valley ESD #51	30,502,585	None	6.7381
Unified School Districts:			
Tucson USD #1	21,421,987	197,970,000	7.5094
Marana USD #6	716,727,241	53,125,000	6.2288
Flowing Wells USD #8	188,539,024	18,740,000	6.6135
Amphitheater USD #10	1,388,632,126	106,770,000	5.8044
Sunnyside USD #12	411,215,844	49,925,000	6.0364
Tanque Verde USD #13	169,220,355	12,335,000	5.0329
Ajo USD #15	19,423,050	None	4.8452
Catalina Foothills USD #16	558,433,356	31,925,000	4.7066
Vail USD #20	420,342,209	43,450,000	7.3000
Sahuarita USD #30	311,158,214	39,545,000	7.2885
Indian Oasis Baboquivari USD #40	1,045,743	None	0.0000
Cities and Towns:			
City of Tucson	3,131,952,246	214,760,000	1.4606
City of South Tucson	21,566,232	None	0.0000
Town of Marana	431,118,714	None	0.0000
Town of Oro Valley	560,863,509	None	0.0000
Town of Sahuarita	195,557,544	None	0.0000

(a) Includes general obligation bonds outstanding. Does not include outstanding principal amount of various cities and towns improvement districts' bonded debt and outstanding principal amount of various County improvement districts' bonded debt, as the indebtedness of these districts is presently being paid from special assessments levied against property owners residing within the various improvement districts. Also does not include various fire districts.

Also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States of America, Department of the Interior, for repayment of certain capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project that has been substantially completed by the Department of the Interior. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. In April of 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD's obligation for substantially all of the CAP features that have been constructed so far will be set at $1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 acre feet of CAP water for federal purposes. The United

States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the $1.646 billion repayment obligation, 73% is interest bearing and the remaining 27% is non-interest bearing. These percentages are fixed for the entire 50-year repayment period, which commenced October l, 1993. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Arizona's Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this Official Statement, the tax levy is limited to fourteen cents per $100 of secondary assessed valuation, of which fourteen cents is being currently levied. (See Sections 48-3715 and 48-3715.02, Arizona Revised Statutes.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

(b) The County's total tax rate shown includes the County's primary and secondary debt service tax rates, the State equalization tax rate of $0.5089, the $0.4353 tax rate of the Free Library District, the $0.1400 tax rate of the CAP and the $0.0472 tax rate of the Fire District Assistance Tax.

(c) The boundaries of the Pima County Flood Control District are coterminous with those of the County; however, the Flood Control District only levies taxes on real property.

(d) The tax rate shown is a weighted average based on each jurisdiction's proportionate amount of secondary assessed valuation.

(e) The combined tax rate includes the tax rate for debt service payments, which is based on the secondary assessed valuation of the entity, and the tax rate for all other purposes such as maintenance and operation and capital outlay, which is based on the primary assessed valuation of the municipality or school district.

(f) The following table lists general obligation bonds authorized but unissued for the County and jurisdictions within the County.

Jurisdiction	**Authorized But Unissued General Obligation Bonds**
Pima County	$25,681,000*
City of Tucson	60,000,000
Marana Unified School District No. 6	125,000,000
Amphitheater Unified School District No. 10	40,000,000
Sunnyside Unified School District No. 12	34,650,000
Vail Unified School District No. 20	28,775,000
Sahuarita Unified School District No. 30	1,650,000
Avra Valley Fire District	1,200,000
Rincon Valley Fire District	10,285,000
Gladden Farms Community Facilities District	59,570,000
Quail Creek Community Facilities District	17,340,000

(g) Additional general obligation bonds may be authorized by these and other jurisdictions within the County at future elections.

* Preliminary, subject to change.

Net Direct and Overlapping General Obligation Bonded Debt Ratios

The County's direct and overlapping general obligation bonded debt is shown below on a per capita basis and as a percent of the County's net secondary assessed valuation and estimated actual valuation.

		As Percent of County's 2014-15	
	Per Capita Net Debt (Pop. @ 1,007,162)(a)	**Secondary Assessed Valuation ($7,579,898,868)**	**Est. Actual Valuation ($63,492,262,442)**
Net Direct General Obligation Bonded Debt ($422,275,000*)	$419.27	5.57%	0.67%
Net Direct and Overlapping General Obligation Bonded Debt ($1,261,323,000*)	$1,252.35	16.64%	1.99%

(a) Population estimates as of July 1, 2014 (released December 2014) provided by the Office of Employment and Population Statistics, Arizona Department of Administration.

Street and Highway Revenue Bonded Debt Outstanding

The following chart indicates the outstanding street and highway revenue bonds of the County.

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Remaining Balance Outstanding
05-01-05	$51,200,000	Street & Highway Improvements	7-1-09/20	$19,240,000
01-01-07	21,000,000	Street & Highway Improvements	7-1-09/22	14,870,000
02-15-08	25,000,000	Street & Highway Improvements	7-1-09/22	20,425,000
12-02-09	23,420,000	Street & Highway Improvements/Refunding	7-1-13/24	21,035,000
05-30-12	32,945,000	Street & Highway Improvements/Refunding	7-1-13/27	28,450,000
01-30-14	24,805,000	Street & Highway Improvements/Refunding	7-1-15/28	24,805,000
Total Street and Highway Revenue Bonds Outstanding				$128,825,000

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* Preliminary, subject to change.

Sewer Revenue Debt Outstanding

The following table lists the outstanding sewer revenue bonds, loans and obligations of the County that have a lien on the revenues of the County's wastewater system.

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Balance Outstanding
05-01-04	$25,770,000	Refunding	7-1-05/15	$4,000,000
05-11-04	19,967,331	Sewer Improvements (a)(b)	7-1-05/24	12,492,809
01-01-07	50,000,000	Sewer Improvements	7-1-07/26	34,715,000
05-01-08	75,000,000	Sewer Improvements	7-1-09/23	70,130,000
05-06-09	18,940,000	Sewer Improvements	7-1-10/24	14,540,000
10-09-09	10,002,383	Sewer Improvements (a)	7-1-10/24	5,652,210
06-17-10	165,000,000	Sewer Improvements	7-1-14/25	163,000,000
03-30-11	43,625,000	Refunding	7-1-12/16	14,265,000
12-13-11	189,160,000	Sewer Improvements	7-1-12/26	164,450,000
12-06-12	128,795,000	Sewer Improvements	7-1-13/27	118,180,000
02-12-14	48,500,000	Sewer Improvements	7-1-15/28	48,500,000
Total Sewer Revenue Bonds, Loans and Obligations Outstanding				$649,925,019

(a) Represents funds borrowed under separate Loan Agreements with the Water Infrastructure Finance Authority of Arizona ("WIFA").

(b) On May 11, 2004, the County entered into certain Loan Agreements with WIFA totaling $18,015,219. In September 2005, the County amended those Loan Agreements and added an additional $1,952,112.

Lease, Lease-Purchase and Purchase Agreements

The County has one lease purchase agreement and one installment note payable outstanding. The County department benefited by the agreements and the scheduled payments on the agreements over the past five fiscal years appears below.

	Fiscal Year (in Thousands)				
County Department	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**
Clerk of Superior Court	$111	$37	-	-	$ 63
Environmental Quality	-	-	$298	$298	298
Sheriff	-	-	-	160	160
Fiscal Year Total	$111	$37	$298	$458	$521

Source: Pima County Finance and Risk Management Department.

Certificates of Participation (a)

The following table indicates the outstanding certificates of participation of the County.

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Remaining Balance Outstanding
05-01-07	$30,320,000	New Money	7-1-08/22	$18,805,000
02-04-10	20,000,000	New Money	6-1-11/19	12,030,000
05-22-13	92,880,000	New Money & Refunding	12-1-13/22	32,150,000
02-12-14	52,160,000	New Money	12-1-15/28	50,405,000
Total Certificates of Participation Outstanding				$113,390,000

(a) Does not include approximately $56,550,000 in principal amount of Certificates of Participation the County expects to issue prior to the end of fiscal year 2015 pursuant to a separate official statement.

Retirement Plans

The County does not own or administer retirement plans but contributes to four separate State owned and managed defined benefit pension plans for the benefit of all full-time employees and elected officials. Please refer to "Note 9 - Retirement Plans" of Appendix E hereto for a more detailed description of these plans and the County contributions to the various State plans.

1. The Arizona State Retirement System ("ASRS"), a cost-sharing, multiple employer defined benefit plan, has reported increases in its unfunded liabilities. The most recent annual reports for the ASRS may be accessed at: https://www.azasrs.gov/content/annual-reports.

For the year ended June 30, 2014, active ASRS members and the County were each required by statute to contribute at the actuarially determined rate of 11.54% (11.30% for retirement and for health insurance premiums, and 0.24% for long-term disability) of the member's annual covered payroll. The annual contribution for the fiscal year ending June 30, 2015 is 11.60% (11.48% for retirement and for health insurance premiums, and 0.12% for long-term disability). The annual contribution rate for the fiscal year ending June 30, 2016 is 11.47% (11.35% for retirement and for health insurance premiums, and 0.12% for long-term disability). The County's employer contributions to ASRS for the year ended June 30, 2014 was $24.7 million, which was equal to the required contribution for such year, and the budgeted contribution for the fiscal year ending June 30, 2015 is $29.0 million. The contributions by County employees to ASRS are collectively equal to the contributions made by the County.

Enacted State legislation has made changes to how ASRS operates, effective July 1, 2011, which includes requiring employers to pay an alternative contribution rate for retired employees of ASRS that return to work, changing the age at which an employee can retire without penalty based upon years of service, limiting permanent increases in retirement benefits and establishing a Defined Contribution and Retirement Study Committee (as defined in the legislation) that will review the feasibility and cost of changing the current defined benefit plan of ASRS to a defined contribution plan.

2. The Arizona Public Safety Personnel Retirement System ("PSPRS"), an agent multiple-employer defined benefit plan that covers public safety personnel who are regularly assigned to hazardous duties, for which the Arizona State Legislature establishes and may amend active plan members' contribution rate, has reported increases in its unfunded liabilities. The most recent annual reports for the PSPRS may be accessed at http://psprs.com/sys_psprs/AnnualReports/cato_annual_rpts_psprs.htm.

For the year ended June 30, 2014, active PSPRS members were required by statute to contribute 10.35 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 33.69 percent, the aggregate of which is the actuarially required amount. As allowed by statute, the County also contributed 3.65 percent of the members' required contribution, with the members net contribution as a result falling to 6.70 percent.

Under the PSPRS for the fiscal year ending June 30, 2015, the employee contribution rate (net of the 3.65% paid by the County) is 7.40% of the member's annual covered payroll. The County's PSPRS employer contribution rate for the fiscal year ending June 30, 2015 is 41.92% of the members' annual covered payroll (not including the 3.65% of the member's required contribution that the County also pays as noted above). For the fiscal year ending June 30, 2016, the employee contribution rate will increase to 8.00% for employees hired before January 1, 2015, and to 11.65% for employees hired on or after January 1, 2015. The County's employer contribution rate is set to increase to 53.69% for employees hired before January 1, 2015 and to 50.04% for employees hired on or after January 1, 2015.

The employer contribution rates for the fiscal year ending June 30, 2016, noted above reflect the impact of an Arizona Supreme Court decision which determined that the reduction in a permanent benefit increase enacted by the State Legislature in 2011 is unconstitutional. As a result, the County's contribution to the PSPRS is required to increase to provide funding to provide for the benefit increase that was not funded for several years. The County currently intends to make up this funding by an increase in its employer contribution rates in fiscal year 2015-16, although the Board of Directors of the PSPRS adopted an alternative three-year phase in of higher contribution rates that employers may optionally choose for funding the benefit increase that was not previously funded. Other litigation related to the 2011 legislation remains outstanding. If the ultimate outcome overturns additional portions of the 2011 legislation, there may be further adverse impacts on the unfunded liability of the PSPRS and the actuarially determined contribution rates for the PSPRS.

New Reporting Requirements. Governmental Accounting Standards Board ("GASB") Statement No. 67, Financial Reporting for Pension Plans, An Amendment of GASB Statement No. 25, is designed to improve financial reporting by state and local governmental pension plans. This statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria.

3. The Corrections Officers Retirement Plan ("CORP"), an agent multiple-employer defined benefit plan that covers certain County employees whose primary duties require direct inmate contact, for which the Arizona State Legislature establishes and may amend active plan members' and the County's contribution rates, has reported increases in its unfunded liabilities. The most recent annual reports for the CORP may be accessed at: http://psprs.com/sys_corp/AnnualReports/cato_annual_rpts_corp.htm.

For the year ended June 30, 2014, active CORP members were required by statutes to contribute 8.41 percent of the member's annual covered payroll, and the County was required to contribute at the actuarially determined rate of 14.81 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.05 percent of covered payroll. For the years ending June 30, 2015 and June 30, 2016, active members are required by statute to contribute 8.41%, in each year, of the member's annual covered payroll. The County is required for each of these years to contribute at the actuarially determined rates of 17.76% and 22.97%, respectively.

4. The Elected Officials Retirement Plan (EORP) which covers County elected officials is relatively insignificant to the County's financial picture.

The effect of the increase in the unfunded liabilities for these four state plans is expected to result in increased contributions by the County and its employees, however the specific increases for the County's and its employees' future annual contributions cannot be determined at this time.

Other Post Employment Benefits

Government Accounting Standards Board Statement Number 45, *Accounting by Employers for Post-Employment Benefits Other than Pensions* ("GASB 45") requires reporting the actuarially accrued cost of post-employment benefits, other than pension benefits ("OPEB"), such as health and life insurance for current and future retirees. The County does not provide post-employment benefits and has no OPEB costs and liabilities.

PIMA COUNTY, ARIZONA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF ALL GOVERNMENTAL FUND TYPES (a)
(In $000)

	Actual				
	2009-10	**2010-11**	**2011-12**	**2012-13**	**2013-14**
Revenues by Source:					
Property Taxes	$423,443	$421,623	$407,711	$391,630	$385,829
Special Assessments	536	330	245	-	-
Licenses and Permits	7,791	8,494	8,155	8,371	8,275
Intergovernmental	296,004	308,219	327,939	301,223	292,082
Charges for Services	60,376	54,491	56,881	53,521	57,826
Fines and Forfeits	8,443	6,786	10,249	9,904	8,652
Interest Income	4,612	1,723	2,286	2,282	1,737
Miscellaneous	17,442	14,162	24,796	22,182	17,464
Total Revenues	818,647	815,828	838,262	789,113	771,865
Expenditures by Fund:					
General	426,361	429,182	445,798	451,858	469,984
Special Revenues	195,926	204,612	217,139	211,659	135,746
Debt Service	108,092	96,484	104,324	93,442	140,623
Capital Projects	162,306	153,203	149,612	174,976	195,400
Total Expenditures	892,685	883,481	916,873	931,935	941,753
Excess of Revenues Over (Under) Expenditures	(74,038)	(67,653)	(78,611)	(142,822)	(169,888)
Other Financing Sources (Uses):					
Premium on bonds	1,909	3,276	7,349	11,959	9,488
Proceeds of Long-Term Debt	156,955	75,000	109,170	130,175	78,160
Proceeds from Refunding Debt	-	-	-	51,280	8,805
Payment to Escrow Agent	(32,361)	-	(33,013)	(55,423)	(10,131)
Gain on Investment	-	-	-	-	-
Operating Transfers In (Out)	445	4,708	26,010	(9,017)	(27,457)
Capital Lease/Installment Note	-	-	894	764	239
Sale of General Fixed Assets	1,118	59	1,938	31	360
Total Other Financing Sources (Uses)	128,066	83,043	112,348	129,769	59,464
Net Change in Fund Balance	54,028	15,390	33,737	(13,053)	(110,424)
Beginning Fund Balance, as restated	292,247	346,270	361,730	395,385	382,556
Changes in Reserve for Inventory	4	43	(55)	224	(228)
Changes in Reserve for Prepaids	(9)	27	(27)	-	-
Ending Fund Balance	$346,270	$361,730	$395,385	$382,556	$271,904

Source: Pima County Finance and Risk Management Department.

(a) This table has not been subject to any separate audit procedures.

PIMA COUNTY, ARIZONA
STATEMENT OF FUND BALANCES - ALL GOVERNMENTAL FUND TYPES (a)
(In $000)

	Actual				
	2009-10	**2010-11**	**2011-12**	**2012-13**	**2013-14**
General					
Nonspendable	$4,089	$3,315	$2,720	$3,848	$5,278
Restricted	522	336	333	-	-
Committed	-	-	-	-	-
Assigned	3,093	357	118	158	181
Unassigned	73,837	73,547	77,596	56,526	42,731
	81,541	**77,555**	**80,767**	**60,532**	**48,190**
Special Revenue					
Nonspendable	2,011	2,011	1,550	1,939	1,894
Restricted	82,957	94,567	105,468	76,570	60,984
Committed	15,305	37,978	10,264	7,746	6,308
Assigned	3,221	4,368	16,682	23,784	4,204
Unassigned	(5,793)	(9,180)	(9,013)	(8,385)	(6,536)
	97,701	**129,744**	**124,951**	**101,654**	**66,854**
Debt Service					
Assigned	40,868	35,903	28,298	25,640	7,848
	40,868	**35,903**	**28,298**	**25,640**	**7,848**
Capital Projects					
Nonspendable	18	12	-	-	-
Restricted	124,830	112,668	157,688	187,855	145,256
Committed	1,487	6,639	7,234	6,958	3,836
Assigned	52	-	-	-	-
Unassigned	(227)	(791)	(3,553)	(83)	(80)
	126,160	**118,528**	**161,369**	**194,730**	**149,012**
Total Fund Balance	$346,270	$361,730	$395,385	$382,556	$271,904

Source: Pima County Finance and Risk Management Department.

(a) This table has not been subject to any separate audit procedures.

PIMA COUNTY, ARIZONA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN GENERAL FUND BALANCE (a)
(In $000)

	Actual				
	2009-10 (b)	**2010-11**	**2011-12**	**2012-13**	**2013-14**
Revenues by Source:					
Property Taxes	$304,441	$301,493	$291,647	$281,017	$280,965
Licenses and Permits	2,738	2,681	2,696	2,816	2,928
Intergovernmental	128,927	122,952	127,029	131,984	135,953
Charges for Services	40,356	35,361	39,117	32,721	35,671
Fines and Forfeits	7,011	5,344	5,213	4,799	4,211
Interest Income	1,198	418	621	591	287
Miscellaneous	4,868	4,722	12,659	10,907	7,322
Total Revenues	489,539	472,971	478,982	464,835	467,337
Expenditures:					
Current					
General Government	184,606	186,193	197,190	193,097	206,356
Public Safety	117,378	116,573	123,235	131,087	136,825
Health	2,702	2,792	2,919	3,320	3,543
Welfare	87,089	90,572	94,292	95,076	92,858
Culture & Recreation	14,671	14,183	15,195	16,468	17,859
Education & Econ. Opport.	13,996	12,949	12,967	12,650	12,383
Debt Service:					
Principal	3,635	3,800	-	159	146
Interest	2,281	2,113	-	1	14
Miscellaneous	3	7	-	-	-
Total Expenditures	426,361	429,182	445,798	451,858	469,984
Excess of Revenues Over (Under) Expenditures	63,178	43,789	33,184	12,977	(2,647)
Other Financing Sources (Uses):					
Capital Lease/Installment Note	-	-	-	764	-
Sale of General Fixed Assets	204	11	1,608	-	-
Operating Transfers In (Out)	(22,007)	(47,786)	(31,580)	(33,976)	(9,695)
Total Other Financing Sources (Uses):	(21,803)	(47,775)	(29,972)	(33,212)	(9,695)
Net Change in Fund Balance	41,375	(3,986)	3,212	(20,235)	(12,342)
Beginning Fund Balance, as restated	40,166	81,541	77,555	80,767	60,532
Ending Fund Balance	$81,541	$77,555	$80,767	$60,532	$48,190

Source: Pima County Finance and Risk Management Department.

(a) This table has not been subject to any separate audit procedures.
(b) The $28 million decrease in the welfare expense line was primarily due to a $16 million refund that was received for fiscal year 2009-10 from the Arizona Long-Term Care System (ALTCS) and Arizona Health Care Cost Containment System (AHCCCS).

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

_____, 2015

To: Pima County, Arizona
Tucson, Arizona

Ladies and Gentlemen:

We have served as bond counsel to our client Pima County, Arizona (the "County") and not as counsel to any other person in connection with the issuance by the County of its $15,000,000* aggregate principal amount of bonds designated the Pima County, Arizona General Obligation Bonds, Series 2015 (the "Bonds"), dated the date of this letter. The Bonds are issued pursuant to Title 35, Chapter 3, Article 3 of the Arizona Revised Statutes, and under the provisions of an authorizing resolution adopted by the Board of Supervisors of the County on December 16, 2014 (the "Bond Resolution"). Capitalized terms not defined in this letter are used as defined in the Bond Resolution. In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Bonds, a copy of the signed and authenticated Bond of the first maturity, and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Bonds constitute valid, legal and binding general obligations of the County, and the principal of and interest on the Bonds, unless paid from other sources, are to be paid from the proceeds of the levy of ad valorem taxes on all property subject to ad valorem taxes levied by the County, without limitation as to rate or amount to pay the principal and interest on the Bonds. It is required by law that there be levied, assessed and collected, in the same manner as other taxes of the County, an annual tax upon such taxable property in the County sufficient to pay the principal of and interest on the Bonds when due.

2. The interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, portions of the interest on the Bonds earned by certain corporations may be subject to a corporate alternative minimum tax. The interest on the Bonds is exempt from Arizona state income tax. We express no opinion as to any other tax consequences regarding the Bonds.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined and (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the County.

In rendering those opinions with respect to treatment of the interest on the Bonds, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the County. Failure to comply with certain of those covenants subsequent to issuance of the Bonds may cause

* Preliminary, subject to change.

interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Bond Resolution are subject to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion, and to limitations on legal remedies against public entities.

The opinions rendered in this letter are stated only as of this date, and no other opinion shall be implied or inferred as a result of anything contained in or omitted from this letter. Our engagement as bond counsel with respect to the Bonds has concluded on this date.

Respectfully submitted,

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

$15,000,000*
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2015

CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER SECTION (B)(5) OF RULE 15C2-12

This Continuing Disclosure Undertaking (this "Undertaking") is executed and delivered by Pima County, Arizona (the "County"), in connection with the issuance and sale of its $15,000,000* aggregate principal amount of General Obligation Bonds, Series 2015 (the "Bonds"), being issued pursuant to a resolution adopted by the Board of Supervisors of the County on December 16, 2014 (the "Bond Resolution").

In connection with the Bonds, the County covenants and agrees as follows:

1. Definitions. In addition to the terms defined above, the terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires.

"Annual Information" means the financial information and operating data set forth in Exhibit I.

"Annual Information Disclosure" means the dissemination of disclosure concerning Annual Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

"Audited Financial Statements" means the general purpose audited financial statements of the County prepared pursuant to the standards and as described in Exhibit I.

"Commission" means the Securities and Exchange Commission.

"Dissemination Agent" means any agent designated as such in writing by the County and which has filed with the County a written acceptance of such designation, and such agent's successors and assigns.

"EMMA" means the Electronic Municipal Market Access system of the MSRB. Information regarding submissions to EMMA is available at http://emma.msrb.org.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Listed Event" means the occurrence of any of the events with respect to the Bonds set forth in Exhibit II.

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means Rule 15c2 12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

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* Preliminary, subject to change.

"Undertaking" means the obligations of the County pursuant to Sections 4, 5, 6 and 7 hereof.

"Underwriter" includes each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

2. Purpose of this Undertaking. This Undertaking is executed and delivered by the County as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Underwriter in complying with the requirements of the Rule.

3. CUSIP Number/Final Official Statement. The base CUSIP Number of the Bonds is 721663. The Final Official Statement relating to the Bonds is dated _____, 2015.

4. Annual Information Disclosure. Subject to Section 8 of this Undertaking, the County shall disseminate its Annual Information and its Audited Financial Statements, if any (in the form and by the dates set forth in Exhibit I) to the MSRB through EMMA, in a format prescribed by the MSRB. The County is required to deliver such information in such manner and by such time so that such entities receive the information on the date specified.

If any part of the Annual Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the County will disseminate a statement to such effect as part of its Annual Information for the year in which such event first occurs.

If any amendment is made to this Undertaking, the Annual Information for the year in which such amendment is made shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. Listed Events Disclosure. Subject to Section 8 of this Undertaking, the County hereby covenants that it will disseminate notice of occurrence of a Listed Event to the MSRB through EMMA not later than ten business days after the occurrence of the Listed Event, in a format prescribed by the MSRB, except that for the events 2, 7, 10, 13 and 14, listed in Exhibit II, the County will provide such notice if it determines that such event would be material under applicable federal securities laws.

6. Consequences of Failure of the County to Provide Information. The County shall give notice in a timely manner to the MSRB through EMMA, in a format prescribed by the MSRB, of any failure to provide Annual Information Disclosure when the same is due hereunder.

In the event of a failure of the County to comply with any provision of this Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the County to comply with its obligations under this Undertaking. A default under this Undertaking shall not be an event of default on the Bonds or under the Bond Resolution. The sole remedy under this Undertaking in the event of any failure of the County to comply with this Undertaking shall be an action to compel performance.

7. Amendments; Waiver. Notwithstanding any provision of this Undertaking, the County by certified resolutions authorizing each amendment or waiver, may amend this Undertaking, and any provision of this Undertaking may be waived, if:

(a) The amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the County, or type of business conducted;

(b) This Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of the beneficial owners of the Bonds, as determined by an independent counsel or other entity unaffiliated with the County.

8. Non-Appropriation. The performance by the County of its obligations in this Undertaking shall be subject to the annual appropriation of any funds that may be necessary to permit such performance. In the event of a failure by the County to comply with its covenants under this Undertaking due to a failure to appropriate the necessary funds, the County covenants to provide prompt notice of such fact to the MSRB through EMMA.

9. Termination of Undertaking. The Undertaking of the County shall be terminated hereunder when the County no longer has liability for any obligation relating to repayment of the Bonds or the Rule no longer applies to the Bonds. The County shall give notice in a timely manner if this Section is applicable to the MSRB through EMMA.

10. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

11. Additional Information. Nothing in this Undertaking shall be deemed to prevent the County from disseminating any other information using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Undertaking. If the County chooses to include any information from any document or notice of occurrence of Listed Event in addition to that which is specifically required by this Undertaking, the County shall have no obligation under this Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Listed Event.

12. Beneficiaries. This Undertaking has been executed in order to assist the Underwriter in complying with the Rule; however, this Undertaking shall inure solely to the benefit of the County, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

13. Recordkeeping. The County shall maintain records of all Annual Information Disclosure and notices of occurrence of Listed Events including the content of such disclosure or notices, the names of the entities with whom such disclosure or notices were filed and the date of filing such disclosure or notices.

14. Assignment. The County shall not transfer its obligations in connection to the Bonds unless the transferee agrees to assume all obligation of the County under this Undertaking or to execute an Undertaking under the Rule.

PIMA COUNTY, ARIZONA

By: _____
Thomas Burke
Finance and Risk Management Director

Dated: _____, 2015

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS

"Annual Financial Information" means quantitative financial information and operating data concerning the operations of the County of the type set forth in the Official Statement in Appendix B (i) under the heading "Net Secondary Assessed Valuation Comparisons and Trends" in the table entitled "Net Secondary Assessed Valuation Comparisons" (with respect to the County only), (ii) in the table under the heading "Record of Real and Secured Personal Property Taxes Levied and Collected," (iii) in the table under the heading "Tax Rate Data," (iv) in the table under the heading "Debt Limitation," and (v) in the table under the heading "Certificates of Participation."

Annual Financial Information exclusive of Audited Financial Statements will be provided to the MSRB through EMMA, no later than the first business day in February of each year, commencing February 1, 2016. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements when available.

Audited Financial Statements will be prepared according to generally accepted accounting principles ("GAAP"), as applied to governmental units as modified by State law, Audited Financial Statements will be provided to the MSRB through EMMA, at the same time as Annual Financial Information is filed, or if not available when such Annual Financial Information is filed, within 30 days after availability to the County.

If any change is made to the Annual Financial Information as permitted by Section 4 of this Undertaking, the County will disseminate a notice of such change as required by Section 4, including changes in fiscal year or GAAP.

EXHIBIT II

EVENTS FOR WHICH NOTICE OF OCCURRENCE OF LISTED EVENTS IS REQUIRED

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

7. Modifications to rights of security holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the County;

a. Note: for the purposes of the event identified in paragraph 12, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

13. The consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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APPENDIX E

EXCERPTS FROM
PIMA COUNTY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2014

The following are excerpts from the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. The County has not requested the State of Arizona Auditor General to perform any review of the County's Comprehensive Annual Financial Report subsequent to June 30, 2014. These are the most recent audited financial statements available to the County. These financial statements are not current and may not represent the current financial position of the County.

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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of
Pima County, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain departments, one major fund, and the component unit, which account for the following percentages of the assets and deferred outflows, liabilities and deferred inflows, revenues, expenses or expenditures of the opinion units affected.

Opinion Unit/Department	Assets and Deferred Outflows	Liabilities and Deferred Inflows	Revenues	Expenses/ Expenditures
Government-Wide Statements				
Governmental Activities:				
Stadium District	1.40%	1.49%	0.92%	0.72%
School Reserve Fund	0.08%	0.02%	0.24%	0.27%
Self-Insurance Trust	2.80%	3.92%	2.03%	1.63%
Health Benefits Trust	0.99%	1.91%	8.34%	7.28%
Business-Type Activities:				
Regional Wastewater Reclamation Department	98.83%	99.84%	94.07%	94.36%
Development Services	0.27%	0.11%	3.67%	4.66%
Discretely Presented Component Unit:				
Southwestern Fair Commission	100.00%	100.00%	100.00%	100.00%

Opinion Unit/Department	Assets and Deferred Outflows	Liabilities and Deferred Inflows	Revenues	Expenses/ Expenditures
Fund Statements				
Major Fund:				
Regional Wastewater Reclamation Department Enterprise Fund	100.00%	100.00%	100.00%	100.00%
Aggregate Remaining Fund Information:				
Stadium District	0.07%	1.05%	0.27%	0.29%
School Reserve Fund	0.36%	0.07%	0.07%	0.07%
Development Services	0.83%	0.50%	0.27%	0.25%
Self-Insurance Trust	13.79%	20.95%	0.58%	0.47%
Health Benefits Trust	4.89%	10.21%	2.40%	2.09%

Those statements were audited by other auditors whose reports 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 15 through 33, the Budgetary Comparison Schedules on pages 83 and 84, and the Schedule of Agent Retirement Plans' Funding Progress on page 85, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules and the introductory and statistical sections 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

Compliance Over the Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies

In connection with our audit, nothing came to our attention that caused us to believe that the County failed to use highway user revenue fund monies received by the County pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the County solely for the authorized transportation purposes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

The communication related to compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, the Board of Supervisors, management, and other responsible parties within the County and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we will 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* in considering the County's internal control over financial reporting and compliance.

Debbie Davenport
Auditor General

December 5, 2014

PIMA COUNTY

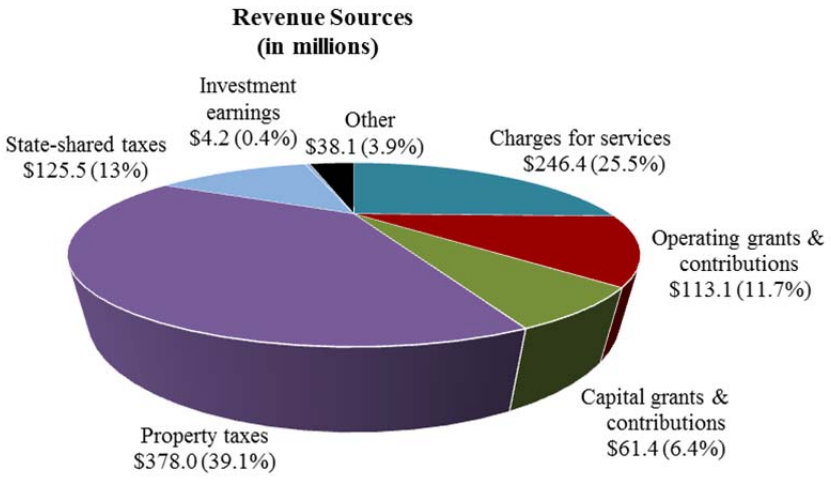
Management's Discussion and Analysis

Our discussion and analysis of the County's financial performance provides an overview of the County's financial activities for the year ended June 30, 2014. Please read it in conjunction with the transmittal letter which begins on page 1 and the County's basic financial statements, which begin on page 35. All dollar amounts are expressed in thousands (000's) unless otherwise noted.

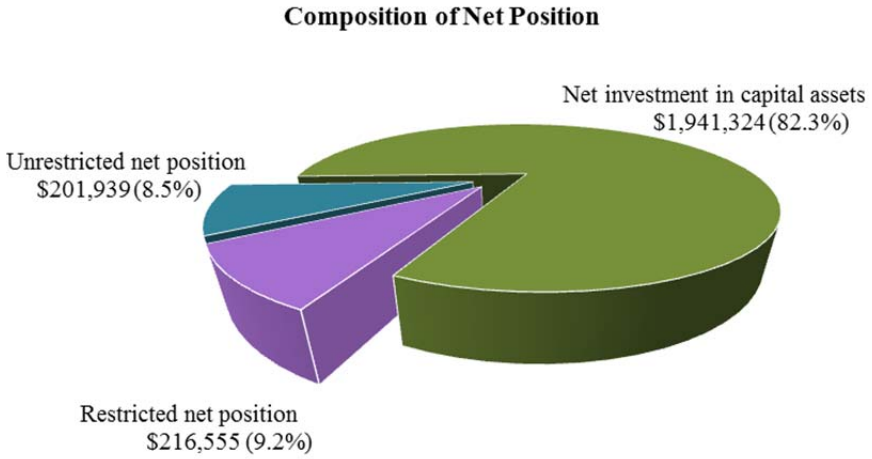
Financial Highlights

- The County's total net position increased $44,241 in fiscal year 2013-14. This represents a 5.8% decrease when compared to the prior year's change in net position of $46,972.

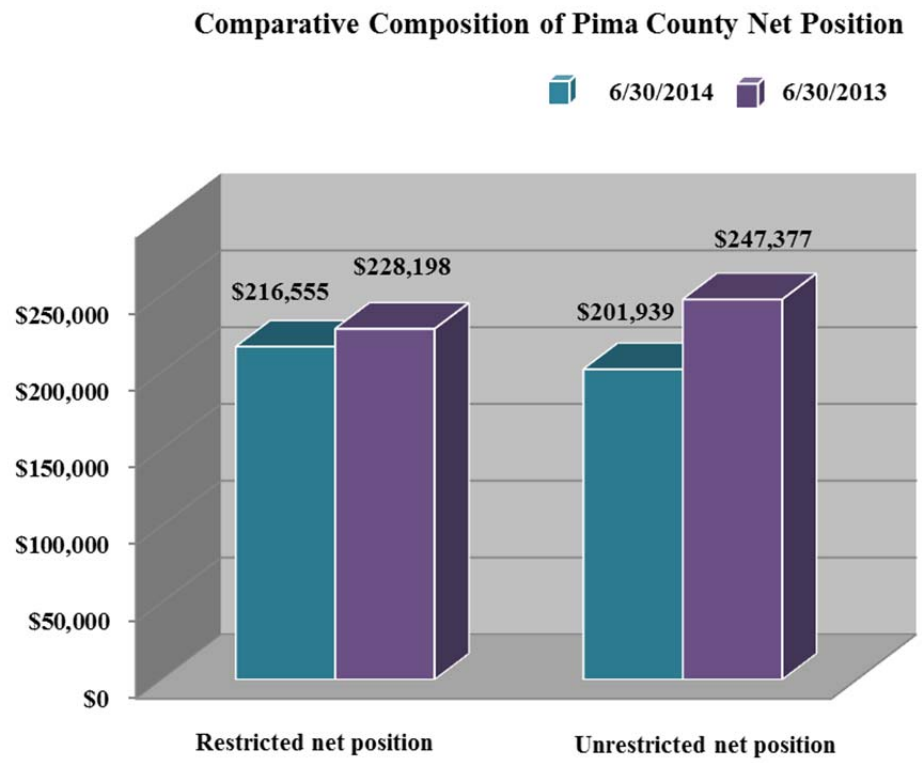
- The County's primary sources of revenue come from taxes, grants and contributions, and charges for services, and state shared taxes as displayed below:



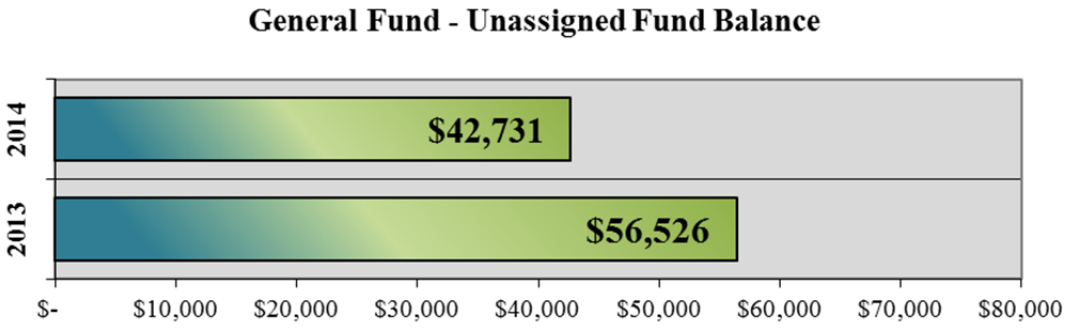
- The assets of the County exceeded its liabilities (net position) by $2,359,818, an increase of 1.9% from the prior year. Of this amount, $1,941,324 represents the net investment in capital assets, $216,555 is restricted for specific purposes (*restricted net position*), and $201,939 is available for general government expenditures (*unrestricted net position*).



- Unrestricted net position for the County decreased $45,438 (or 18.4%), from $247,377 to $201,939 this fiscal year, restricted net position decreased $11,643 (or 5.1%) from $228,198 to $216,555. The chart below presents the composition of restricted and unrestricted net position for the current and prior years:



- The General Fund unassigned fund balance decreased to $42,731 from $56,526 in the prior year. The unassigned fund balance comprises 88.7% of the total fund balance of $48,190.



- The County continues to use debt to finance the construction of roads, streets, and buildings. Total capital assets for the year increased $103,630; long-term liabilities increased $14,155.

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 three components: (1) Government-wide statements, (2) Fund statements, and (3) Notes. Required supplementary information is included in addition to the basic financial statements.

Government-wide financial statements are designed to provide readers with a broad overview of County finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all County assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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*) in contrast to other functions that are intended to recover all or 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: Regional Wastewater Reclamation (RWR), Development Services, and the County's downtown parking garages.

A discretely presented component unit is included in the basic financial statements. It consists of one 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 35-37.

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 Office of Management and Budget 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 fund 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 fund balance sheet and the governmental fund 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 Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Capital Projects, and Debt Service funds which are reported as major 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.

The governmental fund financial statements can be found on pages 38-41. The combining statements for non-major governmental funds can be found on pages 88-91.

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 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 employee health and health related benefits, risk management, automotive fleet maintenance and operations, printing services, telecommunications, wireless, and information technology network infrastructure. Because these services predominantly benefit governmental rather than business-type functions, all of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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. The RWR Enterprise Fund is considered to be a major fund 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*.

The proprietary fund financial statements can be found on pages 42-45. The combining statements for other enterprise and internal service funds can be found on pages 107-114.

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 46-47.

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 48-82.

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 83-85.

Combining Statements and Other Schedules referred to earlier provide information for non-major governmental, enterprise, internal service, and fiduciary funds and are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 88-118.

Government-Wide Financial Analysis

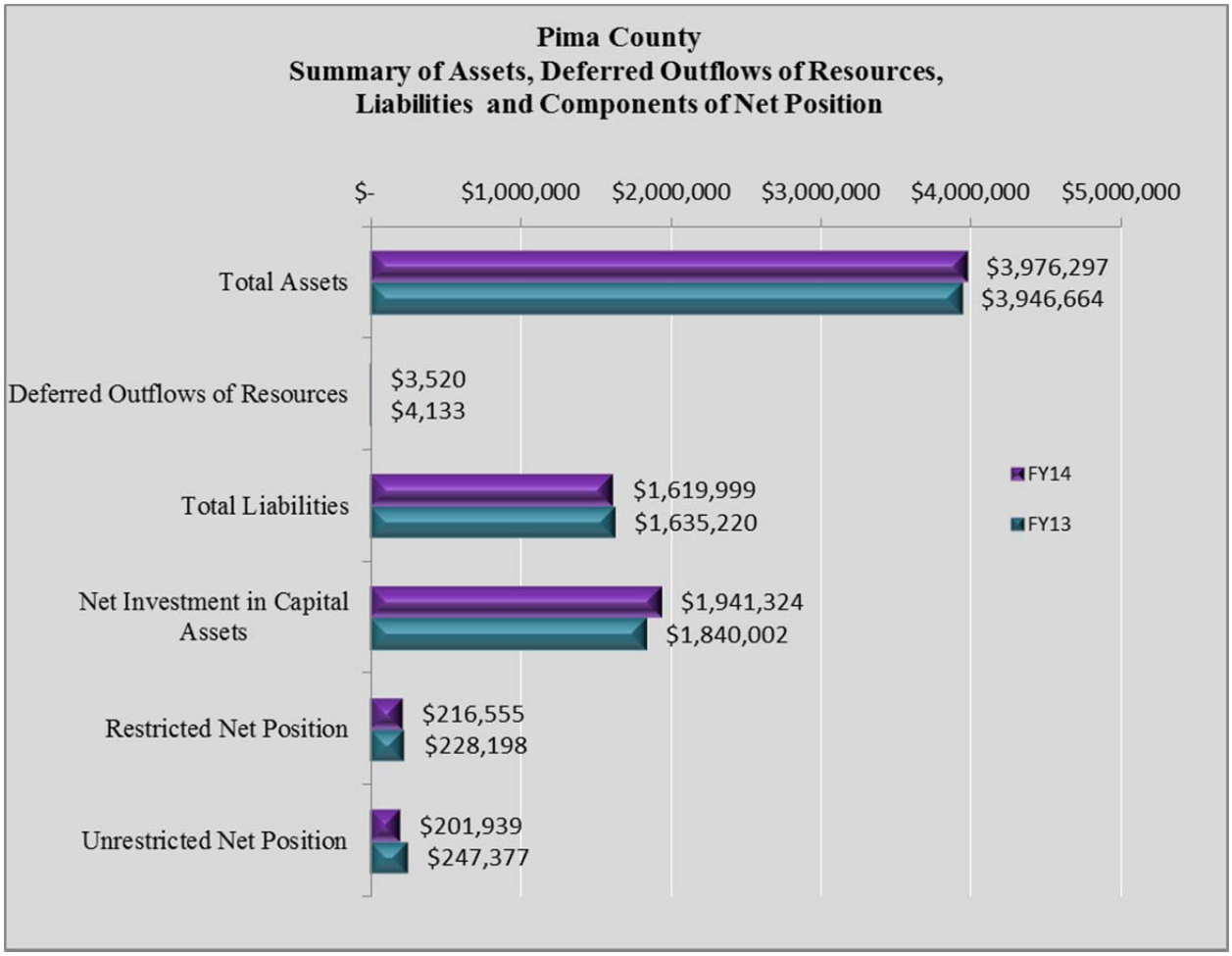
As noted earlier, net position may serve as a useful indicator of a government's financial position over time. An analysis of the results of operations is also useful. The schedule below identifies variances in the results of operations.

Schedule of Results of Operations and Net Position For the Years Ended June 30, 2014 and 2013			
	2014	**2013**	**Variance**
Charges for services	$ 246,421	$ 231,625	$ 14,796
Operating grants and contributions	113,129	116,121	(2,992)
Capital grants and contributions	61,390	63,212	(1,822)
Total program revenues	420,940	410,958	9,982
Total general revenues and transfers	545,804	546,973	(1,169)
Total program and general revenues	966,744	957,931	8,813
Total expenses	922,503	910,959	11,544
Change in net position	$ 44,241	$ 46,972	$ (2,731)

As indicated above, total program and general revenues increased $8,813 primarily due to a $14,796 increase in charges for services. However, expenses also increased $11,544 resulting in a decrease in the change in net position of $2,731.

An explanation of each of these changes is discussed further in the following governmental and business-type activities sections.

The graph and schedule presented below illustrate at a summary level and detail level the changes in the elements of the Statement of Net Position for the County at June 30, 2014 and June 30, 2013.



A general discussion of significant variances between fiscal years follows. For a more detailed discussion, please see the governmental activities and business-type activities sections immediately following this section.

Total assets for the County were $3,976,297, an increase of $29,633 (0.8%) from the prior year and total liabilities were $1,619,999, a decrease of $15,221 (0.9%) from the prior year.

The largest portion of the County's net position reflects its net 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, 2014, net investment in capital assets totaled $1,941,324, comprising approximately 82.3% of total net position. This represents an increase of $101,322 (5.5%) from the prior year. 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. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position represents resources that are subject to external restrictions on how they may be used. As of June 30, 2014, restricted net position totaled $216,555 and comprised approximately 9.2% of total net position. This represents an $11,643 (5.1%) decrease from the prior fiscal year.

The remaining balance of the County's net position represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors. As of June 30, 2014, unrestricted net position totaled $201,939 and comprised approximately 8.5% of total net position. This represents a $45,438 (18.4%) decrease from the prior year.

The following schedule presents, on a comparative basis, both governmental activities and business-type activities within the Statement of Net Position.

Schedule of Assets, Deferred Outflows of Resources, Liabilities and Net Position At June 30, 2014 and 2013									
	Governmental Activities			Business-type Activities			Total		
	2014	2013	Variance	2014	2013	Variance	2014	2013	Variance
Current and other assets	$ 499,542	$ 579,558	$(80,016)	$ 254,677	$ 248,658	$ 6,019	$ 754,219	$ 828,216	$(73,997)
Capital assets (net):									
Land, buildings, equipment, infrastructure & other assets	1,965,669	1,908,895	56,774	1,256,409	1,209,553	46,856	3,222,078	3,118,448	103,630
Total assets	2,465,211	2,488,453	(23,242)	1,511,086	1,458,211	52,875	3,976,297	3,946,664	29,633
Deferred outflows of resources									
Deferred charges on refunding	3,520	4,133	(613)				3,520	4,133	(613)
Current and other liabilities	91,818	110,838	(19,020)	24,122	34,478	(10,356)	115,940	145,316	(29,376)
Long-term liabilities	794,543	789,601	4,942	709,516	700,303	9,213	1,504,059	1,489,904	14,155
Total liabilities	886,361	900,439	(14,078)	733,638	734,781	(1,143)	1,619,999	1,635,220	(15,221)
Net position:									
Net investment in capital assets	1,354,456	1,308,057	46,399	586,868	531,945	54,923	1,941,324	1,840,002	101,322
Restricted	143,400	138,472	4,928	73,155	89,726	(16,571)	216,555	228,198	(11,643)
Unrestricted	84,514	145,618	(61,104)	117,425	101,759	15,666	201,939	247,377	(45,438)
Total net position	$ 1,582,370	$1,592,147	$ (9,777)	$ 777,448	$ 723,430	$54,018	$2,359,818	$2,315,577	$ 44,241

Analysis of Governmental activities

Assets

Current and other assets decreased by $80,016 (13.8%) between fiscal years. Most of this variance is attributable to several significant transactions decreasing cash: a cash defeasance of general obligation bonds (series 2005 for $14,815 and series 2007 for $1,200) for $16,015 and a cash transfer of $51,400 from Capital Projects to RWR due to increases in building and other improvements from the 2013 Certificates of Participation (COPs) loan proceeds received in fiscal year 2012-13.

Capital assets increased $56,774 (3.0%) primarily due to an increase of $34,676 in equipment and machinery mainly due to the capitalization of the Regional Public Safety Communications Systems assets, and an increase of $17,387 in buildings and other improvements including: Regional Flood Control assets increased $2,106 for the Santa Cruz Pathway and drainage structures, Facilities Management assets increased $1,464 for improvements to the Abrams building 4th floor, $2,018 for the Administration building tenant improvements, and $4,338 for the Sporting Chance Center assets. The Kino Sports Complex increased $3,212 for facilities modifications and other improvements to the north fields, and an increase of $1,498 in assets for the Library District included the renovation and expansion of Eckstrom Columbus Library.

Liabilities

Current and other liabilities decreased $19,020 (17.2%) during the fiscal year. This is mostly due to both a $10,356 increase in accounts payable and a $28,604 decrease in employee compensation. Accounts payable increased $4,419 as part of outstanding payables from an intergovernmental agreement with Regional Transportation Authority (for the regionalization of public transit and special needs service) and a contract with Motorola Solutions for the purchase of communication equipment for the Regional Public Safety Communications Systems for $6,016. Employee compensation decreased primarily due to the change in reporting the non-current portion of long-term employee compensation under long-term liabilities of $30,807.

Net position

In summary, total net position decreased by $9,777 (0.6%) primarily due to a decrease in total revenues of $11,604, increases in expenses of $10,895, and a net increase in transfers out of $9,385, as explained in previous paragraphs.

Analysis of Business-type activities

Assets

Capital assets increased $46,856 (3.9%) primarily due to $20,842 increase in RWR equipment assets and $16,474 increase in the sewage conveyance system. Equipment increased $22,691 primarily from the Regional Optimization Master Planning (ROMP) projects. Sewage conveyance system assets increased $9,543 due to system-wide conveyance rehabilitation program, $4,429 for the sewer modification project for Prince Road and I-10, and $2,977 from developer contributed capital.

Liabilities

Long-term liabilities increased $9,213 (1.3%) during the fiscal year. This is mostly due to an increase of sewer revenue obligations of $48,500 offset by a decrease in sewer revenue bonds of $16,765 and a decrease in sewer revenue obligations of $18,725.

Net position

In summary, total net position for business-type activities increased $54,018 (7.5%) primarily due to an increase in the net position of capital assets from the RWR Enterprise fund.

Governmental activities

The following table shows details of the changes in net position for governmental activities:

Governmental Activities Schedule of Revenues, Expenses, and Changes in Net Position For the Years Ended June 30, 2014 and 2013				
			Variance	
	2014	2013	Amount	Percent
Program revenues:				
Charges for services	$ 64,856	$ 66,460	$ (1,604)	-2.4%
Operating grants and contributions	113,129	116,121	(2,992)	-2.6%
Capital grants and contributions	54,583	59,298	(4,715)	-8.0%
Total program revenues	232,568	241,879	(9,311)	-3.8%
General revenues:				
Property taxes	378,032	383,508	(5,476)	-1.4%
State-shared taxes	125,504	119,728	5,776	4.8%
Investment earnings	2,955	2,627	328	12.5%
Other general revenues	36,592	39,513	(2,921)	-7.4%
Total general revenues	543,083	545,376	(2,293)	-0.4%
Total revenues	775,651	787,255	(11,604)	-1.5%
Expenses:				
General government	230,742	233,984	(3,242)	-1.4%
Public safety	188,782	166,476	22,306	13.4%
Highways and streets	93,675	80,087	13,588	17.0%
Sanitation	4,252	6,409	(2,157)	-33.7%
Health	36,085	36,540	(455)	-1.2%
Welfare	93,224	95,428	(2,204)	-2.3%
Culture and recreation	63,961	65,341	(1,380)	-2.1%
Education and economic opportunity	35,756	49,924	(14,168)	-28.4%
Amortization	(5,758)	(286)	(5,472)	1913.3%
Interest on long-term debt	27,994	23,915	4,079	17.1%
Total expenses	768,713	757,818	10,895	1.4%
Excess before contributions and transfers	6,938	29,437	(22,499)	-76.4%
Transfers in (out)	(16,715)	(7,330)	(9,385)	128.0%
Change in net position	(9,777)	22,107	(31,884)	-144.2%
Beginning net position	1,592,147	1,570,040	22,107	1.4%
Ending net position	$ 1,582,370	$ 1,592,147	$ (9,777)	-0.6%

Revenues

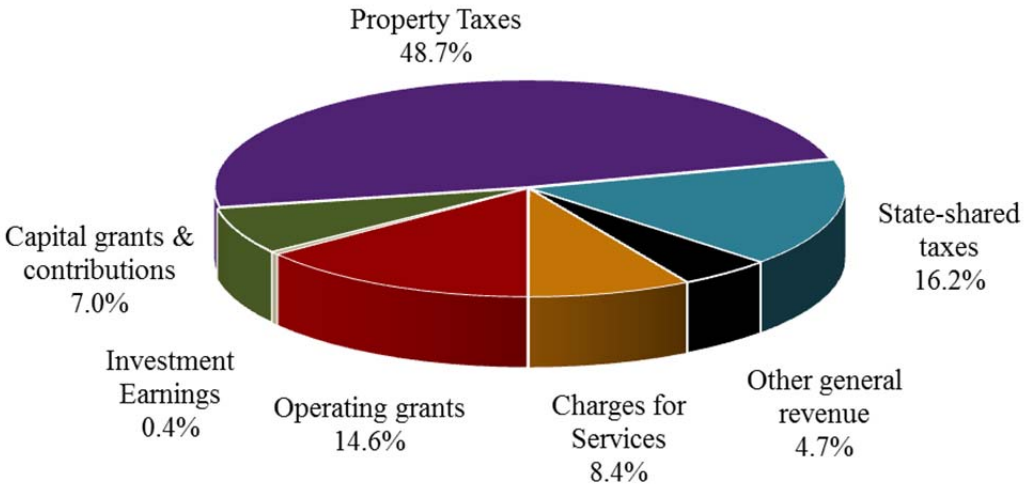
Overall, governmental activities total revenues decreased $11,604 or 1.5% from fiscal year 2012-13 due to decreases in both program and general revenues.

Program revenues decreased $9,311 (3.8%) primarily due to a $2,992 decrease in operating grants and a decrease of $4,715 in capital grants and contributions. The decrease in operating grants is primarily due to a $6,707 decrease related to the ending of the American Recovery and Reinvestment Act (ARRA) Program. The $4,715 decrease in capital grants and contributions is due to decreasing construction activity and related funding for projects nearing completion, primarily a decrease of $6,930 for the Magee Road project.

General revenues decreased $2,293 (0.4%) primarily due to a $5,476 decrease in property tax revenues as a result of decreasing secondary net assessed values. Conversely, State shared sales tax increased $5,776 due to increasing sales from an anticipated gradual recovery in the local economy.

The chart below presents general and program revenues, as a percentage to total revenues. The amount provided from each revenue source for governmental activities, as a percentage to total revenue for governmental activities, has not changed significantly from the prior fiscal year. Property taxes, operating grants, and state-shared taxes continue to account for approximately 79.5% of the County's revenues.

General and Program Revenues - Governmental Activites



Expenses

Expenses for governmental activities increased $10,895 (1.4%) primarily due to increases and decreases in the following functions:

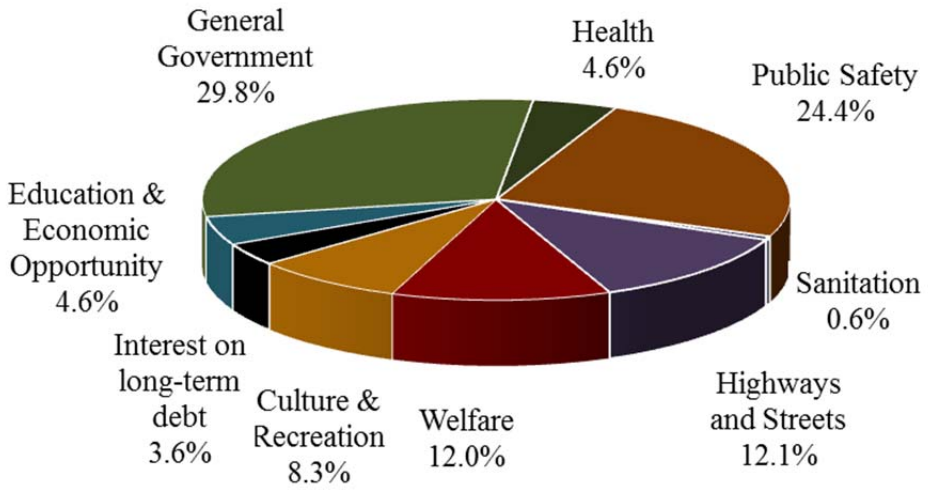
- Public safety – a $22,306 increase in expenses is primarily due from $22,592 of expenses incurred in the Pima County Wireless Integrated Network (PCWIN) capital project.

- Highways and streets – a $13,588 increase is primarily due to expenses incurred in the I-19 Frontage Road from Continental Road to Canoa project ($19,737).

- Education and economic opportunity – a $14,168 decrease in expenses was primarily due to a decrease in federal funding under the U.S Department of Housing and Urban Development for the Neighborhood Stabilization Program ARRA ($6,200), Community Development Block Grants ($660), Home investment Partnership Program ($690), Housing Opportunities for persons with AIDS ($185), and the decrease in funding from the U.S. Department of Labor for WIA adult, youth and dislocated worker formula grants ($1,862).

The chart below presents expenses by function as a percentage to total expenses. The amount of each expense by function as a percentage to total expenses has not changed significantly from the prior fiscal year. General government, public safety, and welfare account for approximately two-thirds of the County's total expenses.

Expenses by Function - Governmental Activites



The resulting change in net position was a decrease of $9,777 (0.6%) for fiscal year 2014 compared to an increase in net position of $22,107 in fiscal year 2012-2013.

In summary, and as explained above, ending net position for governmental activities decreased $9,777 (0.6%). This year's change in net position decreased $31,884 from last year, primarily due to a decrease in revenues of $11,604, an increase in expenses of $10,895 and a net increase of $9,385 in transfers out to business-type activities to fund capital projects.

Business-type activities

Business-type activities, which are composed exclusively of enterprise funds, are intended to recover all or a significant portion of their costs through user fees and charges. The following schedule shows changes in the net position for business-type activities.

Business-type Activities Schedule of Revenues, Expenses, and Changes in Net Position For the Years Ended June 30, 2014 and 2013				
			Variance	
	2014	2013	Amount	Percent
Program revenues:				
Charges for services	$ 181,565	$ 165,165	$ 16,400	9.9%
Capital grants and contributions	6,807	3,914	2,893	73.9%
Total program revenues	188,372	169,079	19,293	11.4%
General revenues:				
Investment earnings	1,237	1,017	220	21.6%
Other general revenues	1,484	580	904	155.9%
Total general revenues	2,721	1,597	1,124	70.4%
Total revenues	191,093	170,676	20,417	12.0%
Expenses:				
Regional Wastewater Reclamation	145,117	144,085	1,032	0.7%
Development Services	6,796	7,231	(435)	-6.0%
Parking Garages	1,877	1,825	52	2.8%
Total expenses	153,790	153,141	649	0.4%
Excess before transfers	37,303	17,535	19,768	112.7%
Transfers in (out)	16,715	7,330	9,385	128.0%
Change in net position	54,018	24,865	29,153	117.2%
Beginning net position, as restated	723,430	698,565	24,865	3.6%
Ending net position	$ 777,448	$ 723,430	$ 54,018	7.5%

Revenues

Total revenues for business-type activities increased $20,417 (12.0%) mainly due to an increase in charges for services of $16,400, and an increase in capital grants and contributions of $2,893. The increase in charges for services is primarily due to a RWR rate increase (from $3.203 to $3.523 per CCF), resulting in a $14,995 increase. The capital grants increase is due to approximately $3,000 increase in capital contributions for RWR, which is consistent with the increase in construction activities.

Expenses

Total expenses for business-type activities increased $649 (0.4%) mainly due to the increase of $1,032 (0.7%) in RWR expenses. The RWR expense increase was primarily due to the increase in interest expense from debt service payments of $12,062 offset by $15,691 decrease in reporting a loss on disposals of equipment.

Transfers-in increased $9,385 (128%) due to transfers from governmental activities, including an increase of $7,072 from certificates of participation to fund ROMP projects, and an increase of $2,663 to the Parking Garages Fund mainly for construction projects at the Public Service 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, Capital Projects, Debt Service, and Special Revenue funds. Included in these funds are special districts governed by the Board of Supervisors (i.e. Flood Control, Library and Stadium Districts) acting as the Board of Directors for each district. 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, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Major Governmental Funds

General Fund

The General Fund is the chief operating fund of the County.

Intergovernmental revenues for the General Fund increased $3,969 primarily due to increases in the state-shared sales tax associated with an anticipated gradual recovery in the local economy. Charges for services increased $2,950 mostly from administrative overhead contributions. These increases were partially offset by decreases in miscellaneous revenue of $3,585. Miscellaneous revenues received in the previous fiscal year included bankruptcy distributions from the National Century Financial Enterprises and Lehman Brothers of $2,773 and a state refund from the Arizona Long Term Care System of $824. Overall, revenues for the General Fund increased $2,502.

General fund expenditures increased $18,126 primarily due to a $13,259 increase in general government for salary increases, higher medical insurance, and retirement benefits for the following departments: Administration $2,260; County Attorney $1,670; Juvenile, Justice and Law enforcement $1,754. The expenditure increases also included $3,325 for the intergovernmental agreement with the Arizona Health Care Cost Containment System (AHCCCS) for supplemental payments to disproportionate share hospitals (DSH payments). Public safety expenditures (Sheriff Department) increased $5,738 due to $3,853 salary increases, higher medical insurance and retirement benefit costs and $2,100 increases in motor pool rates.

The $2,502 increase in revenues and $18,126 increase in expenditures is the primary basis for the $12,342 decrease in the fund balance, which ended the year at $48,190.

Budget to Actual Comparison for the General Fund

Overall, actual revenues were lower than budgeted revenues by $84 and actual expenditures were less than budgeted expenditures by $33,541.

Actual revenues for the General Fund were lower than budgeted primarily due to both, an under budget variance in property taxes of $4,535 and an over budget variance for intergovernmental revenue of $4,181. Actual intergovernmental revenues were higher than budgeted due to higher fiscal year 2014 Payments in Lieu of Taxes (PILT) from the department of interior of $1,215 and higher State shared sales tax revenues of $2,366. Actual property taxes were $4,535 less than budgeted primarily due to lower collections of delinquent taxes and interest payments of property taxes.

Actual expenditures for the General Fund were less than budgeted primarily due to the County Administrator's maintenance of the unreserved contingency being $21,684 less than budgeted. (The General Contingency is the Board of Supervisors' unreserved contingency that the board uses throughout the year to respond to changing needs or unforeseen circumstances.)

No variances between the budget to actual amounts at the departmental level were significant enough to affect the County's ability to provide future services.

Capital Projects Fund

Revenues for the Capital Projects Fund decreased $8,880, mainly due to a decrease of $8,322 in intergovernmental revenues. The intergovernmental revenue variance is primarily associated with a decrease of $8,923 in State revenue, related to reductions in funding for road projects winding down, primarily the Magee Road project decrease of $6,930 and the Camino de Oeste project decrease of $1,764.

Expenditures (capital outlays) decreased $39,230. This variance results from increases in capital expenditures in new or continuing programs, and greater decreases in expenditures of programs at or near completion. Significant decreases in capital expenditure projects include: Sunset Road-Santa Cruz River property acquisition $3,963; the Public Service Center $7,301; Tortolita Mountain Park Expansion $3,913; Communications Center $6,781; Magee Rd/Thornydale Rd $11,363; 2013 Pavement Preservation program $7,163; La Cholla Boulevard $4,582; Magee Rd/La Canada Rd $9,414. Some of the programs with larger increases in expenditures include: Flood Control-Paseo de las Iglesias project $6,409; Orange Grove Road $4,244; 2014 Pavement Preservation program $5,208; Valencia Road-Alvernon Way-Wilmot Road project $5,774.

The $78,160 face amount of long-term debt issued represents a decrease of $52,015 from fiscal year 2012-13. Proceeds received included $52,160 from certificates of participation, $10,000 from general obligation bonds, and $16,000 from Highway-User Revenue Fund (HURF). In fiscal year 2012-13, proceeds received were $130,175, including $50,000 from general obligation bonds and $80,175 from certificates of participation.

Transfers out increased by $56,175 primarily due to a $42,883 transfer from the 2013 COPs to RWR, a $3,667 transfer of the 2014 COPs to Parking Garages for construction at the new Public Service Center, and a $9,749 transfer to Fleet Services for the new services facility construction in progress.

The $8,880 decrease in revenues, the $39,230 decrease in expenses, and a total decrease of $109,429 in other financing sources yield a decrease of $79,079 in net change in fund balance, which ended the year at $149,012.

Debt Service Fund

This major fund accounts for the accumulation of resources for the payment of principal and interest of long-term debt.

Revenues for the Debt Service Fund decreased $4,630 primarily due to a decrease in property tax revenues as a result of decreasing secondary net assessed values. Expenditures for the Debt Service Fund increased $47,181 mainly from an increase in principal payments of $44,950. This expected increase is primarily associated with a $34,645 first principal payment of COPs 2013A, which was paid on December 2013 and a $16,000 GO series 2005, 2007 in cash defeasance. Please see Note 7 beginning on page 65 for more information on bond and certificate of participation details.

Proceeds from refunding debt were $8,805, a decrease of $42,475, as the only refunding consisted of $8,805 for 2014 HURF bonds.

Payments to escrow agents decreased to $10,131, a decrease of $45,292 from $55,423 in the prior year. The increase of transfers-in of $36,511 was primarily transfers from RWR to fund the first $34,645 principal payment of the 2013A COPs.

Major Proprietary Fund

The County's Regional Wastewater Reclamation Enterprise (RWR) Fund is a major enterprise fund.

The significant changes contributing to the fund's change in net position was an increase in total assets of $48,977, primarily from an increase of $28,467 in sewage conveyance system assets from the Regional Optimization Master Plan (ROMP) projects, and a $25,696 increase in equipment primarily from $23,865 ROMP projects. Building and improvements assets increased $456,540, resulting from the capitalization of completed projects.

Operating revenues of $161,676 represents an increase of $16,099 (11.1%) over the previous year, primarily due to an increase of $15,039 charges for services, resulting from a 10% fee increase (from $3.203 to $3.523 per ccf) effective in fiscal year 2013-14.

Operating expenses total of $125,160 represents an increase of $8,554 (7.3%) over the prior year, mainly due to an increase of $3,874 in depreciation expense following capitalization of approximately $446,905 in ROMP projects, and an increase of $3,093 in administrative expenses including, among other factors, an increase of $916 in administrative overhead, and an increase of $649 in motor pool expenses resulting from a rate increase.

The deficit in total nonoperating revenues decreased $4,628 primarily due to the decrease in loss on disposal of capital assets of $15,691 offset by an increase in debt interest cost of $12,062.

Transfers-in increased by $42,759, mainly due to a cash transfer from 2013 COPs. Transfers out increased by $35,686, to fund a debt service payment of $34,645 representing the first principal payment of the 2013A COPs.

The fiscal year 2013-14 activity yields a change in net position of $50,378, an increase of $22,489 (80.6%) over the previous year's change in net position, resulting in a total net position of $761,031 at fiscal year-end.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets consists of land, buildings and improvements, 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:

Governmental and Business-type Activities
Capital Assets
As of June 30, 2014 and 2013

	Governmental Activities			Business-type Activities			Total		
	2014	2013	Variance	2014	2013	Variance	2014	2013	Variance
Land	$ 499,163	$ 487,902	$ 11,261	$ 12,630	$ 12,554	$ 76	$ 511,793	$ 500,456	$ 11,337
Construction in progress	212,314	297,266	(84,952)	63,730	500,964	(437,234)	276,044	798,230	(522,186)
Buildings and improvements	478,182	460,795	17,387	651,642	204,944	446,698	1,129,824	665,739	464,085
Infrastructure	667,302	590,961	76,341				667,302	590,961	76,341
Sewage conveyance systems				439,754	423,280	16,474	439,754	423,280	16,474
Equipment	108,708	71,971	36,737	88,653	67,811	20,842	197,361	139,782	57,579
Total	$1,965,669	$1,908,895	$ 56,774	$1,256,409	$1,209,553	$ 46,856	$3,222,078	$3,118,448	$103,630

The County's total capital assets increased $103,630 (3.3%). Overall for the County, the most significant changes were: buildings and improvements increased $464,085 (69.7%), equipment increased $57,579 (41.2%), infrastructure increased $76,341 (12.9%); conversely, construction in progress decreased $522,186 (65.4%) .

Major capital asset events during the current fiscal year are described below.

Governmental activities

Capital assets of Governmental activities increased $56,774 (3%) over the previous year. Infrastructure increased $76,341 (12.9%), primarily from major road projects: La Cholla Blvd-Magee Road-Overton Road $24,357, Magee Road-Cortaro Farms Rd.-Mona Lisa- Thornydale Road $45,865. Equipment increased $36,737 (51%), primarily due to the equipment from Regional Public Safety Communication System $34,676.

Building and improvements increased $17,387 (3.8%), with significant projects comprising the increase included the following:

Contributions, Sporting Chance Center	$4,338
Kino Sports Complex stadium and field improvements	$3,212
Regional Flood Control District, Santa Cruz project	$2,106
Administration 4th Floor Tenant Improvements	$2,018
Eckstrom Columbus Branch Library Expansion	$1,498

Construction in progress in Governmental activities decreased $84,952 (28.6%), primarily due to the following completed projects: a decrease of $41,710 in the Pima County Wireless Integrated Network (PCWIN) project, a $23,500 decrease in the Interstate 19 Frontage Road- Continental Road-Canoa Road project, and a decrease of $22,612 in the Magee Road-Cortaro Farms Road project.

Business-type activities

Total assets increased $46,856 (3.9%). Equipment assets increased $20,842 (30.7%) mainly due to the Regional Optimization Master Planning (ROMP) project for $22,691. Sewage conveyance systems increased $16,474 (3.9%) primarily due to System-wide Conveyance Rehabilitation Program for $9,543, Prince Road and I-10 Sewer Modification project for $4,429, and a $2,977 increase from contributed capital from developers.

Building improvements increased $446,698 (218%), while construction in progress decreased $437,234 (87.3%). This is primarily due to the capitalization of RWRs completed ROMP projects of $468,232.

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 61-62.

Long-term Debt

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

Long-Term Debt For the Years Ended June 30, 2014 and 2013		
	2014	**2013**
Bonds issued (at face value):		
General Obligation	$ 10,000	$ 88,575
Street and Highway Revenue	24,805	
Sewer System Revenue Obligations	48,500	128,795
Certificates of Participation (COPs)	52,160	92,880
Total	$ 135,465	$ 310,250

During the year, $10,000 of general obligation bonds were issued. The $10,000 of new debt issued in Series 2014 was for the purpose of funding various capital projects in the County. The County also issued $24,805 of transportation revenue bonds of which $8,805 was used for a refunding transaction. This refunding resulted in an economic gain of $515 and a reduction in debt service payments of $569.

In addition, the County issued $52,160 in Certificates of Participation Series 2014. The County intends to use the proceeds to finance the costs of completing the Public Service Center and Office Tower. The County may also use a portion of the funds for other capital projects.

Regarding business-type activities, $48,500 of sewer system revenue obligations were issued to finance additions and improvements to the sewer conveyance systems.

The most recent ratings for Pima County's bonds and COPs are:

Credit Ratings				
	Standard & Poor's		Fitch Ratings	
	Rating	Date	Rating	Date
Certificates of Participation (COPs)	A+	Dec-2013	AA-	Dec-2013
General Obligation*	AA-	Dec-2013	AA	Dec-2013
Street and Highway Revenue	AA	Dec-2013	AA	Dec-2013
Sewer Revenue Bonds**	AA	Mar-2014	AA	Dec-2013
Sewer Revenue Obligations***	AA-	Jan-2014	AA-	Dec-2013

* S&P upgraded the 2005 and 2008 GO Bonds to AA based on the rating of insurance coverage on 3/19/2014.
** S&P upgraded the 2004R, 2007, 2008 & 2009 Sewer Revenue Bonds to AA based on the rating of insurance coverage on 3/19/2014. Excludes the 2011A Sewer Refunding Bonds which have ratings equal to the Sewer Revenue Obligations.
***S&P upgraded the 2010 Sewer Revenue Obligations to AA based on the rating of insurance coverage on 3/19/2014.

The State of Arizona Constitution limits the amount of general obligation debt a governmental entity may issue to 6.0% of its net assessed valuation without voter approval. However, Pima County has voter approval for general obligation debt up to 15.0%. The current debt limitation for Pima County is $1,143,554, 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 65-74.

Economic Factors and Next Year's Budget

As presented at The University of Arizona's Eller College of Management's 2014 Mid-Year Economic Update, the current economic situation in the State of Arizona and Pima County is one of mixed characteristics. Growth is occurring throughout the State in the areas of employment, population, real income and housing permit activity. Pima County in particular has experienced positive gains in aggregate retail sales. However, these growth rates are slow relative to both pre-recession levels and when comparing Pima County to the rest of the State. Within the County, it is anticipated that the real estate market and construction industry will take several more years to fully recover. In addition, actions of both the State and Federal government that financially impact the County have become increasingly unpredictable, while trending toward shifting of responsibilities to local government. Given these factors, Pima County will continue to face numerous budgetary challenges that necessitate next year's budget to be primarily a "maintenance of effort budget," which will sustain the County's existing service priorities. The following discussions identify significant activities expected to occur in fiscal year 2014-15.

Primary Property Taxes

The persistent weakness in the economy has put the County in an increasingly uncertain operating environment. The primary tax base began contracting in Fiscal Year 2010-11, while Net Assessed Value has declined 16.26% and is expected to shrink an additional 0.54% in the upcoming fiscal year. In order to compensate, the Fiscal Year 2014-15 Adopted Budget relies on a $0.6114 increase in the primary property tax rate for the General Government over the prior year tax rate. The total property tax rate for Pima County will increase from $5.0853 to $5.7167 per $100 of assessed valuation, a net increase of $0.6314.

State Shared Revenues

State shared sales tax revenue is projected to increase by $7.3 million in Fiscal Year 2014-15. This increase reflects a gradual recovery in the local economy.

University of Arizona Medical Center – South Campus

Beginning in 2010, Pima County entered into a two-year agreement with the Arizona Board of Regents on behalf of the University of Arizona, College of Medicine for funding of what is now designated as the University of Arizona Medical Center – South Campus. In May 2012, the Board of Supervisors approved a second two-year contract with the Arizona Board of Regents with an annual base funding of $15 million. In May 2014, the Board of Supervisors approved a third two-year contract with the Board of Regents continuing with the annual funding base of $15 million.

Road Repair

Pima County uses special revenues as a major funding source of its road repair. Since the economic recession, these revenues have continually trended downward. This decline is partly due to decreased collections in a weakened economy; but the decline is also exacerbated by the State's diversion of those collections that remain. As such, the Board of Supervisors will take the extraordinary action of appropriating General Fund dollars to the construction and maintenance of County roads for the third consecutive year. Continuation of this subsidy will be in the amount of $5 million and the Board of Supervisors will review roads to be repaired in Fiscal Year 2015.

Medical Insurance

In order to insulate itself from rapidly rising medical insurance premiums, Pima County moved to a self-insured medical plan run by a third party administrator in fiscal year 2013-14. Under this new model, fiscal year 2013-14 insurance costs increased by less than 7% from the previous year. In the upcoming fiscal year, medical insurance costs are projected to increase by 5% from last year. These increases are well below the historic 15-20% yearly increases that the County experienced in the final five years under the previous insurance model.

Solid Waste

Effective June 1, 2013, Pima County went from a direct service model of providing solid waste services to the Public to a new model of having a private contractor providing these services. This change is anticipated to reduce the County's annual costs for this function by over $4 million per year. Because of this action, funding within the General Fund to cover potential shortfalls is no longer needed.

Stadium District

Since the combined loss of Major League Baseball and stalling of the economy in 2008, the Stadium District has aggressively sought new strategies to broaden its users, decrease costs and increase revenues. Other than direct rental and concession revenue, funding for the District comes from three primary sources: a $3.50 surcharge on rental cars; a $0.50 per day tax on recreational vehicle spaces; and a 2% hotel/motel tax in the unincorporated area of the County. While fee and rental revenues paid to the District continue to trend in a positive direction, the slow

economic recovery continues to negatively affect tourist and recreational activities. The result has been a 23% decline in tax-based revenue over the past six years that was formerly used to fund the District. Fiscal Year 2013-14 projected revenues were insufficient to cover the Stadium's operating, maintenance, and debt service costs; thus necessitating a budgeted transfer of $1.5 million from the General Fund to the District. A similar situation is expected in Fiscal Year 2014-15, which has prompted the Board of Supervisors to allocate $2.2 million from the Budget Stabilization Fund to the District as an operating transfer, should the need arise.

Requests 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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PIMA COUNTY

Basic Financial Statements

PIMA COUNTY, ARIZONA

Exhibit A - 1

Statement of Net Position

June 30, 2014

(in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit SW Fair Commission
Assets				
Cash and cash equivalents	$ 415,700	$ 129,781	$ 545,481	$ 750
Property taxes receivable (net)	12,138		12,138	
Interest receivable	298	203	501	
Internal balances	6	(6)	-	
Due from other governments	46,016	9	46,025	
Accounts receivable (net)	12,938	18,194	31,132	4
Inventories	2,086	1,877	3,963	32
Prepaids	5,017	74	5,091	69
Other assets	1,018		1,018	
Restricted assets:				
Cash and cash equivalents	2,431	104,545	106,976	2,300
Loans receivable	1,894		1,894	
Capital assets not being depreciated:				
Land	499,163	12,630	511,793	
Construction in progress	212,314	63,730	276,044	
Capital assets being depreciated (net):				
Buildings and improvements	478,182	651,642	1,129,824	2,822
Sewage conveyance system		439,754	439,754	
Equipment	108,708	88,653	197,361	445
Infrastructure	667,302		667,302	
Total assets	2,465,211	1,511,086	3,976,297	6,422
Deferred outflows of resources				
Deferred charge on refunding	3,520		3,520	
Total deferred outflows of resources	3,520		3,520	
Liabilities				
Accounts payable	60,239	19,459	79,698	239
Interest payable	3	300	303	
Contract retentions	3,106		3,106	
Employee compensation	19,766	1,854	21,620	
Due to other governments	80	3	83	
Deposits and rebates	2,014		2,014	35
Unearned revenue	6,610	2,506	9,116	66
Noncurrent liabilities:				
Due within one year	100,920	49,129	150,049	
Due in more than one year	693,623	660,387	1,354,010	
Total liabilities	886,361	733,638	1,619,999	340
Net Position				
Net investment in capital assets	1,354,456	586,868	1,941,324	3,267
Restricted for:				
Facilities, justice, library, tax stabilization, and community development	61,936		61,936	
Highways and streets	10,988		10,988	
Debt service		31,615	31,615	
Capital projects	66,885	22,720	89,605	
Regional wastewater		18,820	18,820	
Healthcare	3,591		3,591	
Unrestricted	84,514	117,425	201,939	2,815
Total net position	$ 1,582,370	$ 777,448	$ 2,359,818	$ 6,082

See accompanying notes to financial statements

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PIMA COUNTY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2014
(in thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 230,742	$ 27,355	$ 26,013	$ 5,969
Public safety	188,782	14,846	7,714	294
Highways and streets	93,675	6,307	49,953	46,125
Sanitation	4,252	31	1,168	
Health	36,085	13,259	8,428	
Welfare	93,224	80	336	
Culture and recreation	63,961	2,548	547	378
Education and economic opportunity	35,756	430	18,970	1,817
Amortization - unallocated	(5,758)			
Interest on long-term debt	27,994			
Total governmental activities	768,713	64,856	113,129	54,583
Business-type activities:				
Regional Wastewater Reclamation	145,117	171,650		6,807
Development Services	6,796	7,553		
Parking Garages	1,877	2,362		
Total business-type activities	153,790	181,565		6,807
Total primary government	$ 922,503	$ 246,421	$ 113,129	$ 61,390
Component unit:				
Southwestern Fair Commission	5,579	5,635	121	
Total component unit	$ 5,579	$ 5,635	$ 121	

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

Transfers
Total general revenues and transfers
Change in net position
Net position at beginning of year
Net position at end of year

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental Activities	Business-type Activities	Total	Component Unit SW Fair Commission	Functions/Programs
				Primary government:
				Governmental activities:
$ (171,405)		$ (171,405)		General government
(165,928)		(165,928)		Public safety
8,710		8,710		Highways and streets
(3,053)		(3,053)		Sanitation
(14,398)		(14,398)		Health
(92,808)		(92,808)		Welfare
(60,488)		(60,488)		Culture and recreation
(14,539)		(14,539)		Education and economic opportunity
5,758		5,758		Amortization - unallocated
(27,994)		(27,994)		Interest on long-term debt
(536,145)		(536,145)		**Total governmental activities**
				Business-type activities:
	$ 33,340	33,340		Regional Wastewater Reclamation
	757	757		Development Services
	485	485		Parking Garages
	34,582	34,582		**Total business-type activities**
(536,145)	34,582	(501,563)		**Total primary government**
				Component unit:
			$ 177	Southwestern Fair Commission
			$ 177	**Total component unit**
				General revenues:
273,435		273,435		Property taxes, levied for general purposes
17,697		17,697		Property taxes, levied for regional flood control district
28,354		28,354		Property taxes, levied for library district
58,546		58,546		Property taxes, levied for debt service
6,262		6,262		Hotel/motel taxes, levied for sports facility and tourism
1,509		1,509		Other taxes, levied for stadium district
101,605		101,605		Unrestricted share of state sales tax
23,899		23,899		Unrestricted share of state vehicle license tax
5,035		5,035		Grants and contributions not restricted to specific programs
6,976		6,976		Interest and penalties on delinquent taxes
2,955	1,237	4,192		Investment earnings
16,810	1,484	18,294	82	Miscellaneous
(16,715)	16,715			Transfers
526,368	19,436	545,804	82	Total general revenues and transfers
(9,777)	54,018	44,241	259	Change in net position
1,592,147	723,430	2,315,577	5,823	Net position at beginning of year
$ 1,582,370	$ 777,448	$ 2,359,818	$ 6,082	Net position at end of year

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Balance Sheet - Governmental Funds
June 30, 2014
(in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 56,990	$ 169,811	$ 7,685	$ 75,377	$ 309,863
Property taxes receivable (net)	8,702		1,888	1,548	12,138
Interest receivable	73	38	74	77	262
Due from other funds	2,544	2,159		222	4,925
Due from other governments	20,625	7,097	6	18,147	45,875
Accounts receivable	1,494	1,952		6,348	9,794
Inventory				1,369	1,369
Prepaid expenditures	3,384			480	3,864
Loan receivable	1,894				1,894
Other assets				1,018	1,018
Restricted cash and cash equivalents		1,816		45	1,861
Total assets	$ 95,706	$ 182,873	$ 9,653	$ 104,631	$ 392,863
Liabilities, deferred inflows of resources and fund balances					
Liabilities:					
Accounts payable	$ 13,462	$ 25,242	$ 3	$ 16,971	$ 55,678
Interest payable				3	3
Contract retentions		2,532		4	2,536
Employee compensation	14,533	31		4,831	19,395
Due to other funds	140	95		4,726	4,961
Due to other governments	10			70	80
Deposits and rebates	191	1,816		7	2,014
Unearned revenue	2,312	155		4,143	6,610
Total liabilities	30,648	29,871	3	30,755	91,277
Deferred inflows of resources:					
Unavailable revenue - intergovernmental	8,476	3,213		5,277	16,966
Unavailable revenue - property taxes	8,008		1,802	1,446	11,256
Unavailable revenue - other	384	777		299	1,460
Total deferred inflows of resources	16,868	3,990	1,802	7,022	29,682
Total liabilities and deferred inflows of resources	47,516	33,861	1,805	37,777	120,959
Fund balances					
Nonspendable	5,278			1,894	7,172
Restricted		145,256		60,984	206,240
Committed		3,836		6,308	10,144
Assigned	181		7,848	4,204	12,233
Unassigned	42,731	(80)		(6,536)	36,115
Total fund balances	48,190	149,012	7,848	66,854	271,904
Total liabilities, deferred inflows of resources and fund balances	$ 95,706	$ 182,873	$ 9,653	$ 104,631	$ 392,863

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2014
(in thousands)

Fund balances - total governmental funds		$ 271,904
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	$ 2,869,451	
Less accumulated depreciation	(945,504)	1,923,947
Some liabilities and their associated costs are not due and payable in the current period and therefore are not reported in the governmental funds.		
Unamortized deferred outflow for bond refunding	3,520	
Bonds payable	(549,087)	
Certificates of participation payable	(149,703)	
Leases and notes payable	(640)	(695,910)
Some compensated absences are not due and payable shortly after June 30, 2014, and therefore are not reported in the governmental funds.		
Employee compensation		(30,294)
Some liabilities are not due and payable shortly after June 30, 2014, and are therefore not reported in the governmental funds.		
Landfill liability	(22,771)	
Pollution remediation liability	(639)	(23,410)
Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		29,682
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 Position.		106,451
Net position of governmental activities		$ 1,582,370

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2014
(in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 280,965		$ 58,737	$ 46,127	$ 385,829
Licenses and permits	2,928			5,347	8,275
Intergovernmental	135,953	$ 25,037	14	131,078	292,082
Charges for services	35,671	5,054		17,101	57,826
Fines and forfeits	4,211			4,441	8,652
Investment earnings	287	762	295	393	1,737
Miscellaneous	7,322	1,740	14	8,388	17,464
Total revenues	467,337	32,593	59,060	212,875	771,865
Expenditures:					
Current:					
General government	206,356			41,151	247,507
Public safety	136,825			20,747	157,572
Highways and streets				37,772	37,772
Sanitation				2,521	2,521
Health	3,543			31,814	35,357
Welfare	92,858			335	93,193
Culture and recreation	17,859			38,886	56,745
Education and economic opportunity	12,383			21,813	34,196
Capital outlay		135,746			135,746
Debt service - principal	146		112,835	356	113,337
- interest	14		26,758	5	26,777
- miscellaneous			1,030		1,030
Total expenditures	469,984	135,746	140,623	195,400	941,753
Excess (deficiency) of revenues over (under) expenditures	(2,647)	(103,153)	(81,563)	17,475	(169,888)
Other financing sources (uses):					
Installment note				239	239
Premium on bonds			9,488		9,488
Proceeds from refunding debt			8,805		8,805
Payments to escrow agent			(10,131)		(10,131)
Face amount of long-term debt issued		78,160			78,160
Proceeds from sale of capital assets				360	360
Transfers in	24,192	46,610	61,489	30,392	162,683
Transfers (out)	(33,887)	(67,335)	(5,880)	(83,038)	(190,140)
Total other financing sources (uses)	(9,695)	57,435	63,771	(52,047)	59,464
Net change in fund balances	(12,342)	(45,718)	(17,792)	(34,572)	(110,424)
Fund balances at beginning of year	60,532	194,730	25,640	101,654	382,556
Changes in nonspendable fund balance:					
Change in inventory				(228)	(228)
Fund balances at end of year	$ 48,190	$ 149,012	$ 7,848	$ 66,854	$ 271,904

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, 2014
(in thousands)

Net change in fund balances - total governmental funds		$ (110,424)
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	$ 89,408	
Less current year depreciation	(62,322)	27,086
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 Position. 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 Position. Also, governmental funds report the effect of deferred outflows of resources, 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 issued	(78,160)	
Premium on bonds	(9,488)	
Proceeds from refunding bonds	(8,805)	
Debt service - principal payments	113,337	
Payments to escrow agent	10,131	
Installment note	(239)	
Amortization expense	5,758	
Deferred outflows - interest	(1,208)	31,326
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. In addition, collections of some revenues in the governmental funds exceeded revenues reported in the Statement of Activities.		
Donations of capital assets	17,544	
Intergovernmental	(2,836)	
Property tax revenues	(822)	
Other	848	14,734
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	(86)	
Change in landfill liability	(1,041)	
Net book value of capital asset disposals	(1,810)	
Other	(133)	(3,070)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The incorporation of the external activities of these funds, and the elimination of profit/loss generated by primary government customers results in net revenue (expense) for governmental activities.		30,571
Change in net position of governmental activities		$ (9,777)

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 7

Statement of Net Position - Proprietary Funds
June 30, 2014
(in thousands)

	Business-type Activities Enterprise Funds			
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Assets				
Current assets:				
Cash and cash equivalents	$ 121,427	$ 8,354	$ 129,781	$ 105,837
Restricted cash and cash equivalents	55,457		55,457	570
Interest receivable	194	9	203	36
Due from other funds	6		6	71
Due from other governments	3	6	9	141
Accounts receivable (net)	18,039	155	18,194	3,144
Inventory	1,877		1,877	717
Prepaid expense	54	20	74	1,153
Total current assets	197,057	8,544	205,601	111,669
Noncurrent assets:				
Restricted cash and cash equivalents	49,088		49,088	
Loan receivable				10,000
Capital assets:				
Land	10,862	1,768	12,630	592
Buildings and improvements	838,860	12,927	851,787	967
Sewage conveyance system	721,515		721,515	
Equipment	131,586	883	132,469	46,403
Less accumulated depreciation	(515,502)	(10,220)	(525,722)	(20,771)
Construction in progress	60,000	3,730	63,730	14,531
Total capital assets (net of accumulated depreciation)	1,247,321	9,088	1,256,409	41,722
Total noncurrent assets	1,296,409	9,088	1,305,497	51,722
Total assets	1,493,466	17,632	1,511,098	163,391
Liabilities				
Current liabilities:				
Accounts payable	18,960	499	19,459	4,561
Contract retentions				570
Employee compensation	1,611	243	1,854	371
Interest payable	300		300	
Due to other funds	12		12	29
Due to other governments	3		3	
Unearned revenue	2,506		2,506	
Current sewer revenue bonds and obligations payable	47,594		47,594	
Current portion of wastewater loans payable	1,535		1,535	
Current portion reported but unpaid losses				5,883
Current portion incurred but not reported losses				8,815
Total current liabilities	72,521	742	73,263	20,229
Noncurrent liabilities:				
Compensated absences payable	2,702	473	3,175	548
Loan payable				10,000
Contracts and notes	7,942		7,942	
Sewer revenue bonds and obligations payable	631,125		631,125	
Wastewater loans payable	18,145		18,145	
Reported but unpaid losses				15,838
Incurred but not reported losses				10,325
Total noncurrent liabilities	659,914	473	660,387	36,711
Total liabilities	732,435	1,215	733,650	56,940
Net position				
Net investment in capital assets	577,780	9,088	586,868	41,722
Restricted for:				
Debt service	31,615		31,615	
Capital projects	22,720		22,720	
Healthcare				7,538
Regional wastewater reclamation	18,820		18,820	
Unrestricted	110,096	7,329	117,425	57,191
Total net position	$ 761,031	$ 16,417	$ 777,448	$ 106,451

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2014
(in thousands)

	Business-type Activities Enterprise Funds			
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Operating revenues:				
Charges for services	$ 160,229	$ 9,915	$ 170,144	$ 110,474
Other	1,447	55	1,502	1,649
Total net operating revenues	161,676	9,970	171,646	112,123
Operating expenses:				
Employee compensation	34,878	5,338	40,216	8,992
Operating supplies and services	8,070	94	8,164	8,292
Utilities	7,664		7,664	
Sludge and refuse disposal	1,512		1,512	
Repair and maintenance	6,267	95	6,362	1,470
Incurred losses				52,012
Insurance premiums				10,275
General and administrative	10,810	2,495	13,305	4,411
Consultants and professional services	7,367	434	7,801	4,105
Depreciation	48,592	217	48,809	4,022
Total operating expenses	125,160	8,673	133,833	93,579
Operating income	36,516	1,297	37,813	18,544
Nonoperating revenues (expenses):				
Investment earnings	1,197	40	1,237	1,206
Sewer connection fees	11,397		11,397	
Interest expense	(15,529)		(15,529)	
Debt issuance cost	(523)		(523)	
Gain/(loss) on disposal of capital assets	(3,905)	6	(3,899)	(137)
Total nonoperating revenues (expenses)	(7,363)	46	(7,317)	1,069
Income before contributions and transfers	29,153	1,343	30,496	19,613
Capital contributions	6,807		6,807	216
Transfers in	51,404	3,667	55,071	16,008
Transfers (out)	(36,986)	(1,370)	(38,356)	(5,266)
Change in net position	50,378	3,640	54,018	30,571
Net position at beginning of year	710,653	12,777	723,430	75,880
Net position at end of year	$ 761,031	$ 16,417	$ 777,448	$ 106,451

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2014
(in thousands)

	Business-Type Activities — Enterprise Funds			Governmental Activities- Internal Service Funds
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	
Cash flows from operating activities:				
Cash received from other funds for goods and services provided				$ 107,639
Cash received from customers for goods and services provided	$ 160,202	$ 9,966	$ 170,168	
Cash received from miscellaneous operations	1,447		1,447	1,678
Cash payments to suppliers for goods and services	(26,697)	(1,560)	(28,257)	(23,582)
Cash payments to other funds for goods and services	(11,810)	(1,800)	(13,610)	(5,230)
Cash payments for incurred losses				(46,919)
Cash payments to employees for services	(34,738)	(4,910)	(39,648)	(7,924)
Net cash provided by operating activities	88,404	1,696	90,100	25,662
Cash flows from noncapital financing activities:				
Cash transfers in from other funds	51,404	3,667	55,071	15,981
Cash transfers out to other funds	(36,959)	(1,370)	(38,329)	(5,266)
Loans with other funds	8,531		8,531	9,865
Net cash provided by noncapital financing activities	22,976	2,297	25,273	20,580
Cash flows from capital and related financing activities:				
Proceeds from issuance of bonds and loans	48,500		48,500	
Principal paid on bonds and loans	(36,978)		(36,978)	
Interest paid on bonds and loans	(23,364)		(23,364)	
Issuance cost of new debt	(523)		(523)	
Proceeds from premium	7,032		7,032	
Sewer connection fees	10,990		10,990	
Proceeds from sale of capital assets		6	6	722
Purchase of capital assets	(102,853)	(3,730)	(106,583)	(18,021)
Net cash (used for) capital and related financing activities	(97,196)	(3,724)	(100,920)	(17,299)
Cash flows from investing activities:				
Loan receivable				(10,000)
Interest received on cash and investments	1,068	34	1,102	1,176
Net cash provided by (used for) investing activities	1,068	34	1,102	(8,824)
Net increase in cash and cash equivalents	15,252	303	15,555	20,119
Cash and cash equivalents at beginning of year	210,720	8,051	218,771	86,288
Cash and cash equivalents at end of year	$ 225,972	$ 8,354	$ 234,326	$ 106,407

(continued)

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2014
(in thousands)

(continued)

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	Business-Type Activities — Enterprise Funds: Regional Wastewater Reclamation	Business-Type Activities — Enterprise Funds: Other Enterprise Funds	Business-Type Activities — Enterprise Funds: Total Enterprise Funds	Governmental Activities- Internal Service Funds
Operating income	$ 36,516	$ 1,297	$ 37,813	$ 18,544
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	48,592	217	48,809	4,022
Changes in assets and liabilities:				
Decrease (increase) in assets:				
Accounts receivable	(26)	(4)	(30)	(2,768)
Due from other governments	(1)		(1)	(38)
Inventory and other assets	1,220		1,220	(32)
Prepaid expense	(37)	(11)	(48)	437
Increase (decrease) in liabilities:				
Accounts payable	2,005	148	2,153	358
Due to other governments	(5)		(5)	
Reported but unpaid losses				115
Incurred but not reported losses				4,978
Other liabilities	140	49	189	46
Net cash provided by operating activities	$ 88,404	$ 1,696	$ 90,100	$ 25,662

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2014:

Regional Wastewater Reclamation Enterprise Fund received developer-built conveyance systems with estimated fair value of $6,541 and received other capital assets totaling $76. These contributions were recorded as an increase in capital assets and capital contributions.

Regional Wastewater Reclamation Enterprise Fund retired capital assets with a net book value of $3,905.

Regional Wastewater Reclamation Enterprise Fund transferred out assets with a value of $27 to the County's Internal Service Fund.

Regional Wastewater Reclamation Enterprise Fund received assets from the County's general government in the amount of $278. This transaction was recorded as an increase in capital assets and capital contributions.

Regional Wastewater Reclamation Enterprise Fund recorded a Pima County Board of Supervisors' approved Connection Flow-Through Sewer Credit Agreement in the amount of $95. This transaction was recorded as an increase to unearned revenue and a decrease in capital contributions.

The Regional Wastewater Reclamation Enterprise Fund retired expired Sewer Credit Agreements totaling $7. This transaction was recorded as a decrease to unearned revenue and an increase in capital contributions.

Other Enterprise Funds retired fully depreciated capital assets with an original cost of $263.

Internal Service Funds received a transfer in of capital assets from Regional Wastewater Reclamation with a net book value of $27.

Internal Service Funds received capital contributions with a value of $216 from General Government and sold capital assets with a net book value of $859.

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2014
(in thousands)

	Investment Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	$ 144,516	$ 68,890
Interest receivable	136	
Due from other governments		1,174
Total assets	$ 144,652	$ 70,064
Liabilities		
Employee compensation		$ 115
Due to other governments		37,894
Deposits and rebates		32,055
Total liabilities		$ 70,064
Net position		
Held in trust for pool participants	$ 144,652	

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2014
(in thousands)

	Investment Trust Funds
Additions	
Contributions from participants	$ 2,452,239
Total contributions	2,452,239
Investment earnings	957
Total investment earnings	957
Total additions	2,453,196
Deductions	
Distributions to participants	2,515,033
Total deductions	2,515,033
Change in net position	(61,837)
Net position held in trust July 1, 2013	206,489
Net position held in trust June 30, 2014	$ 144,652

See accompanying notes to financial statements

Note 1: Summary of Significant Accounting Policies

Pima County's accounting policies conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

The County is a general purpose local government that is governed by a separately elected board of 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 to be financially accountable. Blended component units, although legally separate entities, are so intertwined with the County that they are in substance part of the County's operations. Component units should be blended in the County's financial statements when the component unit's governing body is substantively the same as the County's governing body and there is either a financial benefit or burden relationship between the County and the component unit or County management has operational responsibility for it; the component unit provides services entirely, or almost entirely, to the County; or the component unit's total debt outstanding is expected to be repaid entirely or almost entirely with the County's resources. Therefore, data from these units is combined with data of the County. 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 following describes the County's component units:

The Pima County Stadium District, a legally separate entity, was originally created to provide regional leadership and fiscal resources to ensure the presence of major league baseball in Pima County. However, in 2008 and 2010, the Chicago White Sox and the Arizona Diamondbacks Major League Baseball teams terminated their agreements with the District and moved to newer, larger facilities in Maricopa County. Since their departure, the District has taken steps to repurpose and diversify the use of the Stadium and to decrease costs and increase revenue. The Kino Sports Complex is dedicated primarily to soccer activities with a lighted 2,000-seat North Grandstand field, four more soccer fields, and a 2,000-seat stadium under construction. Additional amenities include two lighted softball fields and the Kino Environmental Restoration Project. The facility hosts youth athletics, amateur and professional sports, concerts and community events on its fields. The County Board of Supervisors serves as 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 Library District provides and maintains library services for the County's residents. The Pima County Board of Supervisors is the Board of Directors of the District. 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 Pima 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.

Note 1: Summary of Significant Accounting Policies (continued)

The Pima County Street Lighting Districts (SLDs) operate and maintain street lighting for specific regions in areas outside local city jurisdictions. The Pima County Board of Supervisors serves as the Board of Directors. SLDs are reported as a special revenue fund in these financial statements and meet substantively the same criteria as blended component units. Separate financial statements for the SLDs 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 annual fair and other events at the fairgrounds. The Commission's members are appointed and can be removed at any time by the Pima County Board of Supervisors. Based on these factors, and because SFC does not provide services entirely, or almost entirely to the County, but rather to the 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 Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the County as a whole, while the fund 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 information's usefulness.

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

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

- charges to customers or applicants for goods, services, or privileges provided;
- operating grants and contributions; and
- capital grants and contributions, including special assessments.

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes the County levies or imposes, are reported as general revenues.

Note 1: Summary of Significant Accounting Policies (continued)

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double-counting of internal activities. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

Fund 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 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 nonmajor funds. Fiduciary funds are aggregated and reported by fund type.

Proprietary fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from transactions associated with the fund's principal activity. Accordingly, revenues, such as user charges, in which each party receives and gives up essentially equal values, are operating revenues. Other revenues result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues such as connection fees, intergovernmental revenues, along with investment earnings and revenues ancillary activities generate. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund revenues are primarily from property taxes and intergovernmental revenues.

The *Capital Projects Fund* accounts for financial resources to be used for the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. Capital Projects Fund revenues are from intergovernmental, face amount of long-term debt and transfers in.

The *Debt Service Fund* accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Revenues are from property taxes, proceeds from refunding debt, and transfers in.

The County reports the following major enterprise fund:

Regional Wastewater Reclamation (RWR) accounts for the management and operation of wastewater treatment and water pollution control programs. Revenues are from charges for services and connection fees.

The County also reports the following fund types:

Internal Service Funds account for fleet maintenance and operation, insurance, printing services, and telecommunications services provided to the County's departments or to other governments on a cost-reimbursement basis. The County transitioned to a medical self-insurance model on July 1, 2013 that is funded by employee and employer premium rates.

Investment Trust Funds account for pooled assets and individual investment accounts the County Treasurer holds and invests on behalf of other governmental entities.

Agency Funds account for assets the County holds as an agent for the State, cities, towns, and other parties.

Note 1: Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The agency funds are custodial in nature and do not have a measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities. 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 the provider imposed have been met.

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 position resources available to finance the program. The County applies grant resources to such programs before using general revenues.

Governmental funds in the fund 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 they become both measurable and available. The County recognizes property taxes to be available if collected within 30 days. In addition, other taxes that are reported as intergovernmental revenues, i.e. state shared sales tax, highway user revenues and vehicle license tax, recreational vehicle taxes, car rental surcharges, and hotel excise taxes are also recognized if collected within 30 days. Grant funded intergovernmental revenues are considered available if collected within 60 days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, landfill closure and postclosure care costs, and pollution remediation obligations, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

D. Cash and Investments

For the statement of cash flows, the County's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the County Treasurer, investments in the State Treasurer's Local Government Investment Pool, and only those highly liquid investments with a maturity of 3 months or less when purchased.

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

E. Inventories

Inventories in the government-wide and proprietary funds' financial statements are recorded as assets when purchased and expensed when consumed.

The County accounts for its inventories in the Health Fund using the purchase method. Inventories of the Health Department 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 as nonspendable fund balance 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.

Note 1: Summary of Significant Accounting Policies (continued)

Inventories of the Transportation Department are recorded as assets when purchased and expensed when used. Inventories in Transportation are valued at lower of cost or market, cost being determined using the moving average method.

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

Inventories of Internal Service Funds are valued at lower of cost or market, cost being determined using the moving average 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 (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	All	N/A	N/A
Land improvements (Reported in buildings and improvements)	All	Straight Line	20 - 30 Years
Buildings and improvements	$100	Straight Line	10 - 50 Years
Equipment	$5	Straight Line	4 - 25 Years
Infrastructure/Sewer conveyance systems	$100	Straight Line	10 - 50 Years
Intangible (Reported in land, equipment, and infrastructure)	$100	Straight Line	Varies

Discretely presented component unit:

The Southwestern Fair Commission, Inc. 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. Deferred Outflows/Inflows of Resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to

Note 1: Summary of Significant Accounting Policies (continued)

future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods.

I. Fund Balance Classifications

The governmental funds' fund balances are reported separately within classifications based on a hierarchy of the constraints placed on those resources' use. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form, such as inventories, or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations that the County's Board of Supervisors approved, which is the highest level of decision-making authority within the County. Only the Board can remove or change the constraints placed on committed fund balances. This approval must be given at a regular supervisory meeting.

Assigned fund balances are resources constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Supervisors has authorized the County Administrator to make assignments of resources for a specific purpose. Modifications or rescissions of the constraints can also be removed by the same action that limited the funds.

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the County's policy to use restricted fund balance first. For the disbursement of unrestricted fund balances, the County will use committed amounts first, followed by assigned amounts, and lastly unassigned amounts.

J. Investment Earnings

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

K. Compensated Absences

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

Employees may accumulate up to 240 hours of vacation depending on years of service, but they forfeit any unused vacation hours in excess of the maximum amount at fiscal year-end. Upon terminating employment, the County pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide and proprietary funds' financial statements. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal year-end.

Note 1: Summary of Significant Accounting Policies (continued)

Employees may accumulate up to 1920 hours of sick leave. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but employees forfeit them upon terminating employment. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements. However, employees who have accumulated greater than 240 hours of sick leave and are eligible to retire will receive some benefits. An estimate of those retirement payouts is accrued as a liability in government-wide and proprietary funds' financial statements in Employee Compensation for the current portion and under Noncurrent Liabilities for the noncurrent portion. Compensated absences for the governmental funds is accrued based on vacation and sick leave paid within the first two pay periods after fiscal year-end and is reported in Employee Compensation. 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.

Note 2: Fund Balance Classifications of the Governmental Funds

The table below details the fund balance categories and classifications.

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	CAFR Total
Fund Balance:					
Nonspendable:					
Inventory				$ 1,369	$ 1,369
Prepaid expenditures	$ 3,384			480	3,864
Loan receivable	1,894				1,894
Permanent fund principal				45	45
Total nonspendable	5,278			1,894	7,172
Restricted for:					
Capital Projects					
Streets and highways		$ 57,155			57,155
Other		34,792			34,792
Justice Court /Public Service Center		42,813			42,813
Judicial activities				21,829	21,829
Flood Control District		10,496		11,690	22,186
Health				5,128	5,128
Law enforcement				2,153	2,153
Library District				5,991	5,991
School reserve				536	536
Social services				1,368	1,368
Streets and highways				9,704	9,704
Tire fund				1,307	1,307
Other purposes				1,278	1,278
Total restricted		145,256		60,984	206,240
Committed to:					
Judicial activities				124	124
Parks and recreation		220		981	1,201
School reserve				238	238
Sports promotion (Stadium)				1,225	1,225
Other purposes		3,616		3,740	7,356
Total committed		3,836		6,308	10,144
Assigned to:					
Debt service reserve			$ 7,848		7,848
Health				1,358	1,358
Landfill				379	379
Law enforcement	176			322	498
School reserve				920	920
Other purposes	5			1,225	1,230
Total assigned	181		7,848	4,204	12,233
Unassigned:	42,731	(80)		(6,536)	36,115
Total Fund Balance	$ 48,190	$ 149,012	$ 7,848	$ 66,854	$ 271,904

Note 3: Cash and Investments

Primary Government

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds, notes, and other evidences of indebtedness; interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; specified commercial paper issued by corporations organized and doing business in the United States; specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars; and certain open-end and closed-end mutual funds, including exchange traded funds. In addition, the County Treasurer may invest trust funds in certain 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 of prime quality and be rated within the top two ratings by a nationally recognized rating agency.

2. Corporate bonds, debentures and notes that are denominated in United States dollars must be rated "A" or better by at least two nationally recognized rating agencies at the time of purchase.

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 require collateral for demand deposits and certificates of deposit 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. Investments in repurchase agreements must have a maximum maturity of 180 days.

Foreign currency risk—Statutes do not allow foreign investments unless the investment is denominated in United States dollars.

Deposits—At June 30, 2014, the carrying amount of the County's deposits was $57,664, and the bank balance was $61,206.

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, 2014, $4,599 of County's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 3: Cash and Investments (continued)

Investments—At June 30, 2014, the County's investments consisted of $361,411 invested in marketable securities and $446,740 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, 2014, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
Commercial paper	A1/P1	S&P / Moody's	$ 9,989
Corporate bonds	B+/B1	S&P / Moody's	249,873
Municipal bonds	Unrated		10,773
Federal Farm Credit Bank	AA+/Aaa	S&P / Moody's	15,898
Federal Home Loan Bank	AA+/Aaa	S&P / Moody's	34,013
Money market mutual fund	AAAm/Aaa-mf	S&P / Moody's	29,088
		Marketable securities	349,634
State Treasurer Investment Pool 5	AAAf/S1+	S&P	283,182
State Treasurer Investment Pool 500	Unrated		101,357
State Treasurer Investment Pool 7	Unrated		62,201
	State Treasurer's Investment Pool		446,740
Total			$ 796,374

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 $808,151 of investments, $332,323, consisting of the commercial paper, corporate bonds, municipal bonds, Federal Farm Credit Bank, Federal Home Loan Bank, and U.S. Treasury notes, is uninsured and held by a counterparty in the County's name in book entry form.

Concentration of credit risk—The County has no formal policy with respect to limiting the amount the Treasurer may invest in any one issuer. The County's exposure as of June 30, 2014 is less than 5% per issuer.

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.

Note 3: Cash and Investments (continued)

As of June 30, 2014, the County had the following investments:

Investment Type	Amount	Weighted Average Maturity (Years)
State Treasurer Investment Pool 5	$ 283,182	0.16
State Treasurer Investment Pool 500	101,357	5.59
State Treasurer Investment Pool 7	62,201	0.05
Commercial paper	9,989	0.47
Corporate bonds	249,873	1.59
Municipal bonds	10,773	1.64
Federal Farm Credit Bank	15,898	2.36
Federal Home Loan Bank	34,013	3.15
U.S. Treasury Notes	11,777	1.34
Money market mutual fund	29,088	0.13
Total	$ 808,151	

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

	Cash on Hand	Amount of Deposits	Amount of Investments	Total
Cash, deposits, and investments:	$ 48	$ 57,664	$ 808,151	$ 865,863

	Governmental Activities	Business-type Activities	Investment Trust Funds	Agency Funds	Totals
Statement of Net Position:					
Cash and cash equivalents	$ 415,700	$ 129,781	$ 144,516	$ 68,890	$ 758,887
Restricted cash and cash equivalents	2,431	104,545			106,976
Total	$ 418,131	$ 234,326	$ 144,516	$ 68,890	$ 865,863

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 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. Substantially, all deposits and investments of the County's primary government are included in the County Treasurer's investment pool. Therefore, the deposit and investment risks of the Treasurer's investment pool are substantially the same as the County's deposit and investment risks disclosed above.

Note 3: Cash and Investments (continued)

The Pool's assets consist of the following:

	Principal	Interest Rates	Maturities	Fair Value
Commercial paper	$ 10,000	0.00%	12/14	$ 9,989
Corporate bonds	240,401	0.40-7.13%	07/14-06/18	249,873
Municipal bonds	10,710	0.25-1.5%	07/14-07/17	10,773
Federal Farm Credit Bank	15,828	0.35-2.08%	11/15-9/18	15,898
Federal Home Loan Bank	34,000	0.5-1.25%	11/16-11/18	34,013
U.S. Treasury Notes	11,700	0.75-2.63%	07/14-06/17	11,777
State Treasurer Investment Pool 5	147,502	N/A	N/A	147,502
Deposits	21,316	N/A	N/A	21,316
Interest receivable	136	N/A	N/A	136
Total assets				$ 501,277

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

Statement of Net Position	
Assets held in trust for:	
Internal participants	$ 425,578
External participants	75,699
Total assets	501,277
Total liabilities	
Total net position held in trust	$ 501,277
Statement of Changes in Net Position	
Total additions	$5,929,669
Total deductions	(5,997,783)
Net decrease	(68,114)
Net position held in trust:	
July 1, 2013	569,391
June 30, 2014	$ 501,277

Note 4: Due from Other Governments

Governmental activities:

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Internal Service Funds	Total Governmental Activities
Federal government:						
Grants and contributions	$ 69		$ 6	$ 2,608		$ 2,683
State of Arizona:						
Taxes and shared revenues	19,016	$ 1,150		4,792		24,958
Grants and contributions				8,224	$ 3	8,227
Cities:						
Reimbursement for services	1,446	525		2,456	121	4,548
Other governments:						
Reimbursement for services	94	5,422		67	17	5,600
Total due from other governments fund based statements	$ 20,625	$ 7,097	$ 6	$ 18,147	$ 141	$ 46,016

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 487,902	$ 11,357	$ (96)	$ 499,163
Construction in progress	297,266	88,680	(173,632)	212,314
Total capital assets not being depreciated	785,168	100,037	(173,728)	711,477
Capital assets being depreciated:				
Buildings and improvements	657,161	36,312	(82)	693,391
Infrastructure	1,221,637	112,686	(1,642)	1,332,681
Equipment	155,586	50,383	(11,574)	194,395
Total capital assets being depreciated	2,034,384	199,381	(13,298)	2,220,467
Less accumulated depreciation for:				
Buildings and improvements	(196,366)	(18,902)	59	(215,209)
Infrastructure	(630,676)	(35,090)	387	(665,379)
Equipment	(83,615)	(12,352)	10,280	(85,687)
Total accumulated depreciation	(910,657)	(66,344)	10,726	(966,275)
Total capital assets being depreciated, net	1,123,727	133,037	(2,572)	1,254,192
Governmental activities capital assets, net	$ 1,908,895	$ 233,074	$ (176,300)	$ 1,965,669

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 12,554	$ 76		$ 12,630
Construction in progress	500,964	92,401	$ (529,635)	63,730
Total capital assets not being depreciated	513,518	92,477	(529,635)	76,360
Capital assets being depreciated:				
Buildings and improvements	395,247	473,802	(17,262)	851,787
Sewage conveyance systems	693,048	30,902	(2,435)	721,515
Equipment	107,036	32,024	(6,591)	132,469
Total capital assets being depreciated	1,195,331	536,728	(26,288)	1,705,771
Less accumulated depreciation for:				
Buildings and improvements	(190,303)	(25,930)	16,088	(200,145)
Sewage conveyance systems	(269,768)	(13,538)	1,545	(281,761)
Equipment	(39,225)	(9,341)	4,750	(43,816)
Total accumulated depreciation	(499,296)	(48,809)	22,383	(525,722)
Total capital assets being depreciated, net	696,035	487,919	(3,905)	1,180,049
Business-type activities capital assets, net	$ 1,209,553	$ 580,396	$ (533,540)	$ 1,256,409

Note 5: Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:		
General government	$	12,425
Public safety		9,824
Highways and streets		31,673
Sanitation		401
Health		488
Welfare		74
Culture and recreation		6,597
Education and economic opportunity		840
Internal service funds		4,022
Total governmental activities depreciation expense	$	66,344
Business-type activities:		
Parking Garages	$	217
Regional Wastewater Reclamation Department		48,592
Total business-type activities depreciation expense	$	48,809

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Discretely presented component unit:				
Southwestern Fair Commission (SFC):				
Capital assets being depreciated:				
Buildings and improvements	$ 5,974	$ 491		$ 6,465
Equipment	2,521	134	$ (24)	2,631
Total capital assets being depreciated	8,495	625	(24)	9,096
Less accumulated depreciation for:				
Buildings and improvements	(3,339)	(304)		(3,643)
Equipment	(2,021)	(189)	24	(2,186)
Total accumulated depreciation	(5,360)	(493)	24	(5,829)
Total capital assets being depreciated, net	3,135	132		3,267
SFC capital assets, net	$ 3,135	$ 132		$ 3,267

Note 6: Claims, Judgments and Risk Management

Self-Insurance Trust Fund (SIT Fund)

The SIT Fund, an internal service fund, accounts for the financing of the insured risk 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. The SIT Fund is liable for any single general or automobile liability claim up to $2,500 per occurrence, any workers' compensation claim up to $1,000 per occurrence, and any single medical malpractice claim up to $1,000 per occurrence or any medical malpractice claims in aggregate up to $5,000 in any policy year. The County purchases commercial insurance for claims in excess of coverage provided by the SIT Fund. Settled claims have not exceeded insurance coverage in any of the last 3 fiscal years.

Payment of unemployment claims is fully self-funded. Payment of environmental claims is generally self-funded, although some claims filed could result in past insurers being liable for such losses.

All of the County's departments participate in the SIT Fund. With the exception of environmental and unemployment losses, charges are based on actuarial estimates of the amounts needed to pay prior- and current-year claims. Charges for environmental losses are based on historical experience. Charges for unemployment losses are based on actual claims paid.

Claims liabilities at June 30, 2014, for each insurable area are as follows:

Auto liability	$ 335
General liability	10,487
Workers' compensation	21,605
Medical malpractice	234
Environmental liability	1,500
	$ 34,161

The above amounts, excluding environmental and unemployment, are reported at their present value using an expected future investment yield assumption of 2 percent.

Changes in the unpaid claims liability reported in the SIT Fund are as follows:

Year	Balance July 1	Current-Year Claims and Changes in Estimates	Claims Payments	Balance June 30
2012-13	$ 35,397	7,676	(7,305)	$ 35,768
2013-14	$ 35,768	4,851	(6,458)	$ 34,161

Health Benefits Self-Insurance Trust Fund (HBT Fund)

During fiscal year 2013-2014, the County created the HBT Fund, an internal service fund, to account for the financing of the County's self-insured medical/pharmacy plan for employees and their dependents. The HBT Fund is responsible for collecting employer and employee premiums through payroll deductions and

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

reimbursing Aetna, acting as a third-party administrator, for the payment of claims. The plan consists of two plan options, a High Deductible Health Plan and a Preferred Provider Organization Plan. The County purchases commercial stop-loss insurance coverage for claims in excess of coverage provided by the HBT Fund. Settled claims have not exceeded insurance coverage during the past fiscal year.

Claim liabilities are computed using a combination of two actuarial methods: the completion factor approach and the exposure approach. Accrued actuarial liabilities for the HBT Fund at June 30, 2014 for each plan option are as follows:

High-Deductible Health Plan:	
Medical	$ 2,843
Pharmacy	973
Preferred Provider Organization Plan:	
Medical	2,149
Pharmacy	735
	$ 6,700

Changes in the unpaid claims liabilities reported in the HBT Fund are as follows:

Year	Balance July 1	Current-Year Claims and Changes in Estimates	Claims Payments	Balance June 30
2013-14	$ -	47,161	(40,461)	$ 6,700

Litigation

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.

Pollution Remediation

The County has estimated and reported an environmental liability of $639 in the government-wide financial statements for governmental activities (in noncurrent liabilities). Remediation efforts are currently underway at one County site: El Camino del Cerro.

Remediation efforts continue at the El Camino del Cerro site which is approximately bordered by the Santa Cruz River on the west, Interstate 10 on the east and El Camino del Cerro Road on the south. The groundwater contamination is suggested to resonate from the municipal and solid waste landfill operated on the site from 1973 to 1977.

The estimated liability was calculated based upon the expected future outlays associated with the estimate of one pump-and-treat system for one year. There is potential for changes due to increased costs associated with sewage disposal costs, construction costs for extraction and injection wells, and/or changes in the estimated extent of contamination.

Note 7: Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2014.

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due within 1 year
Governmental activities:					
General obligation bonds	$ 456,690	$ 10,000	$ 59,415	$ 407,275	$ 36,815
Unamortized premium/discount	10,678	409	2,356	8,731	2,059
Total general obligation bonds	467,368	10,409	61,771	416,006	38,874
Transportation revenue bonds	126,015	24,805	21,995	128,825	13,685
Unamortized premium/discount	2,589	2,696	1,029	4,256	1,292
Total transportation revenue bonds	128,604	27,501	23,024	133,081	14,977
Certificates of participation	127,735	52,160	40,995	138,900	29,680
Unamortized premium/discount	6,759	6,383	2,339	10,803	2,463
Total certificates of participation	134,494	58,543	43,334	149,703	32,143
Capital leases payable:					
Other capital leases	298		298		
Total capital leases	298		298		
Installment note payable	605	239	204	640	228
Total installment note payable	605	239	204	640	228
Reported but unpaid losses (Note 6)	21,606	44,936	44,821	21,721	5,883
Incurred but not reported losses (Note 6)	14,162	7,075	2,097	19,140	8,815
Landfill closure and post-closure care costs (Note 8)	21,730	1,041		22,771	
Pollution remediation (Note 6)	734		95	639	
Compensated absences payable *	30,739	103		30,842	
Total governmental activities long-term liabilities	$ 820,340	$ 149,847	$ 175,644	$ 794,543	$100,920

* There was a change in reporting the current and non-current portions of the Compensated absences payable. The current portion of Compensated absences payable of $2,636 is reported as Employee compensation.

Note 7: Long-Term Liabilities (continued)

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due within 1 year
Business-type activities:					
Sewer revenue bonds	$ 154,415		$ 16,765	$ 137,650	$ 17,555
Unamortized premium/discount	1,099		318	781	515
Total revenue bonds payable	155,514		17,083	138,431	18,070
Sewer revenue obligations	464,355	$ 48,500	18,725	494,130	21,890
Unamortized premium/discount	46,620	7,032	7,494	46,158	7,634
Total revenue obligations payable	510,975	55,532	26,219	540,288	29,524
Regional Wastewater Reclamation Loans payable	21,169		1,489	19,680	1,535
Total loans payable	21,169		1,489	19,680	1,535
Contracts and notes	12,645	1,610	6,313	7,942	
Compensated absences payable *	3,087	88		3,175	
Total business-type activities long-term liabilities	$ 703,390	$ 57,230	$ 51,104	$ 709,516	$ 49,129

* There was a change in reporting the current and non-current portions of the Compensated absences payable. The current portion of Compensated absences payable of $271 is reported as Employee compensation.

The County's debt consists of various issues of general obligation, HURF revenue, certificates of participation, sewer revenue bonds, loans, and obligations bonds that are generally callable with interest payable semiannually. Bond proceeds primarily pay for acquiring or constructing capital facilities. Bonds have also been issued to advance-refund previously issued bonds. The County repays general obligation bonds from voter-approved property taxes. HURF revenue bonds are repaid from charges for services in the Transportation fund. Certificates of participation are repaid from General fund and other various funds' revenues. Sewer revenue bonds, loans, and obligations are repaid from the charges for services in the Regional Wastewater Reclamation fund.

GENERAL OBLIGATION BONDS OUTSTANDING

Governmental Activities

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

General obligation bonds payable at June 30, 2014, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, $4,662 from the May 20, 1997, $13,278 from the May 18, 2004, and $741 from the May 16, 2006 bond elections remain unissued.

Note 7: Long-Term Liabilities (continued)

The following table presents amounts outstanding by issue.

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2014
Series of 2007	$ 95,000	3.00 - 4.50%	2015-21	July 1, 2017	$ 48,550
Series of 2008	100,000	4.00%	2015-22	July 1, 2018	63,000
Series of 2009	75,000	3.00 - 4.13%	2015-23	July 1, 2019	36,185
Series of 2009A	90,000	3.00 - 4.00%	2015-24	July 1, 2019	63,225
Series of 2009A Refunding	23,535	3.00 - 3.25%	2015-16		660
Series of 2011	75,000	2.25 - 5.00%	2015-26	July 1, 2021	44,185
Series of 2012A	60,000	2.00 - 4.00%	2015-27	July 1, 2022	43,750
Series of 2012B Refunding	16,225	2.00 - 3.00%	2015-17		12,155
Series of 2013A	50,000	1.50 - 4.00%	2015-28	July 1, 2023	47,000
Series of 2013B Refunding	38,575	3.00 - 4.00%	2015-20		38,565
Series of 2014	10,000	1.00 - 5.00%	2015-28	July 1, 2023	10,000
G.O. bonds outstanding					407,275
Plus unamortized premium/discount:					8,731
		Total G.O. bonds outstanding			$ 416,006

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2014.

Year Ending June 30,	Principal	Interest
2015	$ 36,815	$ 14,715
2016	37,655	13,581
2017	41,445	12,398
2018	40,880	11,041
2019	39,375	9,555
2020 - 2024	171,075	26,117
2025 - 2028	40,030	3,428
Total	$ 407,275	$ 90,835

REFUNDED GENERAL OBLIGATION BONDS

During fiscal year 2013-14, the County defeased $14,815 of General Obligation Bonds, Series 2005 and $1,200 of General Obligation Bonds, Series 2007 with County funds. County funds were placed in an irrevocable trust to provide for future debt service payments of the defeased debt. Accordingly, the trust account assets and liability for the defeased bonds are not included in the County's financial statements.

In prior years, the County defeased $14,435 of General Obligation Refunded Bonds, Series 2005 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 the defeased bonds are not included in the County's financial statements. At June 30, 2014, $30,450 of outstanding bonds are considered defeased, which includes debt defeased during this current year.

Note 7: Long-Term Liabilities (continued)

TRANSPORTATION BONDS PAYABLE

Governmental Activities

(Payments made from street and highway revenues)

Pima County transportation revenue bonds were issued to provide monies to construct improvements to the County's streets and highways. Of the total amount originally authorized, $73,375 from the November 4, 1997 bond election remains unissued.

The following table presents amounts outstanding by issue.

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2014
Series of 2005	$ 51,200	3.50 - 5.00%	2015-20	July 1, 2015	$ 19,240
Series of 2007	21,000	3.25 - 4.75%	2015-22	July 1, 2017	14,870
Series of 2008	25,000	3.50 - 4.50%	2015-22	July 1, 2018	20,425
Series of 2009	15,000	3.00 - 4.00%	2015-24	July 1, 2019	13,650
Series of 2009 Refunding	8,420	3.00 - 4.00%	2015-24	July 1, 2019	7,385
Series of 2012	18,425	3.00 - 5.00%	2015-27	July 1, 2022	16,570
Series of 2012 Refunding	14,520	4.00 - 5.00%	2015-18		11,880
Series of 2014	16,000	3.00 - 5.00%	2015-28	July 1, 2023	16,000
Series of 2014 Refunding	8,805	5.00%	2017-18		8,805
Transportation bonds outstanding					128,825
Plus unamortized premium/discount:					4,256
Total transportation bonds outstanding					$ 133,081

The following schedule details transportation bond debt service requirements to maturity at June 30, 2014.

Year Ending June 30,	Principal	Interest
2015	$ 13,685	$ 5,197
2016	14,250	4,652
2017	14,585	4,000
2018	15,245	3,351
2019	14,310	2,679
2020 - 2024	46,655	6,151
2025 - 2028	10,095	752
Total	$ 128,825	$ 26,782

Pima County has pledged future highway user revenues, net of specified operating expenses, to repay $128,825 in transportation revenue bonds issued between 2005 and 2014. Proceeds from the bonds provide financing for construction of various highways and streets within Pima County. The bonds are payable from net highway user revenues and are payable through 2028. Annual principal and interest payments on the bonds are expected to require approximately 122 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $155,607. Principal and interest paid for bonds in the current year and total net highway user revenues were $17,661 and $13,702, respectively.

Note 7: Long-Term Liabilities (continued)

REFUNDED TRANSPORTATION BONDS

During fiscal year 2013-14, the County defeased $9,570 of Transportation Bonds, Series 2005, by issuing $8,805 of Transportation Bonds that have an average life of 3.93 years and an average interest rate of 5.00%. This refunding transaction resulted in an economic gain of $515 and a reduction in debt service payments of $569. The proceeds of the new bonds were placed in an irrevocable trust to provide for future debt service payments of the refunded debt. Accordingly, the trust account assets and liability for the defeased bonds are not included in the County's financial statements. At June 30, 2014, $9,570 of outstanding bonds are considered defeased.

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 2007A for $28,765 to finance the acquisition of and improvements to a 22-story office tower located in downtown Tucson and to acquire and construct replacement facilities for the Pima County Community Services Department. On February 4, 2010, the County issued Certificates of Participation Series 2010 for $20,000 to finance the replacement computer enterprise system composed of servers and other hardware, computer terminals, software and system training. The new enterprise system will serve the County with finance, budget, procurement, human resources, and material management systems.

On May 22, 2013, the County issued Certificates of Participation Series 2013A for $80,175. The County intends to use $60,000 of the proceeds from that issue for projects related to its sewer system. Although no sewer revenues are pledged for the repayment of the Certificates, the County intends to transfer available cash from the Regional Wastewater Reclamation Fund to repay that portion of the proceeds actually used for sewer projects. The County also issued $12,705 of Refunding Certificates of Participation, Series 2013B. The Certificates were issued with a premium of $1,260 and the proceeds were used to refund and redeem $1,220 of Certificates of Participation, Series 1999, and $12,335 of Certificates of Participation, Series 2003, previously reported by the County as a jail capital lease.

On February 12, 2014, the County issued Certificates of Participation Series 2014 for $52,160 to finance the costs of completing the Public Service Center and Office Tower. The County may also use a portion of the funds for other capital projects.

Note 7: Long-Term Liabilities (continued)

The following schedule details outstanding Certificates of Participation payable at June 30, 2014.

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2014
Series of 2007A	$ 28,765	5.00%	2015-22	July 1, 2017	$ 18,805
Series of 2010	20,000	3.50 - 5.25%	2015-19		12,030
Series of 2013A	80,175	2.00 - 5.00%	2015-23		45,530
Series of 2013B Refunding	12,705	3.00 - 5.00%	2015-18		10,375
Series of 2014	52,160	2.00 - 5.00%	2015-29	December 1, 2023	52,160
Certificates of participation outstanding					138,900
Plus unamortized premium/discount:					10,803
Total certificates of participation outstanding					$ 149,703

The following schedule details debt service requirements to maturity for the County's Certificates of Participation payable at June 30, 2014.

Year Ending June 30,	Principal	Interest
2015	$ 29,680	$ 6,572
2016	16,240	5,087
2017	11,955	4,409
2018	12,615	3,808
2019	10,670	3,256
2020 - 2024	35,615	9,622
2025 - 2029	22,125	2,875
Total	$ 138,900	$ 35,629

INSTALLMENT NOTE PAYABLE

Governmental Activities

In prior years, the County acquired Tasers under contract agreements at a total purchase price of $764. During fiscal year 2013-14, the County also acquired computer equipment under contract agreements at a total purchase price of $239. The outstanding balance as of June 30, 2014, for the payable totaled $640. The following schedule details debt service requirements to maturity for the County's installment note payable at June 30, 2014.

	Equipment	
Year Ending June 30,	Principal	Interest
2015	$ 229	$ 16
2016	234	10
2017	177	4
	$ 640	$ 30

Note 7: Long-Term Liabilities (continued)

SEWER REVENUE BONDS AND LOANS

Business-type Activities

(Payments made from user charges received in the RWR)

Pima County sewer revenue bonds, as presented below, were issued to provide monies to construct improvements to the County's Regional Wastewater Reclamation system and for the defeasance of prior sewer revenue bonds. As of June 30, 2014, the County has issued the total amounts originally authorized from the May 20, 1997 and May 18, 2004 bond elections.

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2014
Series of 2004 Refunding	$ 25,770	4.60%	2015	July 1, 2014	$ 4,000
Series of 2007	50,000	4.00 - 5.00%	2015-26	July 1, 2017	34,715
Series of 2008	75,000	4.00 - 5.00%	2015-23	July 1, 2018	70,130
Series of 2009	18,940	3.25 - 4.25%	2015-24	July 1, 2019	14,540
Series of 2011 Refunding	43,625	3.00 - 5.00%	2015-16		14,265
Sewer revenue bonds outstanding					137,650
Plus unamortized premium/discount:					781
Total sewer revenue bonds outstanding					$ 138,431

The following schedule details sewer revenue bond debt service requirements to maturity at June 30, 2014.

Year Ending June 30,	Principal	Interest
2015	$ 17,555	$ 5,883
2016	15,950	5,057
2017	11,250	4,354
2018	11,810	3,886
2019	12,405	3,414
2020 - 2024	61,400	8,606
2025 - 2026	7,280	440
Total	$ 137,650	$ 31,640

On June 17, 2010, Pima County entered into an agreement, whereby future revenues were pledged, that provided monies to be used primarily to pay a portion of the capital project costs associated with the construction, expansion and improvement of sewer treatment facilities and conveyance systems for the county-wide sewer system, including the Agua Nueva (previously known as Roger Road) and Tres Rios (previously known as Ina Road) Wastewater Reclamation Facilities. In December 2011, the County issued Sewer Revenue Obligations Series 2011B for $189,160 to provide additional funding for the construction and improvements of the County's wastewater conveyance systems and treatment facilities.

In December 2012, the County issued Sewer Revenue Obligations Series 2012A for $128,795. The net proceeds of the issuance were used primarily to pay a portion of the costs of the construction, expansion and improvement of sewer treatment facilities and conveyance systems for the System, including the Agua Nueva and Tres Rios Wastewater Reclamation Facilities.

Note 7: Long-Term Liabilities (continued)

In February 2014, the County issued Sewer Revenue Obligations Series 2014 for $48,500. The net proceeds of the issuance were used primarily to pay a portion of the costs of the construction, expansion and improvement of sewer treatment facilities and conveyance systems for the System.

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2014
Series of 2010	$165,000	2.50 - 5.00%	2015-25	July 1, 2020	$ 163,000
Series of 2011B	189,160	5.00%	2015-26	July 1, 2021	164,450
Series of 2012A	128,795	1.75 - 5.00%	2015-27	July 1, 2022	118,180
Series of 2014	48,500	2.00 - 5.00%	2015-28	July 1, 2023	48,500
Sewer revenue obligations outstanding					494,130
Plus unamortized premium/discount:					46,158
Total sewer revenue obligations outstanding					$ 540,288

The following schedule details sewer revenue obligation debt service requirements to maturity at June 30, 2014.

Year Ending June 30,	Principal	Interest
2015	$ 21,890	$ 23,871
2016	22,740	22,967
2017	36,170	21,989
2018	37,795	20,366
2019	39,615	18,548
2020 - 2024	229,110	61,691
2025 - 2028	106,810	9,317
Total	$ 494,130	$ 178,749

In prior years, the Regional Wastewater Reclamation Enterprise Fund entered into various loan agreements (used for construction and improvement of wastewater treatment facilities). In October 2009 the County entered into an additional loan agreement for the funding of construction of wastewater treatment facilities. Interest is payable semiannually and is calculated based on the principal amount of the loan outstanding during such period.

Issue	Issue Amount	Interest Rate	Maturities	Outstanding June 30, 2014
2004 Loans payable	$ 19,967	1.81%	2015-24	$ 13,534
2009 Loans payable	8,002	0.96%	2015-24	6,146
		Total loans payable		$ 19,680

Note 7: Long-Term Liabilities (continued)

The following schedule details loans payable debt service requirements to maturity at June 30, 2014.

Year Ending June 30,	Principal	Interest
2015	$ 1,535	$ 576
2016	1,581	529
2017	1,629	480
2018	1,679	430
2019	1,730	378
2020 - 2024	11,526	1,083
Total	$ 19,680	$ 3,476

Pima County has pledged future user charges, net of specified operating expenses, to repay $137,650 in sewer revenue bonds issued between 2004 and 2011, $19,680 in sewer revenue loans issued between 2004 and 2009, and $494,130 in sewer revenue obligations issued between 2010 and 2014. Proceeds from the bonds, loans and obligations provided financing for construction of various treatment facilities and sewer infrastructure within Pima County. The bonds, loans and obligations are payable from net sewer revenues and are payable through fiscal year 2028. Annual principal and interest payments on the bonds and obligations are expected to require approximately 67 percent of net revenues. The annual principal and interest payments on the loans are expected to require approximately 3 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $169,290. Total principal and interest remaining to be paid on the loans is $23,156. Total principal and interest remaining to be paid on the obligations is $672,879. Principal and interest paid for bonds, obligations and loans in the current year and total customer net revenues were $65,277, $2,111, and $96,134, respectively.

All sewer revenue bonds were issued and the loan agreements were executed with a first lien on the pledge of the RWR net revenues and have restrictive covenants, primarily related to minimum utility rates and limitations on future bond issues. The bond covenants also require the RWR to either maintain a surety bond guaranteeing the payment of annual debt service or to maintain in the Bond Reserve Account monies equal to the average annual debt service payment. At June 30, 2014, the RWR had a surety bond to meet the requirements of the debt covenants. The County is also authorized to issue for the RWR additional parity bonds if certain conditions are met, primarily that net revenues for the fiscal year immediately preceding issuance of the parity bonds exceed 120 percent of the maximum annual debt service requirements immediately after such issuance.

CONTRACTS AND NOTES

Business-type Activities

(Payments made from restricted assets in the RWR)

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.

Note 7: Long-Term Liabilities (continued)

LEGAL DEBT MARGIN

County General Obligation Bonds

General obligation debt may not exceed 6 percent of the value of the County's taxable property as of the latest assessment. However, with voter approval, debt may be incurred up to 15 percent of the value of taxable property. Pima County has received voter approval for all general obligation debt. The legal debt margin at June 30, 2014, is as follows:

Net assessed valuation		$7,623,691
Debt limit (15% of net assessed valuation):		1,143,554
Less amount of debt applicable to debt limit:		
General obligation bonds outstanding	$ 407,275	
Less fund balance in debt service fund available for payment of general obligation bond principal	(5,326)	401,949
Legal debt margin available		$ 741,605

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 $22,771 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 $4,584 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, 2014; actual costs may change due to inflation, changes in technology, or changes in regulations.

Landfill Site	Capacity Used June 30, 2014	Estimated Remaining Service Life
Ajo	73%	37 Years
Sahuarita	56%	28 Years
*Tangerine	99%	36 Years

*The Tangerine Landfill stopped accepting waste from the public on December 1, 2013 but remains open for internal County waste disposal needs until its remaining capacity is fully used. As the amount of County disposal is very small the estimated remaining service life was extended to 36 years.

The County plans to fund the estimated closure and post-closure care costs with proceeds of general obligation bonds.

According to State and Federal laws and regulations, the County must comply with the local government financial test requirements that ensure 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 green waste and 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 $10,946 when closure occurs and plans to fund the costs with proceeds of general obligation bonds. At this time, there is no closure date available.

On June 1, 2013 Tucson Recycling and Waste Services was contracted to operate the Landfill and Transfer Station operations on behalf of Pima County in an agency capacity. The closure and post closure costs remain the liability of Pima County.

Note 9: Pension and Other Post Employment Benefits

Pension 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),** all component units of the State of Arizona**.** 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 retirement benefits are generally paid at a percentage, based on years of service, of the retirees' average compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee's monthly compensation. Health insurance premium benefits are generally paid as a fixed dollar amount per month towards the retiree's healthcare insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

The **ASRS** administers a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health insurance premium plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan that covers employees of the State of Arizona and employees of participating political subdivisions, including general employees of the County and school districts. 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** administers an agent, multiple-employer defined benefit pension plan and an agent, multiple-employer defined benefit health insurance premium 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 seven-member board, known as the Board of Trustees, and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The **CORP** administers an agent, multiple-employer defined benefit pension plan and an agent, multiple-employer defined benefit health insurance premium plan that covers certain state, county, and local correction officers; dispatchers; and probation, surveillance, and juvenile detention officers. The **CORP** is governed by the Board of Trustees of **PSPRS** and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

Beginning in fiscal year 2013-14, PSPRS and CORP established separate Funds for pension benefits and health insurance premium benefits. Previously, the plans recorded both pension and health insurance premium contributions in the same Pension Fund. During fiscal year 2013-14, the plans transferred prior year health insurance premium benefit contributions that exceeded benefit payments from each plan's Pension Fund to the new Health Insurance Fund.

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report is available on their Web sites or may be obtained by writing or calling the applicable plan.

ASRS	PSPRS and CORP
3300 N. Central Ave	3010 East Camelback Road
Phoenix, AZ 85012	Suite 200
P.O. Box 33910	Phoenix, AZ 85016-4416
Phoenix, AZ 85067-3910	(602) 255-5575
(602) 240-2000 or	www.psprs.com
(800) 621-3778	
www.azasrs.gov	

Note 9: Pension and Other Post Employment Benefits (continued)

Funding Policy

The Arizona State Legislature establishes and may amend active plan members' and the County's contribution rates for **ASRS**, **PSPRS** and **CORP.**

Cost-sharing plans

For the year ended June 30, 2014, active **ASRS** members were required by statute to contribute at the actuarially determined rate of 11.54 percent (11.3 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll. The County is required by statute to contribute at an actuarially determined rate. For the year ended June 30, 2014, the County contributed 11.54 percent (10.70 percent for retirement, 0.60 percent for health insurance premium benefit, and 0.24 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2013, the County contributed 11.14 percent (10.25 percent for retirement, 0.65 percent for health insurance premium benefit, and 0.24 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2012, the County contributed 10.74 percent (9.87 percent for retirement, 0.63 percent for health insurance premium, and 0.24 percent for long-term disability) of the members' annual covered payroll.

The County's contributions for the current and 2 preceding years, all of which were equal to the required contributions, were as follows:

	ASRS Retirement Fund	Health Benefit Supplement Fund	Long-term Disability Fund
Year ended June 30,			
2014	$ 24,733	$ 1,387	$ 555
2013	$ 22,902	$ 1,452	$ 536
2012	$ 21,290	$ 1,359	$ 518

Agent plans

For the year ended June 30, 2014, active **PSPRS** members were required by statute to contribute 10.35 percent of the members' annual covered payroll and the County was required to contribute at the actuarially determined rate of 33.69 percent, the aggregate of which is the actuarially required amount. As allowed by statute, the County contributed 3.65 percent of the members' required contribution, with the members contributing 6.70 percent. The health insurance premium portion of the contribution was set at 1.60 percent of covered payroll. Active **CORP** members were required by statute to contribute 8.41 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 14.81 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.05 percent of covered payroll.

Actuarial methods and assumptions

The contribution requirements for the year ended June 30, 2014 were established by the June 30, 2012 actuarial valuations and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on 1) the plans as understood by the County and plans' members and include the

Note 9: Pension and Other Post Employment Benefits (continued)

types of benefits in force at the valuation date, and 2) the pattern of sharing benefit costs between the County and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for both plans and related benefits (unless noted), and the actuarial methods and assumptions were used to establish the fiscal year 2014 contribution requirements, are as follows:

	PSPRS	CORP
Actuarial valuation date	June 30, 2012	June 30, 2012
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increases	5.00% - 9.00%	5.00% - 8.25%
includes inflation at	5.00%	5.00%
Amortization method	Level percent-of-pay closed	Level percent-of-pay closed
Remaining amortization period	24 Years for underfunded, 20 Years for overfunded	24 Years for underfunded, 20 Years for overfunded
Asset valuation method	7-year smoothed market 80%/120% market	7-year smoothed market 80%/120% market

Annual Pension and OPEB Cost

The County's pension/OPEB cost for the PSPRS and CORP agent plans for the year ended June 30, 2014, and related information follows:

	PSPRS		CORP	
	Pension	Health Insurance Premium Benefit	Pension	Health Insurance Premium Benefit
Annual pension/OPEB cost	$ 11,856	$ 563	$ 3,550	$ 252
Contributions made	$ 11,856	$ 563	$ 3,550	$ 252

Trend Information

Annual pension and OPEB cost information for the current and 2 preceding years follows for the PSPRS and CORP agent plans:

Note 9: Pension and Other Post Employment Benefits (continued)

Plan	Year Ended June 30	Annual Pension/ OPEB Cost	Percentage of Annual Cost Contributed	Net Pension/ OPEB Obligation
PSPRS				
Pension	2014	$ 11,856	100%	
Health insurance premium benefit	2014	$ 563	100%	
Pension	2013	$ 9,903	102%	
Health insurance premium benefit	2013	$ 591	64%	$ 215
Pension	2012	$ 8,445	103%	
Health insurance premium benefit	2012	$ 638	60%	$ 254
CORP				
Pension	2014	$ 3,550	100%	
Health insurance premium benefit	2014	$ 252	100%	
Pension	2013	$ 2,722	104%	
Health insurance premium benefit	2013	$ 264	54%	$ 121
Pension	2012	$ 2,076	107%	
Health insurance premium benefit	2012	$ 288	51%	$ 142

Funded Status

The plan's funded status as of the most recent valuation date of June 30, 2014, along with the actuarial assumptions and methods used in those valuations follow. Additionally, the required schedule of funding progress, presented as Exhibit B-2 following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 9: Pension and Other Post Employment Benefits (continued)

	PSPRS		CORP	
	Pension	Health Insurance Premium Benefit	Pension	Health Insurance Premium Benefit
Actuarial accrued liability	$ 324,825	$ 7,337	$ 100,333	$ 3,122
Actuarial value of assets	$ 141,813	7,549	$ 48,811	3,248
Unfunded actuarial accrued liability (funding excess)	$ 183,012	$ (212)	$ 51,522	$ (126)
Funded ratio	43.7 %	102.9 %	48.6 %	104.0 %
Covered payroll	$ 31,544	$ 31,544	$ 19,765	$ 19,765
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	580.2 %	0 %	260.7 %	0 %

	PSPRS	CORP
Actuarial valuation date	June 30, 2014	June 30, 2014
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment rate of return	7.85%	7.85%
Projected salary increases	4.0% - 8.0%	4.0% -7.25%
includes inflation at	4.00%	4.00%
Amortization method	Level percent-of-pay closed	Level percent-of-pay closed
Remaining amortization period	22 Years for underfunded , 20 years for overfunded	22 Years for underfunded , 20 years for overfunded
Asset valuation method	7-year smoothed market 80%/120% market	7-year smoothed market 80%/120% market
Permanent Benefit Increases	Members retired on or before: July 1, 2011: 2% compounded on average Members retired on or after: August 1, 2011: 0.5% compounded on average All current retirees receive the same dollar increase amount so approximation techniques were used to develop the assumed PBI for each member	Members retired on or befo July 1, 2011: 2.25% of benefit Members retired on or afte August 1, 2011: 0.5% of bene

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 to:

Amounts recorded as due from:	General	Capital Projects	Other Governmental	Regional Wastewater Reclamation	Internal Services	Total
General		$ 53	$ 2,491			$ 2,544
Capital Projects			2,153	$ 6		2,159
Other Governmental	$ 140		76	6		222
Regional Wastewater Reclamation			6			6
Internal Services		42			$ 29	71
Total	$ 140	$ 95	$ 4,726	$ 12	$ 29	$ 5,002

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:

Amounts recorded as transfers in:	General	Capital Projects	Debt service	Other Governmental	Regional Wastewater Reclamation	Other Enterprise	Internal Services	Total
General		$ 99		$ 22,990	$ 103	$ 1,000		$ 24,192
Capital Projects	$ 3,138		$ 5,880	36,841	337	350	$ 64	46,610
Debt Service	7,025	146		17,200	36,104	20	994	61,489
Other Governmental	23,724	310		2,115	415		3,828	30,392
Regional Wastewater Reclamation		51,404						51,404
Other Enterprise		3,667						3,667
Internal Service		11,709		3,892	27		380	16,008
Total	$ 33,887	$ 67,335	$ 5,880	$ 83,038	$ 36,986	$ 1,370	$ 5,266	$ 233,762

Note 11: Construction and Other Significant Commitments

At June 30, 2014, Pima County had the following major contractual commitments related to Facilities Management, General Government, Natural Resources, Parks and Recreation, Regional Flood Control, Regional Wastewater Reclamation and Transportation.

Facilities Management
At June 30, 2014, the Pima County Facilities Management Department had construction contractual commitments of $37,309 and other contractual commitments related to service contracts of $6,728. Funding for these expenditures will be provided from general fund revenues and general obligation bonds.

General Government
At June 30, 2014, Pima County had contractual commitments related to service contracts for the Office of Medical Services of $21,875. Procurement had construction contractual commitments of $10,028 and other contractual commitments related to service contracts of $2,406. Information Technology had commitments related to service contracts of $8,220. Funding for these expenditures will be provided from general fund revenues, the PCWIN special revenue fund and general obligation bonds.

Natural Resources, Parks and Recreation
At June 30, 2014, Pima County had contractual commitments related to service contracts for the Natural Resources, Parks and Recreation Department of $8,912. Funding for these expenditures will be provided from general fund revenues.

Regional Flood Control
At June 30, 2014, the Regional Flood Control fund had construction contractual commitments of $4,852 and other contractual commitments related to service contracts of $6,466. Funding for these expenditures will be provided primarily from Flood Control secondary tax levy revenues.

Regional Wastewater Reclamation
At June 30, 2014, the Regional Wastewater Reclamation Enterprise fund had construction contractual commitments of $14,718 and other contractual commitments related to service contracts of $26,040. Funding for these expenses will be primarily from Sewer Revenue Bonds and sewer user fees.

Transportation
At June 30, 2014, the Pima County Transportation Department had construction contractual commitments of $43,327 and other contractual commitments related to service contracts of $10,956. Funding for these expenditures will be primarily provided from Transportation Revenue Bonds and Highway User Tax Revenue, which is the primary source of revenue for the Transportation Department.

Note 12: Deficit Fund Balances

The Stadium District and Other Grants – Special Revenue Fund had deficit fund balances at June 30, 2014 of $1,378 and $1,032 respectively. The deficits can be eliminated in the future through normal operations.

APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

THE INFORMATION PROVIDED IN THIS APPENDIX HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE COUNTY, BOND COUNSEL, OR THE UNDERWRITER AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by

arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond Resolution. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and Paying Agent and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Registrar and Paying Agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the Bonds will be made by the Bond Registrar and Paying Agent to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Bond Registrar and Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar and Paying Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Bond Registrar and Paying Agent or the County. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

NEITHER THE COUNTY NOR THE BOND REGISTRAR AND PAYING AGENT WILL HAVE RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (2) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE BONDS UNDER THE BOND RESOLUTION; (3) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; (4) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE BONDS; (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF BONDS; OR (6) ANY OTHER MATTERS.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to owner of the Bonds (other than under the caption "TAX MATTERS") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of such Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the County or the Bond Registrar and Paying Agent to DTC only.

$15,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2015

BOND PURCHASE AGREEMENT

March 24, 2015

Pima County, Arizona
c/o Board of Supervisors
130 West Congress, 11th Floor
Tucson, Arizona 85701

The undersigned, on behalf of RBC Capital Markets, LLC (the "*Underwriter*"), acting on its own behalf, offers to enter into this Bond Purchase Agreement (this "*Agreement*") with Pima County, Arizona (the "*Issuer*"), which, upon written acceptance of this offer by the Issuer, will be binding upon the Issuer and upon the Underwriter. This offer is made subject to the Issuer's written acceptance hereof on or before 5:00 p.m., Arizona time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Agreement shall have the same meanings set forth in the Bond Resolution or the Official Statement (both defined herein).

1. *Purchase and Sale of the Bonds*. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter shall purchase from the Issuer, and the Issuer shall sell and deliver to the Underwriter, all, but not less than all, of the Issuer's General Obligation Bonds, Series 2015 (the "*Bonds*"). The Issuer acknowledges and agrees that: (i) the primary role of the Underwriter, as an underwriter, is to purchase securities, for resale to investors, in an "arm's-length"

commercial transaction between the Issuer and the Underwriter and that the Underwriter has financial and other interests that differ from those of the Issuer; (ii) the Underwriter is not acting as a municipal advisor, financial advisor, or fiduciary to the Issuer and has not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Issuer on other matters); (iii) the only obligations the Underwriter has to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Agreement; and (iv) the Issuer has consulted its own legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate.

The dated date and first interest payment date, the maturities, the optional redemption provisions and the interest rates per annum and resulting yields for the Bonds are set forth in the Schedule hereto. The Bonds shall be as described in, and shall be issued under and pursuant to the provisions of, the resolution adopted by the Board of Supervisors of the Issuer (the "*Board*") at a meeting duly called, noticed and held on December 16, 2014 (the "*Bond Resolution*").

The purchase price of the Bonds shall be $15,627,861.85, which represents an aggregate principal amount of the Bonds of $15,000,000.00, plus net original issue premium of $731,361.85, less an underwriting discount of $103,500.00.

2. *Public Offering*. The Underwriter agrees to make a *bona fide* public offering of all of the Bonds at yields not less than the public offering yields set forth on the cover of the Official Statement and may subsequently change such offering yields without any requirement of prior notice. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at yields higher than the public offering yields stated on the cover of the Official Statement.

3. *The Official Statement*.

(a) The Preliminary Official Statement, dated March 6, 2015 (including the cover page and Appendices thereto, the "*Preliminary Official Statement*"), of the Issuer relating to the Bonds, as will be subsequently revised to reflect the changes resulting from the sale of the Bonds and including amendments or supplements thereto, is hereinafter called the "*Official Statement*."

(b) The Preliminary Official Statement has been prepared for use by the Underwriter in connection with the public offering, sale and distribution of the Bonds by the Underwriter. The Issuer hereby deems the Preliminary Official Statement "final" as of its date, except for the omission of such

information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "*Rule*").

(c) The Issuer represents that appropriate officials of the Issuer have reviewed and approved the information in the Official Statement and that the Board has authorized the Official Statement and the information therein contained to be used by the Underwriter in connection with the public offering and the sale of the Bonds. The Issuer consents to the use by the Underwriter prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Bonds. The Issuer shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the Issuer's acceptance of this Agreement (but, in any event, not later than within seven business days after the Issuer's acceptance of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriter in such quantity as the Underwriter shall request in order for the Underwriter to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board (the "*MSRB*").

(d) If, after the date of this Agreement to and including the date the Underwriter is no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the "end of the underwriting period" for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request), and if, in the opinion of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will forthwith prepare and furnish, at the Issuer's own expense (in a form and manner approved by the Underwriter), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the hereinafter defined Closing, the Issuer shall

furnish such legal opinions, certificates, instruments and other documents as the Underwriter may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(e) Unless otherwise notified in writing by the Underwriter, the Issuer can assume that the "end of the underwriting period" for purposes of the Rule is the hereinafter defined Closing Date.

4. *Representations, Warranties, and Covenants of the Issuer*. The undersigned, on behalf of the Issuer, but not individually, hereby represents and warrants to and covenants with the Underwriter that:

(a) The Issuer is duly organized and validly existing as a political subdivision under the laws of the State of Arizona (the "*State*") with powers specifically required for the purposes of this Agreement, specifically Title 35, Chapter 3, Article 3, Arizona Revised Statutes (the "*Act*"), and has now, and at the Closing Date will have, full legal right, power and authority under the Act to cause the Bond Resolution to be adopted and under the Act and the Bond Resolution (i) to enter into, execute and deliver this Agreement, the Bond Registrar and Paying Agent Agreement described in the Bond Resolution and an Undertaking of the Issuer which satisfies the requirements of Section (b)(5)(i) of the Rule (the "*Undertaking*") and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Agreement, such Bond Registrar and Paying Agent Agreement and the Undertaking are hereinafter referred to as the "*Issuer Documents*"), (ii) to sell, issue and deliver the Bonds to the Underwriter as provided herein and (iii) to carry out and consummate the transactions contemplated by the Bond Resolution, the Issuer Documents and the Official Statement, and the Issuer has complied, and will at the Closing be in compliance in all respects, with the terms of the Act, the Bond Resolution and the Issuer Documents as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Bond Resolution and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part contained in, the Bonds and the Issuer Documents and (iii) the consummation by it of all other transactions contemplated by the Official Statement and the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement;

(c) The Issuer Documents constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights and, in the case of the Undertaking, annual appropriation of amounts to pay for compliance therewith, and the Bonds, when issued, delivered and paid for, in accordance with the Bond Resolution and this Agreement, will constitute legal, valid and binding general obligations of the Issuer, entitled to the benefits of the Bond Resolution and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights and all actions necessary to create a legal, valid and binding levy on all of the taxable property within the boundaries of the Issuer of a direct, annual, ad valorem tax, unlimited as to rate, sufficient to pay all the principal of and interest on the Bonds as the same become due, shall have been or shall be taken to the extent such action may be taken at or prior to the Closing;

(d) The Issuer is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or any of its property or assets are otherwise subject, no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing, and the execution and delivery of the Bonds and the Issuer Documents and the adoption of the Bond Resolution, and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Bond Resolution, the Issuer Documents and the Bonds have been duly obtained, except for such approvals, consents and orders as may be required under the "blue sky" or securities laws of any jurisdiction in connection with the offering and sale of the Bonds;

(f) The Bonds conform to the descriptions thereof contained in the Official Statement under the caption "THE BONDS"; the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the caption "THE BONDS – Authorization and Use of Funds" and the Undertaking conforms to the description thereof contained in the Official Statement under the caption "CONTINUING SECONDARY MARKET DISCLOSURE";

(g) There is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer after due inquiry, threatened against the Issuer, affecting the existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the levying, assessment or collection of the property taxes for the payment of the Bonds pursuant to the Bond Resolution or in any way contesting or affecting the adoption of the Bond Resolution or the validity or enforceability of the Bonds or the Issuer Documents, or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes or State income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Bond Resolution or the execution and delivery of the Issuer Documents, nor, to the best knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents;

(h) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) As of the date of the Issuer's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 3 of this Agreement) at all times subsequent thereto during the period up to and including the Closing Date, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(j) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 3 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such

paragraph) at all times subsequent thereto during the period up to and including the Closing Date, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(k) The Issuer will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Bond Resolution and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes or State income tax purposes of the interest on the Bonds;

(l) The Issuer will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request (A) to (y) qualify the Bonds for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (z) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriter immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(m) The financial statements of, and other financial information regarding, the Issuer in the Official Statement fairly present the financial position and results of the Issuer as of the dates and for the periods therein set forth in accordance with generally accepted governmental accounting principles as applicable to governmental units and have been prepared in accordance with generally accepted governmental accounting principles consistently applied throughout the periods concerned (except as otherwise disclosed in the Official Statement or financial statements);

(n) Except as otherwise disclosed in the Official Statement, since June 30, 2014, the Issuer has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the financial position, results of operations or condition, financial or otherwise, of the Issuer that are not described in the Official Statement, whether or not arising from transactions in the ordinary course of business;

(o) Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer and the Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer;

(p) Prior to the Closing, the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, in each case payable from the same source as the Bonds, without the prior approval of the Underwriter;

(q) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions contemplated by this Agreement shall be deemed a representation and warranty by the Issuer to the Underwriter as to the statements made therein;

(r) The Issuer has fully submitted to the Arizona Department of Revenue the information required with respect to previous issuances of bonds, securities and lease-purchase agreements of the Issuer pursuant to Section 35-501(B), Arizona Revised Statutes, and will file the information relating to the Bonds required to be submitted to the Arizona Department of Revenue pursuant thereto within 60 days of the Closing Date and

(s) Except as otherwise indicated in the Official Statement, the Issuer has been and is in full compliance with the terms of all continuing disclosure undertakings previously executed by the Issuer pursuant to the Rule.

5. *Closing*.

(a) Before 10:00 a.m., Arizona time, on April 14, 2015 (the "*Closing Date*"), or at such other time and date as shall have been mutually agreed upon by the Issuer and the Underwriter, the Issuer will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriter duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriter will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 of this Agreement by wire transfer payable in immediately available funds to the order of the Issuer (the "*Closing*"). Payment for the Bonds as aforesaid shall be made at the offices of Bond Counsel or such other place as shall have been mutually agreed upon by the Issuer and the Underwriter.

(b) Delivery of the Bonds shall be made through the facilities of The Depository Trust Company ("*DTC*"), or, in the case of a "Fast Automated Securities Transfer" with the bond

registrar, transfer agent and paying agent or by such other means as shall have been mutually agreed upon by the Issuer and the Underwriter. The Bonds shall be prepared in definitive fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of the Bonds, registered in the name of Cede & Co., all as provided in the Bond Resolution, and shall be made available to the Underwriter at least one business day before the Closing for purposes of inspection.

6. *Closing Conditions*. The Underwriter has entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Underwriter's obligations under this Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriter:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) the Bond Resolution, the Issuer Documents and the Bonds shall be in full force and effect in the form heretofore approved by the Underwriter and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriter and (ii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and Counsel to the Underwriter to deliver their respective opinions referred to hereafter;

(d) At or prior to the Closing, the Bond Resolution shall have been duly adopted and delivered by the Issuer and the Issuer shall have duly executed and delivered and the registrar for the Bonds shall have duly authenticated the Bonds;

(e) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or operations of the Issuer, from that set forth in the Official Statement that,

in the judgment of the Underwriter, is material and adverse and that makes it, in the judgment of the Underwriter, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(f) The Issuer shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(g) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in legal form and effect to the Underwriter;

(h) At or prior to the Closing, the Underwriter shall have received two copies of the transcript of all proceedings of the Issuer relating to the issuance of the Bonds, executed and certified, as necessary, by appropriate officials of the Issuer, including each of the following documents:

(1) the Official Statement and each supplement or amendment thereto, if any, executed on behalf of the Issuer by the Chair of the Board and the County Administrator, or such other official as may have been agreed to by the Underwriter, and the reports and audits referred to or appearing in the Official Statement;

(2) the Bond Resolution with such supplements or amendments as may have been agreed to by the Underwriter;

(3) the Issuer Documents;

(4) the approving opinion of Bond Counsel, dated the Closing Date, with respect to the Bonds, in substantially the form attached to the Official Statement along with a reliance letter with respect thereto, dated the Closing Date and addressed to the Underwriter;

(5) a supplemental opinion of Bond Counsel, dated the Closing Date, addressed to the Underwriter, substantially to the effect that:

(i) the Issuer is duly organized and validly existing as a political subdivision under the laws of the State with powers specifically required for the purpose of this Agreement, specifically the Act, and has full legal right, power and authority under the Act to adopt the Bond Resolution and under the Act and the Bond Resolution (A) to enter into, execute and deliver the Issuer Documents and all documents required hereunder and thereunder to be

executed and delivered by the Issuer, (B) to sell, issue and deliver the Bonds to the Underwriter as provided herein and (C) to carry out and consummate the transactions contemplated by the Issuer Documents and the Official Statement, and the Issuer has complied in all respects with the terms of the Act;

(ii) by all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (A) the adoption of the Bond Resolution and the issuance and sale of the Bonds, (B) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part contained in, the Bonds and the Issuer Documents, and (C) the consummation by it of all other transactions contemplated by the Official Statement and the Issuer Documents;

(iii) the Bond Resolution was duly and validly adopted by the Issuer and is in full force and effect and the Bond Resolution has been duly and validly adopted or undertaken in compliance with all applicable procedural requirements of the Issuer and in compliance with the Constitution and laws of the State, including the Act;

(iv) the Issuer Documents have been duly authorized, executed and delivered by the Issuer, and constitute legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, except to the extent limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws and equitable principles of general application relating to or affecting the enforcement of creditors' rights and, in the case of the Undertaking, annual appropriation of amounts to pay for compliance therewith;

(v) the distribution of the Preliminary Official Statement and the Official Statement has been duly authorized by the Issuer;

(vi) all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents and the Bonds have been obtained;

(vii) the Bonds are exempted securities under the Securities Act of 1933, as amended (the "*1933 Act*"), and the Trust Indenture Act of 1939, as amended (the "*Trust Indenture Act*"), and it is not necessary, in connection with the offering and sale of the Bonds to register the Bonds under the 1933 Act or to qualify the Bond Resolution under the Trust Indenture Act and

(viii) the information in the tax caption on the cover page of, under the captions "THE BONDS," "TAX MATTERS" and "CONTINUING SECONDARY MARKET DISCLOSURE" (except for statements relating to compliance by the Issuer with prior undertakings as to which we express no view) in, and in APPENDIX C - FORM OF OPINION OF BOND COUNSEL and in APPENDIX D - FORM OF CONTINUING DISCLOSURE UNDERTAKING to, in each case, the Official Statement insofar as such statements describe certain provisions of federal and state law, the Bonds, the Bond Resolution, the Continuing Disclosure Undertaking and our approving legal opinion as bond counsel, is accurate and fairly presents the information purported to be shown;

(6) An opinion of Counsel to the Underwriter, dated the Closing Date, addressed to the Underwriter, to the effect that:

(i) the Bonds are exempt securities under the 1933 Act and the Trust Indenture Act and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act and the Bond Resolution need not be qualified under the Trust Indenture Act and

(ii) based upon their participation in the preparation of the Official Statement as such Counsel and their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect (except for any financial, forecast, technical and statistical statements and data included in the Official Statement and the information regarding DTC and its book-entry system;

(7) An opinion of the Pima County Attorney's Office, dated the Closing Date, addressed to the Underwriter, to the effect that:

(i) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer, after due inquiry threatened against the Issuer, affecting the corporate existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the levying, assessment and collection of the property taxes from which the Bonds are payable pursuant to the Bond Resolution or in any way contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents, or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes or State income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Bond Resolution or the execution and delivery of the Issuer Documents, nor, to the best of his knowledge, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially, adversely affect the validity or enforceability of the Bonds or the Issuer Documents or have a material, adverse effect on the financial condition of the Issuer;

(ii) the execution and delivery of the Issuer Documents and compliance by the Issuer with the provisions hereof and thereof, under the circumstances contemplated herein and therein, will not conflict with or constitute on the part of the Issuer a material breach of or a default under any agreement or instrument to which the Issuer is a party, or violate any existing law, administrative regulation, court order, or consent decree to which the Issuer is subject;

(iii) the information contained in the Official Statement under the caption "LITIGATION" is true and correct in all material respects and

(iv) based on the examination which such counsel has caused to be made and its participation at conferences at which the Preliminary Official Statement and the Official Statement were discussed and

except as described in subparagraph (iii) of this subsection, such counsel has no reason to believe that the Official Statement as of its date and as of the date hereof contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect (except for any financial forecast, technical and statistical data included in the Official Statement as to which no view need be expressed);

(8) A certificate, dated the Closing Date, of appropriate representatives of the Issuer substantially to the effect that:

(i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date;

(ii) no litigation or proceeding against it is pending or, to the best of such representatives' knowledge, threatened in any court or administrative body which would (a) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and levying, assessing and collecting the property taxes from which the Bonds are payable pursuant to the Bond Resolution, nor, to the best of such representatives' knowledge, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially, adversely affect the validity or enforceability of the Bonds or the Issuer Documents or have a material, adverse effect on the financial condition of the Issuer;

(iii) the Bond Resolution has been duly adopted by the Issuer, is in full force and effect and has not been modified, amended or repealed;

(iv) the financial statements of the Issuer included in the Official Statement were true, correct and complete as of June 30, 2014, and are true, correct and complete as of the date of such certificate, and any other financial statements and statistical data included in the Official Statement are true and correct as of the date of such certificate;

(v) subsequent to June 30, 2014, the Issuer has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the financial position, results of operations or condition, financial or otherwise, of the Issuer that are not described in the Official Statement, whether or not arising from transactions in the ordinary course of business and

(vi) to the best of their knowledge and belief, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading in any material respect;

(9) A certificate, dated the Closing Date, of appropriate representatives of the Issuer in form and substance satisfactory to Bond Counsel (i) setting forth the facts, estimates and circumstances in existence on the Closing Date, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "*Code*"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (ii) certifying that to the best of their knowledge and belief, there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(10) Any other certificates and opinions required by the Bond Resolution for the issuance thereunder of the Bonds;

(11) Evidence satisfactory to the Underwriter that the Bonds have been rated "AA-" by Standard & Poor's Financial Services LLC, and "AA" by Fitch Ratings, Inc., and that such ratings are in effect as of the Closing Date;

(12) The filing copy of the Information Return Form 8038-G (IRS) for the Bonds;

(13) The filing copy of the Report of Bond and Security Issuance for the Arizona Department of Revenue pursuant to Section 35-501(B), Arizona Revised Statutes and

(14) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing, of the Issuer's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Issuer on or prior to the Closing Date of all the respective agreements then to be performed and conditions then to be satisfied by the Issuer.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Agreement, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriter set forth in Sections 4 and 8(c) hereof shall continue in full force and effect.

7. *Termination*. The Underwriter shall have the right to cancel its obligation to purchase the Bonds if, between the date of this Agreement and the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the sole judgment of the Underwriter, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or the State legislature or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be

made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation or State income taxation upon income of the general character to be derived by the Issuer pursuant to the Bond Resolution, or upon interest received on obligations of the general character of the Bonds or, with respect to State taxation, of the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or State income tax consequences of any of the transactions contemplated herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Bond Resolution is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) any state "blue sky" or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange or the American Stock Exchange, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(f) any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Issuer, its property, income securities (or interest thereon);

(g) any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the Issuer;

(i) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise;

(j) any fact or event shall exist or have existed that, in the Underwriter's judgment, requires or has required an amendment of or supplement to the Official Statement;

(k) there shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any of the Issuer's obligations and

(l) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

8. *Expenses*.

(a) The Underwriter shall be under no obligation to pay, and the Issuer shall pay, all expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Bonds, the Preliminary Official Statement and the Official Statement and any amendment or supplement thereto, (ii) the fees and disbursements of Bond Counsel and Counsel to the Underwriter; (iii) the fees and disbursements of the bond registrar, transfer and paying agent and any engineers, accountants, and other experts, consultants or advisers retained by the Issuer, if any and (iv) the fees for bond ratings. The Issuer shall also pay

for any expenses (included in the expense component of the Underwriter's discount) incurred by the Underwriter which are incidental to implementing this Agreement and the issuance of the Bonds, including miscellaneous closing costs.

(b) Except as provided for above, the Underwriter shall pay (i) all advertising expenses in connection with the public offering of the Bonds and (ii) all other expenses incurred by it in connection with the public offering of the Bonds.

(c) If this Agreement shall be terminated by the Underwriter because of any failure or refusal on the part of the Issuer to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Issuer shall be unable to perform its obligations under this Agreement, the Issuer will reimburse the Underwriter for all "out-of-pocket" expenses (including the fees and disbursements of Counsel to the Underwriter) reasonably incurred by the Underwriter in connection with this Agreement or the offering contemplated hereunder.

(d) The Issuer acknowledges that it has had an opportunity to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

9. *Notices*. Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing to the address set forth on the first page of this Agreement, and any notice or other communication to be given to the Underwriter under this Agreement may be given by delivering the same in writing to RBC Capital Markets, LLC, 2398 East Camelback Road, Suite 700, Phoenix, Arizona 85016, Attention: Kurt M. Freund.

10. *Parties in Interest*. This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriter (including successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Issuer. All of the Issuer's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of any of the Underwriter; (ii) delivery of and payment for the Bonds pursuant to this Agreement and (iii) any termination of this Agreement.

11. *Effectiveness*. This Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

12. *Choice of Law*. This Agreement shall be governed by and construed in accordance with the law of the State.

13. *Severability*. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inopera-

tive or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

14. *Business Day*. For purposes of this Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.

15. *Section Headings*. Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

16. *Notice Concerning Cancellation of Contracts*. To the extent applicable by provision of law, this Agreement is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, the provisions of which are incorporated herein.

17. *Counterparts; Electronic Signature*. This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document. The electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. For purposes hereof: (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format (pdf) or other replicating image attached to an email or internet message.

[Remainder of page left blank intentionally]

If you agree with the foregoing, please sign the enclos l counterpart of this Agreement and return it to the Underwriter. T Agreement shall become a binding agreement between you and the Unc writer when at least the counterpart of this letter shall have bee signed by or on behalf of each of the parties hereto.

Very truly yours,

RBC CAPITAL MARKETS, LLC

By.....
Name: Kurt Freund
Title: Managing Director

Accepted and agreed at 1:35 p.m., MST, this 24th day of March, 2015

PIMA COUNTY, ARIZONA

By.....
Name: Thomas Burke
Title: Finance and Risk Management Director

SCHEDULE

$15,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2015
DATED DATE: CLOSING DATE

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield
2015	$1,525,000	2.00%	0.24%
2016	1,660,000	2.00	0.60
2018	2,125,000	4.00	1.08
2019	1,100,000	4.00	1.34
2020	740,000	4.00	1.65
2021	770,000	4.00	1.90
2022	805,000	2.25	2.12
2023	820,000	2.50	2.26
2024	840,000	2.75	2.41
2025	865,000	3.00	2.50
2026	890,000	3.50	2.74*
2027	920,000	3.50	2.93*
2028	955,000	3.50	3.11*
2029	985,000	3.00	3.18

* Yield calculated to first optional redemption date: July 1, 2025.

First Interest Payment Date is: July 1, 2015

The Bonds maturing on or after July 1, 2026, will be subject to call for redemption on any date on or after July 1, 2025, at the election of the Issuer, in whole or in part from maturities selected by the Issuer and within any maturity by lot, by the payment of a redemption price equal to the principal amount of each Bond called for redemption plus accrued interest to the date fixed for redemption, without premium.

OFFICIAL STATEMENT

NEW ISSUES – BOOK-ENTRY-ONLY **RATINGS: See "Ratings" Herein**

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) interest on the Bonds is exempt from Arizona state income tax. Interest on the Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

$15,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2015

Dated: Date of Initial Delivery **Due: July 1, as shown below**

The $15,000,000 principal amount of General Obligation Bonds, Series 2015 (the "Bonds") are being issued by Pima County, Arizona (the "County") and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds for purposes of the book-entry-only system maintained thereby. Purchases of beneficial interests in the Bonds will be made in book-entry-only form in amounts of $5,000 of principal due on a maturity date or any integral multiple thereof.

Interest on the Bonds will accrue from the dated date and will be payable until maturity or prior redemption semiannually on January 1 and July 1 of each year (each an "Interest Payment Date"), commencing July 1, 2015 and principal of the Bonds will be payable annually in accordance with the schedule set forth below. So long as the Bonds are registered in the name of DTC, or its nominee, payments of the principal of and interest on the Bonds will be made directly by the paying agent, initially U.S. Bank National Association, to DTC which, in turn, is obligated to remit such payments to its participants for subsequent distribution to beneficial owners of the Bonds. See Appendix F – "BOOK-ENTRY-ONLY SYSTEM."

The Bonds will be subject to redemption prior to their stated maturities on or after July 1, 2025 as provided under "THE BONDS – Redemption Provisions" herein.

The Bonds are being issued for the purpose of (i) funding various capital projects in the County and (ii) paying costs related to the issuance of the Bonds. See "SOURCES AND USES OF FUNDS" herein.

Upon their issuance, the Bonds will be direct and general obligations of the County, payable as to principal and interest from ad valorem taxes to be levied against all taxable property within the County without limitation as to rate or amount to pay the principal of and interest on the Bonds.

Maturity Schedule

Due July 1	Principal Amount	Interest Rate	Yield	CUSIP (a) (721663)	Due July 1	Principal Amount	Interest Rate	Yield	CUSIP (a) (721663)
2015	$1,525,000	2.00%	0.24%	YR7	2023	$820,000	2.50%	2.26%	YY2
2016	1,660,000	2.00	0.60	YS5	2024	840,000	2.75	2.41	YZ9
					2025	865,000	3.00	2.50	ZA3
2018	2,125,000	4.00	1.08	YT3	2026	890,000	3.50	2.74 (b)	ZB1
2019	1,100,000	4.00	1.34	YU0	2027	920,000	3.50	2.93 (b)	ZC9
2020	740,000	4.00	1.65	YV8	2028	955,000	3.50	3.11 (b)	ZE5
2021	770,000	4.00	1.90	YW6	2029	985,000	3.00	3.18	ZD7
2022	805,000	2.25	2.12	YX4					

(a) CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2015 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the County, the Underwriter, or the Bond Registrar and Paying Agent (each as defined herein) or their agents or counsel take responsibility for the accuracy of such numbers.

(b) Yield calculated to first optional redemption date, July 1, 2025.

This cover page contains only a brief description of the Bonds and the security therefor. It is not intended to be a summary of material information with respect to the Bonds. Investors should read the entire Official Statement to obtain information necessary to make an informed investment decision.

The Bonds are offered when, as and if issued by the County and received by the underwriter identified below (the "Underwriter") subject to the approving opinion of Squire Patton Boggs (US) LLP, Bond Counsel, as to validity and tax exemption. Certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about April 14, 2015.

RBC CAPITAL MARKETS

March 24, 2015

PIMA COUNTY, ARIZONA
BOARD OF SUPERVISORS

Sharon Bronson, *Chair*

Ray Carroll

Richard Elías

Ally Miller

Ramón Valadez

COUNTY ADMINISTRATIVE OFFICIALS

ELECTED OFFICIALS

Bill Staples
County Assessor

Beth Ford
County Treasurer

Barbara LaWall
County Attorney

APPOINTED OFFICIALS

C. H. Huckelberry
County Administrator

Thomas Burke
Finance and Risk Management Director

BOND COUNSEL

Squire Patton Boggs (US) LLP
Phoenix, Arizona

BOND REGISTRAR AND PAYING AGENT

U.S. Bank National Association
Phoenix, Arizona

This Official Statement, which includes the cover page and the appendices hereto, does not constitute an offering of any security other than the original offering of the Bonds identified on the cover page hereof. No person has been authorized by Pima County, Arizona (the "County"), to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the County.

All financial and other information presented in this Official Statement has been provided by the County from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show certain historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. This Official Statement contains, in part, estimates and matters of opinion, whether or not expressly stated to be such, which are not intended as statements or representations of fact or certainty, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. All forecasts, projections, assumptions, opinions or estimates are "forward looking statements," which must be read with an abundance of caution and which may not be realized or may not occur in the future. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

A wide variety of other information, including financial information, concerning the County is available from publications and websites of the County and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of, or incorporated into, this Official Statement, except as expressly noted herein.

RBC Capital Markets, LLC (the "Underwriter") has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors in accordance with the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The issuance and sale of the Bonds have not been registered under the federal Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)2 and 3(a)12, respectively, for the issuance and sale of municipal securities; nor have the issuance and sale of the Bonds been qualified under the Securities Act of Arizona, in reliance upon various exemptions thereunder. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The information contained herein in Appendix F – "BOOK-ENTRY-ONLY SYSTEM" has been furnished by The Depository Trust Company, and no representation has been made by the County or the Underwriter, or any of their counsel or agents, as to the accuracy or completeness of such information.

The County has undertaken to provide continuing disclosure with respect to the Bonds as required by Rule 15c2-12 of the Securities and Exchange Commission. See "CONTINUING SECONDARY MARKET DISCLOSURE" and Appendix D – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" herein.

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Appendix A - PIMA COUNTY, ARIZONA
GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION

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FINANCIAL INFORMATION

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Appendix E - EXCERPTS FROM PIMA COUNTY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Appendix F - BOOK-ENTRY-ONLY SYSTEM

$15,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2015

INTRODUCTORY STATEMENT

The purpose of this Official Statement, which includes the cover page and the appendices hereto, is to provide information in connection with the sale and issuance of the $15,000,000 principal amount of General Obligation Bonds, Series 2015 (the "Bonds") by Pima County, Arizona (the "County").

The offering of the Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Bonds. Accordingly, prospective purchasers of the Bonds should read this entire Official Statement before making their investment decision.

All financial and other information presented in this Official Statement with respect to the County has been provided by representatives of the County from its records, except for information expressly attributed to other sources. The presentation of financial and other information, including tables of receipts from taxes and other sources, is intended to show recent historical information and, except as expressly stated otherwise, is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. This Official Statement contains, in part, estimates and matters of opinion, whether or not expressly stated to be such, which are not intended as statements or representations of fact or certainty, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. All forecasts, projections, assumptions, opinions or estimates are "forward looking statements," which must be read with an abundance of caution and which may not be realized or may not occur in the future. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

References to provisions of State of Arizona ("Arizona" or the "State") law, whether codified in the Arizona Revised Statutes or uncodified, or of the Arizona Constitution, are references to those current provisions. Those provisions may be amended, repealed or supplemented.

THE BONDS

Authorization and Use of Funds

The Bonds are being issued pursuant to the authority contained in Title 35, Chapter 3, Article 3, Arizona Revised Statutes, and under the provisions of an authorizing resolution (the "Bond Resolution") adopted by the Board of Supervisors of Pima County, Arizona (the "Board") on December 16, 2014. The Bonds are being issued for the purpose of (i) funding various capital projects in the County and (ii) paying costs related to the issuance of the Bonds. See "SOURCES AND USES OF FUNDS" herein.

The Bonds offered herein represent a portion of the aggregate principal amount authorized to be issued by the voters of the County at elections held on May 20, 1997, May 18, 2004, May 16, 2006 and November 4, 2014. After the issuance of the Bonds, the County will have $25,681,000 principal amount of authorized but unissued general obligation bonds. General obligation bonds of the County are outstanding currently, and additional general obligation bonds may be authorized at future elections.

General Description

As described herein in Appendix F – "BOOK-ENTRY-ONLY SYSTEM," the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York for

purposes of the book-entry-only system provided thereby. So long as DTC, or its nominee, is the registered owner of all of the Bonds, all payments on the Bonds will be made directly to DTC for payment to the owners as described herein in Appendix F – "BOOK-ENTRY-ONLY SYSTEM."

The Bonds will be dated the date of initial delivery thereof and will be available in amounts of $5,000 of principal due on a maturity date or any integral multiple thereof. The Bonds will bear interest from their dated date, payable semiannually on January 1 and July 1 of each year (each an "Interest Payment Date"), commencing July 1, 2015. Interest on the Bonds will be paid by the bond registrar and paying agent, initially U.S. Bank National Association, or its successors (the "Bond Registrar and Paying Agent"), to the owners thereof (initially Cede & Co., as nominee of DTC) as shown on the registration books maintained by the Bond Registrar and Paying Agent, at the close of business on the fifteenth day of the month preceding each Interest Payment Date or if such day is a Saturday, Sunday or holiday on the next preceding business day (the "Record Date"). So long as the Bonds are in DTC's book-entry-only system, and thereafter at the written request and expense of the owners of $1,000,000 or more in aggregate principal amount of Bonds delivered to the Bond Registrar and Paying Agent prior to a Record Date, interest and principal will be paid by wire transfer to a bank account in the continental United States.

Security and Source of Payment

The Bonds will be direct and general obligations of the County and will be payable as to both principal and interest from ad valorem property taxes to be levied against all taxable property within the County, without limitation as to rate or amount to pay the principal of and interest on the Bonds. General obligation bonds and general obligation refunding bonds heretofore and hereafter issued by the County have and will have an equal claim with the Bonds upon the proceeds of ad valorem property taxes levied for debt service by the County.

Redemption Provisions

The Bonds maturing on or before July 1, 2025 will not be subject to call for redemption prior to their respective maturity dates. The Bonds maturing on or after July 1, 2026 will be subject to call for redemption on any date on or after July 1, 2025 at the election of the County, in whole or in part from maturities selected by the County and within any maturity by lot, by the payment of a redemption price equal to the principal amount of each Bond called for redemption plus accrued interest to the date fixed for redemption, without premium.

Notice of Redemption

So long as the Bonds are in DTC's book-entry-only system, notice of redemption of any Bond will be provided to DTC by electronic media as described herein in Appendix F – "BOOK-ENTRY-ONLY SYSTEM" not less than thirty (30) days nor more than sixty (60) days prior to the date set for redemption. Thereafter, notices will be mailed on the same schedule to the registered owner of the Bond or Bonds being redeemed at the address shown on the bond register maintained by the Bond Registrar and Paying Agent. Failure to give proper notice of redemption shall not affect the redemption of any Bond for which proper notice was given.

If moneys for the payment of the redemption price and accrued interest are not held in separate accounts by the County or the Bond Registrar and Paying Agent prior to sending the notice of redemption, such redemption shall be conditional on such moneys being so held on the date set for redemption and if not so held by such date, the redemption shall be cancelled and be of no force and effect.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Bonds will be applied as follows:

Sources of Funds:	
Proceeds of the Bonds	$15,000,000.00
Net Original Issue Premium	731,361.85
Total Sources	$15,731,361.85
Uses of Funds:	
County Capital Project Expenditures	$14,963,310.00
Payment of Issuance Expenses (Including Underwriter's Discount)	188,940.00
Deposit to Interest Account (a)	579,111.85
Total Uses	$15,731,361.85

(a) Reflects any net premium from the sale of the Bonds that Arizona law requires be deposited to the Interest Account.

LEGAL MATTERS

Legal matters incident to the authorization, sale and issuance of the Bonds by the County and to the tax-exempt status of interest on the Bonds are subject to the legal opinion of Squire Patton Boggs (US) LLP ("Bond Counsel"). The signed legal opinion of Bond Counsel, dated and premised on the law in effect as of the date of the Bonds, will be delivered to the Underwriter (as defined herein) at the time of original delivery of the Bonds.

The proposed text of the legal opinion is set forth as Appendix C - "FORM OF OPINION OF BOND COUNSEL." The legal opinion to be delivered may vary from the text of Appendix C if necessary to reflect the facts and law existing on the date of delivery. The opinion will speak only as of its date, and subsequent distribution, by recirculation of this Official Statement or otherwise, should not be construed as a representation that Bond Counsel has reviewed or expressed any opinion concerning any matters relating to the Bonds subsequent to the original delivery of the Bonds.

Certain legal matters will be passed upon for the Underwriter by Greenberg Traurig, LLP, as counsel to the Underwriter.

TAX MATTERS

General

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) interest on the Bonds is exempt from Arizona state income tax. Bond Counsel expresses no opinion as to any other tax consequences regarding the Bonds.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the County contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the County's certifications and representations or the continuing compliance with the County's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the County may cause loss of such status and result in the interest on the Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The County has covenanted to take the actions required of it for the interest on the Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the market value of the Bonds.

A portion of the interest on the Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the owners of the Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, under current IRS procedures, the IRS will treat the County as the taxpayer and the beneficial owners of the Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Bonds.

Prospective purchasers of the Bonds upon their original issuance at prices other than the respective prices indicated on the cover page of this Official Statement and prospective purchasers of the Bonds at other than their original issuance, should consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of

interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, recent presidential and legislative proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government bonds, including proposals that would result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds. Investors in the Bonds should be aware that any such future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In such event, the market value of the Bonds may be adversely affected and the ability of holders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment in the event of any such change.

Investors should consult their own financial and tax advisers to analyze the importance of these risks.

Original Issue Discount and Original Issue Premium

Certain of the Bonds ("Discount Bonds") as indicated on the cover page of this Official Statement were offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. The amount of OID that accrues each year to a corporate owner of a Discount Bond is taken into account in computing the corporation's liability for federal alternative minimum tax. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the cover page of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Bonds ("Premium Bonds") as indicated on the cover page of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the cover page of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount and Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Bonds and as to other federal tax consequences and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

LITIGATION

To the knowledge of appropriate representatives of the County, no litigation or administrative action or proceeding is pending or threatened to restrain or enjoin, or seeking to restrain or enjoin: the issuance or delivery of the Bonds; the levy and/or collection of taxes to pay the principal of and interest on the Bonds; contesting or questioning the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered; or the validity of the Bonds. Appropriate representatives of the County will deliver a certificate to that effect at the time of the original delivery of the Bonds.

The County has been named as a defendant in several lawsuits for which the County believes either that it has adequate self-insurance or insurance coverage in the event of liability or that such liability would not otherwise materially and adversely affect the financial condition of the County.

UNDERWRITING

RBC Capital Markets, LLC (the "Underwriter") has agreed to purchase the Bonds, subject to certain conditions, at a purchase price of $15,627,861.85. If the Bonds are sold to produce the yields shown on the cover page hereof, the Underwriter's compensation will be $103,500.00. The Underwriter will be obligated to accept delivery and pay for all of the Bonds if any are delivered. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at yields higher than the public offering yields reflected on the cover page hereof. The initial public offering yields may be changed from time to time by the Underwriter.

RATINGS

Fitch Ratings, Inc. ("Fitch") and Standard & Poor's Financial Services LLC ("S&P") have assigned the Bonds ratings of "AA" and "AA-," respectively. Such ratings reflect only the respective views of Fitch and S&P, and any explanation of the meaning or significance of the ratings may only be obtained from the rating agencies. The County furnished to the rating agencies certain information and materials, some of which may not have been included in this Official Statement relating to the Bonds or the County.

Generally, rating agencies base their ratings on such information and materials and on their own investigations, studies and assumptions. There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating agency if in its judgment circumstances so warrant. Any lowering or withdrawal of a rating may have an adverse effect on the marketability or market price of the Bonds.

CONTINUING SECONDARY MARKET DISCLOSURE

The County has covenanted for the benefit of certain holders of the Bonds to provide certain financial information and operating data relating to the County by no later than February 1 in each year commencing February 1, 2016 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notices of Listed Events"). The Annual Reports, the Notices of Listed Events and any other document or information required to be filed as set forth in Appendix D – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" will be filed by the County with the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access system as described in such Form. The specific nature of the information to be contained in the Annual Reports and the Notices of Listed Events is set forth in such Form.

These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). Pursuant to Arizona law, the ability of the County to provide information pursuant to such covenants is subject to annual appropriation to, among other things, cover the costs of preparing and disseminating the Annual Report and the Notices of Listed Events. A failure by the County to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer

before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The County has complied with all existing continuing disclosure undertakings relating to the County for the last five years in all material respects.

FINANCIAL STATEMENTS

Included as Appendix E of this Official Statement are excerpts of the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. The County has not requested or obtained the consent of the Office of the Arizona Auditor General to include such excerpts in the Official Statement and the Office of the Arizona Auditor General has performed no procedures subsequent to rendering its opinion on such Comprehensive Annual Financial Report.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these opinions or estimates have been or will be realized. Information in this Official Statement has been derived by the County from official and other sources and is believed by the County to be accurate and reliable. Information other than that obtained from official records of the County has not been independently confirmed or verified by the County and its accuracy is not guaranteed.

Neither this Official Statement nor any statement that may have been or that may be made orally or in writing is to be construed as a part of a contract with the original purchasers or subsequent owners of the Bonds.

By *\/s\/ Sharon Bronson*
Chair, Board of Supervisors

By *\/s\/ C.H. Huckelberry*
County Administrator

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APPENDIX A

PIMA COUNTY, ARIZONA
General Economic and Demographic Information

General Information

Pima County, Arizona (the "County") is located in the southern portion of the State of Arizona ("Arizona" or the "State"), with a section of its southern boundary bordering Mexico. The boundaries of the County encompass an area of approximately 9,184 square miles. Organized in 1864 by the Arizona Territorial Legislature as one of the State's four original counties, the County is today the second most populous county in Arizona with an estimated 2014 population of 1,007,162. Approximately 53% of the County's population resides in the City of Tucson, Arizona ("Tucson"), the County seat of government and southern Arizona's largest city.

TABLE 1
Population Statistics For Pima County, the City of Tucson and the State of Arizona

	Pima County	City of Tucson	State of Arizona
2014 Estimate (a)	1,007,162	529,336	6,667,241
2010 Census	980,263	520,116	6,392,017
2000 Census	843,746	486,699	5,130,632
1990 Census	666,880	405,390	3,665,228
1980 Census	531,443	330,537	2,716,546
1970 Census	351,667	262,933	1,775,399

(a) Population estimates as of July 1, 2014 (released December 2014) provided by the Office of Employment and Population Statistics, Arizona Department of Administration.

Source: Except as otherwise described, U.S. Census Bureau.

Organization

The County is governed by a five-member Board, each member of which is elected for a four-year term to represent one of the designated districts within the County. The chairman is selected by the Board from among its members. The Board is responsible for establishing the policies of the various County departments and approving the annual budgets of these departments. The Board appoints a County Administrator who is responsible for the general administration and overall operations of the various departments of the County.

Mr. Charles H. Huckelberry was appointed County Administrator in December 1993. From 1987 to 1993, Mr. Huckelberry served as an Assistant County Manager with responsibility for the administration of public works. He served as the Director of Pima County's Department of Transportation and the Flood Control District from 1979 to 1987; as Deputy Director of the Wastewater Department from 1976 to 1979; and as the Wastewater Department's Manager of Field Engineering from 1974 to 1976. He was self-employed as a civil engineering and land surveying consultant for one year. From 1972 to 1973, Mr. Huckelberry was employed as a Research and Development Engineer for the Shell Oil Company. He holds both a Bachelor of Science Degree in Mining Engineering and a Master of Science Degree in Civil Engineering from The University of Arizona and is a registered professional engineer and land surveyor as well as a member of numerous professional organizations.

Mr. Thomas Burke was appointed Finance and Risk Management Director in January 2005 and had served as Deputy Director of Finance from May 2004. Prior to his move to Finance, Mr. Burke served as Deputy Director of Pima County's Department of Natural Resources, Parks and Recreation from 2003 to 2004. From 2000 to 2003, he was a Deputy County Attorney representing various Pima County departments including the County Assessor,

County Treasurer and Public Works departments. From 1989 to 1998, Mr. Burke served as the Manager of Pima County's Real Property Services and from 1994 to 1998 also served as the County's Superintendent of Streets overseeing special taxing districts. During 1998 to 2000, he was a partner in an Arizona law firm representing local governments. Prior to his work with the County, Mr. Burke was an attorney with a Tucson law firm from 1983 to 1989 and was a Certified Public Accountant with Ernst & Whinney from 1976 to 1980. Mr. Burke holds a Bachelor of Science in Business Administration with a major in Accounting and a Juris Doctor, both from The University of Arizona, and is licensed as an attorney in the State.

Transportation

Tucson is the economic and transportation center of the County, as well as southern Arizona. Tucson is traversed by Interstates 10 and 19, as well as State Highways 77, 83, 85 and 86. Interstate 10 passes through Tucson and connects Tucson with the City of Phoenix, Arizona, to the north and Los Angeles, California, to the west and New Mexico and Texas to the east. Interstate 19 provides access to the City of Nogales, Arizona and Mexico to the south, while U.S. Highway 86 connects with a direct route to the Gulf of California vacation areas. The main line of the Union Pacific Railroad extends across Tucson to the eastern portion of the County. Tucson International Airport, located approximately 20 minutes from Tucson's downtown business area, provides local, regional, national and international air service through several airlines. The airport has an 11,000-ft. lighted, paved primary runway, a 9,100-ft. paved secondary runway and a 7,000-ft paved runway, all of which can accommodate all major types of carriers. The County is also served by Greyhound bus lines and Amtrak.

Economy

The economy of the County is based largely on a variety of service industries, trade, and government employment. Figures from the Arizona Department of Administration, Office of Employment and Population Statistics indicate that 366,300 persons were employed, on average (not including the agricultural industry), in the County for 2014. The following table presents the County's average annual total employment by industry for the periods indicated. During the recent recession, employment decreased in the County. Beginning in 2011, employment levels have either stabilized or grown across most employment sectors, as reflected in the information shown below.

TABLE 2
Pima County
Average Annual Employment
Number of Persons Employed 2009-2014

Industry	2009	2010	2011	2012	2013	2014
Goods Producing						
Mining and Construction	18,300	16,800	16,400	16,500	17,600	17,500
Manufacturing	25,100	24,000	23,400	23,400	23,200	23,100
Service Providing						
Trade, Transportation and Utilities	58,200	56,900	57,700	57,800	58,800	59,200
Information	4,700	4,300	4,200	4,200	4,300	4,300
Financial Activities	17,000	17,200	16,800	16,800	17,000	17,300
Professional and Business Services	47,100	45,700	46,700	48,400	49,200	50,200
Education and Health Services	58,500	58,300	59,800	60,900	61,200	63,900
Leisure and Hospitality	38,700	38,100	39,100	40,300	39,800	41,300
Other Services	13,400	12,700	12,500	12,800	12,700	12,500
Government	79,100	78,200	76,800	77,700	77,300	77,000
Total Wage & Salary Employment	360,100	352,200	353,400	358,800	361,100	366,300

Source: U.S. Department of Labor, Bureau of Labor Statistics, by Arizona Department of Administration, Office of Employment and Population Statistics.

The average annual unemployment rate for the County for 2014 was 6.3%. The average annual unemployment rates for 2013 and 2012 were 7.0% and 7.4%, respectively. The table below shows comparative unemployment rates for the County, the State and the United States for the periods indicated. As reflected for the United States as a whole, the unemployment rate for Arizona and for the County saw significant increases in 2009 and 2010 but has decreased each year since 2011.

TABLE 3
Pima County
Comparative Employment Statistics (a)

	Pima County		Average Unemployment Rate		
Calendar Year	**Average Employment**	**Average Unemployment**	**Pima County**	**Arizona**	**U.S.**
2014	425,841	28,444	6.3%	7.0%	6.2%
2013	418,342	31,616	7.0%	8.0%	7.4%
2012	425,499	33,850	7.4%	8.3%	8.1%
2011	426,436	39,204	8.4%	9.4%	8.9%
2010	434,840	45,039	9.4%	10.4%	9.6%
2009	442,500	43,540	9.0%	9.8%	9.3%

(a) Data shown in table includes all employment, including agriculture, and is not seasonally adjusted.

Source: U.S. Department of Labor, Bureau of Labor Statistics and Arizona Department of Administration, Office of Employment and Population Statistics.

The following table indicates the major employers in southern Arizona, which includes the County, as reported in April 2014.

TABLE 4
Southern Arizona
Major Employers

Company	**Type of Business**	**Approximate Number of Full-Time Equivalents**
University of Arizona	Higher Education	11,047
Raytheon Missile Systems	Military and Defense	9,933
State of Arizona	Government	9,439
Davis-Monthan Air Force Base	Military and Defense	8,933
Pima County	Government	7,328
Tucson Unified School District	Education	6,525
The University of Arizona Health Network	Health Care	6,329
U.S. Army Intelligence Center and Fort Huachuca	Military and Defense	5,717
Freeport-McMoRan Copper & Gold Inc.	Mining and Agriculture	5,600
Wal-Mart Stores Inc.	Retailers	5,300
City of Tucson	Government	4,845
Tohono O'odham Nation	Government	4,350
U.S. Border Patrol	Government	4,135
Carondelet Health Network	Health Care	3,476
TMC HealthCare	Health Care	2,954
Southern Arizona VA Health Care System	Health Care	2,450
Asarco LLC	Mining and Agriculture	2,366
Pima Community College	Higher Education	2,177
Corrections Corp. of America (CCA)	Other	2,146
Fry's Food Stores	Restaurants and Food Distribution	2,024

Source: *The Star 200*, The Arizona Daily Star (April 2014).

Non-Governmental Employment

During the recent recession, average employment figures across all categories with the exception of financial activities and education and health services showed declines in employment. From 2011 through 2014, employment figures for all non-government categories showed signs of either growth or stabilization, with overall employment up by approximately 12,500 jobs, or 4.5%.

The average annual employment in service-providing categories for 2014 was 248,700. It is anticipated that as the County continues to grow in population and economic activity, service-providing employment will continue to provide the primary source of jobs in the County. As detailed in TABLE 2, employment in the Education and Health Services and Trade, Transportation and Utilities industries have been the primary areas of employment in the service-providing industry.

Government

Government employment plays an important role in the County with federal, State and local government employees averaging 77,000 for 2014, representing 21.0% of the County's total wage and salary employment base. The State, Davis-Monthan Air Force Base and U.S. Border Patrol are significant contributors to government employment in the County. (See "Southern Arizona - Major Employers" listed in TABLE 4.) Davis-Monthan Air Force Base is a major training ground for active duty members on the A-10 "Warthog" aircraft. The facility is also responsible for the education of tactical missile crews. Its storage capacity of 4,400 aircraft is the largest in the world. In the past, Davis-Monthan Air Force Base reportedly has been included on lists of installations considered for closure or realignment by the Defense Base Closure and Realignment Commission. There can be no assurances that Davis-Monthan Air Force Base will not be included on similar lists in the future. Any such closure or realignment would most likely be subject to review and approval by, among others, the Department of Defense and the President of the United States and would have a negative but unquantifiable effect on the County.

Manufacturing

The manufacturing sector in the County continues to be dominated by the high technology industries of aerospace and electronics. Raytheon Missile Systems, the largest manufacturing company and second largest employer in the County, is a major supplier of advanced munitions. Civilian aviation products and services are provided by Bombardier, which has an aircraft maintenance facility in Tucson; B/E Aerospace, which manufactures aircraft cabin and interior products; and Universal Avionics Systems Corp., which builds and installs advanced instrumentation, communication and navigation systems for civil aircraft. Texas Instruments manufactures electronic circuitry and data storage devices. Ventana Medical Systems provides computerized medical laboratory equipment.

Average annual employment in the manufacturing sector within the County for 2014 was 23,100, representing 6.3% of the County's total wage and salary employment base. Manufacturing employment in the County has decreased each year since the recession, but has shown signs of stabilization in recent years.

The following table presents the major manufacturers in the County and Tucson metropolitan area as of April 2014:

TABLE 5
Southern Arizona
Major Manufacturers

Company	Type of Business	Approximate 2014 Employment
Ventana Medical Systems Inc.	Manufacturing & Research	1,100
IBM Corp.*	Manufacturing & Research	915
Bombardier Aerospace	Aerospace & Aircraft	913
Honeywell Aerospace*	Aerospace & Aircraft	800
B/E Aerospace Inc.	Aerospace & Aircraft	720
Solar Industries	Manufacturing & Research	400
Texas Instruments Inc.	Manufacturing & Research	370
Sargent Aerospace & Defense	Aerospace & Aircraft	315
FLSmidth Krebs	Manufacturing & Research	293
Marana Aerospace Solutions, Inc.	Aerospace & Aircraft	281
Universal Avionics Systems Corp.	Aerospace & Aircraft	268

* Estimated

Source: *The Star 200*, The Arizona Daily Star (April 2014).

The County's proximity to Mexico makes twin plant "maquiladora" operations practical. Components are manufactured in Tucson and transported duty-free to Nogales, Sonora, Mexico, 65 miles south of Tucson, for assembly. These manufacturers contribute to the County's economy in many ways, including the support of numerous suppliers and peripheral industries. The proximity of the Mexican border is more significant to manufacturing concerns given the existence of the North American Free Trade Agreement between Canada, the United States and Mexico. However, the uncertainty of the U.S. and Mexican economies may negatively impact the employment of the previously described manufacturing concerns.

Tourism

Tourism is an important economic mainstay in the County and the Tucson area. The County's climate, historical and cultural sites, location and proximity to vacation areas in California, Mexico, and other Southwest destinations attract vacationers, conventioneers and other visitors. The Metropolitan Tucson Convention and Visitors Bureau estimated that 343 convention bookings with 194,726 convention delegates visited the Tucson area in fiscal year 2013-14, the most recent data available (representing convention sales and sporting events). In the Tucson area, the Bureau estimated that there were approximately 169 hotels and resorts with 16,851 rooms. Points of interest, recreational sites and sight-seeing attractions include the Arizona-Sonora Desert Museum, Kitt Peak National Observatory, Pima Air and Space Museum, Titan Missile Museum, Saguaro National Park, Mission San Xavier del Bac, Mount Lemmon, Sabino Canyon, Biosphere 2, and numerous resorts and golf courses.

According to the Arizona Hospitality Research & Resource Center, tourists in the County spent $1.44 billion in calendar year 2012, an increase from tourism-related expenditures in calendar year 2011. In calendar year 2013, tourists in the County spent approximately $1.49 billion, an increase of 3.5% from the prior year.

The figures in the following table include the estimated tourist portion of amusement, bar and restaurant, hotel and motel, and retail gross sales. Shown below are tourist dollars expended in the County and State economies for 2009 through September 2014, which is the most current data available as of the date of this Official Statement.

TABLE 6
Total Tourist Expenditures
($ in millions)

Year	Pima County	State of Arizona
2014 (a)	$1,115	$8,316
2013	1,487	10,624
2012	1,443	10,017
2011	1,370	9,549
2010	1,296	8,844
2009	1,304	8,795

(a) Data through September 2014.

Source: Arizona Hospitality Research & Resources Center, The W.A. Franke College of Business, Northern Arizona University.

Education

The University of Arizona (the "University") provides approximately 11,047 jobs to the area and is an important link to the economic growth of the County. Its presence as a research university has assisted in attracting new business enterprises over the years. The academic organization of the University is comprised of twelve undergraduate colleges, four graduate and professional colleges and a number of interdisciplinary programs. Enrollment figures for the fall semester of 2014 were estimated at 42,236 undergraduate and graduate full-time students. This enrollment includes students in continuing education programs, interns and residents, post-doctoral programs and on-campus non-credit students.

Pima County Community College offers two-year programs in vocational and technical education. Total student enrollment for Pima County Community College for 2013-14 was 52,197 students.

Source: The University of Arizona and Pima County Community College.

Wholesale and Retail Trade

Wholesale and retail trade includes restaurants, hotels, taverns, service stations, automobile repair shops, shopping malls and wholesale dealers. The largest individual employers in the retail sector (companies with more than 1,000 employees) are Wal-Mart Stores, Fry's Food Stores, Safeway Inc., Target Corp., Walgreen Co., Circle K Stores Inc. and Home Depot.

The retail sales figures set forth below are based on the sales tax collections within the County excluding penalties, late charges and nontaxable items. The sales tax rate levied by the State on retail sales within the County is 5.6%. In addition, cities and towns within the County generally levy a 2% to 4% sales tax. The County Regional Transportation Authority levies a county-wide 0.5% sales tax.

The following table sets forth retail sales figures in the County for the periods indicated. After many years of continued growth, retail sales in the County decreased by 9.86% in calendar year 2009 and by an additional 2.20% in calendar year 2010. In calendar year 2011, retail sales in the County returned to positive growth, increasing by 7.80% from the prior year, and have continued to grow each year, as indicated by the following table.

TABLE 7
Pima County Retail Sales (a)

Year	Amount	% Change
2014	$7,866,774,190	3.40%
2013	7,608,383,644	4.36%
2012	7,290,710,677	5.60%
2011	6,904,863,298	7.80%
2010	6,402,891,553	(2.20%)
2009	6,547,084,057	(9.86%)

(a) Excludes food and gasoline sales.

Source: Arizona Department of Revenue.

Financial Institutions

The Federal Deposit Insurance Corporation (FDIC) collects deposit balances for commercial and savings banks as of June 30 of each year. The following table illustrates the summary of bank deposits of all FDIC-insured institutions within the County for the past five fiscal years. As of June 30, 2014, there were 19 institutions with 185 offices in the County, with a deposit balance of approximately $13.055 billion.

TABLE 8
Pima County
Bank Deposits

June 30	Amount
2014	$13,055,000,000
2013	12,762,000,000
2012	12,152,000,000
2011	11,973,000,000
2010	11,892,000,000
2009	11,502,000,000

Source: Federal Deposit Insurance Corporation.

Mining

According to the Arizona Mining Association, Arizona leads the nation in copper production, accounting for approximately 63% of the total U.S. mine production. However, the cyclical nature of this industry has caused consolidation of its resources to improve production. In the early 1980's, the Arizona copper industry's direct economic impact on the Arizona economy regularly exceeded $1.0 billion, peaking in 1981 at approximately $1.612 billion when the industry employed roughly 25,000 persons. Since that time, employment in this sector has significantly decreased, with employment in the mining industry within the County being approximately 2,300 in 2013 and 2,400 for 2014.

Agriculture

Agriculture plays a less significant role in the economy of the County as a whole, but a small portion of the County relies on agriculture as its leading economic source. Principal crops harvested are cotton, wheat and hay, as well as vegetables.

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APPENDIX B

PIMA COUNTY, ARIZONA
Financial Information

Introduction

The fiscal year for the County is from July 1 through June 30. The County's budget process is an ongoing function. Each fiscal year's process starts with the issuance in December of guidelines to all departments within which budgets must be developed. Department budget requests are submitted in February. A review process then takes place culminating with the County Administrator's submission of a proposed budget to the Board in time for budget hearings in mid-June. State statutes require that a tentative budget be adopted by the Board no later than the third Monday in July. At the time the final budget is adopted, which can be no later than the first Monday in August of each year, the Board holds a public hearing and meeting to determine the tax levy needed to support the budget. Taxes are then assessed and levied no later than the third Monday in August.

Expenditure Limitation

Beginning in fiscal year 1981-82, the County became subject to an annual expenditure limitation which is set by the Arizona Economic Estimates Commission. This limitation is based on the County's annual expenditures for fiscal year 1979-80, with this base adjusted to reflect interim population, cost of living and boundary changes. Certain expenditures are specifically exempt from the limit, including expenditures made from federal funds and bond sale proceeds, as well as debt service payments. The limitations can be exceeded for certain emergency expenditures or if approved by the voters. The Constitutional provisions which relate to the expenditure limitation provide three processes to exceed the spending limit: a permanent base adjustment, a one-time override, and a capital project accumulation.

The County's expenditure limitation for the 2013-14 fiscal year was $527,442,812. The County's expenditures for the 2013-14 fiscal year did not exceed the limit. The County's 2014-15 fiscal year expenditure limitation is $525,447,388, and the County anticipates that its expenditures for such year will not exceed the limit.

Ad Valorem Taxes

At the general election held November 6, 2012, the voters of the State ratified Senate Concurrent Resolution 1025, which amends a provision of the Arizona Constitution relating to the State's property tax system. Beginning in tax year 2015 (for operations during the County's fiscal year 2015-16), and for tax years thereafter, the constitutional amendment will limit the value of real property and improvements, including mobile homes, used for all ad valorem tax purposes (both primary and secondary tax purposes) to the lesser of the full cash value of the property or an amount five percent greater than the value of property used for taxation purposes determined for the prior year. The foregoing limitation does not apply to (1) equalization orders that the Arizona Legislature exempts from such limitation; (2) property used in the business of patented or unpatented producing mines, mills and smelters; (3) producing oil, gas and geothermal interests; (4) real property and improvements used for operation of telephone, telegraph, gas, water and electric utilities; (5) aircraft that is regularly scheduled and operated by an aircraft company; (6) standing timber; (7) pipelines; and (8) personal property, except mobile homes. Statutory amendments to implement this Constitutional amendment were enacted in the 2013 legislative session.

The information which follows under the heading "PROPERTY TAXES" summarizes the assessment, levy and collection process as it currently exists.

PROPERTY TAXES

General

For tax purposes in Arizona, real property and improvements is either valued by the Assessor of the County or the Arizona Department of Revenue. Property valued by the Department of Revenue is referred to as "centrally

valued" property and is generally large mine and utility entities. Property valued by the Assessor of the County is referred to as "locally assessed" property and generally encompasses residential, agricultural and traditional commercial and industrial property.

While locally assessed property in the State has two different values, "limited property value" and "full cash value," only the limited property value is used as the basis for taxation. The full cash value is maintained and used as the benchmark for determining the taxable value. For tax year 2015 and subsequent tax years, the limited property value of real property and improvements, including mobile homes, used for all ad valorem property tax purposes (both primary and secondary as hereinafter described) is limited by the Arizona Constitution to the lesser of the full cash value of the property or an amount five percent greater than the limited property value of the property determined for the prior year. Such limitation on increase in value does not apply to certain types of property set forth in the Arizona Constitution and the Arizona Revised Statutes. For centrally valued property and personal property (except mobile homes), the full cash value of the property is used as the basis for taxation.

Prior to tax year 2015, the value of real property and improvements, including mobile homes, used for primary ad valorem property tax purposes was the limited property value; for secondary ad valorem tax purposes it was the full cash value. Limited property value for property in existence in the prior year that did not undergo modification through construction, destruction, split or change in use increased by the greater of either 10% of the prior year's limited property value or 25% of the difference between the prior year's limited property value and the current year's full cash value. Increases in full cash value were not limited.

Determination of Full Cash Value

The first step in the tax process is the determination of the full cash value of each parcel of real property within the State. Full cash value is statutorily defined to mean "the value determined as prescribed by statute" or if no statutory method is prescribed it is "synonymous with market value which means that estimate of value that is derived annually by using standard appraisal methods and techniques," which generally include the market approach, the cost approach and the income approach. In general, the Assessor of the County uses a cost approach to value commercial/industrial property and a market approach to value residential property. State law allows taxpayers to appeal such full cash valuations by providing evidence of a lower value, which may be based upon another valuation approach.

The Assessor of the County, upon meeting certain conditions, may value residential, agricultural and vacant land property classifications at the same full cash value for up to three years. The Assessor of the County currently values existing properties on a two-year cycle.

Certain residential property owners 65 years of age and older may obtain a property valuation "freeze" against valuation increases (the "Property Valuation Protection Option") if the owners total income from all sources does not exceed 400% (500% for two or more owners of the same property) of the "Social Security Income Benefit Rate." The Property Valuation Protection Option must be renewed every three years. If the property is sold to a person who does not qualify, the property reverts to its current full cash value. Any freeze on increases in property value will, as a result, freeze the assessed value of the affected property for both primary and secondary tax purposes, as hereinafter described.

Property Classification and Assessment Ratios

All property, both real and personal, is assigned a classification (defined by property use) and related assessment ratio that is multiplied by the taxable value of the property to obtain the assessed valuation. The assessment ratios for each property classification are set forth by tax year in the following table.

Property Tax Assessment Ratios (a)
Fiscal Years 2011-12 through 2015-16

	Assessment as Percentage of Full Cash Value				
Property Classification (b)	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**
Mining, Utility, Commercial and Industrial (c)	20.0%	20.0%	19.5%	19.0%	18.5%
Agriculture and Vacant Land (c)	16.0%	16.0%	16.0%	16.0%	16.0%
Owner Occupied Residential	10.0%	10.0%	10.0%	10.0%	10.0%
Leased or Rented Residential	10.0%	10.0%	10.0%	10.0%	10.0%
Railroad, Private car Company and Airline Flight Property	15.0%	15.0%	15.0%	16.0%	15.0%

(a) Additional property classifications exist, but seldom amount to a significant portion of a municipal body's total valuation.

(b) For tax year 2015, full cash values up to $146,973 on commercial, industrial and agricultural personal property are exempt from taxation. For tax year 2014, full cash values up to $141,385 on commercial, industrial and agricultural personal property were exempt from taxation. This exemption is indexed annually for inflation. Any portion of the full cash value in excess of that amount will be assessed at the applicable rate. The assessment ratio for mining, utilities, commercial and industrial property will be reduced to 18% for tax year 2016 and thereafter. The assessment ratio for agricultural and vacant property will be reduced to 15% for tax year 2016 and thereafter.

(c) This percentage is determined annually to be equal to the ratio of (i) the total assessed valuation of all mining, utility, commercial, industrial and military reuse zone properties, agricultural personal property and certain leasehold personal property to (ii) the total full cash (market) value of such properties.

Primary Taxes

Taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and the State are primary taxes. These taxes are levied against the assessed valuation of the property (taxable property value multiplied by the appropriate property classification assessment ratio).

The primary taxes levied by each county, city, town and community college district are constitutionally limited to a maximum increase of 2% over the prior year's levy plus any taxes on property not subject to taxation in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). The 2% limitation does not apply to primary taxes levied on behalf of school districts.

Primary taxes on residential property only are constitutionally limited to 1% of the limited value of such property.

Secondary Taxes

Taxes levied for debt retirement (e.g., debt service on the Bonds), voter-approved budget overrides and the maintenance and operation of special service districts such as sanitary, fire and road improvement districts are secondary taxes. These taxes are also levied against the assessed valuation of the property (taxable property value multiplied by the appropriate property classification assessment ratio) as described above. There is no constitutional or statutory limitation on annual levies for voter-approved bond indebtedness and special district assessments.

Tax Procedures

The State tax year has been defined as the calendar year, notwithstanding the fact that these tax procedures begin prior to January 1 of the tax year and continue through May of the succeeding calendar year.

On or before the third Monday in August each year the Board of Supervisors of the County prepares the tax roll setting forth the valuation by taxing district of all property in the County subject to taxation. The Assessor of the County is required to complete the assessment roll by December 15th of the year prior to the levy. This tax roll also shows the valuation and classification of each parcel of land located within the County for the tax year. The tax roll is then forwarded to the Treasurer of the County.

With the various budgetary procedures having been completed by the governmental entities, the appropriate tax rate for each jurisdiction is then applied to the parcel of property in order to determine the total tax owed by each property owner. Any subsequent decrease in the value of the tax roll as it existed on the date of the tax levy due to appeals or other reasons would reduce the amount of taxes received by each jurisdiction.

The property tax lien on real property attaches on January 1 of the year the tax is levied. Such lien is prior and superior to all other liens and encumbrances on the property subject to such tax except liens or encumbrances held by the State or liens for taxes accruing in any other years.

Delinquent Tax Procedures

The property taxes due the County are billed, along with State and other taxes, each September and are due and payable in two installments on October 1 and March 1 and become delinquent on November 1 and May 1, respectively. Delinquent taxes are subject to an interest penalty of 16% per annum prorated monthly as of the first day of the month. (Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31.) After the close of the tax collection period, the Treasurer of the County prepares a delinquent property tax list and the property so listed is subject to a tax lien sale in February of the succeeding year. In the event that there is no purchaser for the tax lien at the sale, the tax lien is assigned to the State, and the property is reoffered for sale from time to time until such time as it is sold, subject to redemption, for an amount sufficient to cover all delinquent taxes.

After three years from the sale of the tax lien, the tax lien certificate holder may bring an action in a court of competent jurisdiction to foreclose the right of redemption and, if the delinquent taxes plus accrued interest are not paid by the owner of record or any entity having a right to redeem, a judgment is entered ordering the Treasurer of the County to deliver a treasurer's deed to the certificate holder as prescribed by law.

In the event of bankruptcy of a taxpayer pursuant to the United States Bankruptcy Code (the "Bankruptcy Code"), the law is currently unsettled as to whether a lien can attach against the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly non-interest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are oversecured, and then possibly only on the prorated basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact bankruptcy might have on the ability to collect ad valorem taxes on property of a taxpayer within the County. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on delinquent property.

When a debtor files or is forced into bankruptcy, any act to obtain possession of the debtor's estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover a claim against the debtor that arose before the commencement of the bankruptcy is stayed pursuant to the Bankruptcy Code. While the automatic stay of a bankruptcy court may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of bankruptcy court. It is reasonable to conclude that "tax sale investors" may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of the payment of post-bankruptcy petition tax collections becomes uncertain.

It cannot be determined what impact any deterioration of the financial conditions of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of, or the secondary market for, the Bonds. None of the County, the Underwriter or their respective agents or consultants has undertaken any independent investigation of the operations and financial condition of any taxpayer, nor have they assumed responsibility for the same.

In the event the County is expressly enjoined or prohibited by law from collecting taxes due from any taxpayer, such as may result from the bankruptcy of a taxpayer, any resulting deficiency could be collected in subsequent tax years by adjusting the County's tax rate charged to non-bankrupt taxpayers during such subsequent tax years.

Property Valuations

The following table lists various property valuations for the County for the current fiscal year.

Valuations for 2014-15 Fiscal Year

Estimated Actual Valuation (a)	$63,492,262,442
Net Secondary Assessed Valuation	7,579,898,868
Net Primary Assessed Valuation	7,518,481,988

(a) Actual full cash value net of estimated value of property exempt from taxation.

Source: *2014 Property Tax Rates and Assessed Values*, Arizona Tax Research Association; *2014 Abstract of the Assessment Roll*, Arizona Department of Revenue.

Net Secondary Assessed Valuation Comparisons and Trends

The information set forth below is shown to indicate the ratio between assessed values and estimated actual values for the County, as well as changes in the secondary assessed valuations of the County and overlapping municipal units on a comparative basis. The basis of property assessment for these years is shown under "Ad Valorem Taxes – Tax Procedures."

Net Secondary Assessed Value and Estimated Actual Cash Value Comparison

Fiscal Year	Net Secondary Assessed Valuation	Estimated Actual Valuation (a)	Net Secondary Assessed Valuation as a Percentage of the Estimated Actual Valuation
2014-15	$7,579,898,868	$63,492,262,442	11.94%
2013-14	7,623,691,280	63,198,953,329	12.06%
2012-13	8,171,211,922	67,389,331,666	12.13%
2011-12	8,448,281,586	70,163,492,245	12.04%
2010-11	9,342,561,193	77,358,317,302	12.08%
2009-10	9,860,980,900	80,653,625,457	12.23%

(a) Actual full cash value net of estimated value of property exempt from taxation.

Source: *2014 Property Tax Rates and Assessed Values*, Arizona Tax Research Association; *2014 Abstract of the Assessment Roll*, Arizona Department of Revenue.

Net Secondary Assessed Valuation Comparisons

Fiscal Year	City of Tucson	Percent Change	Pima County	Percent Change	State of Arizona	Percent Change
2014-15	$3,131,952,246	(0.61%)	$7,579,898,868	(0.57%)	$55,352,051,074	5.24%
2013-14	3,151,042,287	(6.70%)	7,623,691,280	(6.70%)	52,594,377,492	(6.54%)
2012-13	3,377,401,416	(3.17%)	8,171,211,922	(3.28%)	56,271,814,583	(8.80%)
2011-12	3,487,959,628	(10.89%)	8,448,281,586	(9.57%)	61,700,292,915	(18.43%)
2010-11	3,914,105,239	(2.88%)	9,342,561,193	(5.26%)	75,643,290,656	(12.56%)
2009-10	4,030,242,132	3.46%	9,860,980,900	2.77%	86,504,734,898	0.48%

Source: *2014 Property Tax Rates and Assessed Values*, Arizona Tax Research Association.

Net Secondary Assessed Valuations of Major Taxpayers

Shown below are the major property taxpayers located within the County, an estimate of their current assessed value and their relative proportion of the County's net secondary assessed value.

Taxpayer (a)	Use of Property	2014-15 Net Secondary Assessed Valuation	As Percent of County's 2014-15 Net Secondary Assessed Valuation
Unisource Energy Corp	Utility	$201,401,036	2.66%
Phelps Dodge Sierrita Inc-Sierrita Mine	Mining	95,185,613	1.26%
Southwest Gas Corporation	Utility	66,789,093	0.88%
Asarco LLC-Mission Mine	Mining	55,322,315	0.73%
Qwest Corporation	Telecommunications	38,035,353	0.50%
Trico Electric Coop Inc.	Utility	21,844,835	0.29%
Wal-Mart Stores Inc.	Retail	19,365,907	0.26%
Northwest Hospital LLC	Healthcare	16,982,799	0.22%
DND Neffson Company	Shopping Mall	16,036,589	0.21%
DDR Tucson Spectrum II LLC	Shopping Mall	13,403,978	0.18%
		$544,367,518	7.19%

(a) Some of such taxpayers or their parent corporations are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information (collectively, the "Filings") may be inspected, copied and obtained at prescribed rates at the Commission's public reference facilities at 100 F Street, N.E., Washington, D.C. 20549-2736. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR data base at http://www.sec.gov. No representative of the County, Bond Counsel, the Underwriter or Underwriter's Counsel have examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

Source: Pima County Assessor.

Record of Real and Secured Personal Property Taxes Levied and Collected

Property taxes are levied and collected on all taxable property within the County and are certified by the County Treasurer. The following table sets forth the County's real and secured personal property tax collected year-to-date for the current fiscal year and the past five full fiscal years.

Fiscal Year	Real and Secured Personal Property Tax Levy	Fiscal Year Collections (a)		Total Collections (b)	
		Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2014-15	$359,297,850	(c)	(c)	$196,714,516	54.75%
2013-14	323,026,354	$311,703,395	96.49%	318,990,942	98.75%
2012-13	324,785,757	301,208,459	92.74%	323,856,491	99.71%
2011-12	335,466,625	323,013,333	96.29%	335,088,130	99.89%
2010-11	352,275,617	335,747,500	95.31%	349,948,370	99.34%
2009-10	353,593,620	338,592,132	95.76%	353,241,297	99.90%

(a) Reflects collections made through June 30th, the end of the fiscal year, on such year's levy. Property taxes are payable in two installments. The first installment is due on October 1 and becomes delinquent on November 1, but is waived if the full tax year's taxes are paid in full by December 31. The second installment is due on March 1 and becomes delinquent on May 1. Interest at the rate of 16% per annum attaches on first and second installments following their delinquent dates. Penalties for delinquent payments are not included in the above collection figures.
(b) Reflects collections made through January 31, 2015 against the current and prior levies.
(c) In the process of collection.

Source: Pima County Treasurer.

Tax Rate Data

The tax rates provided below reflect the total property tax rate levied by the County. As such, the rates are the sum of the primary tax rate, which is levied against the primary assessed value within the County, and the secondary tax rate for debt service payments, the County Library District, the County Fire District Assistance Tax and the County Flood Control District, all of which are levied against the County's secondary assessed value (except in the case of the Flood Control District, which is levied against the District's secondary assessed value, excluding the value of personal property).

Fiscal Year	Primary Tax Rate	Secondary Tax Rate	Total Tax Rate
2014-15	$4.2779	$1.4860	$5.7639
2013-14	3.6665	1.4644	5.1309
2012-13	3.4178	1.4342	4.8520
2011-12	3.4178	1.4313	4.8491
2010-11	3.3133	1.3665	4.6798
2009-10	3.3133	1.2784	4.5917

Source: *2014 Property Tax Rates and Assessed Values*, Arizona Tax Research Foundation.

Debt Limitation

Pursuant to the Arizona Constitution, outstanding general obligation debt for county purposes may not exceed 15% of a county's net secondary assessed valuation. The following indicates the County's current bonding capacity.

Net Secondary Assessed Valuation (FY 2014-15)	**$7,579,898,868**
15% Constitutional Limitation	1,136,984,830
Net Direct General Obligation Bonds Outstanding	407,275,000
Plus: The Bonds	15,000,000
Unused 15% Limitation	$714,709,830

General Obligation Bonded Debt Outstanding

The following chart lists the outstanding general obligation bonded debt of the County that will be outstanding after the issuance of the Bonds.

Date of Issue	Original Amount	Original Purpose	Original Maturity Dates	Remaining Balance Outstanding
01-01-07	$95,000,000	Various Improvements	7-1-07/21	$48,550,000
02-15-08	100,000,000	Various Improvements	7-1-08/22	63,000,000
04-22-09	75,000,000	Various Improvements	7-1-09/23	36,185,000
12-02-09	113,535,000	Various Improvements and Refunding	7-1-10/24	63,885,000
05-25-11	75,000,000	Various Improvements	7-1-12/26	44,185,000
06-13-12	76,225,000	Various Improvements and Refunding	7-1-13/27	55,905,000
06-05-13	88,575,000	Various Improvements and Refunding	7-1-14/28	85,565,000
01-30-14	10,000,000	Various Improvements	7-1-15/28	10,000,000
Subtotal				$407,275,000
Plus: The Bonds				15,000,000
Total General Obligation Bonded Debt to be Outstanding				$422,275,000

Annual Debt Service Requirements of Outstanding General Obligation Bonded Debt Outstanding

The following chart indicates the general obligation debt service requirements of the County that will be outstanding after the issuance of the Bonds.

Fiscal Year Ending (June 30)	Existing General Obligation Bonded Debt Outstanding		The Bonds		Total Debt Service Requirement (b)
	Principal	Interest	Principal	Interest (a)	
2015	$36,815,000	$14,714,800	$1,525,000	$99,905	$53,154,705
2016	37,655,000	13,580,875	1,660,000	436,588	53,332,463
2017	41,445,000	12,398,325		403,388	54,246,713
2018	40,880,000	11,041,400	2,125,000	403,388	54,449,788
2019	39,375,000	9,555,125	1,100,000	318,388	50,348,513
2020	42,710,000	8,186,313	740,000	274,388	51,910,700
2021	39,165,000	6,687,738	770,000	244,788	46,867,525
2022	40,755,000	5,221,713	805,000	213,988	46,995,700
2023	28,675,000	3,596,713	820,000	195,875	33,287,588
2024	19,770,000	2,424,306	840,000	175,375	23,209,681
2025	12,770,000	1,634,056	865,000	152,275	15,421,331
2026	13,320,000	1,086,656	890,000	126,325	15,422,981
2027	8,990,000	514,244	920,000	95,175	10,519,419
2028	4,950,000	192,594	955,000	62,975	6,160,569
2029			985,000	29,550	1,014,550

(a) The first interest payment date on the Bonds is July 1, 2015.
(b) Amounts may not add due to rounding.

Net Direct and Overlapping General Obligation Bonded Debt

The chart below reflects the property valuation and outstanding general obligation debt for jurisdictions that overlap the County's boundaries. The overlapping bonded debt figures were compiled from information obtained from the County Treasurer's Office and individual jurisdictions. A breakdown of each overlapping jurisdiction's applicable general obligation bonded debt, net secondary assessed valuation and combined tax rate per $100 assessed valuation follows.

Jurisdiction	2014-15 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(f)(g)	Portion Applicable to the County		Combined Tax Rate Per $100 Assessed Valuation (e)
			Percent	Net Debt Amount	
State of Arizona	$55,352,051,074	None	100%	None	$0.0000
Pima County	**7,579,898,868**	**$422,275,000**	**100%**	**$422,275,000**	**6.1093 (b)**
Pima County Flood Control District (c)	6,767,457,872	None	100%	None	0.3035
Pima County Community College District	7,579,898,868	None	100%	None	1.3344
Joint Technical Education District	7,213,435,956	None	100%	None	0.5000
Avra Valley Fire District	34,816,090	3,138,000	100%	3,138,000	3.8300
Northwest Fire District	973,803,888	28,370,000	100%	28,370,000	2.9272
Rincon Valley Fire District	8,658,575	4,920,000	100%	4,920,000	3.2909
Gladden Farms Community Facilities District	15,723,726	8,085,000	100%	8,085,000	2.8000
Quail Creek Community Facilities District	61,346	10,495,000	100%	10,495,000	3.3000
Elementary School Districts	347,989,389	15,495,000	100%	15,495,000	2.9871 (d)
Unified School Districts	4,206,159,149	553,785,000	100%	553,785,000	6.0209 (d)
Cities and Towns	4,341,058,245	214,760,000	100%	214,760,000	1.0538 (d)
Total				$1,261,323,000	

Jurisdiction	2014-15 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(f)(g)	Combined Tax Rate Per $100 Assessed Valuation (e)
State of Arizona	$55,352,051,074	None	None
Pima County	7,579,898,868	$422,275,000	$6.1093 (b)
Pima County Flood Control District (c)	6,767,457,872	None	0.3035
Pima County Community College District	7,579,898,868	None	1.3344
Joint Technical Education District	7,213,435,956	None	0.5000
Avra Valley Fire District	34,816,090	3,138,000	3.8300
Northwest Fire District	973,803,888	28,370,000	2.9272
Rincon Valley Fire District	8,658,575	4,920,000	3.2909
Gladden Farms Community Facilities District	15,723,726	8,085,000	2.8000
Quail Creek Community Facilities District	61,346	10,495,000	3.3000
Elementary School Districts:			
San Fernando ESD #35	1,293,428	None	5.8244
Empire ESD #37	7,713,138	None	2.1687
Continental ESD #39	307,026,750	15,495,000	2.6146
Redington ESD #44	1,453,488	None	4.7711
Altar Valley ESD #51	30,502,585	None	6.7381
Unified School Districts:			
Tucson USD #1	21,421,987	197,970,000	7.5094
Marana USD #6	716,727,241	53,125,000	6.2288
Flowing Wells USD #8	188,539,024	18,740,000	6.6135
Amphitheater USD #10	1,388,632,126	106,770,000	5.8044
Sunnyside USD #12	411,215,844	49,925,000	6.0364
Tanque Verde USD #13	169,220,355	12,335,000	5.0329
Ajo USD #15	19,423,050	None	4.8452
Catalina Foothills USD #16	558,433,356	31,925,000	4.7066
Vail USD #20	420,342,209	43,450,000	7.3000
Sahuarita USD #30	311,158,214	39,545,000	7.2885
Indian Oasis Baboquivari USD #40	1,045,743	None	0.0000
Cities and Towns:			
City of Tucson	3,131,952,246	214,760,000	1.4606
City of South Tucson	21,566,232	None	0.0000
Town of Marana	431,118,714	None	0.0000
Town of Oro Valley	560,863,509	None	0.0000
Town of Sahuarita	195,557,544	None	0.0000

(a) Includes general obligation bonds outstanding. Does not include outstanding principal amount of various cities and towns improvement districts' bonded debt and outstanding principal amount of various County improvement districts' bonded debt, as the indebtedness of these districts is presently being paid from special assessments levied against property owners residing within the various improvement districts. Also does not include various fire districts.

Also does not include the obligation of the Central Arizona Water Conservation District ("CAWCD") to the United States of America, Department of the Interior, for repayment of certain capital costs for construction of the Central Arizona Project ("CAP"), a major reclamation project that has been substantially completed by the Department of the Interior. The obligation is evidenced by a master contract between CAWCD and the Department of the Interior. In April of 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD's obligation for substantially all of the CAP features that have been constructed so far will be set at $1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 acre feet of CAP water for federal purposes. The United

States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the $1.646 billion repayment obligation, 73% is interest bearing and the remaining 27% is non-interest bearing. These percentages are fixed for the entire 50-year repayment period, which commenced October l, 1993. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Arizona's Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this Official Statement, the tax levy is limited to fourteen cents per $100 of secondary assessed valuation, of which fourteen cents is being currently levied. (See Sections 48-3715 and 48-3715.02, Arizona Revised Statutes.) There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract.

(b) The County's total tax rate shown includes the County's primary and secondary debt service tax rates, the State equalization tax rate of $0.5089, the $0.4353 tax rate of the Free Library District, the $0.1400 tax rate of the CAP and the $0.0472 tax rate of the Fire District Assistance Tax.

(c) The boundaries of the Pima County Flood Control District are coterminous with those of the County; however, the Flood Control District only levies taxes on real property.

(d) The tax rate shown is a weighted average based on each jurisdiction's proportionate amount of secondary assessed valuation.

(e) The combined tax rate includes the tax rate for debt service payments, which is based on the secondary assessed valuation of the entity, and the tax rate for all other purposes such as maintenance and operation and capital outlay, which is based on the primary assessed valuation of the municipality or school district.

(f) The following table lists general obligation bonds authorized but unissued for the County and jurisdictions within the County.

Jurisdiction	**Authorized But Unissued General Obligation Bonds**
Pima County	$25,681,000
City of Tucson	60,000,000
Marana Unified School District No. 6	125,000,000
Amphitheater Unified School District No. 10	40,000,000
Sunnyside Unified School District No. 12	34,650,000
Vail Unified School District No. 20	28,775,000
Sahuarita Unified School District No. 30	1,650,000
Avra Valley Fire District	1,200,000
Rincon Valley Fire District	10,285,000
Gladden Farms Community Facilities District	59,570,000
Quail Creek Community Facilities District	17,340,000

(g) Additional general obligation bonds may be authorized by these and other jurisdictions within the County at future elections.

Net Direct and Overlapping General Obligation Bonded Debt Ratios

The County's direct and overlapping general obligation bonded debt is shown below on a per capita basis and as a percent of the County's net secondary assessed valuation and estimated actual valuation.

		As Percent of County's 2014-15	
	Per Capita Net Debt (Pop. @ 1,007,162)(a)	**Secondary Assessed Valuation ($7,579,898,868)**	**Est. Actual Valuation ($63,492,262,442)**
Net Direct General Obligation Bonded Debt ($422,275,000)	$419.27	5.57%	0.67%
Net Direct and Overlapping General Obligation Bonded Debt ($1,261,323,000)	$1,252.35	16.64%	1.99%

(a) Population estimates as of July 1, 2014 (released December 2014) provided by the Office of Employment and Population Statistics, Arizona Department of Administration.

Street and Highway Revenue Bonded Debt Outstanding

The following chart indicates the outstanding street and highway revenue bonds of the County.

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Remaining Balance Outstanding
05-01-05	$51,200,000	Street & Highway Improvements	7-1-09/20	$19,240,000
01-01-07	21,000,000	Street & Highway Improvements	7-1-09/22	14,870,000
02-15-08	25,000,000	Street & Highway Improvements	7-1-09/22	20,425,000
12-02-09	23,420,000	Street & Highway Improvements/Refunding	7-1-13/24	21,035,000
05-30-12	32,945,000	Street & Highway Improvements/Refunding	7-1-13/27	28,450,000
01-30-14	24,805,000	Street & Highway Improvements/Refunding	7-1-15/28	24,805,000
Total Street and Highway Revenue Bonds Outstanding				$128,825,000

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Sewer Revenue Debt Outstanding

The following table lists the outstanding sewer revenue bonds, loans and obligations of the County that have a lien on the revenues of the County's wastewater system.

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Balance Outstanding
05-01-04	$25,770,000	Refunding	7-1-05/15	$4,000,000
05-11-04	19,967,331	Sewer Improvements (a)(b)	7-1-05/24	12,492,809
01-01-07	50,000,000	Sewer Improvements	7-1-07/26	34,715,000
05-01-08	75,000,000	Sewer Improvements	7-1-09/23	70,130,000
05-06-09	18,940,000	Sewer Improvements	7-1-10/24	14,540,000
10-09-09	10,002,383	Sewer Improvements (a)	7-1-10/24	5,652,210
06-17-10	165,000,000	Sewer Improvements	7-1-14/25	163,000,000
03-30-11	43,625,000	Refunding	7-1-12/16	14,265,000
12-13-11	189,160,000	Sewer Improvements	7-1-12/26	164,450,000
12-06-12	128,795,000	Sewer Improvements	7-1-13/27	118,180,000
02-12-14	48,500,000	Sewer Improvements	7-1-15/28	48,500,000
Total Sewer Revenue Bonds, Loans and Obligations Outstanding				$649,925,019

(a) Represents funds borrowed under separate Loan Agreements with the Water Infrastructure Finance Authority of Arizona ("WIFA").

(b) On May 11, 2004, the County entered into certain Loan Agreements with WIFA totaling $18,015,219. In September 2005, the County amended those Loan Agreements and added an additional $1,952,112.

Lease, Lease-Purchase and Purchase Agreements

The County has one lease purchase agreement and one installment note payable outstanding. The County department benefited by the agreements and the scheduled payments on the agreements over the past five fiscal years appears below.

	Fiscal Year (in Thousands)				
County Department	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**
Clerk of Superior Court	$111	$37	-	-	$ 63
Environmental Quality	-	-	$298	$298	298
Sheriff	-	-	-	160	160
Fiscal Year Total	$111	$37	$298	$458	$521

Source: Pima County Finance and Risk Management Department.

Certificates of Participation (a)

The following table indicates the outstanding certificates of participation of the County.

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Remaining Balance Outstanding
05-01-07	$30,320,000	New Money	7-1-08/22	$18,805,000
02-04-10	20,000,000	New Money	6-1-11/19	12,030,000
05-22-13	92,880,000	New Money & Refunding	12-1-13/22	32,150,000
02-12-14	52,160,000	New Money	12-1-15/28	50,405,000
Total Certificates of Participation Outstanding				$113,390,000

(a) Does not include approximately $56,550,000 in principal amount of Certificates of Participation the County expects to issue prior to the end of fiscal year 2015 pursuant to a separate official statement.

Retirement Plans

The County does not own or administer retirement plans but contributes to four separate State owned and managed defined benefit pension plans for the benefit of all full-time employees and elected officials. Please refer to "Note 9 - Retirement Plans" of Appendix E hereto for a more detailed description of these plans and the County contributions to the various State plans.

1. The Arizona State Retirement System ("ASRS"), a cost-sharing, multiple employer defined benefit plan, has reported increases in its unfunded liabilities. The most recent annual reports for the ASRS may be accessed at: https://www.azasrs.gov/content/annual-reports.

For the year ended June 30, 2014, active ASRS members and the County were each required by statute to contribute at the actuarially determined rate of 11.54% (11.30% for retirement and for health insurance premiums, and 0.24% for long-term disability) of the member's annual covered payroll. The annual contribution for the fiscal year ending June 30, 2015 is 11.60% (11.48% for retirement and for health insurance premiums, and 0.12% for long-term disability). The annual contribution rate for the fiscal year ending June 30, 2016 is 11.47% (11.35% for retirement and for health insurance premiums, and 0.12% for long-term disability). The County's employer contributions to ASRS for the year ended June 30, 2014 was $24.7 million, which was equal to the required contribution for such year, and the budgeted contribution for the fiscal year ending June 30, 2015 is $29.0 million. The contributions by County employees to ASRS are collectively equal to the contributions made by the County.

Enacted State legislation has made changes to how ASRS operates, effective July 1, 2011, which includes requiring employers to pay an alternative contribution rate for retired employees of ASRS that return to work, changing the age at which an employee can retire without penalty based upon years of service, limiting permanent increases in retirement benefits and establishing a Defined Contribution and Retirement Study Committee (as defined in the legislation) that will review the feasibility and cost of changing the current defined benefit plan of ASRS to a defined contribution plan.

2. The Arizona Public Safety Personnel Retirement System ("PSPRS"), an agent multiple-employer defined benefit plan that covers public safety personnel who are regularly assigned to hazardous duties, for which the Arizona State Legislature establishes and may amend active plan members' contribution rate, has reported increases in its unfunded liabilities. The most recent annual reports for the PSPRS may be accessed at http://psprs.com/sys_psprs/AnnualReports/cato_annual_rpts_psprs.htm.

For the year ended June 30, 2014, active PSPRS members were required by statute to contribute 10.35 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 33.69 percent, the aggregate of which is the actuarially required amount. As allowed by statute, the County also contributed 3.65 percent of the members' required contribution, with the members net contribution as a result falling to 6.70 percent.

Under the PSPRS for the fiscal year ending June 30, 2015, the employee contribution rate for those employees hired prior to January 1, 2015 (net of the 3.65% paid by the County) is 7.40% of the member's annual covered payroll. The employee contribution rate for those members hired on or after January 1, 2015 (for which the County will no longer pay the additional 3.65% contribution for these employees) is 11.05% of the member's annual covered payroll. The County's PSPRS employer contribution rate for the fiscal year ending June 30, 2015 for employees hired before January 1, 2015 is 41.92% of the member's annual covered payroll and for those employees hired on or after January 1, 2015 the rate is 38.27% of the member's annual covered payroll.

Under the PSPRS for the fiscal year ending June 30, 2016, the employee contribution rate for those employees hired prior to January 1, 2015 (net of the 3.65% paid by the County) is 8.00% of the member's annual covered payroll. The employee contribution rate for those members hired on or after January 1, 2015 (for which the County will no longer pay the additional 3.65% contribution for these employees) is 11.65% of the member's annual covered payroll. The County's PSPRS employer contribution rate for the fiscal year ending June 30, 2016 for employees hired before January 1, 2015 is 53.69% of the member's annual covered payroll and for those employees hired on or after January 1, 2015 the rate is 50.04% of the member's annual covered payroll.

The employer contribution rates for the fiscal year ending June 30, 2016, noted above reflect the impact of an Arizona Supreme Court decision which determined that the reduction in a permanent benefit increase enacted by the State Legislature in 2011 is unconstitutional. As a result, the County's contribution to the PSPRS is required to increase to provide funding to provide for the benefit increase that was not funded for several years. The County Board of Supervisors voted to make up this funding by an increase in its employer contribution rates in fiscal year 2015-16, although the Board of Directors of the PSPRS adopted an alternative three-year phase in of higher contribution rates that employers may optionally choose for funding the benefit increase that was not previously funded. Other litigation related to the 2011 legislation remains outstanding. If the ultimate outcome overturns additional portions of the 2011 legislation, there may be further adverse impacts on the unfunded liability of the PSPRS and the actuarially determined contribution rates for the PSPRS.

New Reporting Requirements. Governmental Accounting Standards Board ("GASB") Statement No. 67, Financial Reporting for Pension Plans, An Amendment of GASB Statement No. 25, is designed to improve financial reporting by state and local governmental pension plans. This statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria.

3. The Corrections Officers Retirement Plan ("CORP"), an agent multiple-employer defined benefit plan that covers certain County employees whose primary duties require direct inmate contact, for which the Arizona State Legislature establishes and may amend active plan members' and the County's contribution rates, has reported increases in its unfunded liabilities. The most recent annual reports for the CORP may be accessed at: http://psprs.com/sys_corp/AnnualReports/cato_annual_rpts_corp.htm.

For the year ended June 30, 2014, active CORP members were required by statutes to contribute 8.41 percent of the member's annual covered payroll, and the County was required to contribute at the actuarially determined rate of 14.81 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.05 percent of covered payroll. For the years ending June 30, 2015 and June 30, 2016, active members are required by statute to contribute 8.41%, in each year, of the member's annual covered payroll. The County is required for each of these years to contribute at the actuarially determined rates of 17.76% and 22.97%, respectively.

4. The Elected Officials Retirement Plan (EORP) which covers County elected officials is relatively insignificant to the County's financial picture.

The effect of the increase in the unfunded liabilities for these four state plans is expected to result in increased contributions by the County and its employees, however the specific increases for the County's and its employees' future annual contributions cannot be determined at this time.

Other Post Employment Benefits

Government Accounting Standards Board Statement Number 45, *Accounting by Employers for Post-Employment Benefits Other than Pensions* ("GASB 45") requires reporting the actuarially accrued cost of post-employment benefits, other than pension benefits ("OPEB"), such as health and life insurance for current and future retirees. The County does not provide post-employment benefits and has no OPEB costs and liabilities.

PIMA COUNTY, ARIZONA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF ALL GOVERNMENTAL FUND TYPES (a)
(In $000)

	Actual				
	2009-10	**2010-11**	**2011-12**	**2012-13**	**2013-14**
Revenues by Source:					
Property Taxes	$423,443	$421,623	$407,711	$391,630	$385,829
Special Assessments	536	330	245	-	-
Licenses and Permits	7,791	8,494	8,155	8,371	8,275
Intergovernmental	296,004	308,219	327,939	301,223	292,082
Charges for Services	60,376	54,491	56,881	53,521	57,826
Fines and Forfeits	8,443	6,786	10,249	9,904	8,652
Interest Income	4,612	1,723	2,286	2,282	1,737
Miscellaneous	17,442	14,162	24,796	22,182	17,464
Total Revenues	818,647	815,828	838,262	789,113	771,865
Expenditures by Fund:					
General	426,361	429,182	445,798	451,858	469,984
Special Revenues	195,926	204,612	217,139	211,659	135,746
Debt Service	108,092	96,484	104,324	93,442	140,623
Capital Projects	162,306	153,203	149,612	174,976	195,400
Total Expenditures	892,685	883,481	916,873	931,935	941,753
Excess of Revenues Over (Under) Expenditures	(74,038)	(67,653)	(78,611)	(142,822)	(169,888)
Other Financing Sources (Uses):					
Premium on bonds	1,909	3,276	7,349	11,959	9,488
Proceeds of Long-Term Debt	156,955	75,000	109,170	130,175	78,160
Proceeds from Refunding Debt	-	-	-	51,280	8,805
Payment to Escrow Agent	(32,361)	-	(33,013)	(55,423)	(10,131)
Gain on Investment	-	-	-	-	-
Operating Transfers In (Out)	445	4,708	26,010	(9,017)	(27,457)
Capital Lease/Installment Note	-	-	894	764	239
Sale of General Fixed Assets	1,118	59	1,938	31	360
Total Other Financing Sources (Uses)	128,066	83,043	112,348	129,769	59,464
Net Change in Fund Balance	54,028	15,390	33,737	(13,053)	(110,424)
Beginning Fund Balance, as restated	292,247	346,270	361,730	395,385	382,556
Changes in Reserve for Inventory	4	43	(55)	224	(228)
Changes in Reserve for Prepaids	(9)	27	(27)	-	-
Ending Fund Balance	$346,270	$361,730	$395,385	$382,556	$271,904

Source: Pima County Finance and Risk Management Department.

(a) This table has not been subject to any separate audit procedures.

PIMA COUNTY, ARIZONA
STATEMENT OF FUND BALANCES - ALL GOVERNMENTAL FUND TYPES (a)
(In $000)

	Actual				
	2009-10	**2010-11**	**2011-12**	**2012-13**	**2013-14**
General					
Nonspendable	$4,089	$3,315	$2,720	$3,848	$5,278
Restricted	522	336	333	-	-
Committed	-	-	-	-	-
Assigned	3,093	357	118	158	181
Unassigned	73,837	73,547	77,596	56,526	42,731
	81,541	**77,555**	**80,767**	**60,532**	**48,190**
Special Revenue					
Nonspendable	2,011	2,011	1,550	1,939	1,894
Restricted	82,957	94,567	105,468	76,570	60,984
Committed	15,305	37,978	10,264	7,746	6,308
Assigned	3,221	4,368	16,682	23,784	4,204
Unassigned	(5,793)	(9,180)	(9,013)	(8,385)	(6,536)
	97,701	**129,744**	**124,951**	**101,654**	**66,854**
Debt Service					
Assigned	40,868	35,903	28,298	25,640	7,848
	40,868	**35,903**	**28,298**	**25,640**	**7,848**
Capital Projects					
Nonspendable	18	12	-	-	-
Restricted	124,830	112,668	157,688	187,855	145,256
Committed	1,487	6,639	7,234	6,958	3,836
Assigned	52	-	-	-	-
Unassigned	(227)	(791)	(3,553)	(83)	(80)
	126,160	**118,528**	**161,369**	**194,730**	**149,012**
Total Fund Balance	$346,270	$361,730	$395,385	$382,556	$271,904

Source: Pima County Finance and Risk Management Department.

(a) This table has not been subject to any separate audit procedures.

PIMA COUNTY, ARIZONA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN GENERAL FUND BALANCE (a)
(In $000)

	Actual				
	2009-10 (b)	**2010-11**	**2011-12**	**2012-13**	**2013-14**
Revenues by Source:					
Property Taxes	$304,441	$301,493	$291,647	$281,017	$280,965
Licenses and Permits	2,738	2,681	2,696	2,816	2,928
Intergovernmental	128,927	122,952	127,029	131,984	135,953
Charges for Services	40,356	35,361	39,117	32,721	35,671
Fines and Forfeits	7,011	5,344	5,213	4,799	4,211
Interest Income	1,198	418	621	591	287
Miscellaneous	4,868	4,722	12,659	10,907	7,322
Total Revenues	489,539	472,971	478,982	464,835	467,337
Expenditures:					
Current					
General Government	184,606	186,193	197,190	193,097	206,356
Public Safety	117,378	116,573	123,235	131,087	136,825
Health	2,702	2,792	2,919	3,320	3,543
Welfare	87,089	90,572	94,292	95,076	92,858
Culture & Recreation	14,671	14,183	15,195	16,468	17,859
Education & Econ. Opport.	13,996	12,949	12,967	12,650	12,383
Debt Service:					
Principal	3,635	3,800	-	159	146
Interest	2,281	2,113	-	1	14
Miscellaneous	3	7	-	-	-
Total Expenditures	426,361	429,182	445,798	451,858	469,984
Excess of Revenues Over (Under) Expenditures	63,178	43,789	33,184	12,977	(2,647)
Other Financing Sources (Uses):					
Capital Lease/Installment Note	-	-	-	764	-
Sale of General Fixed Assets	204	11	1,608	-	-
Operating Transfers In (Out)	(22,007)	(47,786)	(31,580)	(33,976)	(9,695)
Total Other Financing Sources (Uses):	(21,803)	(47,775)	(29,972)	(33,212)	(9,695)
Net Change in Fund Balance	41,375	(3,986)	3,212	(20,235)	(12,342)
Beginning Fund Balance, as restated	40,166	81,541	77,555	80,767	60,532
Ending Fund Balance	$81,541	$77,555	$80,767	$60,532	$48,190

Source: Pima County Finance and Risk Management Department.

(a) This table has not been subject to any separate audit procedures.
(b) The $28 million decrease in the welfare expense line was primarily due to a $16 million refund that was received for fiscal year 2009-10 from the Arizona Long-Term Care System (ALTCS) and Arizona Health Care Cost Containment System (AHCCCS).

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APPENDIX C

FORM OF OPINION OF BOND COUNSEL

_____, 2015

To: Pima County, Arizona
Tucson, Arizona

Ladies and Gentlemen:

We have served as bond counsel to our client Pima County, Arizona (the "County") and not as counsel to any other person in connection with the issuance by the County of its $15,000,000 aggregate principal amount of bonds designated the Pima County, Arizona General Obligation Bonds, Series 2015 (the "Bonds"), dated the date of this letter. The Bonds are issued pursuant to Title 35, Chapter 3, Article 3 of the Arizona Revised Statutes, and under the provisions of an authorizing resolution adopted by the Board of Supervisors of the County on December 16, 2014 (the "Bond Resolution"). Capitalized terms not defined in this letter are used as defined in the Bond Resolution. In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Bonds, a copy of the signed and authenticated Bond of the first maturity, and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Bonds constitute valid, legal and binding general obligations of the County, and the principal of and interest on the Bonds, unless paid from other sources, are to be paid from the proceeds of the levy of ad valorem taxes on all property subject to ad valorem taxes levied by the County, without limitation as to rate or amount to pay the principal and interest on the Bonds. It is required by law that there be levied, assessed and collected, in the same manner as other taxes of the County, an annual tax upon such taxable property in the County sufficient to pay the principal of and interest on the Bonds when due.

2. The interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, portions of the interest on the Bonds earned by certain corporations may be subject to a corporate alternative minimum tax. The interest on the Bonds is exempt from Arizona state income tax. We express no opinion as to any other tax consequences regarding the Bonds.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined and (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the County.

In rendering those opinions with respect to treatment of the interest on the Bonds, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the County. Failure to comply with certain of those covenants subsequent to issuance of the Bonds may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Bond Resolution are subject to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion, and to limitations on legal remedies against public entities.

The opinions rendered in this letter are stated only as of this date, and no other opinion shall be implied or inferred as a result of anything contained in or omitted from this letter. Our engagement as bond counsel with respect to the Bonds has concluded on this date.

Respectfully submitted,

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

$15,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2015

CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER SECTION (B)(5) OF RULE 15C2-12

This Continuing Disclosure Undertaking (this "Undertaking") is executed and delivered by Pima County, Arizona (the "County"), in connection with the issuance and sale of its $15,000,000 aggregate principal amount of General Obligation Bonds, Series 2015 (the "Bonds"), being issued pursuant to a resolution adopted by the Board of Supervisors of the County on December 16, 2014 (the "Bond Resolution").

In connection with the Bonds, the County covenants and agrees as follows:

1. Definitions. In addition to the terms defined above, the terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires.

"Annual Information" means the financial information and operating data set forth in Exhibit I.

"Annual Information Disclosure" means the dissemination of disclosure concerning Annual Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

"Audited Financial Statements" means the general purpose audited financial statements of the County prepared pursuant to the standards and as described in Exhibit I.

"Commission" means the Securities and Exchange Commission.

"Dissemination Agent" means any agent designated as such in writing by the County and which has filed with the County a written acceptance of such designation, and such agent's successors and assigns.

"EMMA" means the Electronic Municipal Market Access system of the MSRB. Information regarding submissions to EMMA is available at http://emma.msrb.org.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Listed Event" means the occurrence of any of the events with respect to the Bonds set forth in Exhibit II.

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means Rule 15c2 12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

"Undertaking" means the obligations of the County pursuant to Sections 4, 5, 6 and 7 hereof.

"Underwriter" includes each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

2. Purpose of this Undertaking. This Undertaking is executed and delivered by the County as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Underwriter in complying with the requirements of the Rule.

3. CUSIP Number/Final Official Statement. The base CUSIP Number of the Bonds is 721663. The Final Official Statement relating to the Bonds is dated March 24, 2015.

4. Annual Information Disclosure. Subject to Section 8 of this Undertaking, the County shall disseminate its Annual Information and its Audited Financial Statements, if any (in the form and by the dates set forth in Exhibit I) to the MSRB through EMMA, in a format prescribed by the MSRB. The County is required to deliver such information in such manner and by such time so that such entities receive the information on the date specified.

If any part of the Annual Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the County will disseminate a statement to such effect as part of its Annual Information for the year in which such event first occurs.

If any amendment is made to this Undertaking, the Annual Information for the year in which such amendment is made shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. Listed Events Disclosure. Subject to Section 8 of this Undertaking, the County hereby covenants that it will disseminate notice of occurrence of a Listed Event to the MSRB through EMMA not later than ten business days after the occurrence of the Listed Event, in a format prescribed by the MSRB, except that for the events 2, 7, 10, 13 and 14, listed in Exhibit II, the County will provide such notice if it determines that such event would be material under applicable federal securities laws.

6. Consequences of Failure of the County to Provide Information. The County shall give notice in a timely manner to the MSRB through EMMA, in a format prescribed by the MSRB, of any failure to provide Annual Information Disclosure when the same is due hereunder.

In the event of a failure of the County to comply with any provision of this Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the County to comply with its obligations under this Undertaking. A default under this Undertaking shall not be an event of default on the Bonds or under the Bond Resolution. The sole remedy under this Undertaking in the event of any failure of the County to comply with this Undertaking shall be an action to compel performance.

7. Amendments; Waiver. Notwithstanding any provision of this Undertaking, the County by certified resolutions authorizing each amendment or waiver, may amend this Undertaking, and any provision of this Undertaking may be waived, if:

(a) The amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the County, or type of business conducted;

(b) This Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of the beneficial owners of the Bonds, as determined by an independent counsel or other entity unaffiliated with the County.

8. Non-Appropriation. The performance by the County of its obligations in this Undertaking shall be subject to the annual appropriation of any funds that may be necessary to permit such performance. In the event of a failure by the County to comply with its covenants under this Undertaking due to a failure to appropriate the necessary funds, the County covenants to provide prompt notice of such fact to the MSRB through EMMA.

9. Termination of Undertaking. The Undertaking of the County shall be terminated hereunder when the County no longer has liability for any obligation relating to repayment of the Bonds or the Rule no longer applies to the Bonds. The County shall give notice in a timely manner if this Section is applicable to the MSRB through EMMA.

10. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

11. Additional Information. Nothing in this Undertaking shall be deemed to prevent the County from disseminating any other information using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Undertaking. If the County chooses to include any information from any document or notice of occurrence of Listed Event in addition to that which is specifically required by this Undertaking, the County shall have no obligation under this Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Listed Event.

12. Beneficiaries. This Undertaking has been executed in order to assist the Underwriter in complying with the Rule; however, this Undertaking shall inure solely to the benefit of the County, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

13. Recordkeeping. The County shall maintain records of all Annual Information Disclosure and notices of occurrence of Listed Events including the content of such disclosure or notices, the names of the entities with whom such disclosure or notices were filed and the date of filing such disclosure or notices.

14. Assignment. The County shall not transfer its obligations in connection to the Bonds unless the transferee agrees to assume all obligation of the County under this Undertaking or to execute an Undertaking under the Rule.

PIMA COUNTY, ARIZONA

By: _____
Thomas Burke
Finance and Risk Management Director

Dated: _____, 2015

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS

"Annual Financial Information" means quantitative financial information and operating data concerning the operations of the County of the type set forth in the Official Statement in Appendix B (i) under the heading "Net Secondary Assessed Valuation Comparisons and Trends" in the table entitled "Net Secondary Assessed Valuation Comparisons" (with respect to the County only), (ii) in the table under the heading "Record of Real and Secured Personal Property Taxes Levied and Collected," (iii) in the table under the heading "Tax Rate Data," (iv) in the table under the heading "Debt Limitation," and (v) in the table under the heading "Certificates of Participation."

Annual Financial Information exclusive of Audited Financial Statements will be provided to the MSRB through EMMA, no later than the first business day in February of each year, commencing February 1, 2016. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements when available.

Audited Financial Statements will be prepared according to generally accepted accounting principles ("GAAP"), as applied to governmental units as modified by State law, Audited Financial Statements will be provided to the MSRB through EMMA, at the same time as Annual Financial Information is filed, or if not available when such Annual Financial Information is filed, within 30 days after availability to the County.

If any change is made to the Annual Financial Information as permitted by Section 4 of this Undertaking, the County will disseminate a notice of such change as required by Section 4, including changes in fiscal year or GAAP.

EXHIBIT II

EVENTS FOR WHICH NOTICE OF OCCURRENCE OF LISTED EVENTS IS REQUIRED

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

7. Modifications to rights of security holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the County;

a. Note: for the purposes of the event identified in paragraph 12, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

13. The consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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APPENDIX E

EXCERPTS FROM
PIMA COUNTY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2014

The following are excerpts from the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. The County has not requested the State of Arizona Auditor General to perform any review of the County's Comprehensive Annual Financial Report subsequent to June 30, 2014. These are the most recent audited financial statements available to the County. These financial statements are not current and may not represent the current financial position of the County.

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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of
Pima County, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain departments, one major fund, and the component unit, which account for the following percentages of the assets and deferred outflows, liabilities and deferred inflows, revenues, expenses or expenditures of the opinion units affected.

Opinion Unit/Department	Assets and Deferred Outflows	Liabilities and Deferred Inflows	Revenues	Expenses/ Expenditures
Government-Wide Statements				
Governmental Activities:				
Stadium District	1.40%	1.49%	0.92%	0.72%
School Reserve Fund	0.08%	0.02%	0.24%	0.27%
Self-Insurance Trust	2.80%	3.92%	2.03%	1.63%
Health Benefits Trust	0.99%	1.91%	8.34%	7.28%
Business-Type Activities:				
Regional Wastewater Reclamation Department	98.83%	99.84%	94.07%	94.36%
Development Services	0.27%	0.11%	3.67%	4.66%
Discretely Presented Component Unit:				
Southwestern Fair Commission	100.00%	100.00%	100.00%	100.00%

Opinion Unit/Department	Assets and Deferred Outflows	Liabilities and Deferred Inflows	Revenues	Expenses/ Expenditures
Fund Statements				
Major Fund:				
Regional Wastewater Reclamation Department Enterprise Fund	100.00%	100.00%	100.00%	100.00%
Aggregate Remaining Fund Information:				
Stadium District	0.07%	1.05%	0.27%	0.29%
School Reserve Fund	0.36%	0.07%	0.07%	0.07%
Development Services	0.83%	0.50%	0.27%	0.25%
Self-Insurance Trust	13.79%	20.95%	0.58%	0.47%
Health Benefits Trust	4.89%	10.21%	2.40%	2.09%

Those statements were audited by other auditors whose reports 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 15 through 33, the Budgetary Comparison Schedules on pages 83 and 84, and the Schedule of Agent Retirement Plans' Funding Progress on page 85, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules and the introductory and statistical sections 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

Compliance Over the Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies

In connection with our audit, nothing came to our attention that caused us to believe that the County failed to use highway user revenue fund monies received by the County pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the County solely for the authorized transportation purposes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

The communication related to compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, the Board of Supervisors, management, and other responsible parties within the County and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we will 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* in considering the County's internal control over financial reporting and compliance.

Debbie Davenport
Auditor General

December 5, 2014

PIMA COUNTY

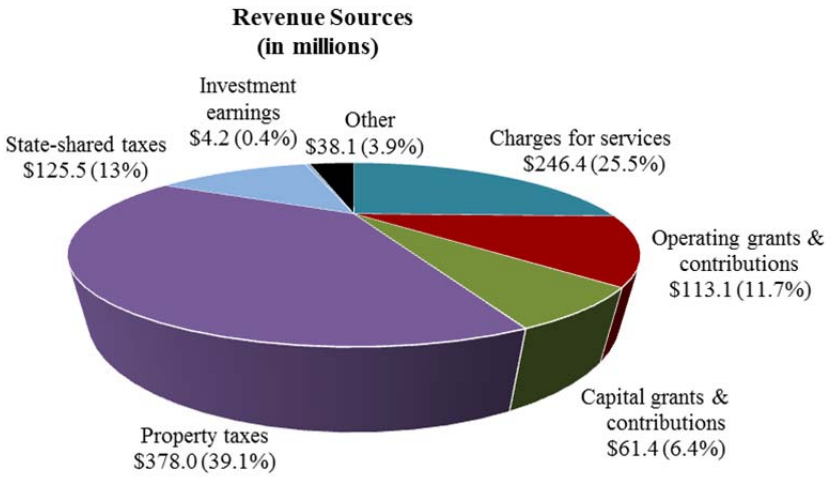
Management's Discussion and Analysis

Our discussion and analysis of the County's financial performance provides an overview of the County's financial activities for the year ended June 30, 2014. Please read it in conjunction with the transmittal letter which begins on page 1 and the County's basic financial statements, which begin on page 35. All dollar amounts are expressed in thousands (000's) unless otherwise noted.

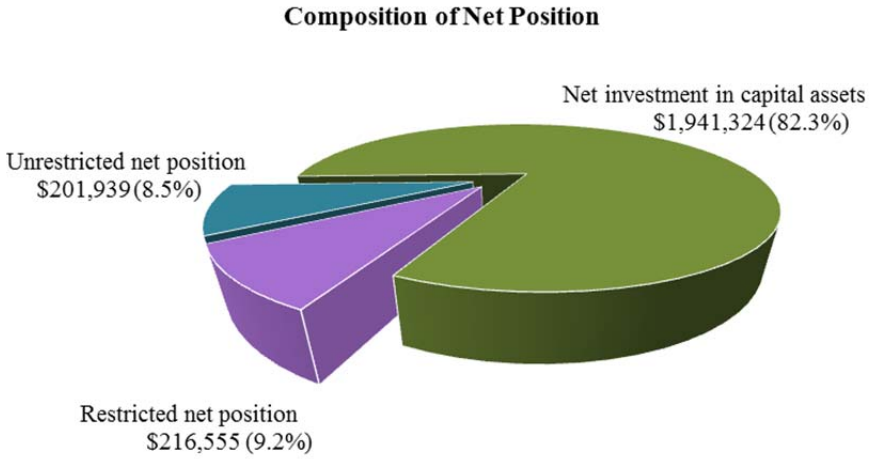
Financial Highlights

- The County's total net position increased $44,241 in fiscal year 2013-14. This represents a 5.8% decrease when compared to the prior year's change in net position of $46,972.

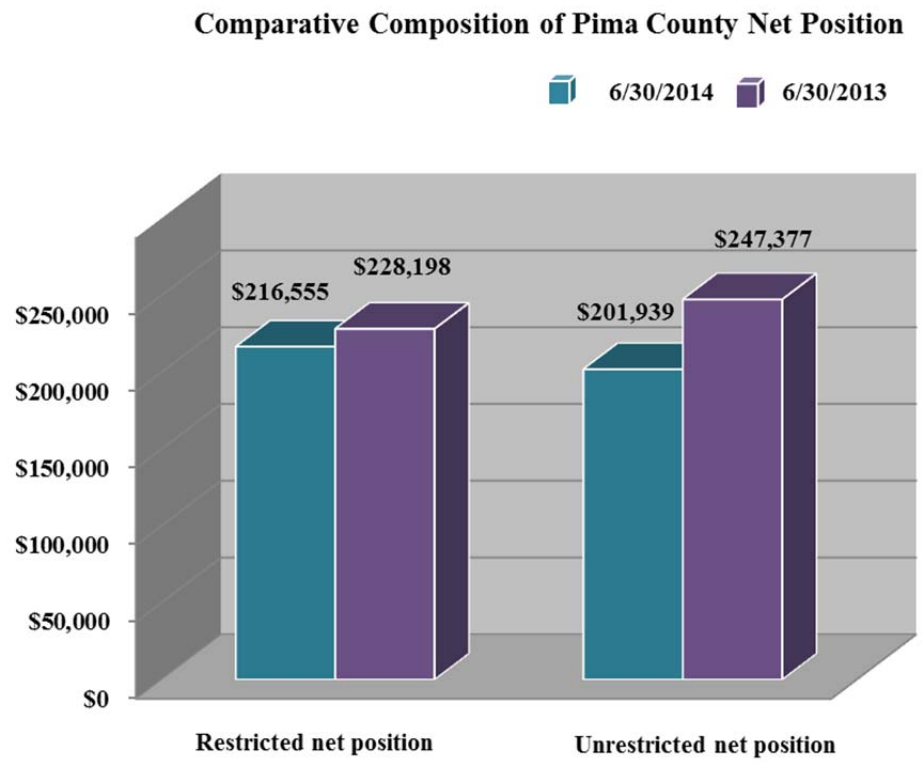
- The County's primary sources of revenue come from taxes, grants and contributions, and charges for services, and state shared taxes as displayed below:



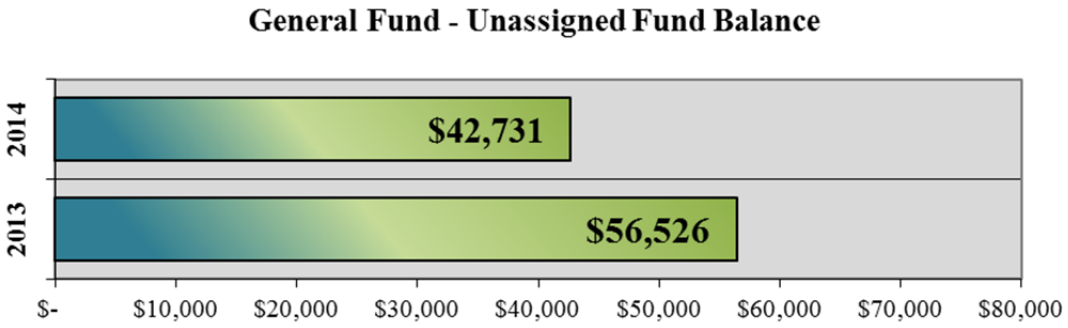
- The assets of the County exceeded its liabilities (net position) by $2,359,818, an increase of 1.9% from the prior year. Of this amount, $1,941,324 represents the net investment in capital assets, $216,555 is restricted for specific purposes (*restricted net position*), and $201,939 is available for general government expenditures (*unrestricted net position*).



- Unrestricted net position for the County decreased $45,438 (or 18.4%), from $247,377 to $201,939 this fiscal year, restricted net position decreased $11,643 (or 5.1%) from $228,198 to $216,555. The chart below presents the composition of restricted and unrestricted net position for the current and prior years:



- The General Fund unassigned fund balance decreased to $42,731 from $56,526 in the prior year. The unassigned fund balance comprises 88.7% of the total fund balance of $48,190.



- The County continues to use debt to finance the construction of roads, streets, and buildings. Total capital assets for the year increased $103,630; long-term liabilities increased $14,155.

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 three components: (1) Government-wide statements, (2) Fund statements, and (3) Notes. Required supplementary information is included in addition to the basic financial statements.

Government-wide financial statements are designed to provide readers with a broad overview of County finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all County assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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*) in contrast to other functions that are intended to recover all or 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: Regional Wastewater Reclamation (RWR), Development Services, and the County's downtown parking garages.

A discretely presented component unit is included in the basic financial statements. It consists of one 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 35-37.

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 Office of Management and Budget 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 fund 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 fund balance sheet and the governmental fund 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 Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Capital Projects, and Debt Service funds which are reported as major 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.

The governmental fund financial statements can be found on pages 38-41. The combining statements for non-major governmental funds can be found on pages 88-91.

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 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 employee health and health related benefits, risk management, automotive fleet maintenance and operations, printing services, telecommunications, wireless, and information technology network infrastructure. Because these services predominantly benefit governmental rather than business-type functions, all of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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. The RWR Enterprise Fund is considered to be a major fund 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*.

The proprietary fund financial statements can be found on pages 42-45. The combining statements for other enterprise and internal service funds can be found on pages 107-114.

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 46-47.

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 48-82.

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 83-85.

Combining Statements and Other Schedules referred to earlier provide information for non-major governmental, enterprise, internal service, and fiduciary funds and are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 88-118.

Government-Wide Financial Analysis

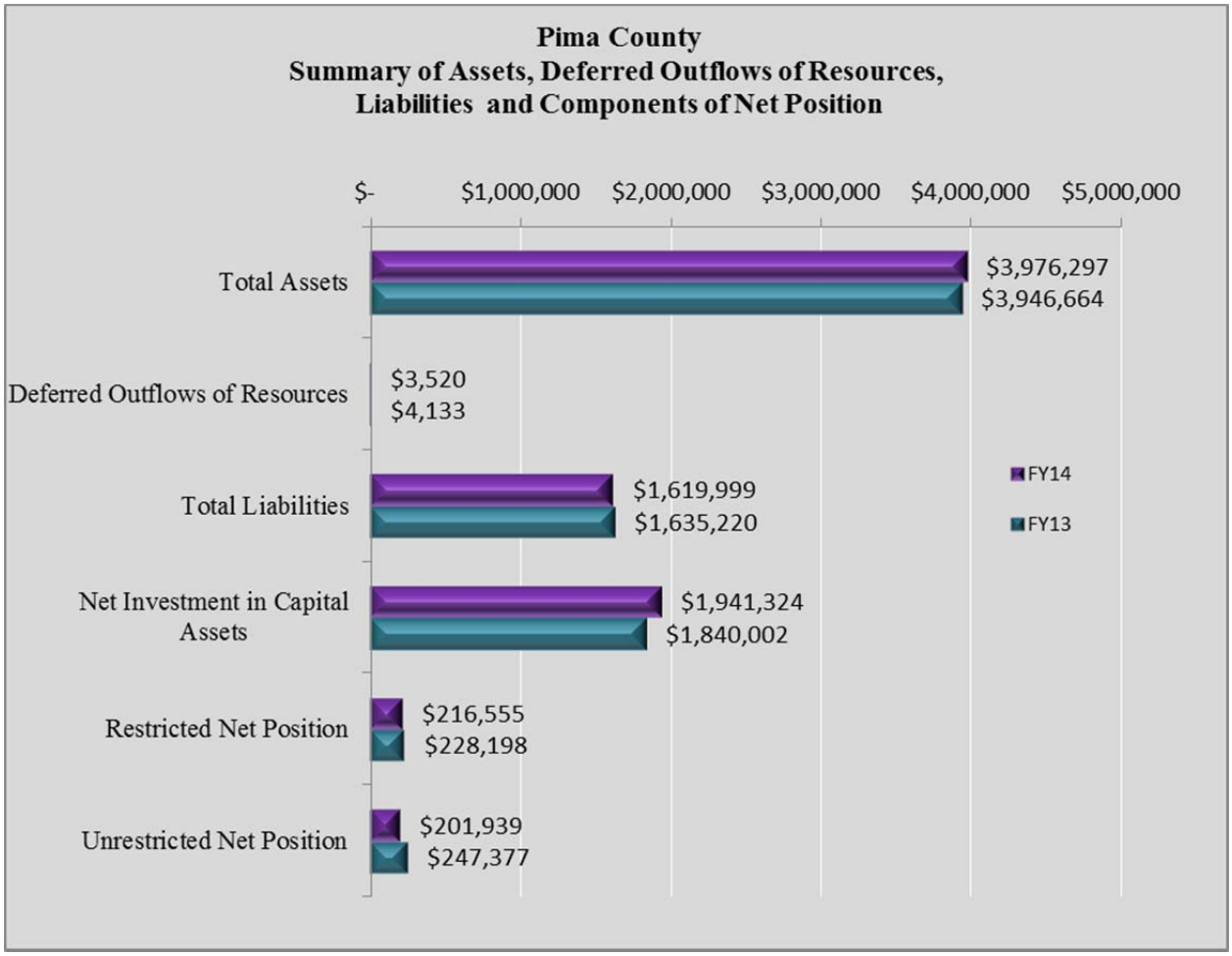
As noted earlier, net position may serve as a useful indicator of a government's financial position over time. An analysis of the results of operations is also useful. The schedule below identifies variances in the results of operations.

Schedule of Results of Operations and Net Position For the Years Ended June 30, 2014 and 2013			
	2014	**2013**	**Variance**
Charges for services	$ 246,421	$ 231,625	$ 14,796
Operating grants and contributions	113,129	116,121	(2,992)
Capital grants and contributions	61,390	63,212	(1,822)
Total program revenues	420,940	410,958	9,982
Total general revenues and transfers	545,804	546,973	(1,169)
Total program and general revenues	966,744	957,931	8,813
Total expenses	922,503	910,959	11,544
Change in net position	$ 44,241	$ 46,972	$ (2,731)

As indicated above, total program and general revenues increased $8,813 primarily due to a $14,796 increase in charges for services. However, expenses also increased $11,544 resulting in a decrease in the change in net position of $2,731.

An explanation of each of these changes is discussed further in the following governmental and business-type activities sections.

The graph and schedule presented below illustrate at a summary level and detail level the changes in the elements of the Statement of Net Position for the County at June 30, 2014 and June 30, 2013.



A general discussion of significant variances between fiscal years follows. For a more detailed discussion, please see the governmental activities and business-type activities sections immediately following this section.

Total assets for the County were $3,976,297, an increase of $29,633 (0.8%) from the prior year and total liabilities were $1,619,999, a decrease of $15,221 (0.9%) from the prior year.

The largest portion of the County's net position reflects its net 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, 2014, net investment in capital assets totaled $1,941,324, comprising approximately 82.3% of total net position. This represents an increase of $101,322 (5.5%) from the prior year. 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. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position represents resources that are subject to external restrictions on how they may be used. As of June 30, 2014, restricted net position totaled $216,555 and comprised approximately 9.2% of total net position. This represents an $11,643 (5.1%) decrease from the prior fiscal year.

The remaining balance of the County's net position represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors. As of June 30, 2014, unrestricted net position totaled $201,939 and comprised approximately 8.5% of total net position. This represents a $45,438 (18.4%) decrease from the prior year.

The following schedule presents, on a comparative basis, both governmental activities and business-type activities within the Statement of Net Position.

Schedule of Assets, Deferred Outflows of Resources, Liabilities and Net Position At June 30, 2014 and 2013									
	Governmental Activities			Business-type Activities			Total		
	2014	2013	Variance	2014	2013	Variance	2014	2013	Variance
Current and other assets	$ 499,542	$ 579,558	$(80,016)	$ 254,677	$ 248,658	$ 6,019	$ 754,219	$ 828,216	$(73,997)
Capital assets (net):									
Land, buildings, equipment, infrastructure & other assets	1,965,669	1,908,895	56,774	1,256,409	1,209,553	46,856	3,222,078	3,118,448	103,630
Total assets	2,465,211	2,488,453	(23,242)	1,511,086	1,458,211	52,875	3,976,297	3,946,664	29,633
Deferred outflows of resources									
Deferred charges on refunding	3,520	4,133	(613)				3,520	4,133	(613)
Current and other liabilities	91,818	110,838	(19,020)	24,122	34,478	(10,356)	115,940	145,316	(29,376)
Long-term liabilities	794,543	789,601	4,942	709,516	700,303	9,213	1,504,059	1,489,904	14,155
Total liabilities	886,361	900,439	(14,078)	733,638	734,781	(1,143)	1,619,999	1,635,220	(15,221)
Net position:									
Net investment in capital assets	1,354,456	1,308,057	46,399	586,868	531,945	54,923	1,941,324	1,840,002	101,322
Restricted	143,400	138,472	4,928	73,155	89,726	(16,571)	216,555	228,198	(11,643)
Unrestricted	84,514	145,618	(61,104)	117,425	101,759	15,666	201,939	247,377	(45,438)
Total net position	$ 1,582,370	$1,592,147	$ (9,777)	$ 777,448	$ 723,430	$54,018	$2,359,818	$2,315,577	$ 44,241

Analysis of Governmental activities

Assets

Current and other assets decreased by $80,016 (13.8%) between fiscal years. Most of this variance is attributable to several significant transactions decreasing cash: a cash defeasance of general obligation bonds (series 2005 for $14,815 and series 2007 for $1,200) for $16,015 and a cash transfer of $51,400 from Capital Projects to RWR due to increases in building and other improvements from the 2013 Certificates of Participation (COPs) loan proceeds received in fiscal year 2012-13.

Capital assets increased $56,774 (3.0%) primarily due to an increase of $34,676 in equipment and machinery mainly due to the capitalization of the Regional Public Safety Communications Systems assets, and an increase of $17,387 in buildings and other improvements including: Regional Flood Control assets increased $2,106 for the Santa Cruz Pathway and drainage structures, Facilities Management assets increased $1,464 for improvements to the Abrams building 4th floor, $2,018 for the Administration building tenant improvements, and $4,338 for the Sporting Chance Center assets. The Kino Sports Complex increased $3,212 for facilities modifications and other improvements to the north fields, and an increase of $1,498 in assets for the Library District included the renovation and expansion of Eckstrom Columbus Library.

Liabilities

Current and other liabilities decreased $19,020 (17.2%) during the fiscal year. This is mostly due to both a $10,356 increase in accounts payable and a $28,604 decrease in employee compensation. Accounts payable increased $4,419 as part of outstanding payables from an intergovernmental agreement with Regional Transportation Authority (for the regionalization of public transit and special needs service) and a contract with Motorola Solutions for the purchase of communication equipment for the Regional Public Safety Communications Systems for $6,016. Employee compensation decreased primarily due to the change in reporting the non-current portion of long-term employee compensation under long-term liabilities of $30,807.

Net position

In summary, total net position decreased by $9,777 (0.6%) primarily due to a decrease in total revenues of $11,604, increases in expenses of $10,895, and a net increase in transfers out of $9,385, as explained in previous paragraphs.

Analysis of Business-type activities

Assets

Capital assets increased $46,856 (3.9%) primarily due to $20,842 increase in RWR equipment assets and $16,474 increase in the sewage conveyance system. Equipment increased $22,691 primarily from the Regional Optimization Master Planning (ROMP) projects. Sewage conveyance system assets increased $9,543 due to system-wide conveyance rehabilitation program, $4,429 for the sewer modification project for Prince Road and I-10, and $2,977 from developer contributed capital.

Liabilities

Long-term liabilities increased $9,213 (1.3%) during the fiscal year. This is mostly due to an increase of sewer revenue obligations of $48,500 offset by a decrease in sewer revenue bonds of $16,765 and a decrease in sewer revenue obligations of $18,725.

Net position

In summary, total net position for business-type activities increased $54,018 (7.5%) primarily due to an increase in the net position of capital assets from the RWR Enterprise fund.

Governmental activities

The following table shows details of the changes in net position for governmental activities:

Governmental Activities Schedule of Revenues, Expenses, and Changes in Net Position For the Years Ended June 30, 2014 and 2013				
			Variance	
	2014	2013	Amount	Percent
Program revenues:				
Charges for services	$ 64,856	$ 66,460	$ (1,604)	-2.4%
Operating grants and contributions	113,129	116,121	(2,992)	-2.6%
Capital grants and contributions	54,583	59,298	(4,715)	-8.0%
Total program revenues	232,568	241,879	(9,311)	-3.8%
General revenues:				
Property taxes	378,032	383,508	(5,476)	-1.4%
State-shared taxes	125,504	119,728	5,776	4.8%
Investment earnings	2,955	2,627	328	12.5%
Other general revenues	36,592	39,513	(2,921)	-7.4%
Total general revenues	543,083	545,376	(2,293)	-0.4%
Total revenues	775,651	787,255	(11,604)	-1.5%
Expenses:				
General government	230,742	233,984	(3,242)	-1.4%
Public safety	188,782	166,476	22,306	13.4%
Highways and streets	93,675	80,087	13,588	17.0%
Sanitation	4,252	6,409	(2,157)	-33.7%
Health	36,085	36,540	(455)	-1.2%
Welfare	93,224	95,428	(2,204)	-2.3%
Culture and recreation	63,961	65,341	(1,380)	-2.1%
Education and economic opportunity	35,756	49,924	(14,168)	-28.4%
Amortization	(5,758)	(286)	(5,472)	1913.3%
Interest on long-term debt	27,994	23,915	4,079	17.1%
Total expenses	768,713	757,818	10,895	1.4%
Excess before contributions and transfers	6,938	29,437	(22,499)	-76.4%
Transfers in (out)	(16,715)	(7,330)	(9,385)	128.0%
Change in net position	(9,777)	22,107	(31,884)	-144.2%
Beginning net position	1,592,147	1,570,040	22,107	1.4%
Ending net position	$ 1,582,370	$ 1,592,147	$ (9,777)	-0.6%

Revenues

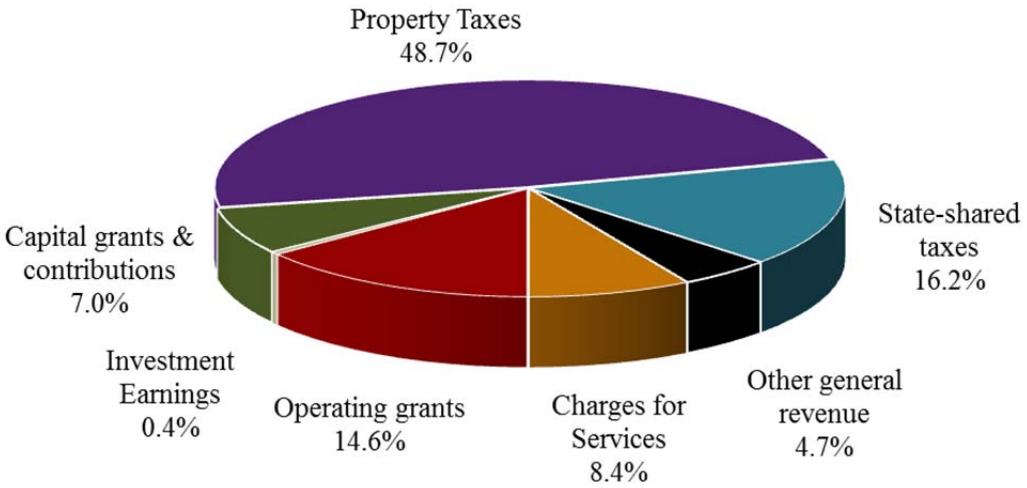
Overall, governmental activities total revenues decreased $11,604 or 1.5% from fiscal year 2012-13 due to decreases in both program and general revenues.

Program revenues decreased $9,311 (3.8%) primarily due to a $2,992 decrease in operating grants and a decrease of $4,715 in capital grants and contributions. The decrease in operating grants is primarily due to a $6,707 decrease related to the ending of the American Recovery and Reinvestment Act (ARRA) Program. The $4,715 decrease in capital grants and contributions is due to decreasing construction activity and related funding for projects nearing completion, primarily a decrease of $6,930 for the Magee Road project.

General revenues decreased $2,293 (0.4%) primarily due to a $5,476 decrease in property tax revenues as a result of decreasing secondary net assessed values. Conversely, State shared sales tax increased $5,776 due to increasing sales from an anticipated gradual recovery in the local economy.

The chart below presents general and program revenues, as a percentage to total revenues. The amount provided from each revenue source for governmental activities, as a percentage to total revenue for governmental activities, has not changed significantly from the prior fiscal year. Property taxes, operating grants, and state-shared taxes continue to account for approximately 79.5% of the County's revenues.

General and Program Revenues - Governmental Activites



Expenses

Expenses for governmental activities increased $10,895 (1.4%) primarily due to increases and decreases in the following functions:

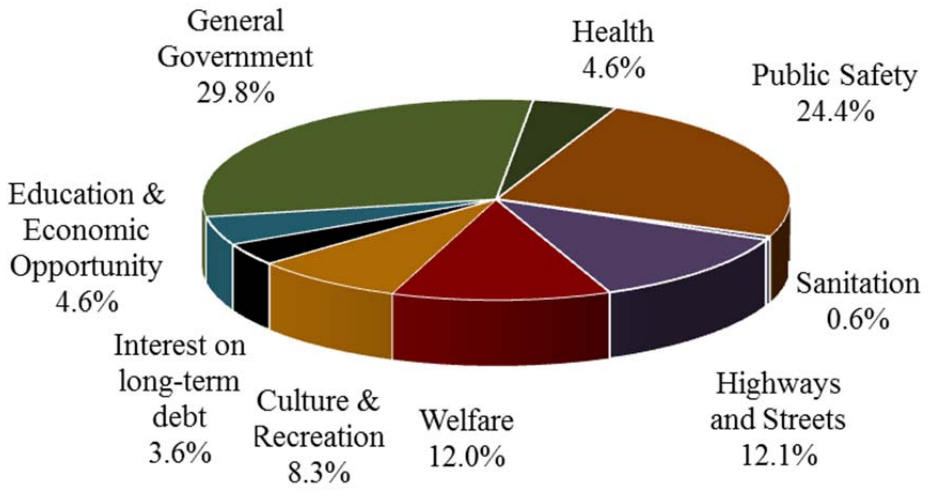
- Public safety – a $22,306 increase in expenses is primarily due from $22,592 of expenses incurred in the Pima County Wireless Integrated Network (PCWIN) capital project.

- Highways and streets – a $13,588 increase is primarily due to expenses incurred in the I-19 Frontage Road from Continental Road to Canoa project ($19,737).

- Education and economic opportunity – a $14,168 decrease in expenses was primarily due to a decrease in federal funding under the U.S Department of Housing and Urban Development for the Neighborhood Stabilization Program ARRA ($6,200), Community Development Block Grants ($660), Home investment Partnership Program ($690), Housing Opportunities for persons with AIDS ($185), and the decrease in funding from the U.S. Department of Labor for WIA adult, youth and dislocated worker formula grants ($1,862).

The chart below presents expenses by function as a percentage to total expenses. The amount of each expense by function as a percentage to total expenses has not changed significantly from the prior fiscal year. General government, public safety, and welfare account for approximately two-thirds of the County's total expenses.

Expenses by Function - Governmental Activites



The resulting change in net position was a decrease of $9,777 (0.6%) for fiscal year 2014 compared to an increase in net position of $22,107 in fiscal year 2012-2013.

In summary, and as explained above, ending net position for governmental activities decreased $9,777 (0.6%). This year's change in net position decreased $31,884 from last year, primarily due to a decrease in revenues of $11,604, an increase in expenses of $10,895 and a net increase of $9,385 in transfers out to business-type activities to fund capital projects.

Business-type activities

Business-type activities, which are composed exclusively of enterprise funds, are intended to recover all or a significant portion of their costs through user fees and charges. The following schedule shows changes in the net position for business-type activities.

Business-type Activities Schedule of Revenues, Expenses, and Changes in Net Position For the Years Ended June 30, 2014 and 2013				
			Variance	
	2014	2013	Amount	Percent
Program revenues:				
Charges for services	$ 181,565	$ 165,165	$ 16,400	9.9%
Capital grants and contributions	6,807	3,914	2,893	73.9%
Total program revenues	188,372	169,079	19,293	11.4%
General revenues:				
Investment earnings	1,237	1,017	220	21.6%
Other general revenues	1,484	580	904	155.9%
Total general revenues	2,721	1,597	1,124	70.4%
Total revenues	191,093	170,676	20,417	12.0%
Expenses:				
Regional Wastewater Reclamation	145,117	144,085	1,032	0.7%
Development Services	6,796	7,231	(435)	-6.0%
Parking Garages	1,877	1,825	52	2.8%
Total expenses	153,790	153,141	649	0.4%
Excess before transfers	37,303	17,535	19,768	112.7%
Transfers in (out)	16,715	7,330	9,385	128.0%
Change in net position	54,018	24,865	29,153	117.2%
Beginning net position, as restated	723,430	698,565	24,865	3.6%
Ending net position	$ 777,448	$ 723,430	$ 54,018	7.5%

Revenues

Total revenues for business-type activities increased $20,417 (12.0%) mainly due to an increase in charges for services of $16,400, and an increase in capital grants and contributions of $2,893. The increase in charges for services is primarily due to a RWR rate increase (from $3.203 to $3.523 per CCF), resulting in a $14,995 increase. The capital grants increase is due to approximately $3,000 increase in capital contributions for RWR, which is consistent with the increase in construction activities.

Expenses

Total expenses for business-type activities increased $649 (0.4%) mainly due to the increase of $1,032 (0.7%) in RWR expenses. The RWR expense increase was primarily due to the increase in interest expense from debt service payments of $12,062 offset by $15,691 decrease in reporting a loss on disposals of equipment.

Transfers-in increased $9,385 (128%) due to transfers from governmental activities, including an increase of $7,072 from certificates of participation to fund ROMP projects, and an increase of $2,663 to the Parking Garages Fund mainly for construction projects at the Public Service 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, Capital Projects, Debt Service, and Special Revenue funds. Included in these funds are special districts governed by the Board of Supervisors (i.e. Flood Control, Library and Stadium Districts) acting as the Board of Directors for each district. 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, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Major Governmental Funds

General Fund

The General Fund is the chief operating fund of the County.

Intergovernmental revenues for the General Fund increased $3,969 primarily due to increases in the state-shared sales tax associated with an anticipated gradual recovery in the local economy. Charges for services increased $2,950 mostly from administrative overhead contributions. These increases were partially offset by decreases in miscellaneous revenue of $3,585. Miscellaneous revenues received in the previous fiscal year included bankruptcy distributions from the National Century Financial Enterprises and Lehman Brothers of $2,773 and a state refund from the Arizona Long Term Care System of $824. Overall, revenues for the General Fund increased $2,502.

General fund expenditures increased $18,126 primarily due to a $13,259 increase in general government for salary increases, higher medical insurance, and retirement benefits for the following departments: Administration $2,260; County Attorney $1,670; Juvenile, Justice and Law enforcement $1,754. The expenditure increases also included $3,325 for the intergovernmental agreement with the Arizona Health Care Cost Containment System (AHCCCS) for supplemental payments to disproportionate share hospitals (DSH payments). Public safety expenditures (Sheriff Department) increased $5,738 due to $3,853 salary increases, higher medical insurance and retirement benefit costs and $2,100 increases in motor pool rates.

The $2,502 increase in revenues and $18,126 increase in expenditures is the primary basis for the $12,342 decrease in the fund balance, which ended the year at $48,190.

Budget to Actual Comparison for the General Fund

Overall, actual revenues were lower than budgeted revenues by $84 and actual expenditures were less than budgeted expenditures by $33,541.

Actual revenues for the General Fund were lower than budgeted primarily due to both, an under budget variance in property taxes of $4,535 and an over budget variance for intergovernmental revenue of $4,181. Actual intergovernmental revenues were higher than budgeted due to higher fiscal year 2014 Payments in Lieu of Taxes (PILT) from the department of interior of $1,215 and higher State shared sales tax revenues of $2,366. Actual property taxes were $4,535 less than budgeted primarily due to lower collections of delinquent taxes and interest payments of property taxes.

Actual expenditures for the General Fund were less than budgeted primarily due to the County Administrator's maintenance of the unreserved contingency being $21,684 less than budgeted. (The General Contingency is the Board of Supervisors' unreserved contingency that the board uses throughout the year to respond to changing needs or unforeseen circumstances.)

No variances between the budget to actual amounts at the departmental level were significant enough to affect the County's ability to provide future services.

Capital Projects Fund

Revenues for the Capital Projects Fund decreased $8,880, mainly due to a decrease of $8,322 in intergovernmental revenues. The intergovernmental revenue variance is primarily associated with a decrease of $8,923 in State revenue, related to reductions in funding for road projects winding down, primarily the Magee Road project decrease of $6,930 and the Camino de Oeste project decrease of $1,764.

Expenditures (capital outlays) decreased $39,230. This variance results from increases in capital expenditures in new or continuing programs, and greater decreases in expenditures of programs at or near completion. Significant decreases in capital expenditure projects include: Sunset Road-Santa Cruz River property acquisition $3,963; the Public Service Center $7,301; Tortolita Mountain Park Expansion $3,913; Communications Center $6,781; Magee Rd/Thornydale Rd $11,363; 2013 Pavement Preservation program $7,163; La Cholla Boulevard $4,582; Magee Rd/La Canada Rd $9,414. Some of the programs with larger increases in expenditures include: Flood Control-Paseo de las Iglesias project $6,409; Orange Grove Road $4,244; 2014 Pavement Preservation program $5,208; Valencia Road-Alvernon Way-Wilmot Road project $5,774.

The $78,160 face amount of long-term debt issued represents a decrease of $52,015 from fiscal year 2012-13. Proceeds received included $52,160 from certificates of participation, $10,000 from general obligation bonds, and $16,000 from Highway-User Revenue Fund (HURF). In fiscal year 2012-13, proceeds received were $130,175, including $50,000 from general obligation bonds and $80,175 from certificates of participation.

Transfers out increased by $56,175 primarily due to a $42,883 transfer from the 2013 COPs to RWR, a $3,667 transfer of the 2014 COPs to Parking Garages for construction at the new Public Service Center, and a $9,749 transfer to Fleet Services for the new services facility construction in progress.

The $8,880 decrease in revenues, the $39,230 decrease in expenses, and a total decrease of $109,429 in other financing sources yield a decrease of $79,079 in net change in fund balance, which ended the year at $149,012.

Debt Service Fund

This major fund accounts for the accumulation of resources for the payment of principal and interest of long-term debt.

Revenues for the Debt Service Fund decreased $4,630 primarily due to a decrease in property tax revenues as a result of decreasing secondary net assessed values. Expenditures for the Debt Service Fund increased $47,181 mainly from an increase in principal payments of $44,950. This expected increase is primarily associated with a $34,645 first principal payment of COPs 2013A, which was paid on December 2013 and a $16,000 GO series 2005, 2007 in cash defeasance. Please see Note 7 beginning on page 65 for more information on bond and certificate of participation details.

Proceeds from refunding debt were $8,805, a decrease of $42,475, as the only refunding consisted of $8,805 for 2014 HURF bonds.

Payments to escrow agents decreased to $10,131, a decrease of $45,292 from $55,423 in the prior year. The increase of transfers-in of $36,511 was primarily transfers from RWR to fund the first $34,645 principal payment of the 2013A COPs.

Major Proprietary Fund

The County's Regional Wastewater Reclamation Enterprise (RWR) Fund is a major enterprise fund.

The significant changes contributing to the fund's change in net position was an increase in total assets of $48,977, primarily from an increase of $28,467 in sewage conveyance system assets from the Regional Optimization Master Plan (ROMP) projects, and a $25,696 increase in equipment primarily from $23,865 ROMP projects. Building and improvements assets increased $456,540, resulting from the capitalization of completed projects.

Operating revenues of $161,676 represents an increase of $16,099 (11.1%) over the previous year, primarily due to an increase of $15,039 charges for services, resulting from a 10% fee increase (from $3.203 to $3.523 per ccf) effective in fiscal year 2013-14.

Operating expenses total of $125,160 represents an increase of $8,554 (7.3%) over the prior year, mainly due to an increase of $3,874 in depreciation expense following capitalization of approximately $446,905 in ROMP projects, and an increase of $3,093 in administrative expenses including, among other factors, an increase of $916 in administrative overhead, and an increase of $649 in motor pool expenses resulting from a rate increase.

The deficit in total nonoperating revenues decreased $4,628 primarily due to the decrease in loss on disposal of capital assets of $15,691 offset by an increase in debt interest cost of $12,062.

Transfers-in increased by $42,759, mainly due to a cash transfer from 2013 COPs. Transfers out increased by $35,686, to fund a debt service payment of $34,645 representing the first principal payment of the 2013A COPs.

The fiscal year 2013-14 activity yields a change in net position of $50,378, an increase of $22,489 (80.6%) over the previous year's change in net position, resulting in a total net position of $761,031 at fiscal year-end.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets consists of land, buildings and improvements, 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:

Governmental and Business-type Activities
Capital Assets
As of June 30, 2014 and 2013

	Governmental Activities			Business-type Activities			Total		
	2014	2013	Variance	2014	2013	Variance	2014	2013	Variance
Land	$ 499,163	$ 487,902	$ 11,261	$ 12,630	$ 12,554	$ 76	$ 511,793	$ 500,456	$ 11,337
Construction in progress	212,314	297,266	(84,952)	63,730	500,964	(437,234)	276,044	798,230	(522,186)
Buildings and improvements	478,182	460,795	17,387	651,642	204,944	446,698	1,129,824	665,739	464,085
Infrastructure	667,302	590,961	76,341				667,302	590,961	76,341
Sewage conveyance systems				439,754	423,280	16,474	439,754	423,280	16,474
Equipment	108,708	71,971	36,737	88,653	67,811	20,842	197,361	139,782	57,579
Total	$1,965,669	$1,908,895	$ 56,774	$1,256,409	$1,209,553	$ 46,856	$3,222,078	$3,118,448	$103,630

The County's total capital assets increased $103,630 (3.3%). Overall for the County, the most significant changes were: buildings and improvements increased $464,085 (69.7%), equipment increased $57,579 (41.2%), infrastructure increased $76,341 (12.9%); conversely, construction in progress decreased $522,186 (65.4%) .

Major capital asset events during the current fiscal year are described below.

Governmental activities

Capital assets of Governmental activities increased $56,774 (3%) over the previous year. Infrastructure increased $76,341 (12.9%), primarily from major road projects: La Cholla Blvd-Magee Road-Overton Road $24,357, Magee Road-Cortaro Farms Rd.-Mona Lisa- Thornydale Road $45,865. Equipment increased $36,737 (51%), primarily due to the equipment from Regional Public Safety Communication System $34,676.

Building and improvements increased $17,387 (3.8%), with significant projects comprising the increase included the following:

Contributions, Sporting Chance Center	$4,338
Kino Sports Complex stadium and field improvements	$3,212
Regional Flood Control District, Santa Cruz project	$2,106
Administration 4th Floor Tenant Improvements	$2,018
Eckstrom Columbus Branch Library Expansion	$1,498

Construction in progress in Governmental activities decreased $84,952 (28.6%), primarily due to the following completed projects: a decrease of $41,710 in the Pima County Wireless Integrated Network (PCWIN) project, a $23,500 decrease in the Interstate 19 Frontage Road- Continental Road-Canoa Road project, and a decrease of $22,612 in the Magee Road-Cortaro Farms Road project.

Business-type activities

Total assets increased $46,856 (3.9%). Equipment assets increased $20,842 (30.7%) mainly due to the Regional Optimization Master Planning (ROMP) project for $22,691. Sewage conveyance systems increased $16,474 (3.9%) primarily due to System-wide Conveyance Rehabilitation Program for $9,543, Prince Road and I-10 Sewer Modification project for $4,429, and a $2,977 increase from contributed capital from developers.

Building improvements increased $446,698 (218%), while construction in progress decreased $437,234 (87.3%). This is primarily due to the capitalization of RWRs completed ROMP projects of $468,232.

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 61-62.

Long-term Debt

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

Long-Term Debt For the Years Ended June 30, 2014 and 2013		
	2014	**2013**
Bonds issued (at face value):		
General Obligation	$ 10,000	$ 88,575
Street and Highway Revenue	24,805	
Sewer System Revenue Obligations	48,500	128,795
Certificates of Participation (COPs)	52,160	92,880
Total	$ 135,465	$ 310,250

During the year, $10,000 of general obligation bonds were issued. The $10,000 of new debt issued in Series 2014 was for the purpose of funding various capital projects in the County. The County also issued $24,805 of transportation revenue bonds of which $8,805 was used for a refunding transaction. This refunding resulted in an economic gain of $515 and a reduction in debt service payments of $569.

In addition, the County issued $52,160 in Certificates of Participation Series 2014. The County intends to use the proceeds to finance the costs of completing the Public Service Center and Office Tower. The County may also use a portion of the funds for other capital projects.

Regarding business-type activities, $48,500 of sewer system revenue obligations were issued to finance additions and improvements to the sewer conveyance systems.

The most recent ratings for Pima County's bonds and COPs are:

Credit Ratings				
	Standard & Poor's		Fitch Ratings	
	Rating	Date	Rating	Date
Certificates of Participation (COPs)	A+	Dec-2013	AA-	Dec-2013
General Obligation*	AA-	Dec-2013	AA	Dec-2013
Street and Highway Revenue	AA	Dec-2013	AA	Dec-2013
Sewer Revenue Bonds**	AA	Mar-2014	AA	Dec-2013
Sewer Revenue Obligations***	AA-	Jan-2014	AA-	Dec-2013

* S&P upgraded the 2005 and 2008 GO Bonds to AA based on the rating of insurance coverage on 3/19/2014.
** S&P upgraded the 2004R, 2007, 2008 & 2009 Sewer Revenue Bonds to AA based on the rating of insurance coverage on 3/19/2014. Excludes the 2011A Sewer Refunding Bonds which have ratings equal to the Sewer Revenue Obligations.
***S&P upgraded the 2010 Sewer Revenue Obligations to AA based on the rating of insurance coverage on 3/19/2014.

The State of Arizona Constitution limits the amount of general obligation debt a governmental entity may issue to 6.0% of its net assessed valuation without voter approval. However, Pima County has voter approval for general obligation debt up to 15.0%. The current debt limitation for Pima County is $1,143,554, 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 65-74.

Economic Factors and Next Year's Budget

As presented at The University of Arizona's Eller College of Management's 2014 Mid-Year Economic Update, the current economic situation in the State of Arizona and Pima County is one of mixed characteristics. Growth is occurring throughout the State in the areas of employment, population, real income and housing permit activity. Pima County in particular has experienced positive gains in aggregate retail sales. However, these growth rates are slow relative to both pre-recession levels and when comparing Pima County to the rest of the State. Within the County, it is anticipated that the real estate market and construction industry will take several more years to fully recover. In addition, actions of both the State and Federal government that financially impact the County have become increasingly unpredictable, while trending toward shifting of responsibilities to local government. Given these factors, Pima County will continue to face numerous budgetary challenges that necessitate next year's budget to be primarily a "maintenance of effort budget," which will sustain the County's existing service priorities. The following discussions identify significant activities expected to occur in fiscal year 2014-15.

Primary Property Taxes

The persistent weakness in the economy has put the County in an increasingly uncertain operating environment. The primary tax base began contracting in Fiscal Year 2010-11, while Net Assessed Value has declined 16.26% and is expected to shrink an additional 0.54% in the upcoming fiscal year. In order to compensate, the Fiscal Year 2014-15 Adopted Budget relies on a $0.6114 increase in the primary property tax rate for the General Government over the prior year tax rate. The total property tax rate for Pima County will increase from $5.0853 to $5.7167 per $100 of assessed valuation, a net increase of $0.6314.

State Shared Revenues

State shared sales tax revenue is projected to increase by $7.3 million in Fiscal Year 2014-15. This increase reflects a gradual recovery in the local economy.

University of Arizona Medical Center – South Campus

Beginning in 2010, Pima County entered into a two-year agreement with the Arizona Board of Regents on behalf of the University of Arizona, College of Medicine for funding of what is now designated as the University of Arizona Medical Center – South Campus. In May 2012, the Board of Supervisors approved a second two-year contract with the Arizona Board of Regents with an annual base funding of $15 million. In May 2014, the Board of Supervisors approved a third two-year contract with the Board of Regents continuing with the annual funding base of $15 million.

Road Repair

Pima County uses special revenues as a major funding source of its road repair. Since the economic recession, these revenues have continually trended downward. This decline is partly due to decreased collections in a weakened economy; but the decline is also exacerbated by the State's diversion of those collections that remain. As such, the Board of Supervisors will take the extraordinary action of appropriating General Fund dollars to the construction and maintenance of County roads for the third consecutive year. Continuation of this subsidy will be in the amount of $5 million and the Board of Supervisors will review roads to be repaired in Fiscal Year 2015.

Medical Insurance

In order to insulate itself from rapidly rising medical insurance premiums, Pima County moved to a self-insured medical plan run by a third party administrator in fiscal year 2013-14. Under this new model, fiscal year 2013-14 insurance costs increased by less than 7% from the previous year. In the upcoming fiscal year, medical insurance costs are projected to increase by 5% from last year. These increases are well below the historic 15-20% yearly increases that the County experienced in the final five years under the previous insurance model.

Solid Waste

Effective June 1, 2013, Pima County went from a direct service model of providing solid waste services to the Public to a new model of having a private contractor providing these services. This change is anticipated to reduce the County's annual costs for this function by over $4 million per year. Because of this action, funding within the General Fund to cover potential shortfalls is no longer needed.

Stadium District

Since the combined loss of Major League Baseball and stalling of the economy in 2008, the Stadium District has aggressively sought new strategies to broaden its users, decrease costs and increase revenues. Other than direct rental and concession revenue, funding for the District comes from three primary sources: a $3.50 surcharge on rental cars; a $0.50 per day tax on recreational vehicle spaces; and a 2% hotel/motel tax in the unincorporated area of the County. While fee and rental revenues paid to the District continue to trend in a positive direction, the slow

economic recovery continues to negatively affect tourist and recreational activities. The result has been a 23% decline in tax-based revenue over the past six years that was formerly used to fund the District. Fiscal Year 2013-14 projected revenues were insufficient to cover the Stadium's operating, maintenance, and debt service costs; thus necessitating a budgeted transfer of $1.5 million from the General Fund to the District. A similar situation is expected in Fiscal Year 2014-15, which has prompted the Board of Supervisors to allocate $2.2 million from the Budget Stabilization Fund to the District as an operating transfer, should the need arise.

Requests 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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PIMA COUNTY

Basic Financial Statements

PIMA COUNTY, ARIZONA

Exhibit A - 1

Statement of Net Position

June 30, 2014

(in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit SW Fair Commission
Assets				
Cash and cash equivalents	$ 415,700	$ 129,781	$ 545,481	$ 750
Property taxes receivable (net)	12,138		12,138	
Interest receivable	298	203	501	
Internal balances	6	(6)	-	
Due from other governments	46,016	9	46,025	
Accounts receivable (net)	12,938	18,194	31,132	4
Inventories	2,086	1,877	3,963	32
Prepaids	5,017	74	5,091	69
Other assets	1,018		1,018	
Restricted assets:				
Cash and cash equivalents	2,431	104,545	106,976	2,300
Loans receivable	1,894		1,894	
Capital assets not being depreciated:				
Land	499,163	12,630	511,793	
Construction in progress	212,314	63,730	276,044	
Capital assets being depreciated (net):				
Buildings and improvements	478,182	651,642	1,129,824	2,822
Sewage conveyance system		439,754	439,754	
Equipment	108,708	88,653	197,361	445
Infrastructure	667,302		667,302	
Total assets	2,465,211	1,511,086	3,976,297	6,422
Deferred outflows of resources				
Deferred charge on refunding	3,520		3,520	
Total deferred outflows of resources	3,520		3,520	
Liabilities				
Accounts payable	60,239	19,459	79,698	239
Interest payable	3	300	303	
Contract retentions	3,106		3,106	
Employee compensation	19,766	1,854	21,620	
Due to other governments	80	3	83	
Deposits and rebates	2,014		2,014	35
Unearned revenue	6,610	2,506	9,116	66
Noncurrent liabilities:				
Due within one year	100,920	49,129	150,049	
Due in more than one year	693,623	660,387	1,354,010	
Total liabilities	886,361	733,638	1,619,999	340
Net Position				
Net investment in capital assets	1,354,456	586,868	1,941,324	3,267
Restricted for:				
Facilities, justice, library, tax stabilization, and community development	61,936		61,936	
Highways and streets	10,988		10,988	
Debt service		31,615	31,615	
Capital projects	66,885	22,720	89,605	
Regional wastewater		18,820	18,820	
Healthcare	3,591		3,591	
Unrestricted	84,514	117,425	201,939	2,815
Total net position	$ 1,582,370	$ 777,448	$ 2,359,818	$ 6,082

See accompanying notes to financial statements

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PIMA COUNTY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2014
(in thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 230,742	$ 27,355	$ 26,013	$ 5,969
Public safety	188,782	14,846	7,714	294
Highways and streets	93,675	6,307	49,953	46,125
Sanitation	4,252	31	1,168	
Health	36,085	13,259	8,428	
Welfare	93,224	80	336	
Culture and recreation	63,961	2,548	547	378
Education and economic opportunity	35,756	430	18,970	1,817
Amortization - unallocated	(5,758)			
Interest on long-term debt	27,994			
Total governmental activities	768,713	64,856	113,129	54,583
Business-type activities:				
Regional Wastewater Reclamation	145,117	171,650		6,807
Development Services	6,796	7,553		
Parking Garages	1,877	2,362		
Total business-type activities	153,790	181,565		6,807
Total primary government	$ 922,503	$ 246,421	$ 113,129	$ 61,390
Component unit:				
Southwestern Fair Commission	5,579	5,635	121	
Total component unit	$ 5,579	$ 5,635	$ 121	

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

Transfers
Total general revenues and transfers
Change in net position
Net position at beginning of year
Net position at end of year

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental Activities	Business-type Activities	Total	Component Unit SW Fair Commission	Functions/Programs
				Primary government:
				Governmental activities:
$ (171,405)		$ (171,405)		General government
(165,928)		(165,928)		Public safety
8,710		8,710		Highways and streets
(3,053)		(3,053)		Sanitation
(14,398)		(14,398)		Health
(92,808)		(92,808)		Welfare
(60,488)		(60,488)		Culture and recreation
(14,539)		(14,539)		Education and economic opportunity
5,758		5,758		Amortization - unallocated
(27,994)		(27,994)		Interest on long-term debt
(536,145)		(536,145)		**Total governmental activities**
				Business-type activities:
	$ 33,340	33,340		Regional Wastewater Reclamation
	757	757		Development Services
	485	485		Parking Garages
	34,582	34,582		**Total business-type activities**
(536,145)	34,582	(501,563)		**Total primary government**
				Component unit:
			$ 177	Southwestern Fair Commission
			$ 177	**Total component unit**
				General revenues:
273,435		273,435		Property taxes, levied for general purposes
17,697		17,697		Property taxes, levied for regional flood control district
28,354		28,354		Property taxes, levied for library district
58,546		58,546		Property taxes, levied for debt service
6,262		6,262		Hotel/motel taxes, levied for sports facility and tourism
1,509		1,509		Other taxes, levied for stadium district
101,605		101,605		Unrestricted share of state sales tax
23,899		23,899		Unrestricted share of state vehicle license tax
5,035		5,035		Grants and contributions not restricted to specific programs
6,976		6,976		Interest and penalties on delinquent taxes
2,955	1,237	4,192		Investment earnings
16,810	1,484	18,294	82	Miscellaneous
(16,715)	16,715			Transfers
526,368	19,436	545,804	82	Total general revenues and transfers
(9,777)	54,018	44,241	259	Change in net position
1,592,147	723,430	2,315,577	5,823	Net position at beginning of year
$ 1,582,370	$ 777,448	$ 2,359,818	$ 6,082	Net position at end of year

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Balance Sheet - Governmental Funds
June 30, 2014
(in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 56,990	$ 169,811	$ 7,685	$ 75,377	$ 309,863
Property taxes receivable (net)	8,702		1,888	1,548	12,138
Interest receivable	73	38	74	77	262
Due from other funds	2,544	2,159		222	4,925
Due from other governments	20,625	7,097	6	18,147	45,875
Accounts receivable	1,494	1,952		6,348	9,794
Inventory				1,369	1,369
Prepaid expenditures	3,384			480	3,864
Loan receivable	1,894				1,894
Other assets				1,018	1,018
Restricted cash and cash equivalents		1,816		45	1,861
Total assets	$ 95,706	$ 182,873	$ 9,653	$ 104,631	$ 392,863
Liabilities, deferred inflows of resources and fund balances					
Liabilities:					
Accounts payable	$ 13,462	$ 25,242	$ 3	$ 16,971	$ 55,678
Interest payable				3	3
Contract retentions		2,532		4	2,536
Employee compensation	14,533	31		4,831	19,395
Due to other funds	140	95		4,726	4,961
Due to other governments	10			70	80
Deposits and rebates	191	1,816		7	2,014
Unearned revenue	2,312	155		4,143	6,610
Total liabilities	30,648	29,871	3	30,755	91,277
Deferred inflows of resources:					
Unavailable revenue - intergovernmental	8,476	3,213		5,277	16,966
Unavailable revenue - property taxes	8,008		1,802	1,446	11,256
Unavailable revenue - other	384	777		299	1,460
Total deferred inflows of resources	16,868	3,990	1,802	7,022	29,682
Total liabilities and deferred inflows of resources	47,516	33,861	1,805	37,777	120,959
Fund balances					
Nonspendable	5,278			1,894	7,172
Restricted		145,256		60,984	206,240
Committed		3,836		6,308	10,144
Assigned	181		7,848	4,204	12,233
Unassigned	42,731	(80)		(6,536)	36,115
Total fund balances	48,190	149,012	7,848	66,854	271,904
Total liabilities, deferred inflows of resources and fund balances	$ 95,706	$ 182,873	$ 9,653	$ 104,631	$ 392,863

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2014
(in thousands)

Fund balances - total governmental funds		$ 271,904
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	$ 2,869,451	
Less accumulated depreciation	(945,504)	1,923,947
Some liabilities and their associated costs are not due and payable in the current period and therefore are not reported in the governmental funds.		
Unamortized deferred outflow for bond refunding	3,520	
Bonds payable	(549,087)	
Certificates of participation payable	(149,703)	
Leases and notes payable	(640)	(695,910)
Some compensated absences are not due and payable shortly after June 30, 2014, and therefore are not reported in the governmental funds.		
Employee compensation		(30,294)
Some liabilities are not due and payable shortly after June 30, 2014, and are therefore not reported in the governmental funds.		
Landfill liability	(22,771)	
Pollution remediation liability	(639)	(23,410)
Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		29,682
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 Position.		106,451
Net position of governmental activities		$ 1,582,370

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2014
(in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 280,965		$ 58,737	$ 46,127	$ 385,829
Licenses and permits	2,928			5,347	8,275
Intergovernmental	135,953	$ 25,037	14	131,078	292,082
Charges for services	35,671	5,054		17,101	57,826
Fines and forfeits	4,211			4,441	8,652
Investment earnings	287	762	295	393	1,737
Miscellaneous	7,322	1,740	14	8,388	17,464
Total revenues	467,337	32,593	59,060	212,875	771,865
Expenditures:					
Current:					
General government	206,356			41,151	247,507
Public safety	136,825			20,747	157,572
Highways and streets				37,772	37,772
Sanitation				2,521	2,521
Health	3,543			31,814	35,357
Welfare	92,858			335	93,193
Culture and recreation	17,859			38,886	56,745
Education and economic opportunity	12,383			21,813	34,196
Capital outlay		135,746			135,746
Debt service - principal	146		112,835	356	113,337
- interest	14		26,758	5	26,777
- miscellaneous			1,030		1,030
Total expenditures	469,984	135,746	140,623	195,400	941,753
Excess (deficiency) of revenues over (under) expenditures	(2,647)	(103,153)	(81,563)	17,475	(169,888)
Other financing sources (uses):					
Installment note				239	239
Premium on bonds			9,488		9,488
Proceeds from refunding debt			8,805		8,805
Payments to escrow agent			(10,131)		(10,131)
Face amount of long-term debt issued		78,160			78,160
Proceeds from sale of capital assets				360	360
Transfers in	24,192	46,610	61,489	30,392	162,683
Transfers (out)	(33,887)	(67,335)	(5,880)	(83,038)	(190,140)
Total other financing sources (uses)	(9,695)	57,435	63,771	(52,047)	59,464
Net change in fund balances	(12,342)	(45,718)	(17,792)	(34,572)	(110,424)
Fund balances at beginning of year	60,532	194,730	25,640	101,654	382,556
Changes in nonspendable fund balance:					
Change in inventory				(228)	(228)
Fund balances at end of year	$ 48,190	$ 149,012	$ 7,848	$ 66,854	$ 271,904

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, 2014
(in thousands)

Net change in fund balances - total governmental funds		$ (110,424)
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	$ 89,408	
Less current year depreciation	(62,322)	27,086
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 Position. 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 Position. Also, governmental funds report the effect of deferred outflows of resources, 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 issued	(78,160)	
Premium on bonds	(9,488)	
Proceeds from refunding bonds	(8,805)	
Debt service - principal payments	113,337	
Payments to escrow agent	10,131	
Installment note	(239)	
Amortization expense	5,758	
Deferred outflows - interest	(1,208)	31,326
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. In addition, collections of some revenues in the governmental funds exceeded revenues reported in the Statement of Activities.		
Donations of capital assets	17,544	
Intergovernmental	(2,836)	
Property tax revenues	(822)	
Other	848	14,734
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	(86)	
Change in landfill liability	(1,041)	
Net book value of capital asset disposals	(1,810)	
Other	(133)	(3,070)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The incorporation of the external activities of these funds, and the elimination of profit/loss generated by primary government customers results in net revenue (expense) for governmental activities.		30,571
Change in net position of governmental activities		$ (9,777)

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 7

Statement of Net Position - Proprietary Funds
June 30, 2014
(in thousands)

	Business-type Activities Enterprise Funds			
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Assets				
Current assets:				
Cash and cash equivalents	$ 121,427	$ 8,354	$ 129,781	$ 105,837
Restricted cash and cash equivalents	55,457		55,457	570
Interest receivable	194	9	203	36
Due from other funds	6		6	71
Due from other governments	3	6	9	141
Accounts receivable (net)	18,039	155	18,194	3,144
Inventory	1,877		1,877	717
Prepaid expense	54	20	74	1,153
Total current assets	197,057	8,544	205,601	111,669
Noncurrent assets:				
Restricted cash and cash equivalents	49,088		49,088	
Loan receivable				10,000
Capital assets:				
Land	10,862	1,768	12,630	592
Buildings and improvements	838,860	12,927	851,787	967
Sewage conveyance system	721,515		721,515	
Equipment	131,586	883	132,469	46,403
Less accumulated depreciation	(515,502)	(10,220)	(525,722)	(20,771)
Construction in progress	60,000	3,730	63,730	14,531
Total capital assets (net of accumulated depreciation)	1,247,321	9,088	1,256,409	41,722
Total noncurrent assets	1,296,409	9,088	1,305,497	51,722
Total assets	1,493,466	17,632	1,511,098	163,391
Liabilities				
Current liabilities:				
Accounts payable	18,960	499	19,459	4,561
Contract retentions				570
Employee compensation	1,611	243	1,854	371
Interest payable	300		300	
Due to other funds	12		12	29
Due to other governments	3		3	
Unearned revenue	2,506		2,506	
Current sewer revenue bonds and obligations payable	47,594		47,594	
Current portion of wastewater loans payable	1,535		1,535	
Current portion reported but unpaid losses				5,883
Current portion incurred but not reported losses				8,815
Total current liabilities	72,521	742	73,263	20,229
Noncurrent liabilities:				
Compensated absences payable	2,702	473	3,175	548
Loan payable				10,000
Contracts and notes	7,942		7,942	
Sewer revenue bonds and obligations payable	631,125		631,125	
Wastewater loans payable	18,145		18,145	
Reported but unpaid losses				15,838
Incurred but not reported losses				10,325
Total noncurrent liabilities	659,914	473	660,387	36,711
Total liabilities	732,435	1,215	733,650	56,940
Net position				
Net investment in capital assets	577,780	9,088	586,868	41,722
Restricted for:				
Debt service	31,615		31,615	
Capital projects	22,720		22,720	
Healthcare				7,538
Regional wastewater reclamation	18,820		18,820	
Unrestricted	110,096	7,329	117,425	57,191
Total net position	$ 761,031	$ 16,417	$ 777,448	$ 106,451

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2014
(in thousands)

	Business-type Activities Enterprise Funds			
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Operating revenues:				
Charges for services	$ 160,229	$ 9,915	$ 170,144	$ 110,474
Other	1,447	55	1,502	1,649
Total net operating revenues	161,676	9,970	171,646	112,123
Operating expenses:				
Employee compensation	34,878	5,338	40,216	8,992
Operating supplies and services	8,070	94	8,164	8,292
Utilities	7,664		7,664	
Sludge and refuse disposal	1,512		1,512	
Repair and maintenance	6,267	95	6,362	1,470
Incurred losses				52,012
Insurance premiums				10,275
General and administrative	10,810	2,495	13,305	4,411
Consultants and professional services	7,367	434	7,801	4,105
Depreciation	48,592	217	48,809	4,022
Total operating expenses	125,160	8,673	133,833	93,579
Operating income	36,516	1,297	37,813	18,544
Nonoperating revenues (expenses):				
Investment earnings	1,197	40	1,237	1,206
Sewer connection fees	11,397		11,397	
Interest expense	(15,529)		(15,529)	
Debt issuance cost	(523)		(523)	
Gain/(loss) on disposal of capital assets	(3,905)	6	(3,899)	(137)
Total nonoperating revenues (expenses)	(7,363)	46	(7,317)	1,069
Income before contributions and transfers	29,153	1,343	30,496	19,613
Capital contributions	6,807		6,807	216
Transfers in	51,404	3,667	55,071	16,008
Transfers (out)	(36,986)	(1,370)	(38,356)	(5,266)
Change in net position	50,378	3,640	54,018	30,571
Net position at beginning of year	710,653	12,777	723,430	75,880
Net position at end of year	$ 761,031	$ 16,417	$ 777,448	$ 106,451

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2014
(in thousands)

	Business-Type Activities — Enterprise Funds			Governmental Activities- Internal Service Funds
	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	
Cash flows from operating activities:				
Cash received from other funds for goods and services provided				$ 107,639
Cash received from customers for goods and services provided	$ 160,202	$ 9,966	$ 170,168	
Cash received from miscellaneous operations	1,447		1,447	1,678
Cash payments to suppliers for goods and services	(26,697)	(1,560)	(28,257)	(23,582)
Cash payments to other funds for goods and services	(11,810)	(1,800)	(13,610)	(5,230)
Cash payments for incurred losses				(46,919)
Cash payments to employees for services	(34,738)	(4,910)	(39,648)	(7,924)
Net cash provided by operating activities	88,404	1,696	90,100	25,662
Cash flows from noncapital financing activities:				
Cash transfers in from other funds	51,404	3,667	55,071	15,981
Cash transfers out to other funds	(36,959)	(1,370)	(38,329)	(5,266)
Loans with other funds	8,531		8,531	9,865
Net cash provided by noncapital financing activities	22,976	2,297	25,273	20,580
Cash flows from capital and related financing activities:				
Proceeds from issuance of bonds and loans	48,500		48,500	
Principal paid on bonds and loans	(36,978)		(36,978)	
Interest paid on bonds and loans	(23,364)		(23,364)	
Issuance cost of new debt	(523)		(523)	
Proceeds from premium	7,032		7,032	
Sewer connection fees	10,990		10,990	
Proceeds from sale of capital assets		6	6	722
Purchase of capital assets	(102,853)	(3,730)	(106,583)	(18,021)
Net cash (used for) capital and related financing activities	(97,196)	(3,724)	(100,920)	(17,299)
Cash flows from investing activities:				
Loan receivable				(10,000)
Interest received on cash and investments	1,068	34	1,102	1,176
Net cash provided by (used for) investing activities	1,068	34	1,102	(8,824)
Net increase in cash and cash equivalents	15,252	303	15,555	20,119
Cash and cash equivalents at beginning of year	210,720	8,051	218,771	86,288
Cash and cash equivalents at end of year	$ 225,972	$ 8,354	$ 234,326	$ 106,407

(continued)

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2014
(in thousands)

(continued)

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	Business-Type Activities — Enterprise Funds: Regional Wastewater Reclamation	Business-Type Activities — Enterprise Funds: Other Enterprise Funds	Business-Type Activities — Enterprise Funds: Total Enterprise Funds	Governmental Activities- Internal Service Funds
Operating income	$ 36,516	$ 1,297	$ 37,813	$ 18,544
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	48,592	217	48,809	4,022
Changes in assets and liabilities:				
Decrease (increase) in assets:				
Accounts receivable	(26)	(4)	(30)	(2,768)
Due from other governments	(1)		(1)	(38)
Inventory and other assets	1,220		1,220	(32)
Prepaid expense	(37)	(11)	(48)	437
Increase (decrease) in liabilities:				
Accounts payable	2,005	148	2,153	358
Due to other governments	(5)		(5)	
Reported but unpaid losses				115
Incurred but not reported losses				4,978
Other liabilities	140	49	189	46
Net cash provided by operating activities	$ 88,404	$ 1,696	$ 90,100	$ 25,662

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2014:

Regional Wastewater Reclamation Enterprise Fund received developer-built conveyance systems with estimated fair value of $6,541 and received other capital assets totaling $76. These contributions were recorded as an increase in capital assets and capital contributions.

Regional Wastewater Reclamation Enterprise Fund retired capital assets with a net book value of $3,905.

Regional Wastewater Reclamation Enterprise Fund transferred out assets with a value of $27 to the County's Internal Service Fund.

Regional Wastewater Reclamation Enterprise Fund received assets from the County's general government in the amount of $278. This transaction was recorded as an increase in capital assets and capital contributions.

Regional Wastewater Reclamation Enterprise Fund recorded a Pima County Board of Supervisors' approved Connection Flow-Through Sewer Credit Agreement in the amount of $95. This transaction was recorded as an increase to unearned revenue and a decrease in capital contributions.

The Regional Wastewater Reclamation Enterprise Fund retired expired Sewer Credit Agreements totaling $7. This transaction was recorded as a decrease to unearned revenue and an increase in capital contributions.

Other Enterprise Funds retired fully depreciated capital assets with an original cost of $263.

Internal Service Funds received a transfer in of capital assets from Regional Wastewater Reclamation with a net book value of $27.

Internal Service Funds received capital contributions with a value of $216 from General Government and sold capital assets with a net book value of $859.

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2014
(in thousands)

	Investment Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	$ 144,516	$ 68,890
Interest receivable	136	
Due from other governments		1,174
Total assets	$ 144,652	$ 70,064
Liabilities		
Employee compensation		$ 115
Due to other governments		37,894
Deposits and rebates		32,055
Total liabilities		$ 70,064
Net position		
Held in trust for pool participants	$ 144,652	

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2014
(in thousands)

	Investment Trust Funds
Additions	
Contributions from participants	$ 2,452,239
Total contributions	2,452,239
Investment earnings	957
Total investment earnings	957
Total additions	2,453,196
Deductions	
Distributions to participants	2,515,033
Total deductions	2,515,033
Change in net position	(61,837)
Net position held in trust July 1, 2013	206,489
Net position held in trust June 30, 2014	$ 144,652

See accompanying notes to financial statements

Note 1: Summary of Significant Accounting Policies

Pima County's accounting policies conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

The County is a general purpose local government that is governed by a separately elected board of 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 to be financially accountable. Blended component units, although legally separate entities, are so intertwined with the County that they are in substance part of the County's operations. Component units should be blended in the County's financial statements when the component unit's governing body is substantively the same as the County's governing body and there is either a financial benefit or burden relationship between the County and the component unit or County management has operational responsibility for it; the component unit provides services entirely, or almost entirely, to the County; or the component unit's total debt outstanding is expected to be repaid entirely or almost entirely with the County's resources. Therefore, data from these units is combined with data of the County. 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 following describes the County's component units:

The Pima County Stadium District, a legally separate entity, was originally created to provide regional leadership and fiscal resources to ensure the presence of major league baseball in Pima County. However, in 2008 and 2010, the Chicago White Sox and the Arizona Diamondbacks Major League Baseball teams terminated their agreements with the District and moved to newer, larger facilities in Maricopa County. Since their departure, the District has taken steps to repurpose and diversify the use of the Stadium and to decrease costs and increase revenue. The Kino Sports Complex is dedicated primarily to soccer activities with a lighted 2,000-seat North Grandstand field, four more soccer fields, and a 2,000-seat stadium under construction. Additional amenities include two lighted softball fields and the Kino Environmental Restoration Project. The facility hosts youth athletics, amateur and professional sports, concerts and community events on its fields. The County Board of Supervisors serves as 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 Library District provides and maintains library services for the County's residents. The Pima County Board of Supervisors is the Board of Directors of the District. 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 Pima 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.

Note 1: Summary of Significant Accounting Policies (continued)

The Pima County Street Lighting Districts (SLDs) operate and maintain street lighting for specific regions in areas outside local city jurisdictions. The Pima County Board of Supervisors serves as the Board of Directors. SLDs are reported as a special revenue fund in these financial statements and meet substantively the same criteria as blended component units. Separate financial statements for the SLDs 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 annual fair and other events at the fairgrounds. The Commission's members are appointed and can be removed at any time by the Pima County Board of Supervisors. Based on these factors, and because SFC does not provide services entirely, or almost entirely to the County, but rather to the 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 Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the County as a whole, while the fund 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 information's usefulness.

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

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

- charges to customers or applicants for goods, services, or privileges provided;
- operating grants and contributions; and
- capital grants and contributions, including special assessments.

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes the County levies or imposes, are reported as general revenues.

Note 1: Summary of Significant Accounting Policies (continued)

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double-counting of internal activities. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

Fund 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 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 nonmajor funds. Fiduciary funds are aggregated and reported by fund type.

Proprietary fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from transactions associated with the fund's principal activity. Accordingly, revenues, such as user charges, in which each party receives and gives up essentially equal values, are operating revenues. Other revenues result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues such as connection fees, intergovernmental revenues, along with investment earnings and revenues ancillary activities generate. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund revenues are primarily from property taxes and intergovernmental revenues.

The *Capital Projects Fund* accounts for financial resources to be used for the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. Capital Projects Fund revenues are from intergovernmental, face amount of long-term debt and transfers in.

The *Debt Service Fund* accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Revenues are from property taxes, proceeds from refunding debt, and transfers in.

The County reports the following major enterprise fund:

Regional Wastewater Reclamation (RWR) accounts for the management and operation of wastewater treatment and water pollution control programs. Revenues are from charges for services and connection fees.

The County also reports the following fund types:

Internal Service Funds account for fleet maintenance and operation, insurance, printing services, and telecommunications services provided to the County's departments or to other governments on a cost-reimbursement basis. The County transitioned to a medical self-insurance model on July 1, 2013 that is funded by employee and employer premium rates.

Investment Trust Funds account for pooled assets and individual investment accounts the County Treasurer holds and invests on behalf of other governmental entities.

Agency Funds account for assets the County holds as an agent for the State, cities, towns, and other parties.

Note 1: Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The agency funds are custodial in nature and do not have a measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities. 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 the provider imposed have been met.

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 position resources available to finance the program. The County applies grant resources to such programs before using general revenues.

Governmental funds in the fund 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 they become both measurable and available. The County recognizes property taxes to be available if collected within 30 days. In addition, other taxes that are reported as intergovernmental revenues, i.e. state shared sales tax, highway user revenues and vehicle license tax, recreational vehicle taxes, car rental surcharges, and hotel excise taxes are also recognized if collected within 30 days. Grant funded intergovernmental revenues are considered available if collected within 60 days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, landfill closure and postclosure care costs, and pollution remediation obligations, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

D. Cash and Investments

For the statement of cash flows, the County's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the County Treasurer, investments in the State Treasurer's Local Government Investment Pool, and only those highly liquid investments with a maturity of 3 months or less when purchased.

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

E. Inventories

Inventories in the government-wide and proprietary funds' financial statements are recorded as assets when purchased and expensed when consumed.

The County accounts for its inventories in the Health Fund using the purchase method. Inventories of the Health Department 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 as nonspendable fund balance 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.

Note 1: Summary of Significant Accounting Policies (continued)

Inventories of the Transportation Department are recorded as assets when purchased and expensed when used. Inventories in Transportation are valued at lower of cost or market, cost being determined using the moving average method.

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

Inventories of Internal Service Funds are valued at lower of cost or market, cost being determined using the moving average 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 (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	All	N/A	N/A
Land improvements (Reported in buildings and improvements)	All	Straight Line	20 - 30 Years
Buildings and improvements	$100	Straight Line	10 - 50 Years
Equipment	$5	Straight Line	4 - 25 Years
Infrastructure/Sewer conveyance systems	$100	Straight Line	10 - 50 Years
Intangible (Reported in land, equipment, and infrastructure)	$100	Straight Line	Varies

Discretely presented component unit:

The Southwestern Fair Commission, Inc. 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. Deferred Outflows/Inflows of Resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to

Note 1: Summary of Significant Accounting Policies (continued)

future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods.

I. Fund Balance Classifications

The governmental funds' fund balances are reported separately within classifications based on a hierarchy of the constraints placed on those resources' use. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form, such as inventories, or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations that the County's Board of Supervisors approved, which is the highest level of decision-making authority within the County. Only the Board can remove or change the constraints placed on committed fund balances. This approval must be given at a regular supervisory meeting.

Assigned fund balances are resources constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Supervisors has authorized the County Administrator to make assignments of resources for a specific purpose. Modifications or rescissions of the constraints can also be removed by the same action that limited the funds.

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the County's policy to use restricted fund balance first. For the disbursement of unrestricted fund balances, the County will use committed amounts first, followed by assigned amounts, and lastly unassigned amounts.

J. Investment Earnings

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

K. Compensated Absences

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

Employees may accumulate up to 240 hours of vacation depending on years of service, but they forfeit any unused vacation hours in excess of the maximum amount at fiscal year-end. Upon terminating employment, the County pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide and proprietary funds' financial statements. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal year-end.

Note 1: Summary of Significant Accounting Policies (continued)

Employees may accumulate up to 1920 hours of sick leave. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but employees forfeit them upon terminating employment. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements. However, employees who have accumulated greater than 240 hours of sick leave and are eligible to retire will receive some benefits. An estimate of those retirement payouts is accrued as a liability in government-wide and proprietary funds' financial statements in Employee Compensation for the current portion and under Noncurrent Liabilities for the noncurrent portion. Compensated absences for the governmental funds is accrued based on vacation and sick leave paid within the first two pay periods after fiscal year-end and is reported in Employee Compensation. 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.

Note 2: Fund Balance Classifications of the Governmental Funds

The table below details the fund balance categories and classifications.

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	CAFR Total
Fund Balance:					
Nonspendable:					
Inventory				$ 1,369	$ 1,369
Prepaid expenditures	$ 3,384			480	3,864
Loan receivable	1,894				1,894
Permanent fund principal				45	45
Total nonspendable	5,278			1,894	7,172
Restricted for:					
Capital Projects					
Streets and highways		$ 57,155			57,155
Other		34,792			34,792
Justice Court /Public Service Center		42,813			42,813
Judicial activities				21,829	21,829
Flood Control District		10,496		11,690	22,186
Health				5,128	5,128
Law enforcement				2,153	2,153
Library District				5,991	5,991
School reserve				536	536
Social services				1,368	1,368
Streets and highways				9,704	9,704
Tire fund				1,307	1,307
Other purposes				1,278	1,278
Total restricted		145,256		60,984	206,240
Committed to:					
Judicial activities				124	124
Parks and recreation		220		981	1,201
School reserve				238	238
Sports promotion (Stadium)				1,225	1,225
Other purposes		3,616		3,740	7,356
Total committed		3,836		6,308	10,144
Assigned to:					
Debt service reserve			$ 7,848		7,848
Health				1,358	1,358
Landfill				379	379
Law enforcement	176			322	498
School reserve				920	920
Other purposes	5			1,225	1,230
Total assigned	181		7,848	4,204	12,233
Unassigned:	42,731	(80)		(6,536)	36,115
Total Fund Balance	$ 48,190	$ 149,012	$ 7,848	$ 66,854	$ 271,904

Note 3: Cash and Investments

Primary Government

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds, notes, and other evidences of indebtedness; interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; specified commercial paper issued by corporations organized and doing business in the United States; specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars; and certain open-end and closed-end mutual funds, including exchange traded funds. In addition, the County Treasurer may invest trust funds in certain 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 of prime quality and be rated within the top two ratings by a nationally recognized rating agency.

2. Corporate bonds, debentures and notes that are denominated in United States dollars must be rated "A" or better by at least two nationally recognized rating agencies at the time of purchase.

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 require collateral for demand deposits and certificates of deposit 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. Investments in repurchase agreements must have a maximum maturity of 180 days.

Foreign currency risk—Statutes do not allow foreign investments unless the investment is denominated in United States dollars.

Deposits—At June 30, 2014, the carrying amount of the County's deposits was $57,664, and the bank balance was $61,206.

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, 2014, $4,599 of County's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 3: Cash and Investments (continued)

Investments—At June 30, 2014, the County's investments consisted of $361,411 invested in marketable securities and $446,740 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, 2014, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
Commercial paper	A1/P1	S&P / Moody's	$ 9,989
Corporate bonds	B+/B1	S&P / Moody's	249,873
Municipal bonds	Unrated		10,773
Federal Farm Credit Bank	AA+/Aaa	S&P / Moody's	15,898
Federal Home Loan Bank	AA+/Aaa	S&P / Moody's	34,013
Money market mutual fund	AAAm/Aaa-mf	S&P / Moody's	29,088
		Marketable securities	349,634
State Treasurer Investment Pool 5	AAAf/S1+	S&P	283,182
State Treasurer Investment Pool 500	Unrated		101,357
State Treasurer Investment Pool 7	Unrated		62,201
	State Treasurer's Investment Pool		446,740
Total			$ 796,374

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 $808,151 of investments, $332,323, consisting of the commercial paper, corporate bonds, municipal bonds, Federal Farm Credit Bank, Federal Home Loan Bank, and U.S. Treasury notes, is uninsured and held by a counterparty in the County's name in book entry form.

Concentration of credit risk—The County has no formal policy with respect to limiting the amount the Treasurer may invest in any one issuer. The County's exposure as of June 30, 2014 is less than 5% per issuer.

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.

Note 3: Cash and Investments (continued)

As of June 30, 2014, the County had the following investments:

Investment Type	Amount	Weighted Average Maturity (Years)
State Treasurer Investment Pool 5	$ 283,182	0.16
State Treasurer Investment Pool 500	101,357	5.59
State Treasurer Investment Pool 7	62,201	0.05
Commercial paper	9,989	0.47
Corporate bonds	249,873	1.59
Municipal bonds	10,773	1.64
Federal Farm Credit Bank	15,898	2.36
Federal Home Loan Bank	34,013	3.15
U.S. Treasury Notes	11,777	1.34
Money market mutual fund	29,088	0.13
Total	$ 808,151	

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

	Cash on Hand	Amount of Deposits	Amount of Investments	Total
Cash, deposits, and investments:	$ 48	$ 57,664	$ 808,151	$ 865,863

	Governmental Activities	Business-type Activities	Investment Trust Funds	Agency Funds	Totals
Statement of Net Position:					
Cash and cash equivalents	$ 415,700	$ 129,781	$ 144,516	$ 68,890	$ 758,887
Restricted cash and cash equivalents	2,431	104,545			106,976
Total	$ 418,131	$ 234,326	$ 144,516	$ 68,890	$ 865,863

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 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. Substantially, all deposits and investments of the County's primary government are included in the County Treasurer's investment pool. Therefore, the deposit and investment risks of the Treasurer's investment pool are substantially the same as the County's deposit and investment risks disclosed above.

Note 3: Cash and Investments (continued)

The Pool's assets consist of the following:

	Principal	Interest Rates	Maturities	Fair Value
Commercial paper	$ 10,000	0.00%	12/14	$ 9,989
Corporate bonds	240,401	0.40-7.13%	07/14-06/18	249,873
Municipal bonds	10,710	0.25-1.5%	07/14-07/17	10,773
Federal Farm Credit Bank	15,828	0.35-2.08%	11/15-9/18	15,898
Federal Home Loan Bank	34,000	0.5-1.25%	11/16-11/18	34,013
U.S. Treasury Notes	11,700	0.75-2.63%	07/14-06/17	11,777
State Treasurer Investment Pool 5	147,502	N/A	N/A	147,502
Deposits	21,316	N/A	N/A	21,316
Interest receivable	136	N/A	N/A	136
Total assets				$ 501,277

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

Statement of Net Position	
Assets held in trust for:	
Internal participants	$ 425,578
External participants	75,699
Total assets	501,277
Total liabilities	
Total net position held in trust	$ 501,277
Statement of Changes in Net Position	
Total additions	$5,929,669
Total deductions	(5,997,783)
Net decrease	(68,114)
Net position held in trust:	
July 1, 2013	569,391
June 30, 2014	$ 501,277

Note 4: Due from Other Governments

Governmental activities:

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Internal Service Funds	Total Governmental Activities
Federal government:						
Grants and contributions	$ 69		$ 6	$ 2,608		$ 2,683
State of Arizona:						
Taxes and shared revenues	19,016	$ 1,150		4,792		24,958
Grants and contributions				8,224	$ 3	8,227
Cities:						
Reimbursement for services	1,446	525		2,456	121	4,548
Other governments:						
Reimbursement for services	94	5,422		67	17	5,600
Total due from other governments fund based statements	$ 20,625	$ 7,097	$ 6	$ 18,147	$ 141	$ 46,016

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 487,902	$ 11,357	$ (96)	$ 499,163
Construction in progress	297,266	88,680	(173,632)	212,314
Total capital assets not being depreciated	785,168	100,037	(173,728)	711,477
Capital assets being depreciated:				
Buildings and improvements	657,161	36,312	(82)	693,391
Infrastructure	1,221,637	112,686	(1,642)	1,332,681
Equipment	155,586	50,383	(11,574)	194,395
Total capital assets being depreciated	2,034,384	199,381	(13,298)	2,220,467
Less accumulated depreciation for:				
Buildings and improvements	(196,366)	(18,902)	59	(215,209)
Infrastructure	(630,676)	(35,090)	387	(665,379)
Equipment	(83,615)	(12,352)	10,280	(85,687)
Total accumulated depreciation	(910,657)	(66,344)	10,726	(966,275)
Total capital assets being depreciated, net	1,123,727	133,037	(2,572)	1,254,192
Governmental activities capital assets, net	$ 1,908,895	$ 233,074	$ (176,300)	$ 1,965,669

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 12,554	$ 76		$ 12,630
Construction in progress	500,964	92,401	$ (529,635)	63,730
Total capital assets not being depreciated	513,518	92,477	(529,635)	76,360
Capital assets being depreciated:				
Buildings and improvements	395,247	473,802	(17,262)	851,787
Sewage conveyance systems	693,048	30,902	(2,435)	721,515
Equipment	107,036	32,024	(6,591)	132,469
Total capital assets being depreciated	1,195,331	536,728	(26,288)	1,705,771
Less accumulated depreciation for:				
Buildings and improvements	(190,303)	(25,930)	16,088	(200,145)
Sewage conveyance systems	(269,768)	(13,538)	1,545	(281,761)
Equipment	(39,225)	(9,341)	4,750	(43,816)
Total accumulated depreciation	(499,296)	(48,809)	22,383	(525,722)
Total capital assets being depreciated, net	696,035	487,919	(3,905)	1,180,049
Business-type activities capital assets, net	$ 1,209,553	$ 580,396	$ (533,540)	$ 1,256,409

Note 5: Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:		
General government	$	12,425
Public safety		9,824
Highways and streets		31,673
Sanitation		401
Health		488
Welfare		74
Culture and recreation		6,597
Education and economic opportunity		840
Internal service funds		4,022
Total governmental activities depreciation expense	$	66,344
Business-type activities:		
Parking Garages	$	217
Regional Wastewater Reclamation Department		48,592
Total business-type activities depreciation expense	$	48,809

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Discretely presented component unit:				
Southwestern Fair Commission (SFC):				
Capital assets being depreciated:				
Buildings and improvements	$ 5,974	$ 491		$ 6,465
Equipment	2,521	134	$ (24)	2,631
Total capital assets being depreciated	8,495	625	(24)	9,096
Less accumulated depreciation for:				
Buildings and improvements	(3,339)	(304)		(3,643)
Equipment	(2,021)	(189)	24	(2,186)
Total accumulated depreciation	(5,360)	(493)	24	(5,829)
Total capital assets being depreciated, net	3,135	132		3,267
SFC capital assets, net	$ 3,135	$ 132		$ 3,267

Note 6: Claims, Judgments and Risk Management

Self-Insurance Trust Fund (SIT Fund)

The SIT Fund, an internal service fund, accounts for the financing of the insured risk 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. The SIT Fund is liable for any single general or automobile liability claim up to $2,500 per occurrence, any workers' compensation claim up to $1,000 per occurrence, and any single medical malpractice claim up to $1,000 per occurrence or any medical malpractice claims in aggregate up to $5,000 in any policy year. The County purchases commercial insurance for claims in excess of coverage provided by the SIT Fund. Settled claims have not exceeded insurance coverage in any of the last 3 fiscal years.

Payment of unemployment claims is fully self-funded. Payment of environmental claims is generally self-funded, although some claims filed could result in past insurers being liable for such losses.

All of the County's departments participate in the SIT Fund. With the exception of environmental and unemployment losses, charges are based on actuarial estimates of the amounts needed to pay prior- and current-year claims. Charges for environmental losses are based on historical experience. Charges for unemployment losses are based on actual claims paid.

Claims liabilities at June 30, 2014, for each insurable area are as follows:

Auto liability	$ 335
General liability	10,487
Workers' compensation	21,605
Medical malpractice	234
Environmental liability	1,500
	$ 34,161

The above amounts, excluding environmental and unemployment, are reported at their present value using an expected future investment yield assumption of 2 percent.

Changes in the unpaid claims liability reported in the SIT Fund are as follows:

Year	Balance July 1	Current-Year Claims and Changes in Estimates	Claims Payments	Balance June 30
2012-13	$ 35,397	7,676	(7,305)	$ 35,768
2013-14	$ 35,768	4,851	(6,458)	$ 34,161

Health Benefits Self-Insurance Trust Fund (HBT Fund)

During fiscal year 2013-2014, the County created the HBT Fund, an internal service fund, to account for the financing of the County's self-insured medical/pharmacy plan for employees and their dependents. The HBT Fund is responsible for collecting employer and employee premiums through payroll deductions and

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

reimbursing Aetna, acting as a third-party administrator, for the payment of claims. The plan consists of two plan options, a High Deductible Health Plan and a Preferred Provider Organization Plan. The County purchases commercial stop-loss insurance coverage for claims in excess of coverage provided by the HBT Fund. Settled claims have not exceeded insurance coverage during the past fiscal year.

Claim liabilities are computed using a combination of two actuarial methods: the completion factor approach and the exposure approach. Accrued actuarial liabilities for the HBT Fund at June 30, 2014 for each plan option are as follows:

High-Deductible Health Plan:	
Medical	$ 2,843
Pharmacy	973
Preferred Provider Organization Plan:	
Medical	2,149
Pharmacy	735
	$ 6,700

Changes in the unpaid claims liabilities reported in the HBT Fund are as follows:

Year	Balance July 1	Current-Year Claims and Changes in Estimates	Claims Payments	Balance June 30
2013-14	$ -	47,161	(40,461)	$ 6,700

Litigation

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.

Pollution Remediation

The County has estimated and reported an environmental liability of $639 in the government-wide financial statements for governmental activities (in noncurrent liabilities). Remediation efforts are currently underway at one County site: El Camino del Cerro.

Remediation efforts continue at the El Camino del Cerro site which is approximately bordered by the Santa Cruz River on the west, Interstate 10 on the east and El Camino del Cerro Road on the south. The groundwater contamination is suggested to resonate from the municipal and solid waste landfill operated on the site from 1973 to 1977.

The estimated liability was calculated based upon the expected future outlays associated with the estimate of one pump-and-treat system for one year. There is potential for changes due to increased costs associated with sewage disposal costs, construction costs for extraction and injection wells, and/or changes in the estimated extent of contamination.

Note 7: Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2014.

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due within 1 year
Governmental activities:					
General obligation bonds	$ 456,690	$ 10,000	$ 59,415	$ 407,275	$ 36,815
Unamortized premium/discount	10,678	409	2,356	8,731	2,059
Total general obligation bonds	467,368	10,409	61,771	416,006	38,874
Transportation revenue bonds	126,015	24,805	21,995	128,825	13,685
Unamortized premium/discount	2,589	2,696	1,029	4,256	1,292
Total transportation revenue bonds	128,604	27,501	23,024	133,081	14,977
Certificates of participation	127,735	52,160	40,995	138,900	29,680
Unamortized premium/discount	6,759	6,383	2,339	10,803	2,463
Total certificates of participation	134,494	58,543	43,334	149,703	32,143
Capital leases payable:					
Other capital leases	298		298		
Total capital leases	298		298		
Installment note payable	605	239	204	640	228
Total installment note payable	605	239	204	640	228
Reported but unpaid losses (Note 6)	21,606	44,936	44,821	21,721	5,883
Incurred but not reported losses (Note 6)	14,162	7,075	2,097	19,140	8,815
Landfill closure and post-closure care costs (Note 8)	21,730	1,041		22,771	
Pollution remediation (Note 6)	734		95	639	
Compensated absences payable *	30,739	103		30,842	
Total governmental activities long-term liabilities	$ 820,340	$ 149,847	$ 175,644	$ 794,543	$100,920

* There was a change in reporting the current and non-current portions of the Compensated absences payable. The current portion of Compensated absences payable of $2,636 is reported as Employee compensation.

Note 7: Long-Term Liabilities (continued)

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due within 1 year
Business-type activities:					
Sewer revenue bonds	$ 154,415		$ 16,765	$ 137,650	$ 17,555
Unamortized premium/discount	1,099		318	781	515
Total revenue bonds payable	155,514		17,083	138,431	18,070
Sewer revenue obligations	464,355	$ 48,500	18,725	494,130	21,890
Unamortized premium/discount	46,620	7,032	7,494	46,158	7,634
Total revenue obligations payable	510,975	55,532	26,219	540,288	29,524
Regional Wastewater Reclamation Loans payable	21,169		1,489	19,680	1,535
Total loans payable	21,169		1,489	19,680	1,535
Contracts and notes	12,645	1,610	6,313	7,942	
Compensated absences payable *	3,087	88		3,175	
Total business-type activities long-term liabilities	$ 703,390	$ 57,230	$ 51,104	$ 709,516	$ 49,129

* There was a change in reporting the current and non-current portions of the Compensated absences payable. The current portion of Compensated absences payable of $271 is reported as Employee compensation.

The County's debt consists of various issues of general obligation, HURF revenue, certificates of participation, sewer revenue bonds, loans, and obligations bonds that are generally callable with interest payable semiannually. Bond proceeds primarily pay for acquiring or constructing capital facilities. Bonds have also been issued to advance-refund previously issued bonds. The County repays general obligation bonds from voter-approved property taxes. HURF revenue bonds are repaid from charges for services in the Transportation fund. Certificates of participation are repaid from General fund and other various funds' revenues. Sewer revenue bonds, loans, and obligations are repaid from the charges for services in the Regional Wastewater Reclamation fund.

GENERAL OBLIGATION BONDS OUTSTANDING

Governmental Activities

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

General obligation bonds payable at June 30, 2014, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, $4,662 from the May 20, 1997, $13,278 from the May 18, 2004, and $741 from the May 16, 2006 bond elections remain unissued.

Note 7: Long-Term Liabilities (continued)

The following table presents amounts outstanding by issue.

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2014
Series of 2007	$ 95,000	3.00 - 4.50%	2015-21	July 1, 2017	$ 48,550
Series of 2008	100,000	4.00%	2015-22	July 1, 2018	63,000
Series of 2009	75,000	3.00 - 4.13%	2015-23	July 1, 2019	36,185
Series of 2009A	90,000	3.00 - 4.00%	2015-24	July 1, 2019	63,225
Series of 2009A Refunding	23,535	3.00 - 3.25%	2015-16		660
Series of 2011	75,000	2.25 - 5.00%	2015-26	July 1, 2021	44,185
Series of 2012A	60,000	2.00 - 4.00%	2015-27	July 1, 2022	43,750
Series of 2012B Refunding	16,225	2.00 - 3.00%	2015-17		12,155
Series of 2013A	50,000	1.50 - 4.00%	2015-28	July 1, 2023	47,000
Series of 2013B Refunding	38,575	3.00 - 4.00%	2015-20		38,565
Series of 2014	10,000	1.00 - 5.00%	2015-28	July 1, 2023	10,000
G.O. bonds outstanding					407,275
Plus unamortized premium/discount:					8,731
		Total G.O. bonds outstanding			$ 416,006

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2014.

Year Ending June 30,	Principal	Interest
2015	$ 36,815	$ 14,715
2016	37,655	13,581
2017	41,445	12,398
2018	40,880	11,041
2019	39,375	9,555
2020 - 2024	171,075	26,117
2025 - 2028	40,030	3,428
Total	$ 407,275	$ 90,835

REFUNDED GENERAL OBLIGATION BONDS

During fiscal year 2013-14, the County defeased $14,815 of General Obligation Bonds, Series 2005 and $1,200 of General Obligation Bonds, Series 2007 with County funds. County funds were placed in an irrevocable trust to provide for future debt service payments of the defeased debt. Accordingly, the trust account assets and liability for the defeased bonds are not included in the County's financial statements.

In prior years, the County defeased $14,435 of General Obligation Refunded Bonds, Series 2005 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 the defeased bonds are not included in the County's financial statements. At June 30, 2014, $30,450 of outstanding bonds are considered defeased, which includes debt defeased during this current year.

Note 7: Long-Term Liabilities (continued)

TRANSPORTATION BONDS PAYABLE

Governmental Activities

(Payments made from street and highway revenues)

Pima County transportation revenue bonds were issued to provide monies to construct improvements to the County's streets and highways. Of the total amount originally authorized, $73,375 from the November 4, 1997 bond election remains unissued.

The following table presents amounts outstanding by issue.

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2014
Series of 2005	$ 51,200	3.50 - 5.00%	2015-20	July 1, 2015	$ 19,240
Series of 2007	21,000	3.25 - 4.75%	2015-22	July 1, 2017	14,870
Series of 2008	25,000	3.50 - 4.50%	2015-22	July 1, 2018	20,425
Series of 2009	15,000	3.00 - 4.00%	2015-24	July 1, 2019	13,650
Series of 2009 Refunding	8,420	3.00 - 4.00%	2015-24	July 1, 2019	7,385
Series of 2012	18,425	3.00 - 5.00%	2015-27	July 1, 2022	16,570
Series of 2012 Refunding	14,520	4.00 - 5.00%	2015-18		11,880
Series of 2014	16,000	3.00 - 5.00%	2015-28	July 1, 2023	16,000
Series of 2014 Refunding	8,805	5.00%	2017-18		8,805
Transportation bonds outstanding					128,825
Plus unamortized premium/discount:					4,256
Total transportation bonds outstanding					$ 133,081

The following schedule details transportation bond debt service requirements to maturity at June 30, 2014.

Year Ending June 30,	Principal	Interest
2015	$ 13,685	$ 5,197
2016	14,250	4,652
2017	14,585	4,000
2018	15,245	3,351
2019	14,310	2,679
2020 - 2024	46,655	6,151
2025 - 2028	10,095	752
Total	$ 128,825	$ 26,782

Pima County has pledged future highway user revenues, net of specified operating expenses, to repay $128,825 in transportation revenue bonds issued between 2005 and 2014. Proceeds from the bonds provide financing for construction of various highways and streets within Pima County. The bonds are payable from net highway user revenues and are payable through 2028. Annual principal and interest payments on the bonds are expected to require approximately 122 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $155,607. Principal and interest paid for bonds in the current year and total net highway user revenues were $17,661 and $13,702, respectively.

Note 7: Long-Term Liabilities (continued)

REFUNDED TRANSPORTATION BONDS

During fiscal year 2013-14, the County defeased $9,570 of Transportation Bonds, Series 2005, by issuing $8,805 of Transportation Bonds that have an average life of 3.93 years and an average interest rate of 5.00%. This refunding transaction resulted in an economic gain of $515 and a reduction in debt service payments of $569. The proceeds of the new bonds were placed in an irrevocable trust to provide for future debt service payments of the refunded debt. Accordingly, the trust account assets and liability for the defeased bonds are not included in the County's financial statements. At June 30, 2014, $9,570 of outstanding bonds are considered defeased.

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 2007A for $28,765 to finance the acquisition of and improvements to a 22-story office tower located in downtown Tucson and to acquire and construct replacement facilities for the Pima County Community Services Department. On February 4, 2010, the County issued Certificates of Participation Series 2010 for $20,000 to finance the replacement computer enterprise system composed of servers and other hardware, computer terminals, software and system training. The new enterprise system will serve the County with finance, budget, procurement, human resources, and material management systems.

On May 22, 2013, the County issued Certificates of Participation Series 2013A for $80,175. The County intends to use $60,000 of the proceeds from that issue for projects related to its sewer system. Although no sewer revenues are pledged for the repayment of the Certificates, the County intends to transfer available cash from the Regional Wastewater Reclamation Fund to repay that portion of the proceeds actually used for sewer projects. The County also issued $12,705 of Refunding Certificates of Participation, Series 2013B. The Certificates were issued with a premium of $1,260 and the proceeds were used to refund and redeem $1,220 of Certificates of Participation, Series 1999, and $12,335 of Certificates of Participation, Series 2003, previously reported by the County as a jail capital lease.

On February 12, 2014, the County issued Certificates of Participation Series 2014 for $52,160 to finance the costs of completing the Public Service Center and Office Tower. The County may also use a portion of the funds for other capital projects.

Note 7: Long-Term Liabilities (continued)

The following schedule details outstanding Certificates of Participation payable at June 30, 2014.

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2014
Series of 2007A	$ 28,765	5.00%	2015-22	July 1, 2017	$ 18,805
Series of 2010	20,000	3.50 - 5.25%	2015-19		12,030
Series of 2013A	80,175	2.00 - 5.00%	2015-23		45,530
Series of 2013B Refunding	12,705	3.00 - 5.00%	2015-18		10,375
Series of 2014	52,160	2.00 - 5.00%	2015-29	December 1, 2023	52,160
Certificates of participation outstanding					138,900
Plus unamortized premium/discount:					10,803
Total certificates of participation outstanding					$ 149,703

The following schedule details debt service requirements to maturity for the County's Certificates of Participation payable at June 30, 2014.

Year Ending June 30,	Principal	Interest
2015	$ 29,680	$ 6,572
2016	16,240	5,087
2017	11,955	4,409
2018	12,615	3,808
2019	10,670	3,256
2020 - 2024	35,615	9,622
2025 - 2029	22,125	2,875
Total	$ 138,900	$ 35,629

INSTALLMENT NOTE PAYABLE

Governmental Activities

In prior years, the County acquired Tasers under contract agreements at a total purchase price of $764. During fiscal year 2013-14, the County also acquired computer equipment under contract agreements at a total purchase price of $239. The outstanding balance as of June 30, 2014, for the payable totaled $640. The following schedule details debt service requirements to maturity for the County's installment note payable at June 30, 2014.

	Equipment	
Year Ending June 30,	Principal	Interest
2015	$ 229	$ 16
2016	234	10
2017	177	4
	$ 640	$ 30

Note 7: Long-Term Liabilities (continued)

SEWER REVENUE BONDS AND LOANS

Business-type Activities

(Payments made from user charges received in the RWR)

Pima County sewer revenue bonds, as presented below, were issued to provide monies to construct improvements to the County's Regional Wastewater Reclamation system and for the defeasance of prior sewer revenue bonds. As of June 30, 2014, the County has issued the total amounts originally authorized from the May 20, 1997 and May 18, 2004 bond elections.

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2014
Series of 2004 Refunding	$ 25,770	4.60%	2015	July 1, 2014	$ 4,000
Series of 2007	50,000	4.00 - 5.00%	2015-26	July 1, 2017	34,715
Series of 2008	75,000	4.00 - 5.00%	2015-23	July 1, 2018	70,130
Series of 2009	18,940	3.25 - 4.25%	2015-24	July 1, 2019	14,540
Series of 2011 Refunding	43,625	3.00 - 5.00%	2015-16		14,265
Sewer revenue bonds outstanding					137,650
Plus unamortized premium/discount:					781
Total sewer revenue bonds outstanding					$ 138,431

The following schedule details sewer revenue bond debt service requirements to maturity at June 30, 2014.

Year Ending June 30,	Principal	Interest
2015	$ 17,555	$ 5,883
2016	15,950	5,057
2017	11,250	4,354
2018	11,810	3,886
2019	12,405	3,414
2020 - 2024	61,400	8,606
2025 - 2026	7,280	440
Total	$ 137,650	$ 31,640

On June 17, 2010, Pima County entered into an agreement, whereby future revenues were pledged, that provided monies to be used primarily to pay a portion of the capital project costs associated with the construction, expansion and improvement of sewer treatment facilities and conveyance systems for the county-wide sewer system, including the Agua Nueva (previously known as Roger Road) and Tres Rios (previously known as Ina Road) Wastewater Reclamation Facilities. In December 2011, the County issued Sewer Revenue Obligations Series 2011B for $189,160 to provide additional funding for the construction and improvements of the County's wastewater conveyance systems and treatment facilities.

In December 2012, the County issued Sewer Revenue Obligations Series 2012A for $128,795. The net proceeds of the issuance were used primarily to pay a portion of the costs of the construction, expansion and improvement of sewer treatment facilities and conveyance systems for the System, including the Agua Nueva and Tres Rios Wastewater Reclamation Facilities.

Note 7: Long-Term Liabilities (continued)

In February 2014, the County issued Sewer Revenue Obligations Series 2014 for $48,500. The net proceeds of the issuance were used primarily to pay a portion of the costs of the construction, expansion and improvement of sewer treatment facilities and conveyance systems for the System.

Issue	Issue Amount	Interest Rates	Maturities	Call Date	Outstanding June 30, 2014
Series of 2010	$165,000	2.50 - 5.00%	2015-25	July 1, 2020	$ 163,000
Series of 2011B	189,160	5.00%	2015-26	July 1, 2021	164,450
Series of 2012A	128,795	1.75 - 5.00%	2015-27	July 1, 2022	118,180
Series of 2014	48,500	2.00 - 5.00%	2015-28	July 1, 2023	48,500
Sewer revenue obligations outstanding					494,130
Plus unamortized premium/discount:					46,158
Total sewer revenue obligations outstanding					$ 540,288

The following schedule details sewer revenue obligation debt service requirements to maturity at June 30, 2014.

Year Ending June 30,	Principal	Interest
2015	$ 21,890	$ 23,871
2016	22,740	22,967
2017	36,170	21,989
2018	37,795	20,366
2019	39,615	18,548
2020 - 2024	229,110	61,691
2025 - 2028	106,810	9,317
Total	$ 494,130	$ 178,749

In prior years, the Regional Wastewater Reclamation Enterprise Fund entered into various loan agreements (used for construction and improvement of wastewater treatment facilities). In October 2009 the County entered into an additional loan agreement for the funding of construction of wastewater treatment facilities. Interest is payable semiannually and is calculated based on the principal amount of the loan outstanding during such period.

Issue	Issue Amount	Interest Rate	Maturities	Outstanding June 30, 2014
2004 Loans payable	$ 19,967	1.81%	2015-24	$ 13,534
2009 Loans payable	8,002	0.96%	2015-24	6,146
		Total loans payable		$ 19,680

Note 7: Long-Term Liabilities (continued)

The following schedule details loans payable debt service requirements to maturity at June 30, 2014.

Year Ending June 30,	Principal	Interest
2015	$ 1,535	$ 576
2016	1,581	529
2017	1,629	480
2018	1,679	430
2019	1,730	378
2020 - 2024	11,526	1,083
Total	$ 19,680	$ 3,476

Pima County has pledged future user charges, net of specified operating expenses, to repay $137,650 in sewer revenue bonds issued between 2004 and 2011, $19,680 in sewer revenue loans issued between 2004 and 2009, and $494,130 in sewer revenue obligations issued between 2010 and 2014. Proceeds from the bonds, loans and obligations provided financing for construction of various treatment facilities and sewer infrastructure within Pima County. The bonds, loans and obligations are payable from net sewer revenues and are payable through fiscal year 2028. Annual principal and interest payments on the bonds and obligations are expected to require approximately 67 percent of net revenues. The annual principal and interest payments on the loans are expected to require approximately 3 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $169,290. Total principal and interest remaining to be paid on the loans is $23,156. Total principal and interest remaining to be paid on the obligations is $672,879. Principal and interest paid for bonds, obligations and loans in the current year and total customer net revenues were $65,277, $2,111, and $96,134, respectively.

All sewer revenue bonds were issued and the loan agreements were executed with a first lien on the pledge of the RWR net revenues and have restrictive covenants, primarily related to minimum utility rates and limitations on future bond issues. The bond covenants also require the RWR to either maintain a surety bond guaranteeing the payment of annual debt service or to maintain in the Bond Reserve Account monies equal to the average annual debt service payment. At June 30, 2014, the RWR had a surety bond to meet the requirements of the debt covenants. The County is also authorized to issue for the RWR additional parity bonds if certain conditions are met, primarily that net revenues for the fiscal year immediately preceding issuance of the parity bonds exceed 120 percent of the maximum annual debt service requirements immediately after such issuance.

CONTRACTS AND NOTES

Business-type Activities

(Payments made from restricted assets in the RWR)

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.

Note 7: Long-Term Liabilities (continued)

LEGAL DEBT MARGIN

County General Obligation Bonds

General obligation debt may not exceed 6 percent of the value of the County's taxable property as of the latest assessment. However, with voter approval, debt may be incurred up to 15 percent of the value of taxable property. Pima County has received voter approval for all general obligation debt. The legal debt margin at June 30, 2014, is as follows:

Net assessed valuation		$7,623,691
Debt limit (15% of net assessed valuation):		1,143,554
Less amount of debt applicable to debt limit:		
General obligation bonds outstanding	$ 407,275	
Less fund balance in debt service fund available for payment of general obligation bond principal	(5,326)	401,949
Legal debt margin available		$ 741,605

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 $22,771 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 $4,584 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, 2014; actual costs may change due to inflation, changes in technology, or changes in regulations.

Landfill Site	Capacity Used June 30, 2014	Estimated Remaining Service Life
Ajo	73%	37 Years
Sahuarita	56%	28 Years
*Tangerine	99%	36 Years

*The Tangerine Landfill stopped accepting waste from the public on December 1, 2013 but remains open for internal County waste disposal needs until its remaining capacity is fully used. As the amount of County disposal is very small the estimated remaining service life was extended to 36 years.

The County plans to fund the estimated closure and post-closure care costs with proceeds of general obligation bonds.

According to State and Federal laws and regulations, the County must comply with the local government financial test requirements that ensure 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 green waste and 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 $10,946 when closure occurs and plans to fund the costs with proceeds of general obligation bonds. At this time, there is no closure date available.

On June 1, 2013 Tucson Recycling and Waste Services was contracted to operate the Landfill and Transfer Station operations on behalf of Pima County in an agency capacity. The closure and post closure costs remain the liability of Pima County.

Note 9: Pension and Other Post Employment Benefits

Pension 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),** all component units of the State of Arizona**.** 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 retirement benefits are generally paid at a percentage, based on years of service, of the retirees' average compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee's monthly compensation. Health insurance premium benefits are generally paid as a fixed dollar amount per month towards the retiree's healthcare insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

The **ASRS** administers a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health insurance premium plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan that covers employees of the State of Arizona and employees of participating political subdivisions, including general employees of the County and school districts. 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** administers an agent, multiple-employer defined benefit pension plan and an agent, multiple-employer defined benefit health insurance premium 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 seven-member board, known as the Board of Trustees, and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The **CORP** administers an agent, multiple-employer defined benefit pension plan and an agent, multiple-employer defined benefit health insurance premium plan that covers certain state, county, and local correction officers; dispatchers; and probation, surveillance, and juvenile detention officers. The **CORP** is governed by the Board of Trustees of **PSPRS** and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

Beginning in fiscal year 2013-14, PSPRS and CORP established separate Funds for pension benefits and health insurance premium benefits. Previously, the plans recorded both pension and health insurance premium contributions in the same Pension Fund. During fiscal year 2013-14, the plans transferred prior year health insurance premium benefit contributions that exceeded benefit payments from each plan's Pension Fund to the new Health Insurance Fund.

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report is available on their Web sites or may be obtained by writing or calling the applicable plan.

ASRS	PSPRS and CORP
3300 N. Central Ave	3010 East Camelback Road
Phoenix, AZ 85012	Suite 200
P.O. Box 33910	Phoenix, AZ 85016-4416
Phoenix, AZ 85067-3910	(602) 255-5575
(602) 240-2000 or	www.psprs.com
(800) 621-3778	
www.azasrs.gov	

Note 9: Pension and Other Post Employment Benefits (continued)

Funding Policy

The Arizona State Legislature establishes and may amend active plan members' and the County's contribution rates for **ASRS**, **PSPRS** and **CORP.**

Cost-sharing plans

For the year ended June 30, 2014, active **ASRS** members were required by statute to contribute at the actuarially determined rate of 11.54 percent (11.3 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll. The County is required by statute to contribute at an actuarially determined rate. For the year ended June 30, 2014, the County contributed 11.54 percent (10.70 percent for retirement, 0.60 percent for health insurance premium benefit, and 0.24 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2013, the County contributed 11.14 percent (10.25 percent for retirement, 0.65 percent for health insurance premium benefit, and 0.24 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2012, the County contributed 10.74 percent (9.87 percent for retirement, 0.63 percent for health insurance premium, and 0.24 percent for long-term disability) of the members' annual covered payroll.

The County's contributions for the current and 2 preceding years, all of which were equal to the required contributions, were as follows:

	ASRS Retirement Fund	Health Benefit Supplement Fund	Long-term Disability Fund
Year ended June 30,			
2014	$ 24,733	$ 1,387	$ 555
2013	$ 22,902	$ 1,452	$ 536
2012	$ 21,290	$ 1,359	$ 518

Agent plans

For the year ended June 30, 2014, active **PSPRS** members were required by statute to contribute 10.35 percent of the members' annual covered payroll and the County was required to contribute at the actuarially determined rate of 33.69 percent, the aggregate of which is the actuarially required amount. As allowed by statute, the County contributed 3.65 percent of the members' required contribution, with the members contributing 6.70 percent. The health insurance premium portion of the contribution was set at 1.60 percent of covered payroll. Active **CORP** members were required by statute to contribute 8.41 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 14.81 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.05 percent of covered payroll.

Actuarial methods and assumptions

The contribution requirements for the year ended June 30, 2014 were established by the June 30, 2012 actuarial valuations and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on 1) the plans as understood by the County and plans' members and include the

Note 9: Pension and Other Post Employment Benefits (continued)

types of benefits in force at the valuation date, and 2) the pattern of sharing benefit costs between the County and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for both plans and related benefits (unless noted), and the actuarial methods and assumptions were used to establish the fiscal year 2014 contribution requirements, are as follows:

	PSPRS	CORP
Actuarial valuation date	June 30, 2012	June 30, 2012
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increases	5.00% - 9.00%	5.00% - 8.25%
includes inflation at	5.00%	5.00%
Amortization method	Level percent-of-pay closed	Level percent-of-pay closed
Remaining amortization period	24 Years for underfunded, 20 Years for overfunded	24 Years for underfunded, 20 Years for overfunded
Asset valuation method	7-year smoothed market 80%/120% market	7-year smoothed market 80%/120% market

Annual Pension and OPEB Cost

The County's pension/OPEB cost for the PSPRS and CORP agent plans for the year ended June 30, 2014, and related information follows:

	PSPRS		CORP	
	Pension	Health Insurance Premium Benefit	Pension	Health Insurance Premium Benefit
Annual pension/OPEB cost	$ 11,856	$ 563	$ 3,550	$ 252
Contributions made	$ 11,856	$ 563	$ 3,550	$ 252

Trend Information

Annual pension and OPEB cost information for the current and 2 preceding years follows for the PSPRS and CORP agent plans:

Note 9: Pension and Other Post Employment Benefits (continued)

Plan	Year Ended June 30	Annual Pension/ OPEB Cost	Percentage of Annual Cost Contributed	Net Pension/ OPEB Obligation
PSPRS				
Pension	2014	$ 11,856	100%	
Health insurance premium benefit	2014	$ 563	100%	
Pension	2013	$ 9,903	102%	
Health insurance premium benefit	2013	$ 591	64%	$ 215
Pension	2012	$ 8,445	103%	
Health insurance premium benefit	2012	$ 638	60%	$ 254
CORP				
Pension	2014	$ 3,550	100%	
Health insurance premium benefit	2014	$ 252	100%	
Pension	2013	$ 2,722	104%	
Health insurance premium benefit	2013	$ 264	54%	$ 121
Pension	2012	$ 2,076	107%	
Health insurance premium benefit	2012	$ 288	51%	$ 142

Funded Status

The plan's funded status as of the most recent valuation date of June 30, 2014, along with the actuarial assumptions and methods used in those valuations follow. Additionally, the required schedule of funding progress, presented as Exhibit B-2 following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 9: Pension and Other Post Employment Benefits (continued)

	PSPRS		CORP	
	Pension	Health Insurance Premium Benefit	Pension	Health Insurance Premium Benefit
Actuarial accrued liability	$ 324,825	$ 7,337	$ 100,333	$ 3,122
Actuarial value of assets	$ 141,813	7,549	$ 48,811	3,248
Unfunded actuarial accrued liability (funding excess)	$ 183,012	$ (212)	$ 51,522	$ (126)
Funded ratio	43.7 %	102.9 %	48.6 %	104.0 %
Covered payroll	$ 31,544	$ 31,544	$ 19,765	$ 19,765
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	580.2 %	0 %	260.7 %	0 %

	PSPRS	CORP
Actuarial valuation date	June 30, 2014	June 30, 2014
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment rate of return	7.85%	7.85%
Projected salary increases	4.0% - 8.0%	4.0% -7.25%
includes inflation at	4.00%	4.00%
Amortization method	Level percent-of-pay closed	Level percent-of-pay closed
Remaining amortization period	22 Years for underfunded , 20 years for overfunded	22 Years for underfunded , 20 years for overfunded
Asset valuation method	7-year smoothed market 80%/120% market	7-year smoothed market 80%/120% market
Permanent Benefit Increases	Members retired on or before: July 1, 2011: 2% compounded on average Members retired on or after: August 1, 2011: 0.5% compounded on average All current retirees receive the same dollar increase amount so approximation techniques were used to develop the assumed PBI for each member	Members retired on or befo July 1, 2011: 2.25% of benefit Members retired on or afte August 1, 2011: 0.5% of bene

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 to:

Amounts recorded as due from:	General	Capital Projects	Other Governmental	Regional Wastewater Reclamation	Internal Services	Total
General		$ 53	$ 2,491			$ 2,544
Capital Projects			2,153	$ 6		2,159
Other Governmental	$ 140		76	6		222
Regional Wastewater Reclamation			6			6
Internal Services		42			$ 29	71
Total	$ 140	$ 95	$ 4,726	$ 12	$ 29	$ 5,002

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:

Amounts recorded as transfers in:	General	Capital Projects	Debt service	Other Governmental	Regional Wastewater Reclamation	Other Enterprise	Internal Services	Total
General		$ 99		$ 22,990	$ 103	$ 1,000		$ 24,192
Capital Projects	$ 3,138		$ 5,880	36,841	337	350	$ 64	46,610
Debt Service	7,025	146		17,200	36,104	20	994	61,489
Other Governmental	23,724	310		2,115	415		3,828	30,392
Regional Wastewater Reclamation		51,404						51,404
Other Enterprise		3,667						3,667
Internal Service		11,709		3,892	27		380	16,008
Total	$ 33,887	$ 67,335	$ 5,880	$ 83,038	$ 36,986	$ 1,370	$ 5,266	$ 233,762

Note 11: Construction and Other Significant Commitments

At June 30, 2014, Pima County had the following major contractual commitments related to Facilities Management, General Government, Natural Resources, Parks and Recreation, Regional Flood Control, Regional Wastewater Reclamation and Transportation.

Facilities Management
At June 30, 2014, the Pima County Facilities Management Department had construction contractual commitments of $37,309 and other contractual commitments related to service contracts of $6,728. Funding for these expenditures will be provided from general fund revenues and general obligation bonds.

General Government
At June 30, 2014, Pima County had contractual commitments related to service contracts for the Office of Medical Services of $21,875. Procurement had construction contractual commitments of $10,028 and other contractual commitments related to service contracts of $2,406. Information Technology had commitments related to service contracts of $8,220. Funding for these expenditures will be provided from general fund revenues, the PCWIN special revenue fund and general obligation bonds.

Natural Resources, Parks and Recreation
At June 30, 2014, Pima County had contractual commitments related to service contracts for the Natural Resources, Parks and Recreation Department of $8,912. Funding for these expenditures will be provided from general fund revenues.

Regional Flood Control
At June 30, 2014, the Regional Flood Control fund had construction contractual commitments of $4,852 and other contractual commitments related to service contracts of $6,466. Funding for these expenditures will be provided primarily from Flood Control secondary tax levy revenues.

Regional Wastewater Reclamation
At June 30, 2014, the Regional Wastewater Reclamation Enterprise fund had construction contractual commitments of $14,718 and other contractual commitments related to service contracts of $26,040. Funding for these expenses will be primarily from Sewer Revenue Bonds and sewer user fees.

Transportation
At June 30, 2014, the Pima County Transportation Department had construction contractual commitments of $43,327 and other contractual commitments related to service contracts of $10,956. Funding for these expenditures will be primarily provided from Transportation Revenue Bonds and Highway User Tax Revenue, which is the primary source of revenue for the Transportation Department.

Note 12: Deficit Fund Balances

The Stadium District and Other Grants – Special Revenue Fund had deficit fund balances at June 30, 2014 of $1,378 and $1,032 respectively. The deficits can be eliminated in the future through normal operations.

APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

THE INFORMATION PROVIDED IN THIS APPENDIX HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE COUNTY, BOND COUNSEL, OR THE UNDERWRITER AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by

arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond Resolution. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and Paying Agent and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Registrar and Paying Agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the Bonds will be made by the Bond Registrar and Paying Agent to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Bond Registrar and Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar and Paying Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Bond Registrar and Paying Agent or the County. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

NEITHER THE COUNTY NOR THE BOND REGISTRAR AND PAYING AGENT WILL HAVE RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (2) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE BONDS UNDER THE BOND RESOLUTION; (3) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; (4) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE BONDS; (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF BONDS; OR (6) ANY OTHER MATTERS.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to owner of the Bonds (other than under the caption "TAX MATTERS") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of such Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the County or the Bond Registrar and Paying Agent to DTC only.

$15,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2015

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT AGREEMENT

FEDERAL TAXPAYER I.D. NO. 86-6000543

This Bond Registrar, Transfer Agent and Paying Agent Agreement dated as of April 1, 2015 (the "Agreement"), made and entered into by and between **PIMA COUNTY, ARIZONA** (hereinafter called the "County"); and **U.S. BANK NATIONAL ASSOCIATION** (hereinafter called the "Bank") witnesseth as follows:

The County will issue its bonds which will be known as $15,000,000 aggregate principal amount of General Obligation Bonds, Series 2015 (the "Bonds"). The services of a registrar, transfer agent and paying agent are necessary and in the best interests of the County. Initially, the Bonds will be issued in book-entry-only form through The Depository Trust Company ("DTC") and, so long as the book-entry-only system is in effect, the Bonds will be registered in the name of Cede & Co., the nominee name of DTC.

The Bank desires to perform registrar, transfer agent and paying agent services during the life of the Bonds.

For and in consideration of the mutual promises, covenants, conditions and agreements hereinafter set forth, the parties do agree as follows:

1. **Services**. The Bank hereby agrees to provide the following services:

A. Registrar services which shall include, but not be limited to, (1) authenticating and verifying the Bonds; (2) keeping registration books sufficient to comply with Section 149 of the Internal Revenue Code of 1986, as amended (the "Code"); (3) recording transfers of ownership of the Bonds promptly as such transfers occur; (4) protecting against double or overissuance; (5) authenticating new Bonds prepared for issuance to transferees of original and subsequent purchasers; and (6) informing the County of the need for additional printings of the Bonds should the forms printed prior to initial delivery prove inadequate.

B. Transfer agent services which shall include, but not be limited to, (1) receiving and verifying all Bonds tendered for transfer; (2) preparing new Bonds for delivery to transferees and delivering same either by delivery or by mail, as the case may be; (3) destroying Bonds submitted for transfer; and (4) providing proper information for recordation in the registration books.

C. Paying agent services which shall include, but not be limited to, (1) providing a billing to the County at least thirty (30) days prior to a Bond interest payment date setting forth the amount of principal and interest due on such date; (2) preparing, executing, wiring

or mailing all interest payments to each registered owner of the Bonds one (1) business day prior to the scheduled payment date or as soon as money for payment of such interest has been transferred to the paying agent but in no event (unless sufficient funds to make such payments have not been received by the Bank) later than the time established by DTC, on the date such payments are due; (3) verifying all matured Bonds upon their surrender; (4) paying all principal and premium, if any, due upon the Bonds as they are properly surrendered therefor to the Bank; (5) preparing a semiannual reconciliation showing all principal and interest paid during the period and providing copies thereof to the County; (6) inventorying all cancelled checks, or microfilm proof of such checks, for (6) years after payment; and (7) making proof of such payments available to the County or any owner or former owner.

2. **Record Date**. The Record Date for the payment of interest will be the fifteenth (15th) day of the month preceding an interest payment date. Normal transfer activities will continue after the Record Date but the interest payment on a particular certificate will be mailed to the registered owners of Bonds as shown on the books of the Bank on the close of business on the Record Date. Principal (and premium, if any) shall be paid only on surrender of the particular Bond at or after its maturity or prior redemption date, if applicable.

3. **Redemption Notices**. The Bank agrees to provide certain notices to the Bond owners as required to be provided by the Bank in, and upon being provided with a copy of, the resolution of the County approving the issuance, sale and delivery of the Bonds. So long as the book-entry-only system is in effect, the Bank shall notify DTC of redemption in the manner required by DTC. If the book-entry-only system is discontinued, notice of redemption of any Bonds redeemed prior to their stated maturity date shall be mailed by first class mail to each Registered Owner not more than sixty (60) days nor less than thirty (30) days prior to the date of redemption. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally accepted by the respective securities depository. The Bank also agrees to send notice of redemption to the Municipal Securities Rulemaking Board (the "MSRB"), currently through the MSRB's Electronic Municipal Market Access system in the manner required by the MSRB.

Notice of redemption shall be sent by first class mail or electronically to the Treasurer of the County (the "Treasurer") and any depository institution which is a registered owner, such that the notice of redemption is received not less than two (2) days prior to the date of general release to the public. The Bank agrees to send a duplicate notice of redemption by first class mail to any registered owner who has not submitted Bonds for redemption within thirty (30) days after the date set for redemption.

Each redemption notice must contain, at a minimum, the complete official name of the issue with series designation, CUSIP number, certificate numbers, amount of each Bond called (for partial calls), date of issue, interest rate, maturity date, publication date (date of release to the general public or the date of general mailing of notices to Bond owners and information services), redemption date, redemption price, redemption agent and the name and address of the place where Bonds are to be tendered, including the name and phone number of the contact person. Such redemption notices may contain a statement that no representation is made as to the accuracy of the CUSIP numbers printed therein or on the Bonds.

Upon any redemption of Bonds, the Bank shall solicit from the County a revised Bond debt service schedule and shall provide the same to the Treasurer.

4. **Issuance and Transfer of Bonds**. The Bank will issue Bonds to registered owners, require Bonds to be surrendered and cancelled and new Bonds issued upon transfer, and maintain a set of registration books showing the names and addresses of the owners from time to time of the Bonds. The Bank shall promptly record in the registration books all changes in ownership of Bonds.

5. **Payment Deposit**. The County will transfer or cause to be transferred, immediately available funds to the Bank no later than one (1) business day prior to or, if agreed to by the parties hereto, on the date on which the interest, principal and premium payments (if any) are due on the Bonds but in no event later than the time established by DTC, on the date such payments are due. The Bank shall not be responsible for payments to Bond owners from any source other than moneys transferred, or caused to be transferred, to it by the County.

6. **Collateral**. The Bank shall collateralize the funds on deposit at the Bank in accordance with A.R.S. §§ 35-323 and 35-491.

7. **Turnaround Time**. The Bank will comply with the three (3) business day turnaround time required by Securities and Exchange Commission Rule 17Ad-2 on routine transfer items.

8. **Fee Schedule; Initial Fee**. For its services under this Agreement, the County shall pay the Bank in accordance with the fee schedule set forth in the attached Exhibit A, which is incorporated herein by reference. The fee for the Bank's initial services hereunder and services to be rendered until the end of the County's next fiscal year (fiscal year 2015-2016) is $690.00 and shall be billed by the Bank to the County after closing and paid by the County after the initial delivery of Bonds solely from proceeds of the Bonds. Subsequent payments shall be made in accordance herewith.

9. **Fees for Services in Subsequent Fiscal Years**. The Bank will bill the County, prior to July 31, 2015, and prior to each July 31 thereafter.

10. **Costs and Expenses**. The County hereby agrees to pay all costs and expenses of the Bank pursuant hereto. If, for any reason, the amounts the County agrees to pay herein may not be paid from the annual tax levy for debt service on the Bonds, such costs shall be paid by the County from any funds lawfully available therefor and the County agrees to take all actions necessary to budget for and authorize expenditure of such amounts.

11. **Hold Harmless**. The Bank shall indemnify and hold harmless the Treasurer, the County and all boards, commissions, officials, officers and employees of the Treasurer and the County, individually and collectively, from the Bank's failure to perform to its standard of care as herein stated.

12. **Standard of Care Required**. In the absence of bad faith on its part in the performance of its services under this Agreement, the Bank shall not be liable for any action taken or omitted to be taken by it in good faith and believed by it to be authorized hereby or within the

rights and powers conferred upon it hereunder, nor for action taken or omitted to be taken by it in good faith and in accordance with advice of counsel, and shall not be liable for any mistakes of fact or error of judgment or for any actions or omissions of any kind unless caused by its own willful misconduct or negligence.

13. Entire Agreement. This Agreement and Exhibit A attached hereto contain the entire understanding of the parties with respect to the subject matter hereof, and no waiver, alteration or modification of any of the provisions hereof, shall be binding unless in writing and signed by a duly authorized representative of all parties hereto.

14. Amendment. The County and the Bank reserve the right to amend any individual service set forth herein or all of the services upon providing a sixty (60) day prior written notice. Any corporation, association or agency into which the Bank may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from such conversion, sale, merger, consolidation or transfer to which it is a party, *ipso facto*, shall be and become successor registrar, transfer agent and paying agent under this Agreement and vested with all or the same rights, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

15. Resignation or Replacement. The Bank may resign or the County may replace the Bank as registrar, transfer agent and paying agent at any time by giving thirty (30) days written notice of resignation or replacement to the County or to the Bank, as applicable. The resignation shall take effect upon the appointment of a successor registrar, transfer agent and paying agent. A successor registrar, transfer agent and paying agent will be appointed by the County; provided, that if a successor registrar, transfer agent and paying agent is not so appointed within ten (10) days after a notice of resignation is received by the County, the Bank may apply to any court of competent jurisdiction to appoint a successor registrar, transfer agent and paying agent. Any resignation or replacement of the Bank pursuant to this Section shall be without cost to the County.

In the event the Bank resigns or is replaced, the County reserves the right to appoint a successor registrar, transfer agent and paying agent who may qualify pursuant to A.R.S. § 35-491, et seq., or any subsequent statute pertaining to the registration, transfer and payment of bonds. In such event the provisions hereof with respect to payment by the County shall remain in full force and effect, but the County shall then be authorized to use the funds collected for payment of the costs and expenses of the Bank hereunder to pay the successor registrar, transfer agent and paying agent or as reimbursement if the County acts as registrar, transfer agent and paying agent.

16. Reports to Arizona Department of Revenue. The Bank shall make such reports to the Arizona Department of Revenue (the "Department") pertaining to the retirement of any Bonds and of all payments of interest thereon, within thirty (30) days of a request therefor, from the Treasurer or the County, or the agents of either, to comply with the requirements of the Department pursuant to A.R.S. § 35-502.

17. Form of Records. The Bank's records shall be kept in compliance with standards as have been or may be issued from time to time by the Securities and Exchange Commission, the MSRB of the United States, the requirements of the Code and any other securities industry standard. The Bank shall retain such records in accordance with the applicable record keeping standard of the Internal Revenue Service. In lieu of destruction and immediately prior to the date the Bank would destroy any Bondholder or Bond payment records maintained by the Bank pursuant to this Agreement, such records shall be provided to the County.

18. Advice of Counsel and Special Consultants. When the Bank deems it necessary or reasonable, it may apply to Squire Patton Boggs (US) LLP or such other law firm or attorney for instructions or advice. Any fees and costs incurred shall be added to the next fiscal year's fees, costs and expenses to be paid to the Bank.

19. Examination of Records. The County or its duly authorized agents may examine the records relating to the Bonds at the office of the Bank where such records are kept at reasonable times as agreed upon with the Bank and such records shall be subject to audit from time to time at the request of the County.

20. Payment of Unclaimed Amounts. In the event any check for payment of interest on a Bond is returned to the Bank unendorsed or is not presented for payment within two (2) years from its payment date or any Bond is not presented for payment of principal at the maturity or redemption date, if applicable, if funds sufficient to pay such interest or principal due upon such Bond shall have been made available to the Bank for the benefit of the owner thereof, it shall be the duty of the Bank to hold such funds, without liability for interest thereon, for the benefit of the owner of such Bond who shall thereafter be restricted exclusively to such funds for any claim of whatever nature relating to such Bond or amounts due thereunder. The Bank's obligation to hold such funds shall continue for two years and six months (subject to applicable escheat or unclaimed property law) following the date on which such interest or principal payment became due, whether at maturity, or at the date fixed for redemption, or otherwise, at which time the Bank shall surrender such unclaimed funds so held to the County, whereupon any claim of whatever nature by the owner of such Bond arising under such Bond shall be made upon the County and shall be subject to the provisions of applicable law.

21. Invalid Provisions. If any provision hereof is held to be illegal, invalid or unenforceable under present or future laws, this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement; and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision.

22. Mutilated, Lost or Destroyed Bonds. With respect to Bonds which are mutilated, lost or destroyed, the Bank shall cause to be executed and delivered a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond lost or destroyed, upon the registered owner's paying the reasonable expenses and charges in connection therewith and, in the case of any Bond destroyed or lost, filing by the registered owner with the Bank and the County of evidence satisfactory to the Bank and the County that such Bond was destroyed or lost, and furnishing the Bank and the County with a sufficient indemnity bond pursuant to A.R.S. § 47-8405.

23. **Conflict of Interest**. Each party gives notice to the other parties that A.R.S. § 38-511 provides that the State of Arizona (the "State"), its political subdivisions or any department or agency of either, may within three (3) years after its execution cancel any contract without penalty or further obligation made by the State, its political subdivisions or any of the departments or agencies of either, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any of the departments or agencies of either, is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

24. **Waiver of Trial by Jury**. Each party hereto hereby agrees not to elect a trial by jury of any issue triable of right by jury, and waives any right to trial by jury fully to the extent that any such right shall now or hereafter exist with regard to this Agreement, or any claim, counterclaim or other action arising in connection herewith. This waiver of right to trial by jury is given knowingly and voluntarily by each party, and is intended to encompass individually each instance and each issue as to which the right to a trial by jury would otherwise accrue.

25. **Levy for Expenses**. Except for the initial fiscal year's costs and expenses, all costs and expenses incurred with respect to services for registration, transfer and payment of the Bonds and, if applicable, for costs and expenses in connection with the calculation of arbitrage rebate shall be treated as interest on the Bonds and the County agrees to include the same in the taxes levied for interest debt service during each of the ensuing fiscal years.

26. **Governing Law**. This Agreement is governed by the laws of the State.

27. **Transfer Expenses**. The transferor of any Bond will be responsible for all fees and costs relating to such transfer of ownership.

28. **E-verify Requirements**. To the extent applicable under A.R.S. § 41-4401, the Bank and its subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees and compliance with the E-verify requirements under A.R.S. § 23-214(A). The Bank's, or a subcontractor's, breach of the above-mentioned warranty shall be deemed a material breach of this Agreement and may result in the termination of the Agreement by the County. The County retains the legal right to randomly inspect the papers and records of the Bank and its subcontractors who work on the Agreement to ensure that the Bank and its subcontractors are complying with the above-mentioned warranty.

The Bank and its subcontractors warrant to keep the papers and records open for random inspection by the County during normal business hours. The Bank and its subcontractors shall cooperate with the County's random inspections including granting the County entry rights onto its property to perform the random inspections and waiving their respective rights to keep such papers and records confidential.

This Agreement is dated and effective as of April 1, 2015.

U.S. BANK NATIONAL ASSOCIATION

By: _____
Keith Henselen
Vice President

PIMA COUNTY, ARIZONA

By: _____
Sharon Bronson
Chair

ATTEST:

By: _____
Robin Brigode
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE PATTON BOGGS (US) LLP,
Bond Counsel

By: _____
Timothy E. Pickrell

Attachment: Exhibit A, Fee Schedule of the Registrar.

[Signature page of Bond Registrar, Transfer Agent and Paying Agent Agreement]

U.S. BANK NATIONAL ASSOCIATION

By: _____
Keith Henselen
Vice President

PIMA COUNTY, ARIZONA

By: _____
Sharon Bronson
Chair

ATTEST:

By: _____
Robin Brigode
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE PATTON BOGGS (US) LLP,
Bond Counsel

By: _____
Timothy E. Pickrell

Attachment: Exhibit A, Fee Schedule of the Registrar.

[Signature page of Bond Registrar, Transfer Agent and Paying Agent Agreement]

EXHIBIT A

REGISTRAR, TRANSFER AGENT AND PAYING AGENT'S FEE SCHEDULE

See attached Fee Schedule.

U.S. Bank Customer Confidential

Schedule of Fees for Services as Paying Agent, Registrar and Transfer Agent For Pima County, Arizona General Obligation Bonds, Series 2015

CTS01010A	**Acceptance Fee** The acceptance fee includes the administrative review of documents, initial set-up of the account, and other reasonably required services up to and including the closing. This is a one-time, non-refundable fee, payable at closing.	$250.00
CTS04120	**Paying Agent** Annual fee for the standard paying agent services associated with the administration of the account. Administration fees are payable in advance.	$440.00
	Direct Out of Pocket Expenses Reimbursement of expenses associated with the performance of our duties, including but not limited to publications, legal counsel after the initial close, travel expenses and filing fees.	At Cost
	Extraordinary Services Extraordinary Services are duties or responsibilities of an unusual nature, including termination, but not provided for in the governing documents or otherwise set forth in this schedule. A reasonable charge will be assessed based on the nature of the services and the responsibility involved. At our option, these charges will be billed at a flat fee or at our hourly rate then in effect.	

Account approval is subject to review and qualification. Fees are subject to change at our discretion and upon written notice. Fees paid in advance will not be prorated. The fees set forth above and any subsequent modifications thereof are part of your agreement. Finalization of the transaction constitutes agreement to the above fee schedule, including agreement to any subsequent changes upon proper written notice. In the event your transaction is not finalized, any related out-of-pocket expenses will be billed to you directly. Absent your written instructions to sweep or otherwise invest, all sums in your account will remain uninvested and no accrued interest or other compensation will be credited to the account. Payment of fees constitutes acceptance of the terms and conditions set forth.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT:
To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account.
For a non-individual person such as a business entity, a charity, a Trust or other legal entity we will ask for documentation to verify its formation and existence as a legal entity. We may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

Dated: March 11, 2015

$15,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2015

CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER SECTION (B)(5) OF RULE 15C2-12

This Continuing Disclosure Undertaking (this "Undertaking") is executed and delivered by Pima County, Arizona (the "County"), in connection with the issuance and sale of its $15,000,000 aggregate principal amount of General Obligation Bonds, Series 2015 (the "Bonds"), being issued pursuant to a resolution adopted by the Board of Supervisors of the County on December 16, 2014 (the "Bond Resolution").

In connection with the Bonds, the County covenants and agrees as follows:

1. Definitions. In addition to the terms defined above, the terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires.

"Annual Information" means the financial information and operating data set forth in Exhibit I.

"Annual Information Disclosure" means the dissemination of disclosure concerning Annual Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

"Audited Financial Statements" means the general purpose audited financial statements of the County prepared pursuant to the standards and as described in Exhibit I.

"Commission" means the Securities and Exchange Commission.

"Dissemination Agent" means any agent designated as such in writing by the County and which has filed with the County a written acceptance of such designation, and such agent's successors and assigns.

"EMMA" means the Electronic Municipal Market Access system of the MSRB. Information regarding submissions to EMMA is available at http://emma.msrb.org.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Listed Event" means the occurrence of any of the events with respect to the Bonds set forth in Exhibit II.

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means Rule 15c2 12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

"Undertaking" means the obligations of the County pursuant to Sections 4, 5, 6 and 7 hereof.

"Underwriter" includes each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

2. Purpose of this Undertaking. This Undertaking is executed and delivered by the County as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Underwriter in complying with the requirements of the Rule.

3. CUSIP Number/Final Official Statement. The base CUSIP Number of the Bonds is 721663. The Final Official Statement relating to the Bonds is dated March 24, 2015.

4. Annual Information Disclosure. Subject to Section 8 of this Undertaking, the County shall disseminate its Annual Information and its Audited Financial Statements, if any (in the form and by the dates set forth in Exhibit I) to the MSRB through EMMA, in a format prescribed by the MSRB. The County is required to deliver such information in such manner and by such time so that such entities receive the information on the date specified.

If any part of the Annual Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the County will disseminate a statement to such effect as part of its Annual Information for the year in which such event first occurs.

If any amendment is made to this Undertaking, the Annual Information for the year in which such amendment is made shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. Listed Events Disclosure. Subject to Section 8 of this Undertaking, the County hereby covenants that it will disseminate notice of occurrence of a Listed Event to the MSRB through EMMA not later than ten business days after the occurrence of the Listed Event, in a format prescribed by the MSRB, except that for the events 2, 7, 10, 13 and 14, listed in Exhibit II, the County will provide such notice if it determines that such event would be material under applicable federal securities laws.

6. Consequences of Failure of the County to Provide Information. The County shall give notice in a timely manner to the MSRB through EMMA, in a format prescribed by the MSRB, of any failure to provide Annual Information Disclosure when the same is due hereunder.

In the event of a failure of the County to comply with any provision of this Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the County to comply with its obligations under this Undertaking. A default under this Undertaking shall not be an event of default on the Bonds or under the Bond

Resolution. The sole remedy under this Undertaking in the event of any failure of the County to comply with this Undertaking shall be an action to compel performance.

7. Amendments; Waiver. Notwithstanding any provision of this Undertaking, the County by certified resolutions authorizing each amendment or waiver, may amend this Undertaking, and any provision of this Undertaking may be waived, if:

(a) The amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the County, or type of business conducted;

(b) This Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of the beneficial owners of the Bonds, as determined by an independent counsel or other entity unaffiliated with the County.

8. Non-Appropriation. The performance by the County of its obligations in this Undertaking shall be subject to the annual appropriation of any funds that may be necessary to permit such performance. In the event of a failure by the County to comply with its covenants under this Undertaking due to a failure to appropriate the necessary funds, the County covenants to provide prompt notice of such fact to the MSRB through EMMA.

9. Termination of Undertaking. The Undertaking of the County shall be terminated hereunder when the County no longer has liability for any obligation relating to repayment of the Bonds or the Rule no longer applies to the Bonds. The County shall give notice in a timely manner if this Section is applicable to the MSRB through EMMA.

10. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

11. Additional Information. Nothing in this Undertaking shall be deemed to prevent the County from disseminating any other information using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Undertaking. If the County chooses to include any information from any document or notice of occurrence of Listed Event in addition to that which is specifically required by this Undertaking, the County shall have no obligation under this Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Listed Event.

12. Beneficiaries. This Undertaking has been executed in order to assist the Underwriter in complying with the Rule; however, this Undertaking shall inure solely to the

benefit of the County, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

13. Recordkeeping. The County shall maintain records of all Annual Information Disclosure and notices of occurrence of Listed Events including the content of such disclosure or notices, the names of the entities with whom such disclosure or notices were filed and the date of filing such disclosure or notices.

14. Assignment. The County shall not transfer its obligations in connection to the Bonds unless the transferee agrees to assume all obligation of the County under this Undertaking or to execute an Undertaking under the Rule.

[Remainder of page left blank intentionally]

PIMA COUNTY, ARIZONA

By: _____
Thomas Burke
Finance and Risk Management Director

Dated: April 14, 2015

[Signature page of Continuing Disclosure Undertaking]

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS

"Annual Financial Information" means quantitative financial information and operating data concerning the operations of the County of the type set forth in the Official Statement in Appendix B (i) under the heading "Net Secondary Assessed Valuation Comparisons and Trends" in the table entitled "Net Secondary Assessed Valuation Comparisons" (with respect to the County only), (ii) in the table under the heading "Record of Real and Secured Personal Property Taxes Levied and Collected," (iii) in the table under the heading "Tax Rate Data," (iv) in the table under the heading "Debt Limitation," and (v) in the table under the heading "Certificates of Participation."

Annual Financial Information exclusive of Audited Financial Statements will be provided to the MSRB through EMMA, no later than the first business day in February of each year, commencing February 1, 2016. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements when available.

Audited Financial Statements will be prepared according to generally accepted accounting principles ("GAAP"), as applied to governmental units as modified by State law, Audited Financial Statements will be provided to the MSRB through EMMA, at the same time as Annual Financial Information is filed, or if not available when such Annual Financial Information is filed, within 30 days after availability to the County.

If any change is made to the Annual Financial Information as permitted by Section 4 of this Undertaking, the County will disseminate a notice of such change as required by Section 4, including changes in fiscal year or GAAP.

EXHIBIT II

EVENTS FOR WHICH NOTICE OF OCCURRENCE OF LISTED EVENTS IS REQUIRED

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

7. Modifications to rights of security holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the County;

Note: for the purposes of the event identified in paragraph 12, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

13. The consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Blanket Issuer Letter of Representations

[To be Completed by Issuer]

PIMA COUNTY, ARIZONA
[Name of Issuer]

JUNE 11, 1998
[Date]

Attention: Underwriting Department — Eligibility
The Depository Trust Company
55 Water Street, 50th Floor
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

PIMA COUNTY, ARIZONA
(Issuer)

By: C. Buckelberry
(Authorized Officer's Signature)

C. H. BUCKELBERRY, COUNTY ADMINISTRATOR
(Typewrite Name & Title)

130 W. Congress, 10th floor
(Street Address)

Tucson, AZ 85701
(City) (State) (Zip)

(520) 740-8661
(Phone Number)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: Roby Bonder

SCHEDULE A

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $200 million, one certificate will be issued with respect to each $200 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

[6. Redemption notices shall be sent to Cede & Co. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments on the Securities will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Issuer or the Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

$15,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2015

GENERAL CERTIFICATE OF THE COUNTY

The undersigned, the Chair (the "Chair") and the Clerk (the "Clerk") of the Board of Supervisors of Pima County, Arizona (the "County"), acting for and on behalf of the County, do hereby certify as follows with respect to the $15,000,000 aggregate principal amount of Pima County, Arizona General Obligation Bonds, Series 2015 (the "Bonds") issued by the County pursuant to Resolution No. 2014-124, passed, adopted and approved by the Board of Supervisors of the County on December 16, 2014 (the "Resolution"), authorizing and providing for the issuance and sale of the Bonds:

1. They are the duly elected or appointed, qualified and acting Chair and Clerk, respectively, of the Board of Supervisors of the County and, as such, are familiar with the matters set forth below and the books, records and proceedings of the County.

2. A regular meeting of the Board of Supervisors of the County was duly called, noticed and held on December 16, 2014, in accordance with the laws of the State of Arizona. Copies of the notice and agenda for such meeting are attached hereto as Exhibit A. The Resolution, as executed by the Chair and attested by the Clerk, is in the same form and text as the copy of such Resolution that was before and adopted by the Board of Supervisors of the County at the meeting of December 16, 2014.

3. The persons named below were on December 16, 2014 to and including the date hereof the duly elected, qualified and acting members and incumbents of the Board of Supervisors of the County set opposite their respective offices:

Name	Office
Sharon Bronson	Chair and Supervisor
Ramón Valadez	Supervisor
Ray Carroll	Supervisor
Richard Elías	Supervisor
Ally Miller	Supervisor

To the best of our knowledge, there is no litigation pending or threatened affecting or questioning in any manner whatsoever the rights of the Chair or the Supervisors of the County to their respective offices or affecting the organization, existence or powers of the County.

4. The County is a political subdivision duly organized and validly existing under the Constitution and laws of the State of Arizona and had, and has, full legal right, power and authority to adopt, execute and deliver, as appropriate, the Resolution, the Bonds, the Bond

Registrar, Transfer Agent and Paying Agent Agreement, dated as of April 1, 2015 (the "Bond Registrar and Paying Agent Agreement"), between the County and U.S. Bank National Association (the "Registrar"), the Bond Purchase Agreement, dated March 24, 2015 (the "Purchase Agreement"), between the County and RBC Capital Markets, LLC (the "Underwriter"), the Continuing Disclosure Undertaking, dated April 14, 2015 (the "Continuing Disclosure Undertaking"), entered into by the County, and all the other documents, instruments and certificates contemplated therein (all of the foregoing are hereinafter collectively referred to as the "County Documents") and to authorize and issue the Bonds and to carry out the transactions contemplated by the County Documents; and the County Documents have been duly authorized, executed and delivered by the County and are the legal, valid and binding general obligations of the County enforceable against the County in accordance with their respective terms and, in the case of the Resolution, have not been amended, modified or repealed in any respect subsequent to their execution and are in full force and effect on the date hereof.

5. The execution and delivery of the County Documents and compliance with the provisions thereof will not conflict with or constitute a breach of or default under any law, governmental rule or regulation, judgment, order, writ, injunction, consent decree, agreement, ordinance, resolution, or other instrument to which the County is a party or to which it or any of its property is subject, and does not require any consent or approval by any governmental authority, agency or body not already obtained.

6. The Chair and the Clerk hereby authorize, ratify and adopt the facsimile signatures of the Chair and the Clerk executing and attesting, respectively, the Bonds in the aggregate principal amount of $15,000,000, issued under the Resolution in the form of fully-registered bonds without coupons, in the denomination of $5,000, or integral multiples thereof and maturing and bearing interest at the rates per annum from the date of the Bonds to the maturity or earlier redemption of each of the Bonds, as shown on Schedule A attached hereto.

7. All representations and warranties of the County contained in the County Documents are true, correct and complete in all material respects as of the date hereof and the County has satisfied and performed all of the conditions and agreements required in the County Documents to be satisfied or performed by the County at or prior to this date in connection with the issuance, sale and delivery of the Bonds in the manner and with the effect contemplated in the County Documents and, as of the date hereof, to the best knowledge of the County, no default or event of default has occurred, nor has any event occurred which, with the giving of notice or the passage of time, or both, will constitute a default or an event of default with respect to the County Documents.

8. There is no action, suit, proceeding, inquiry, or investigation at law or in equity, or before or by any public board or body, pending or threatened against the County, which questions its right to levy and collect taxes to pay the principal of and interest on the Bonds, or questions the proceedings and authority pursuant to which the levy is made, or questions its right to issue securities, including the Bonds, or to restrain or enjoin the issuance, offer and sale of the Bonds, or in any way affecting or questioning any authority for or the validity of the County Documents, the Bonds or the proceedings for the issuance thereof or the County's right to use the proceeds of the Bonds in the manner contemplated in the Resolution, which, if determined adversely to the County or its interests, individually or in the aggregate, would (a) have a

material adverse effect upon the financial condition, assets, properties or operations of the County, or (b) have a material adverse effect on the transactions contemplated by the Official Statement, dated March 24, 2015 (the "Official Statement"), prepared and distributed in connection with the offer and sale of the Bonds, or (c) have an adverse effect on the validity or enforceability of the County Documents, or (d) impair the County's ability to comply with the requirements set forth in the Resolution.

9. The County is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or governmental agency, which default would materially and adversely affect the existence or operation of the County or its properties or the execution, delivery, receipt and the performance of the County Documents or the other agreements contemplated thereby.

10. The Registrar, pursuant to the Resolution and the Bond Registrar and Paying Agent Agreement, is hereby authorized and directed to authenticate the fully-registered Bonds and to receipt for and deliver said Bonds to the Underwriter, pursuant to The Depository Trust Company's F.A.S.T. closing procedures, after authentication and upon receipt by the Treasurer of the County of $15,627,861.85, comprised of (a) $15,000,000.00 principal amount thereof, plus (b) a net reoffering premium of $731,361.85, and less (c) an Underwriter's discount of $103,500.00.

11. The County is currently in material compliance with its reporting requirements pursuant to all prior Continuing Disclosure Undertakings.

12. To the best of our knowledge, no public officer, supervisor or employee of the County has been compensated or will be compensated for acting as such in connection with the issuance, sale and delivery of the Bonds, except that they may be reimbursed for their actual expenses incurred in the performance of their duties as such officers, supervisors or employees of the County and no officer, supervisor or employee of the County, or relative of such officer, supervisors or employee, has any "substantial interest" (as defined in Section 38-502 of the Arizona Revised Statutes) in any of the transactions contemplated by the County Documents.

13. Upon the issuance of the Bonds, the outstanding general obligation bonded debt of the County, less principal redemption funds on hand, will be not more than $422,275,000.

14. The County will use the proceeds of the Bonds (other than the proceeds deposited into the Interest and Redemption Fund) in a manner and for purposes consistent with the voter approval obtained at the special bond elections held in and for the County on May 20, 1997, May 18, 2004, May 16, 2006 and/or November 4, 2014.

15. Any defined term identified herein by an initial capital letter but not otherwise defined herein shall have the meaning ascribed to it in the Resolution.

Dated: April 14, 2015

PIMA COUNTY, ARIZONA

By: Sharon Bronson
Sharon Bronson
Chair, Board of Supervisors

By: Robin Brigode
Robin Brigode
Clerk, Board of Supervisors

[Signature page of General Certificate of the County]

SCHEDULE A

Maturity Date (July 1)	Principal Amount	Interest Rate
2015	$ 1,525,000	2.00%
2016	1,660,000	2.00
2018	2,125,000	4.00
2019	1,100,000	4.00
2020	740,000	4.00
2021	770,000	4.00
2022	805,000	2.25
2023	820,000	2.50
2024	840,000	2.75
2025	865,000	3.00
2026	890,000	3.50
2027	920,000	3.50
2028	955,000	3.50
2029	985,000	3.00

EXHIBIT A

Pima County

Meeting Agenda

Board of Supervisors

MEETING LOCATION
Administration Bldg - East
130 W. Congress Street
1st Floor
Tucson, AZ 85701

Tuesday, December 16, 2014 | **9:00 AM** | **Board of Supervisors' Hearing Room**

PIMA COUNTY BOARD OF SUPERVISORS

Sharon Bronson, Chair, District 3
Richard Elías, Vice Chair, District 5
Ramón Valadez, Acting Chair, District 2
Ally Miller, Member, District 1
Ray Carroll, Member, District 4

AGENDA/ADDENDUM AND BROADCAST INFORMATION

At least 24 hours before each scheduled meeting, the agenda/addendum is available online at www.pima.gov and in the Clerk of the Board's Office, 130 W. Congress St., 5th Fl., Tucson, AZ 85701, Mon-Fri, 8am to 5pm.

Cable Channels: Comcast 96; Cox 12 and 96 Webcast: www.pima.gov

PUBLIC PARTICIPATION SPEAKERS ARE LIMITED TO 3 MINUTES

To address the Board of Supervisors, please complete a Speaker's Card available in the Hearing Room. Clearly print your name/address, the agenda/addendum item number and other requested information. Separate Speaker Cards are required for each item of interest including Call to the Public. Place the completed Speaker Card(s) in the labeled baskets located on the dais. When the Chairman announces your name, step forward to the podium and state your name and affiliation (if applicable) for the record.

The Chairman reserves the right to ensure all testimony is pertinent or non-repetitive so the matter will be handled fairly and expeditiously, and that all speakers abide by rules of civility. Any questions pertaining to the meeting can be directed to Robin Brigode, Clerk of the Board.

HEARING ROOM NOTICE

Law permits that a video and/or audio recording of all or part of this meeting may be made if doing so does not interfere with the conduct of the meeting. Pima County has no control over the use and distribution of any such recordings. In addition to the official meeting proceedings, these recordings may include images of and comments made by the public prior to the start, during a recess and after adjournment of the meeting, and may be posted on social media or other internet sites.

ACCESSIBILITY

The Board Hearing Room is wheelchair and handicapped accessible. Any person who is in need of special services (e.g., assistive listening device, Braille or large print agenda material, signer for hearing impaired, accessible parking, etc.) due to any disability will be accommodated. Please contact the Clerk of the Board at (520) 724-8449 for these services at least three (3) business days prior to the Board Meeting.

Clerk's Note: Members of the Pima County Board of Supervisors will attend either in person or by telephone, video or internet conferencing.

1. ROLL CALL

2. INVOCATION

To be offered by Father Earl Cantos, St. Demetrios Greek Orthodox.

3. PLEDGE OF ALLEGIANCE

4. PAUSE 4 PAWS

5. CALL TO THE PUBLIC

EXECUTIVE SESSION

(Clerk's Note: As of the posting date of 12/10/14, no executive session item has been placed on the regular agenda. However, this is subject to any addendum. Pursuant to A.R.S. §38-431.03(A)(3) the Board of Supervisors, or the Board sitting as other boards, may vote to go into executive session for the purpose of obtaining legal advice from its counsel with respect to any item listed on this agenda or any addendum thereto.)

SITTING AS THE BOARD OF SUPERVISORS

6. APPROVAL OF CONSENT CALENDAR

COUNTY ADMINISTRATOR

7. Revisions to Merit System Rules and Personnel Policies

Staff requests approval of the following Merit System Rules and Personnel Policies:

- Merit System Rule 8 - Promotion, Demotion, Reappointment, Open Range Reappointment, Reassignment and Detail
- Merit System Rule 10 - Probation
- Personnel Policy 8-102 - Premium Pay

Attachments: CA_RevisionstoMeritSystemRulesPersonnelPolicies

8. **Pima County Nicotine/Tobacco-Free Healthy Workforce Initiative**
Staff recommends approval of the proposed revisions to Pima County Merit System Rules 4, 7 and 12 effective July 1, 2015; approval of the proposed revisions to Pima County Personnel Policies 8-114 and 8-122 effective July 1, 2015; and direction to staff to move forward with implementation of the Nicotine/Tobacco-Free Healthy Workforce Initiative.

Attachments: CA_NicotineTobaccoFreeHealthyWorkforceInitiative
CA_NicotineTobaccoFreeHealthyWorkforceInitiative_CHHMemo-12-11-14
CA_NicotineTobaccoFreeHealthyWorkforceInitiative_CommentLetters-12-15-14
CA_NicotineTobaccoInitiative_ContinuationRequest-12-15-14

*** HEARINGS ***

BOARD OF SUPERVISORS

9. **Appeal of Review Officer's Decision**
Pursuant to Board of Supervisor's Policy D 22.10, Ray and Elaine Spindler appeal the decision of the Review Officer regarding the classification of Tax Parcel No. 304-28-5240 to Legal Class 3 for Tax Year 2014.

Attachments: BOS_AppealReviewOfficersDecision_304-28-5240
BOS_Appeal304-28-5240-ReviewOfficerReport_12-10-14

FRANCHISE/LICENSE/PERMIT

10. **Liquor License**
12104343, Fouad Khodr, Pita Jungle, 7090 N. Oracle Road, No. 128, Tucson, Series 12, Restaurant, New License.

Attachments: FLP_LL-PitaJungle

DEVELOPMENT SERVICES

11. **Rezoning Closure**
Co9-06-22, GURVINE - RUDASILL ROAD REZONING
Request by Richard and Kaissa Gurvine to close Co9-06-22, a rezoning from RH (BZ) (Rural Homestead - Buffer Overlay Zone) to SR (BZ) (Suburban Ranch - Buffer Overlay Zone) located on the south side of Raining Stars Lane Easement, approximately 500 feet north of Rudasill Road and approximately 2,000 feet west of Sandario Road. The rezoning was conditionally approved in 2007 and expired on February 13, 2012. Staff recommends **CLOSURE**. (District 3)

Attachments: DSD_Co9-06-22

TRANSPORTATION

12. **Traffic Resolution**

RESOLUTION NO. 2014 -**123**, of the Board of Supervisors, permitting the temporary closure of Esperanza Avenue, Lomita Avenue and Plaza Street in Ajo located in Pima County, Arizona for the Annual Ajo Christmas Eve Parade on December 24, 2014. Staff recommends **APPROVAL**. (District 3)

Attachments: TR_ResoAjoChristmasParade

13. **Environmental Assessment and Mitigation Report**

Staff recommends approval of the Environmental Assessment and Mitigation Report for the Sunset Road: Silverbell Road to I-10 Project. (District1)

Attachments: TR-EAMR_SunsetRdSilverbellRdtoI-10Project

TR_FinalEnvironmentalAssessmentandMitigationReport

14. ADJOURNMENT

POSTED: Levels A & B, 1st & 5th Floors, Pima County Administration Bldg.
Pima County Homepage: www.pima.gov
DATE/TIME POSTED: 12/10/14 @ 4:00 p.m.
DATE/TIME REPOSTED (additional attachments only): 12/10/14 @ 4:30 p.m.
DATE/TIME REPOSTED (technical error): 12/11/14 @ 9:30 a.m.
DATE/TIME REPOSTED (additional attachments only): 12/11/14 @ 11:00 a.m.
DATE/TIME REPOSTED (additional attachments only): 12/11/14 @ 11:45 a.m.
DATE/TIME REPOSTED (additional attachments only): 12/12/14 @ 4:45 p.m.
DATE/TIME REPOSTED (additional attachments only): 12/12/14 @ 4:50 p.m.
DATE/TIME REPOSTED (additional attachmenls only): 12/15/14 @ 11:30 a.m.
DATE/TIME REPOSTED (additional attachments only): 12/15/14 @ 2:10 p.m.
DATE/TIME REPOSTED (combined Agenda/Addendum): 12/15/14 @ 4:40 p.m.
DATE/TIME REPOSTED (additional attachments only): 12/15/14 @ 6:00 p.m.

ADDENDUM 1

EXECUTIVE SESSION

1. Pursuant to A.R.S. §38-431.03(A) (3) and (4), for legal advice and direction regarding the following consolidated cases: C.H.H. Tucson Partnership, L.P., v. Pima County and El Conquistador M.A.H. II, L.L.C., v. Pima County, Arizona Tax Court Consolidated Case Nos. TX2010-001421, TX2011-000379, TX2011-000380, and TX2013-000155.

Attachments: PCA_ExecSession-CHHTucsonPartnershipvPC,ElConquistadorvPC

2. Pursuant to A.R.S. §38-431.03(A) (3) and (4), for legal advice and direction regarding Espinoza v. Pima County, et al., Maricopa County Superior Court Case No. CV2013-006591.

Attachments: PCA_ExecSession-EspinozavPC

3. Pursuant to A.R.S. §38-431.03(A) (3) and (4), for legal advice and direction regarding the following:

A. Star Valley Specific Plan; Star Valley Master Block Plat and abandonment and Re-Plat of Star Valley Blocks 4, 7 and 8;
B. Development issues and transportation improvements related to Star Valley and Star Valley Village plats; Valencia Road: Ajo Highway - Mark Road transportation improvements;
C. The following lawsuits: Broadway Realty and Trust, Inc., et al., v. Pima County, et al., Pima County Superior Court Case No. C2014 5528, Stewart Title and Trust as Trustee under Trust No. 3701, et al., v. Pima County Board of Supervisors, et al., Pima County Superior Court Case No. C2014 4304, and Joseph Cesare, et al., v. Pima County, et al., United States District Court Case No. 14-CV-02514; and
D. Consent to joint representation of Pima County and individually named defendants.

Attachments: PCA_ExecSession-StarValley

SITTING AS THE BOARD OF SUPERVISORS

COUNTY ADMINISTRATOR

4. (**Clerk's Note:** Staff requests a continuance to the Board of Supervisors' Meeting of January 13, 2015.)

UNFINISHED BUSINESS (12/9/14)

Board of Supervisors Policy

Staff requests approval of the Board of Supervisors Policy regarding Budget Development Transparency and Transfer to Community Nonprofit Organizations for Public Services.

5. UNFINISHED BUSINESS (12/9/14)

Star Valley Development

Staff recommends approval of abandonment plats to re-plat all or portions of Star Valley Blocks 4, 7 and 8, returning the land to generally the same boundary configuration which existed before recording of the subdivision plats.

Attachments: CA_StarValleyDevelopment_MemoandAttachment1

CA_StarValleyDevelopment_Attachment2

CA_StarValleyDevelopment_ContinuationRequest

FINANCE AND RISK MANAGEMENT

6. **General Obligation Bonds**

RESOLUTION NO. 2014 - **124**, of the Board of Supervisors, providing for the issuance and sale of Pima County, Arizona, General Obligation Bonds, Series 2015 in one or more series; providing for the annual levy of a tax for the payment of the bonds; providing terms, covenants and conditions concerning the bonds; accepting a proposal for the purchase of the bonds; appointing an initial registrar and paying agent for the bonds; approving and ratifying all actions taken in furtherance of this resolution.

Attachments: FN_GeneralObligationBondsReso

7. **Certificates of Participation**

RESOLUTION NO. 2014 - **125**, of the Board of Supervisors, authorizing the lease and lease-purchase back of certain real property, including buildings and structures, in order to finance capital projects for the County; authorizing the execution and delivery of amendments and supplements to a Lease-Purchase Agreement and a Trust Agreement and other necessary agreements, instruments and documents; approving the execution and delivery of Certificates of Participation to provide the necessary financing therefor; and authorizing other actions and matters in connection therewith.

Attachments: FN_CertofParticipationReso

8. **Street and Highways (HURF) Revenue Bonds Refunding**

RESOLUTION NO. 2014 - **126**, of the Board of Supervisors, providing for the issuance and sale of Pima County, Arizona, Street and Highway Revenue Refunding Bonds, Series 2015; providing for the payment of the 2015 Refunding Bonds; providing terms, covenants and conditions concerning the 2015 Refunding Bonds; providing for the sale of the 2015 Refunding Bonds; authorizing and directing the refunding of certain outstanding bonds and the execution and delivery of documents and further actions relating to the issuance of the 2015 Refunding Bonds; appointing an initial bond registrar and paying agent for the 2015 Refunding Bonds; confirming the inclusion of certain transportation-restricted vehicle license tax revenues received by the County as pledged revenues for the payment of debt service on County Street and Highway Revenue Bonds; and repealing Resolution No. 2014-41.

Attachments: FN-HURFBondsReso

FN-HURF_DebtServicebyIssueGroupRpt-12-12-14

REAL PROPERTY

9. **Assignor Consent**

Assignor Consent to the Arizona Department of Transportation, all undivided right, title and interest in and to the portions of Right-of-Way Grant Nos. AZA-017485 and AZAR-29680, located within the boundaries of the Arizona Department of Transportation State Route 86 Project. No cost. (District 3)

Attachments: RP_AssignorConsent

CONTRACT AND AWARD

OFFICE OF MEDICAL SERVICES

10. Old Pueblo Community Services, Amendment No. 3, to provide for the Inside Out Recovery Partnership Program, extend contract term to 12/31/16 and amend contractual language, Federal Grant Fund, contract amount $580,309.00 (CT-OMS-14-128)

Attachments: CT-OMS-14-128

PROCUREMENT

11. Desert Archaeology, Inc., Amendment No. 3, to provide for the Ina Road RWRF Expansion and Upgrades Project Archaeological Data Recovery and extend contract term to 6/30/15, no cost (CT-PW-08050259-P) Office of Sustainability and Conservation

Attachments: CT-PW-08050259-P

REAL PROPERTY

12. City of Tucson, to provide for the relocation of Hughes Access Road and the construction and maintenance of Aerospace Parkway, no cost (CTN-PW-15-67)

Attachments: CTN-PW-15-67

13. Phillip Mumford, to provide an Agreement to Donate Conservation Easement over and across the 265 acre Agua Verde Ranch, Tax Parcel Nos. 306-01-009N, 007J, 007K, 008P, 008Q and 008R, General Fund, contract amount not to exceed $3,000.00 for closing costs (CT-PW-15-272)

Attachments: CT-PW-15-272

14. Tucson Airport Authority, Inc., to provide an Acquisition Agreement for 60 acres of right-of-way needed for (Hughes Access Road Relocation) Aerospace Parkway, Tax Parcel Nos. 140-47-005A, 006C and 006D, HURF Funds, contract amount not to exceed $743,255.00 including closing costs (CT-PW-15-271)

Attachments: CT-PW-15-271

GRANT APPLICATION/ACCEPTANCE

15. **Acceptance - Health**
Arizona Department of Health Services, Amendment No. 2, to provide for Teen Pregnancy Prevention Program - Abstinence Plus, U.S. Department of Health and Human Services/Administration for Children and Families and AZ Lottery Funds, $125,000.00 (GTAW-15-33)

Attachments: Grant Report
GTAW 15-33

16. **Acceptance - Community Services, Employment and Training**
City of Tucson, to provide for the Continuum of Care Program - Bridges Project, U.S. Department of Housing and Urban Development, $71,051.00/$35,549.00 General Fund Match (GTAW 15-52)

Attachments: Grant Report
GTAW 15-52
GTAW 15-52_Revised-12-15-14

BOARD, COMMISSION AND/OR COMMITTEE

17. **Merit System Commission and Law Enforcement Merit System Council**
Appointment of David Freund, to fill the vacancy created by Joelyn Marlowe. Term expiration: 12/31/18. (District 3)

Attachments: BCC_PimaCountyMeritSystemApptmt

*** HEARINGS ***

FRANCHISES/LICENSES/PERMITS

18. **Fireworks Permit**
Ryan Prosowski, Skyline Country Club, 5200 E. Saint Andrew Drive, Tucson, December 31, 2014 at 10:00 p.m.

Attachments: FLP_FWSkylineCountryClub

POSTED: Levels A & B, 1st & 5th Floors, Pima County Administration Bldg.
Pima County Homepage: www.pima.gov
DATE/TIME POSTED: 12/12/14 @ 11:45 a.m.
DATE/TIME REPOSTED (additional attachments only): 12/12/14 @ 3:00 p.m.

CONSENT CALENDAR DECEMBER 16, 2014

CONSENT CALENDAR, DECEMBER 16, 2014

CONTRACT AND AWARD

Community Development and Neighborhood Conservation

1. Compass Affordable Housing, Inc., Amendment No. 1, to provide for the Compass Affordable Housing - Alvord Court Rental Housing Project and extend contract term to 12/31/15, no cost (CT-CD-14-307)

Attachments: CT-CD-14-307

Community Services, Employment and Training

2. Tucson Youth Development, Inc., to provide for a Program Support Specialist One Stop staff, U.S. DOL, ADES WIA (90%) and other Workforce (10%) Funds, contract amount $42,719.00 (CT-CS-15-229)

Attachments: CT-CS-15-229

Facilities Management

3. Accelerate Diagnostics, Inc., Amendment No. 4, to provide a lease for property located at 3950 S. Country Club Road and amend contractual language, contract amount $371,516.69 revenue (CTN-FM-13-55)

Attachments: CTN-FM-13-55

Information Technology

4. Arizona Board of Regents, University of Arizona; Risk Management Department, to provide subscriber repair and maintenance for PCWIN communication equipment, contract amount $150.36 revenue (CTN-IT-15-60)

Attachments: CTN-IT-15-60

CTN-IT-15-60_ITMemo-12-11-14

Procurement

5. **Award**

Low Bid: Award of Contract, Requisition No. 15-12, Ferguson Enterprises (Headquarters: Newport, VA) for plumbing supplies Group A in the annual amount of $1,663,548.15. Contract is for a one year term and includes four one-year renewal periods. Funding Source: General Fund. Administering Department: Facilities Management.

Attachments: PO_AwardReqNo15-12

PO_AwardReqNo15-12_Revised-12-11-14

PO_AwardReqNo15-12_FergusonResponse-12-15-14

6. **Award**

Cooperative Procurement: Award of Contract, Requisition No. 15-74, KONE, Inc. (Headquarters: Moline, IL) for elevator maintenance and repair services to be provided in the annual amount of $300,000.00. Contract is for a one year term and includes four one-year renewal periods. Funding Source: Various Funds. Administering Department: Facilities Management.

Attachments: PO_AwardReqNo15-74

PO_AwardReqNo15-74_Email-12-15-14

PO_AwardReqNo15-74-KONEOfferAgreement-12-15-14

PO_AwardReqNo15-74_ExhibitA-USCContract-12-15-14

PO_AwardReqNo15-74_Exhibit-C_12-15-14

7. The Ashton Company, Inc., Borderland Construction Company, Inc., Granite Construction Company, KE&G Construction, Inc. and Southern Arizona Paving & Construction Company, Amendment No. 6, to provide a job order master agreement for traffic signal, road intersection, paving and drainage improvements and extend contract term to 12/21/15, County HURF Fund, contract amount $5,000,000.00 (MA-PO-12-226) Transportation

Attachments: MA_PO_12-226

MA-PO-12-226_TRMemo-12-12-14

MA-PO-12-226_Email-12-15-14

MA-PO-12-226_Amendment1-12-15-14

MA-PO-12-226_Amendment2-12-15-14

MA-PO-12-226_Amendment3-12-15-14

MA-PO-12-226_Amendment4-12-15-14

MA-PO-12-226_Amendment5-12-15-14

MA-PO-12-226_Amendment6-12-15-14

MA-PO-12-226_OriginalApprovalbyBOS-12-15-14

MA-PO-12-226_OriginalContract-NoAppendix-12-15-14

MA-PO-12-226_OriginalContract-AppendixA-B_12-15-14

MA-PO-12-226_OriginalContract-AppendixC-D_12-15-14

MA-PO-12-226_OriginalContract-AppendixE_12-15-14

MA-PO-12-226_OriginalContract-AppendixF-Part1_12-15-14

MA-PO-12-226_OriginalContract-AppendixF-Part2_12-15-14

8. Motorola Solutions, Inc., Amendment No. 6, to provide for the PCWIN Voice Radio System, extend contract term to 9/28/35 and amend contractual language, 2004 Bond, Federal Grants and OEM Radio System Special Revenue Funds, contract amount $8,777,846.92 (MA-PO-12-284) Office of Emergency Management

Attachments: MA_PO_12-284

MA-PO-12-284_PCWINMemo-12-11-14

MA-PO-12-284_PCWINMemo_FollowupResponse-12-15-14

MA-PO-12-284_MotorolaPCWINSupportProposalAnalysisDated11-9-12

Regional Wastewater Reclamation

9. Pascua Yaqui Indian Tribe, to provide sewer services, contract amount $1,243,784.40/25 year term revenue (CTN-WW-15-62)

Attachments: CTN-WW-15-62

CTN-WW-15-62_AmendedContractPage-12-12-14

GRANT APPLICATION/ACCEPTANCE

10. **Acceptance - Community Development & Neighborhood Conservation**

Arizona Governor's Office of Energy Policy, Amendment No. 2, to provide for the DOE Weatherization Program, U.S. Department of Energy, $886.22 (GTAM 15-30)

Attachments: Grant Report

GTAM 15-30

BOARD, COMMISSION AND/OR COMMITTEE

11. **Environmental Quality Advisory Council**

- Appointment of Sandi Richey, representing Public/Environmental Interest, to replace Linda Hansen. Term expiration: 12/30/17. (Staff recommendation)
- Reappointments of Eric Betterton, Peter Livingston and Jeffrey Yockey. Term expirations: 12/30/17. (Staff recommendations)

Attachments: BCC_EnvironmentalQualityApptReappt

TAX COMPLIANCE CERTIFICATE OF ISSUER

Pertaining to

$15,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2015

Dated as of April 14, 2015

Pima County, Arizona (the "Issuer"), by its officer signing this Certificate, certifies, represents, and covenants as follows with respect to the captioned bonds (the "Issue") being issued pursuant to the provisions of a Resolution adopted by the Board of Supervisors of the Issuer on December 16, 2014 (the "Resolution"). All statements in this Certificate are of facts or, as to events to occur in the future, reasonable expectations.

I. DEFINITIONS

1.10 **Attachment A**. The definitions and cross references set forth in Attachment A apply to this Certificate and its Attachments. All capitalized terms relating to a particular issue, such as Sale Proceeds, relate to the Issue, unless indicated otherwise. (For example, "Sale Proceeds" refers to Sale Proceeds of the Issue, unless indicated otherwise.)

1.20 **Special Definitions**. In addition, the following definitions apply to this Certificate and its Attachments:

"**Bond Fund**" means the portion of the Issuer's Interest and Redemption Fund that is properly allocable to the Issue.

"**Instructions**" means the Rebate Instructions attached hereto as Attachment C-2.

"**New Money Project**" means the costs incurred by the Issuer in connection with the acquisition, constructing and equipping of various capital projects pursuant to the authorization granted by the qualified electors of the Issuer voting at the bond elections held on May 20, 1997, May 18, 2004, May 16, 2006 and November 4, 2014, and includes interest on the Issue for up to three years from the Issuance Date or, if later, one year after the date the New Money Project is placed in service, all of which are governmental purposes for purposes of the Code.

"**Underwriter**" means RBC Capital Markets, LLC.

Reference to a Section means a section of the Code. Reference by number only (for example, "2.10") means that numbered paragraph of this Certificate. Reference to an Attachment means an attachment to this Certificate.

II. ISSUE DATA

2.10 **Issuer**. The Issuer is a Governmental Unit.

2.20 **Purpose of Issue**. The Issue is being issued to provide funds to (A) pay costs of the New Money Project, and (B) pay Issuance Costs.

2.30 **Dates**. The Sale Date is March 24, 2015 and the Issuance Date is April 14, 2015. The final maturity date of the Issue is July 1, 2029.

2.40 **Issue Price**. The Issue Price is set forth in Attachment B and is computed as follows:

Par amount	$15,000,000.00
Net Original issue premium	731,361.85
Pre-Issuance Accrued Interest	(0.00)
Issue Price	$15,731,361.85

2.50 **Sale Proceeds, Net Proceeds and Net Sale Proceeds**. The Sale Proceeds, Net Proceeds and Net Sale Proceeds are as follows:

Issue Price	$15,731,361.85
Pre-Issuance Accrued Interest	(0.00)
Sale Proceeds	$15,731,361.85
Deposit to reserve fund	(0.00)
Net Proceeds	$15,731,361.85
Minor Portion	(100,000.00)
Net Sale Proceeds	$15,631,361.85

2.60 **Disposition of Sale Proceeds and Pre-Issuance Accrued Interest**. There is no Pre-Issuance Accrued Interest. The Sale Proceeds will be applied as follows:

Deposit to Bond Fund	$ 579,111.85
To pay costs of the New Money Project	14,963,310.00
To pay Underwriter's discount	103,500.00
To pay other Issuance Costs	85,440.00
Total Sale Proceeds	$15,731,361.85

2.70 **Higher Yielding Investments**. Gross Proceeds will not be invested in Higher Yielding Investments except for (A) those Gross Proceeds identified in 3.10, 3.20, and 3.30, but only during the applicable Temporary Periods there described for those Gross Proceeds, and (B) the Minor Portion to the extent provided in 3.80.

2.80 **Single Issue.** All of the obligations of the Issue were sold on the Sale Date pursuant to the same plan of financing and are expected to be paid from substantially the same source of funds. Whether obligations are expected to be paid from substantially the same source of funds is determined without regard to guarantees from a person who is not a Related

Party to the Issuer. Accordingly, all of the obligations of the Issue constitute a single "issue" for federal income tax purposes. No obligations, other than those comprising the Issue, have been or will be sold less than 15 days before or after the Sale Date that are expected to be paid from substantially the same source of funds as the Issue. Accordingly, no obligations other than those comprising the Issue are a part of a single issue with the Issue. On March 17, 2015, the Issuer signed a bond purchase agreement for the issuance of $13,685,000 aggregate principal amount of Pima County, Arizona Street and Highway Revenue Refunding Bonds, Series 2015 ("the 2015 HURF Bonds") and on March 16, 2015 the Issuer signed a bond purchase agreement for the issuance of $57,025,000 aggregate principal amount of Pima County, Arizona Certificates of Participation, Series 2015 (the "2015 COPs"). The Issue will not be paid from the same source of funds as the 2015 HURF Bonds or the 2015 COPs and so neither the 2015 HURF Bonds nor the 2015 COPs are treated as a single issue with the Issue.

III. ARBITRAGE (NONREBATE) MATTERS

3.10 Use of Sale Proceeds and Pre-Issuance Accrued Interest; Temporary Periods; Transferred Proceeds.

(A) **Pre-Issuance Accrued Interest**. There is no Pre-Issuance Accrued Interest.

(B) **Underwriter's Discount and Issuance Costs**. Sale Proceeds in the amount of $103,500.00 will be retained by the Underwriter from the Issue Price otherwise paid to the Issuer to purchase the Issue as compensation for its services in marketing the Issue to the public. Sale Proceeds in the amount of $85,440.00 will be used to pay other Issuance Costs within 13 months from the Issuance Date, such period being the Temporary Period for that amount.

(C) **Payment of New Money Project Costs.**

(1) Sale Proceeds of the Issue in the amount of $14,963,310.00 will be used to pay a portion of the costs of the New Money Project and Sale Proceeds of the Issue in the amount of $579,111.85 will be used to pay interest on the Issue on or before January 1, 2017. All of such Sale Proceeds may be used to acquire or hold Higher Yielding Investments for a period ending on the third anniversary of the Issuance Date (such period being the Temporary Period for such amount) because the following three tests are reasonably expected to be satisfied:

(a) At least 85% of the Net Sale Proceeds of the Issue will be allocated to expenditures on the New Money Project by the end of the Temporary Period for such Net Sale Proceeds;

(b) Within 6 months of the Issuance Date, the Issuer will incur substantial binding obligations to one or more third parties to expend at least 5% of the Net Sale Proceeds of the Issue on the New Money Project; and

(c) Completion of the Issue and allocation of the Net Sale Proceeds of the Issue to expenditures with respect to the Issue will proceed with due diligence.

Any Sale Proceeds of the Issue that remain unspent on the third anniversary of the Issuance Date, which is the expiration date of the Temporary Period for such Proceeds, shall not be invested in Higher Yielding Investments with respect to the Issue after that date except as part of the Minor Portion. In complying with the foregoing sentence, the Issuer may take into account "yield reduction payments" (within the meaning of Regulations § 1.148-5(c)) timely paid to the United States.

(2) A Reimbursement Allocation will be made on or about this date in the financial records of the Issuer kept with respect to the Issue showing that $20,651.00 of the Sale Proceeds of the Issue have been returned to the fund or account of the Issuer from which such amount was originally and temporarily advanced to finance Capital Expenditures comprising a portion of the Project paid before this date. Except for Capital Expenditures that constitute Preliminary Expenditures, (A) none of the Capital Expenditures were paid more than 60 days prior to November 25, 2014, the date on which the Issuer adopted a declaration of official intent that satisfies Regulations § 1.150-2(e) (copy attached as Attachment D), and (B) the Reimbursement Allocation will be made not more than (i) 18 months after the later of the date such Capital Expenditures were paid or the date on which the property resulting from such Capital Expenditures and comprising part of the Project was Placed in Service and (ii) three years from the date the Capital Expenditures were paid.

3.20 **Investment Proceeds**. Any Investment Proceeds of the Issue will be used to pay costs of the Issue and may be invested in Higher Yielding Investments during the Temporary Period identified in 3.10(C) or, if longer, during the one year period from the date of receipt, such period being the Temporary Period for such Proceeds.

3.30 **Bond Fund**. The Bond Fund is a Bona Fide Debt Service Fund. Amounts deposited from time to time in the Bond Fund will be used to pay Debt Service within 13 months after the amounts are so deposited, such period being the Temporary Period for such amounts.

3.40 **No Other Replacement Fund or Assured Available Funds**. The Issuer has not established and does not expect to establish or use any sinking fund, debt service fund, redemption fund, reserve or replacement fund, or similar fund, or any other fund to pay Debt Service other than the Bond Fund. Except for money referred to in 3.30 and Proceeds of a Refunding Issue, if any, no other money or Investment Property is or will be pledged as collateral or used for the payment of Debt Service (or for the reimbursement of any others who may provide money to pay that Debt Service), or is or will be restricted, dedicated, encumbered or set aside in any way as to afford the holders of the Issue reasonable assurance of the availability of such money or Investment Property to pay Debt Service.

3.50 **Hedge Contracts**. The Issuer has not entered into, and will not enter into, any Hedge with respect to the Issue, or any portion thereof, without obtaining a Bond Counsel's Opinion that doing so will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Issue. The Issuer acknowledges that entering into a Hedge with respect to the Issue, or any portion thereof, may change the Yield.

3.60 **No Overissuance**. The Proceeds are not reasonably expected to exceed the amount needed for the governmental purposes of the Issue as set forth in 2.20.

3.70 **Other Uses of Proceeds Negated**. Except as stated otherwise in this Certificate, none of the Proceeds will be used:

(A) to pay principal of or interest on, refund, renew, roll over, retire, or replace any other obligations issued by or on behalf of the Issuer or any other Governmental Unit,

(B) to replace any Proceeds of another issue that were not expended on the project for which such other issue was issued,

(C) to replace any money that was or will be used directly or indirectly to acquire Higher Yielding Investments,

(D) to make a loan to any person or other Governmental Unit,

(E) to pay any Working Capital Expenditures other than expenditures identified in Regulations § 1.148-6(d)(3)(ii)(A) and (B) (*i.e.*, Issuance Costs, Qualified Administrative Costs, reasonable charges for a Qualified Guarantee or for a Qualified Hedge, interest on the Issue for a period commencing on the Issuance Date and ending on the date that is the later of three years from such Issuance Date or one year after the date on which the project financed or refinanced by the Issue is Placed in Service, payments of the Rebate Amount, costs, other than those already described, that do not exceed 5% of the Sale Proceeds and that are directly related to Capital Expenditures financed or deemed financed by the Issue, principal or interest on an issue paid from unexpected excess Sale Proceeds or Investment Proceeds, principal or interest on an issue paid from investment earnings on a reserve or replacement fund that are deposited in a Bona Fide Debt Service Fund, and expenditures for extraordinary, nonrecurring items that are not customarily payable from current revenues, such as casualty losses or extraordinary legal judgments in amounts in excess of reasonable insurance coverage), or

(F) to reimburse any expenditures made prior to the Issuance Date that do not satisfy the requirements for a Reimbursement Allocation.

No portion of the Issue is being issued solely for the purpose of investing Proceeds in Higher Yielding Investments.

3.80 **Minor Portion**. The Minor Portion of $100,000 may be invested in Higher Yielding Investments.

3.90 **No Other Replacement Proceeds**. That portion of the Issue that is to be used to finance or refinance Capital Expenditures has a weighted average maturity that does not

exceed 120% of the weighted average reasonably expected economic life of the property resulting from such Capital Expenditures.

3.100 **Written Procedures to Monitor the Requirements of Section 148.** The procedures set forth in Attachments C-1 (Compliance Policy) and C-2 (Rebate Instructions) constitute the Issuer's written procedures to monitor compliance with the arbitrage Yield restriction and rebate requirements of Section 148.

IV. REBATE MATTERS

4.10 **Issuer Obligation Regarding Rebate**. Consistently with its covenants contained in the Resolution, the Issuer will calculate and make, or cause to be calculated and made, payments of the Rebate Amount in the amounts and at the times and in the manner provided in Section 148(f) and the Instructions with respect to Gross Proceeds to the extent not exempted under Section 148(f)(4) and the Instructions.

4.20 **No Avoidance of Rebate Amount**. No amounts that are required to be paid to the United States will be used to make any payment to a party other than the United States through a transaction or a series of transactions that reduces the amount earned on any Investment Property or that results in a smaller profit or a larger loss on any Investment Property than would have resulted in an arm's length transaction in which the Yield on the Issue was not relevant to either party to the transaction.

4.30 **Exceptions.**

(A) Notwithstanding the foregoing, the computations and payments of amounts to the United States referred to in IV need not be made to the extent that such failure will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Issue, based on an Opinion of Bond Counsel.

(B) The Issue is a Construction Issue. The Issuer hereby elects to apply the 2-year spending exception to the rebate requirement on the basis of actual facts instead of the Issuer's reasonable expectations.

V. OTHER TAX MATTERS

5.10 **Not Private Activity Bonds or Pool Bonds**. No bond of the Issue will be a Private Activity Bond or a pooled financing bond (within the meaning of Section 149(f)), based on the following:

(A) Not more than 5% of the Proceeds, if any, directly or indirectly, will be used for a Private Business Use and not more than 5%, if any, of the Debt Service, directly or indirectly, will be derived from or secured by Private Security or Payments.

(B) Less than 5% or $5,000,000, whichever is less, of the Proceeds, if any, will be used to make or finance loans to any Private Person or Governmental Unit other than the Issuer.

(C) The lesser of the Proceeds that are being or will be used for any Private Business Use or the Proceeds with respect to which there are or will be Private Security or Payments does not exceed $15,000,000 and none of the Proceeds will be used with respect to an "output facility" (other than a facility for the furnishing of water) within the meaning of Section 141(b)(4).

5.20 **Disposition of Property**. The Issuer does not intend to sell or otherwise dispose of the New Money Project or any portion thereof during the term of the Issue except for dispositions of property in the normal course at the end of such property's useful life to the Issuer. With respect to tangible personal property, if any, that is financed or refinanced by the Issue, the Issuer reasonably expects that:

(A) Dispositions of such tangible personal property, if any, will be in the ordinary course of an established governmental program;

(B) The weighted average maturity of the bonds of the Issue financing or refinancing such property (treating the bonds of the Issue properly allocable to such personal property, as a separate issue for this purpose) will not be greater than 120% of the reasonably expected actual use of such property for governmental purposes;

(C) The fair market value of such property on the date of disposition will not be greater than 25% of its cost;

(D) The property will no longer be suitable for its governmental purposes on the date of disposition; and

(E) The amounts received from any disposition of such property are required to, and will, be deposited in the Issuer's General Fund (as defined in the Resolution) and commingled with substantial tax or other governmental revenues and will be spent on governmental programs within 6 months from the date of such deposit and commingling.

5.30 **Issue Not Federally Guaranteed**. The Issue is not Federally Guaranteed.

5.40 **Not Hedge Bonds**. At least 85% of the Spendable Proceeds of the Issue will be used to carry out the governmental purposes of the Issue within three years from the Issuance Date. Not more than 50%, if any, of the Proceeds of the Issue will be invested in Nonpurpose Investments having a substantially guaranteed Yield for four years or more, including but not limited to any investment contract or fixed Yield investment having a maturity of four years or more. The reasonable expectations stated above were not and are not based on and do not take into account (A) any expectations or assumptions as to the occurrence of changes in market interest rates or changes of federal tax law or regulations or rulings thereunder or (B) any prepayments of items other than items that are customarily prepaid.

5.50 **Internal Revenue Service Information Return**. Within the time and on the form prescribed by the Internal Revenue Service under Section 149(e), the Issuer will file with the Internal Revenue Service an Information Return setting forth the required information relating to the Issue. The information reported on that Information Return will be true, correct and complete to the best of the knowledge and belief of the undersigned.

5.60 **Written Procedures to Remediate Nonqualified Bonds.** The Issuer acknowledges and establishes the Post-Issuance Compliance for Debt Issues set forth in Attachment C-1 as its written procedures to ensure that all "nonqualified bonds" (as defined therein) are remediated in accordance with Regulations § 1.141-12. The Issuer will monitor the expenditure of Gross Proceeds and the use of facilities financed by the Issue, and will undertake, if necessary, any available measures under Regulations § 1.141-12 to ensure compliance after the Issuance Date with the applicable covenants contained in V.

5.70 **Recordkeeping**. The Issuer will maintain records to support the representations, certifications and expectations set forth in this Tax Compliance Certificate until the date three (3) years after the last bond of the Issue has been retired, and if any portion of the Issue is refunded by a Refunding Issue, the Issuer will maintain all records listed hereunder until the later of the date three (3) years after the last bond of the Issue has been retired or the date three (3) years after the last bond of the Refunding Issue has been retired. The records to be retained include, but are not limited to:

(A) Basic records and documents relating to the Issue (including this Tax Compliance Certificate and all Opinions of Bond Counsel relating to the Issue).

(B) Documentation evidencing the timing and allocation of expenditures of Proceeds of the Issue and of all issues refunded directly or indirectly by the Issue.

(C) Documentation evidencing the use of the New Money Project by all persons, including Private Persons (*e.g.*, copies of any management contracts, leases, etc.).

(D) Documentation evidencing all sources of payment or security for the Issue.

(E) Documentation pertaining to all investments of Proceeds (including the purchase and sale of securities, SLGs subscriptions, actual investment income received from the investment of Proceeds, Guaranteed Investment Contracts, and rebate calculations).

(F) Records of all amounts paid to the United States pursuant to 4.10.

(G) Any elections or revocations of elections under the Code relating to the Issue.

5.80 **Tax Covenant**. The Issuer hereby agrees and covenants to do all things necessary to ensure that interest on the Issue shall be, and shall continue to be, excluded from the gross income of the holders thereof for federal income tax purposes.

5.90 **Responsibility of Officer**. The officer signing this Certificate is one of the officers of the Issuer responsible for issuing the Issue.

In making the representations in this Certificate, the Issuer relies in part on the representations of the Underwriter set forth in Attachment B. To the best of the knowledge, information and belief of the undersigned, all expectations stated in this Certificate and in such Attachments are the expectations of the Issuer and are reasonable, all facts stated are true and

there are no other existing facts, estimates, or circumstances that would or could materially change the statements made in this Certificate or in such Attachments. The certifications and representations made in this Certificate and in such Attachments are intended to be relied upon as certifications described in Regulations § 1.148-2(b) and may be relied upon by Bond Counsel in connection with the rendering of any opinion with respect to the Issue. The Issuer acknowledges that any change in the facts or expectations from those set forth in this Certificate or in such Attachments may result in different requirements or a change in status of the Issue or interest thereon under the Code, and that bond counsel should be contacted if such changes are to occur.

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The date of this Certificate is June 5, 2013.

PIMA COUNTY, ARIZONA

By:_____

Thomas Burke
Finance and Risk Management Director

[Signature page of Tax Compliance Certificate of Issuer]

List of Attachments

Attachment A –	Definitions for Tax Compliance Certificate
Attachment B –	Underwriter's Certificate
Attachment C-1 –	Compliance Policy
Attachment C-2 –	Rebate Instructions
Attachment D –	Declaration of Official Intent

$15,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2015

Attachment A

Definitions for Tax Compliance Certificate

The following terms, as used in Attachment A and in the Tax Compliance Certificate to which it is attached and in the other Attachments to the Tax Compliance Certificate, have the following meanings unless therein otherwise defined or unless a different meaning is indicated by the context in which the term is used. Capitalized terms used within these definitions that are not defined in Attachment A have the meanings ascribed to them in the Tax Compliance Certificate to which this Attachment A is attached. The word "Issue," in lower case, refers either to the Issue or to another issue of obligations or portion thereof treated as a separate issue for the applicable purposes of Section 148, as the context requires. The word "obligation" or "obligations," in lower case, includes any obligation, whether in the form of bonds, notes, certificates, or any other obligation that is a "bond" within the meaning of Section 150(a)(1). All capitalized terms used in this Certificate include either the singular or the plural. All terms used in this Attachment A or in the Tax Compliance Certificate to which this Attachment A is attached, including terms specifically defined, shall be interpreted in a manner consistent with Sections 103 and 141-150 and the applicable Regulations thereunder except as otherwise specified. All references to Section, unless otherwise noted, refer to the Code.

"Available Amounts" means any amounts that are available to the Issuer to pay Working Capital Expenditures of the type financed by the issue, excluding Proceeds of the issue, but including cash, investments, and other amounts held in accounts or otherwise by the Issuer or a Related Party if those amounts may be used by the Issuer for Working Capital Expenditures of the type being financed by the Issue without legislative or judicial action and without a legislative, judicial, or contractual requirement that those amounts be reimbursed.

"Bona Fide Debt Service Fund" means a fund, including a portion of or an account in that fund (or in the case of a fund established for two or more issues, the portion of that fund properly allocable to an issue), or a combination of such funds, accounts or portions that is used primarily to achieve a proper matching of revenues with Debt Service on an issue within each Bond Year and that is depleted at least once each year except for a reasonable carryover amount not to exceed the greater of the earnings thereon for the immediately preceding Bond Year or one-twelfth of the annual Debt Service on the issue for the immediately preceding Bond Year.

"Bond Year" means the annual period relevant to the application of Section 148(f) to an issue, except that the first and last Bond Years may be less than 12 months long. The last day of a Bond Year shall be the close of business on the day preceding the anniversary of the Issuance Date of an issue unless the Issuer selects another date on which to end a Bond Year in the manner permitted by the Code.

"Capital Expenditures" means costs of a type that are properly chargeable to a capital account (or would be so chargeable with a proper election) under general federal income tax principles, including capitalized interest computed taking into account the Placed in Service date.

"Code" means the Internal Revenue Code of 1986, the Regulations (whether temporary or final) under that Code or the statutory predecessor of that Code, and any amendments of, or successor provisions to, the foregoing and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing, all as and to the extent applicable. Unless otherwise indicated, reference to a Section includes any applicable successor section or provision and such applicable Regulations, rulings, announcements, notices, procedures and determinations pertinent to that Section.

"Commingled Fund" means any fund or account of the Issuer that contains both Gross Proceeds of an issue and amounts in excess of $25,000 that are not Gross Proceeds of the issue if the amounts in the fund or account are invested and accounted for collectively, without regard to the source of funds deposited in the fund or account.

"Commingled Investment Proceeds" means, in the case of certain issues specified in Regulations §1.148-6(d)(6), Investment Proceeds of such issue (other than Investment Proceeds held in a Refunding Escrow) that are deposited in a Commingled Fund with substantial tax or other revenues from governmental operations of the Issuer and that are reasonably expected to be spent for governmental purposes within 6 months from the date of deposit in the Commingled Fund, using any reasonable accounting assumptions.

"Controlled Group" means a group of entities controlled directly or indirectly by the same entity or group of entities within the meaning of Regulations §1.150-1(e).

"Current Refunding Issue" means a Refunding Issue that is issued not more than 90 days before the last expenditure of any Proceeds of the Refunding Issue for the payment of Debt Service on the Refunded Bonds.

"Current Refunding Portion" means that portion of a Multipurpose Issue that constitutes a separate governmental purpose and that would be treated as a Current Refunding Issue if it had been issued as a separate issue.

"Debt Service" means principal of and interest and any redemption premium on an issue.

"Federally Guaranteed" means that (a) the payment of Debt Service on an issue, or the payment of principal or interest with respect to any loans made from the Proceeds of the issue, is directly or indirectly guaranteed in whole or in part by the United States or by an agency or instrumentality of the United States, within the meaning of Section 149(b), or (b) more than 5% of the Proceeds of an issue will be invested directly or indirectly in federally insured deposits or accounts. The preceding sentence does not apply to (a) Proceeds invested during an initial Temporary Period until such Proceeds are needed to pay costs of the project, (b) investments of a Bona Fide Debt Service Fund, (c) direct purchases from the United States of obligations issued by the United States Treasury, or (d) other investments permitted by Section 149(b) or Regulations §1.149(b)-1(b).

"501(c)(3) Organization" means an organization described in Section 501(c)(3) and exempt from tax under Section 501(a).

"Fixed Yield Issue" means an issue of obligations the Yield on which is fixed and determinable on the Issuance Date.

"Governmental Unit" means a state, territory or possession of the United States, the District of Columbia, or any political subdivision thereof referred to as a "State or local governmental unit" in Regulations §1.103-1(a). "Governmental Unit" does not include the United States or any agency or instrumentality of the United States.

"Gross Proceeds" means Proceeds and Replacement Proceeds of an issue.

"Higher Yielding Investments" means any Investment Property that produces a Yield that (a) in the case of Investment Property allocable to Replacement Proceeds of an issue and Investment Property in a Refunding Escrow, is more than one thousandth of one percentage point (.00001) higher than the Yield on the applicable issue, and (b) for all other purposes of this Certificate, is more than one-eighth of one percentage point (.00125) higher than the Yield on the applicable issue.

"Investment Proceeds" means any amounts actually or constructively received from investing Proceeds of an issue in Investment Property.

"Investment Property" means investment property within the meaning of Sections 148(b)(2) and 148(b)(3), including any security (within the meaning of Section 165(g)(2)(A) or (B)), any obligation, any annuity contract and any other investment-type property (including certain residential rental property for family units as described in Section 148(b)(2)(E) in the case of any bond other than a Private Activity Bond). Investment Property includes a Tax-Exempt Obligation that is a "specified private activity bond" as defined in Section 57(a)(5)(C) but does not include other Tax-Exempt Obligations.

"Issuance Costs" means costs to the extent incurred in connection with, and allocable to, the issuance of an issue, and includes underwriter's compensation withheld from the Issue Price, counsel fees, financial advisory fees, rating agency fees, trustee fees, paying agent fees, bond registrar, certification and authentication fees, accounting fees, printing costs for bonds and offering documents, public approval process costs, engineering and feasibility study costs, guarantee fees other than for a Qualified Guarantee and similar costs, but does not include fees charged by the Issuer.

"Issuance Date" means the date of physical delivery of an issue by the Issuer in exchange for the purchase price of the issue.

"Issue Price" means in the circumstances applicable to an issue:

(1) Public Offering. In the case of obligations actually offered to the general public in a bona fide public offering at the initial offering price for each maturity set forth in the certificate of the underwriter or placement agent attached to the Tax Compliance Certificate of the Issuer, the aggregate of the initial offering

price for each maturity (including any Pre-Issuance Accrued Interest and taking into account any original issue premium and original issue discount), which price is not more than the fair market value thereof as of the Sale Date, and at which initial offering price not less than 10% of the principal amount of each maturity, as of the Sale Date, was sold or reasonably expected to be sold (other than to bond houses, brokers or other intermediaries). In the case of publicly offered obligations that are not described in the preceding sentence, Issue Price means the aggregate of the initial offering price to the public of each maturity set forth in the certificate of the underwriter or placement agent attached to the Tax Compliance Certificate of the Issuer, at which initial offering price not less than 10% of the principal amount of each maturity was sold to the public. Notwithstanding the foregoing, in no event shall the Issue Price of an issue exceed the fair market value of the issue as of the Sale Date thereof.

(2) Private Placement. In the case of obligations sold by private placement, the aggregate of the prices (including any Pre-Issuance Accrued Interest and original issue premium, but excluding any original issue discount) paid to the Issuer by the first purchaser(s) (other than bond houses, brokers or other intermediaries). Notwithstanding the foregoing, in no event shall the Issue Price of an issue exceed the fair market value of the issue as of the Sale Date thereof.

"Minor Portion" means an amount equal to the lesser of $100,000 or 5% of the Sale Proceeds of an issue.

"Multipurpose Issue" means an issue the bonds of which are allocable to two or more separate governmental purposes within the meaning of Regulations §1.148-9(h).

"Net Proceeds" means the Sale Proceeds of an issue less the portion thereof, if any, deposited in a reasonably required reserve or replacement fund for the issue.

"Net Sale Proceeds" means the Sale Proceeds of an issue less (a) the portion thereof, if any, deposited in a reasonably required reserve or replacement fund for the issue and (b) the portion invested as a part of a Minor Portion for the issue.

"New Money Issue" means an issue that is not a Refunding Issue.

"New Money Portion" means that portion of a Multipurpose Issue other than the Refunding Portion.

"Nonpurpose Investments" means any Investment Property that is acquired with Gross Proceeds as an investment and not in carrying out any governmental purpose of an issue. "Nonpurpose Investments" does not include any investment that is not regarded as "investment property" or a "nonpurpose investment" for the particular purposes of Section 148 (such as certain investments in U.S. Treasury obligations in the State and Local Government Series and certain temporary investments), but does include any other investment that is a "nonpurpose investment" within the applicable meaning of Section 148.

"Placed in Service" means the date on which, based on all the facts and circumstances, a facility has reached a degree of completion that would permit its operation at substantially its design level and the facility is, in fact, in operation at such level.

"Pre-Issuance Accrued Interest" means interest on an obligation that accrued for a period not greater than one year before its Issuance Date and that will be paid within one year after such Issuance Date.

"Preliminary Expenditures" means any Capital Expenditures that are "preliminary expenditures" within the meaning of Regulations §1.150-2(f)(2), i.e., architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of a project other than land acquisition, site preparation, and similar costs incident to commencement of construction. The aggregate amount of Preliminary Expenditures may not exceed 20% of the aggregate Issue Price of the issue or issues that financed or are reasonably expected to finance the project for which such Preliminary Expenditures are or were incurred.

"Prior Issue" means an issue of obligations all or a portion of the Debt Service on which is paid or provided for with Proceeds of a Refunding Issue. The Prior Issue may be a Refunding Issue.

"Private Activity Bond" means (a) obligations of an issue more than 10% of the Proceeds of which, directly or indirectly, are or are to be used for a Private Business Use and more than 10% of the Debt Service on which, directly or indirectly, is or is to be paid from or secured by payments with respect to property, or secured by property, used for a Private Business Use, or (b) obligations of an issue, the Proceeds of which are or are to be used to make or finance loans to any Private Person that, in the aggregate, exceed the lesser of 5% of such Proceeds or $5,000,000. In the event of Unrelated or Disproportionate Use, the tests in (a) shall be applied by substituting 5% for 10% each place the latter term is used.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any Private Person other than use as a member of, and on the same basis as, the general public. Any activity carried on by a Private Person (other than a natural person) shall be treated as a trade or business. In the case of a Qualified 501(c)(3) Bond, Private Business Use excludes use by a 501(c)(3) Organization that is not an unrelated trade or business activity by such 501(c)(3) Organization within the meaning of Section 513(a).

"Private Person" means any natural person or any artificial person, including a corporation, partnership, trust or other entity, other than a Governmental Unit. "Private Person" includes the United States and any agency or instrumentality of the United States.

"Proceeds" means any Sale Proceeds, Investment Proceeds, and Transferred Proceeds of an issue. "Proceeds" does not include Replacement Proceeds.

"Qualified Administrative Costs" means reasonable direct administrative costs (other than carrying costs) such as separately stated brokerage or selling commissions, but not legal and accounting fees, recordkeeping, custody and similar costs. General overhead costs and similar

indirect costs of the Issuer such as employee salaries and office expenses and costs associated with computing the Rebate Amount are not Qualified Administrative Costs.

"Qualified 501(c)(3) Bonds" means an issue of obligations that satisfies the requirements of Section 145(a).

"Qualified Guarantee" means any guarantee of an obligation that constitutes a "qualified guarantee" within the meaning of Regulations §1.148-4(f).

"Qualified Hedge" means a Hedge that is a "qualified hedge" within the meaning of Regulations §1.148-4(h)(2).

"Rebate Amount" means the excess of the future value, as of any date, of all receipts on Nonpurpose Investments acquired with Gross Proceeds of an issue over the future value, as of that date, of all payments on those Nonpurpose Investments, computed in accordance with Section 148(f) and Regulations §1.148-3.

"Refunded Bonds" means obligations of a Prior Issue the Debt Service on which is or is to be paid from Proceeds of a Refunding Issue.

"Refunding Bonds" means obligations of a Refunding Issue.

"Refunding Issue" means an issue the Proceeds of which are or are to be used to pay Debt Service on Refunded Bonds and includes Issuance Costs, Pre-Issuance Accrued Interest or permitted capitalized interest, a reasonably required reserve or replacement fund and similar costs of the Refunding Issue.

"Refunding Escrow" means one or more funds established as part of a single transaction, or a series of related transactions, containing Proceeds of a Refunding Issue and any other amounts to be used to pay Debt Service on Refunded Bonds of one or more issues.

"Refunding Portion" means that portion of a Multipurpose Issue the Proceeds of which are, or are to be, used to pay Debt Service on Refunded Bonds and includes Issuance Costs, Pre-Issuance Accrued Interest or permitted capitalized interest, a reasonably required reserve or replacement fund and similar costs properly allocable to the Refunding Portion.

"Regulations" or "Reg." means Treasury Regulations.

"Reimbursement Allocation" means an allocation of the Proceeds of an issue for the Reimbursement of Prior Capital Expenditures that: (a) is evidenced on the books or records of the Issuer maintained with respect to the issue, (b) identifies either actual prior Capital Expenditures, or the fund or account from which the prior Capital Expenditures were paid, and (c) evidences the Issuer's use of Proceeds of the issue to reimburse a Capital Expenditure for a governmental purpose that was originally paid from a source other than the Proceeds of the issue.

"Reimbursement of Prior Capital Expenditures" means a Reimbursement Allocation of Proceeds of an issue to a Capital Expenditure paid prior to the Issuance Date of such Issue, that satisfies the following requirements: (a) prior to, or within 60 days after, payment of the Capital

Expenditure (except Preliminary Expenditures), the Issuer adopted an official intent for the Capital Expenditure that satisfies Regulations §1.150-2(e); and (b) except for Preliminary Expenditures, the Reimbursement Allocation occurs or will occur within 18 months after the later of the date the Capital Expenditure was paid or the date the project resulting from such Capital Expenditure was Placed in Service or abandoned, but in no event more than 3 years after the Capital Expenditure was paid.

"Related Party" means, in reference to a Governmental Unit or 501(c)(3) Organization, any member of the same Controlled Group and, in reference to any person that is not a Governmental Unit or 501(c)(3) Organization, a "related person" as defined in Section 144(a)(3).

"Replacement Proceeds" means, with respect to an issue, amounts (including any investment income, but excluding any Proceeds of any issue) replaced by Proceeds of that issue within the meaning of Section 148(a)(2). "Replacement Proceeds" includes amounts, other than Proceeds, held in a sinking fund, pledged fund or reserve or replacement fund for an issue.

"Sale Date" means, with respect to an issue, the first date on which there is a binding contract in writing with the Issuer for the sale and purchase of an issue (or of respective obligations of the issue if sold by the Issuer on different dates) on specific terms that are not later modified or adjusted in any material respect.

"Sale Proceeds" means that portion of the Issue Price actually or constructively received by the Issuer upon the sale or other disposition of an issue, including any underwriter's compensation withheld from the Issue Price, but excluding Pre-Issuance Accrued Interest.

"Spendable Proceeds" means the Net Sale Proceeds of an issue.

"Tax-Exempt Obligation" means any obligation or issue of obligations (including bonds, notes and lease obligations treated for federal income tax purposes as evidences of indebtedness) the interest on which is excluded from gross income for federal income tax purposes within the meaning of Section 150, and includes any obligation or any investment treated as a "tax exempt bond" for the applicable purpose of Section 148.

"Tax-Exempt Organization" means a Governmental Unit or a 501(c)(3) Organization.

"Temporary Period" means the period of time, as set forth in the Tax Compliance Certificate, applicable to particular categories of Proceeds of an issue during which such category of Proceeds may be invested in Higher Yielding Investments without the issue being treated as arbitrage bonds under Section 148.

"Transferred Proceeds" means that portion of the Proceeds of an issue (including any Transferred Proceeds of that issue) that remains unexpended at the time that any portion of the principal of the Refunded Bonds of that issue is discharged with the Proceeds of a Refunding Issue and that thereupon becomes Proceeds of the Refunding Issue as provided in Regulations §1.148-9(b). "Transferred Proceeds" does not include any Replacement Proceeds.

"Unrelated or Disproportionate Use" means Private Business Use that is not related to or is disproportionate to use by a Governmental Unit within the meaning of Section 141(b)(3) and Regulations §1.141-9.

"Variable Yield Issue" means any Issue that is not a Fixed Yield Issue.

"Working Capital Expenditures" means any costs of a type that do not constitute Capital Expenditures, including current operating expenses.

"Yield" has the meaning assigned to it for purposes of Section 148, and means that discount rate (stated as an annual percentage) that, when used in computing the present worth of all applicable unconditionally payable payments of Debt Service, all payments for a Qualified Guarantee, if any, and payments and receipts with respect to a Qualified Hedge, if any, as required by the Regulations, paid and to be paid with respect to an obligation (paid and to be paid during and attributable to the Yield Period in the case of a Variable Yield Issue), produces an amount equal to (a) the Issue Price in the case of a Fixed Yield Issue or the present value of the Issue Price at the commencement of the applicable Yield Period in the case of a Variable Yield Issue, or (b) the purchase price for yield purposes in the case of Investment Property, all subject to the applicable methods of computation provided for under Section 148, including variations from the foregoing. The Yield on Investment Property in which Proceeds or Replacement Proceeds of an issue are invested is computed on a basis consistent with the computation of Yield on that issue, including the same compounding interval of not more than one year selected by the Issuer.

"Yield Period" means, in the case of the first Yield Period, the period that commences on the Issuance Date and ends at the close of business on the first Computation Date and, in the case of each succeeding Yield Period, the period that begins immediately after the end of the immediately preceding Yield Period and ends at the close of business on the next succeeding Computation Date.

The terms "bond," "obligation," "reasonably required reserve or replacement fund," "reserve or replacement fund," "loan," "sinking fund," "purpose investment," "same plan of financing," "other replacement proceeds," and other terms relating to Code provisions used but not defined in this Certificate shall have the meanings given to them for purposes of Sections 103 and 141 to 150 unless the context indicates another meaning.

(End of Attachment A)

Attachment B
to Tax Compliance Certificate of Issuer

Pertaining to

$15,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2015

Dated: April 14, 2015

UNDERWRITER'S CERTIFICATE

RBC Capital Markets, LLC ("Underwriter"), as underwriter for the bonds identified above (the "Issue"), issued by Pima County, Arizona (the "Issuer"), based on its knowledge regarding the sale of the Issue, certifies as of this date as follows:

(1) **Issue Price -- Section 148**. All of the bonds of the Issue have been the subject of a bona fide offering to the public pursuant to a Bond Purchase Agreement by and between the Issuer and the Underwriter, dated March 24, 2015, and at least 10% of the principal amount of each maturity initially was sold or was reasonably expected to be sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at the respective price for that maturity shown in the Final Official Statement for the Issue. For purposes of this Certificate, the Underwriter has assumed that the phrase "bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers" refers only to persons who, to the actual knowledge of representatives of the Underwriter, have an arrangement with the Issuer or the Underwriter to act in such capacity on behalf of the Issuer or the Underwriter. The aggregate Issue Price of the Issue, there being no Pre-Issuance Accrued Interest, is $15,731,361.85.

(2) **Information Return**. To the extent that we provided the Issuer and Squire Patton Boggs (US) LLP, as bond counsel, with certain computations that show a bond yield, issue price, weighted average maturity and certain other information with respect to the Issue, these computations are provided for informational purposes and are based on our understanding of directions that we have received from bond counsel regarding interpretation of the applicable law. We express no view regarding the legal sufficiency of any such computations or the correctness of any legal interpretation made by bond counsel. For purposes of the Information Return required by Section 149(e) of the Internal Revenue Code of 1986, as amended (the "Code") to be filed in connection with the Issue:

- The Initial Offering Price of the entire Issue is $15,731,361.85.
- The weighted average maturity of the Issue is 6.5960 years.
- The Yield on the Issue is 2.3734%. That is the Yield that, when used in computing the present worth of all payments of principal and interest to be paid on the Issue, computed on the basis of a 360-day year and semi-

annual compounding, produces an amount equal to the aggregate Issue Price of the Issue as stated in paragraph (1).

- The Underwriter's discount is $103,500.00.
- The CUSIP Number assigned to the final maturity of the Issue is 721663ZD7.

(3) **Discount Bonds Subject to Mandatory Early Redemption**. No bond of the Issue is subject to mandatory early redemption.

(4) **Premium Bonds Subject to Optional Redemption**. The bonds of the Issue maturing in the years 2026, 2027 and 2028 are the only bonds of the Issue that are subject to optional redemption before maturity and have an Initial Offering Price that exceeds their stated redemption price at maturity by more than one fourth of 1% multiplied by the product of their stated redemption price at maturity and the number of complete years to their first optional redemption date. Accordingly, in computing the Yield on the Issue stated in paragraph (2), such bonds were treated as retired on their optional redemption date or at maturity to result in the lowest Yield on the Issue. No bond of the Issue is subject to optional redemption within five years of the Issuance Date of the Issue.

(5) **No Stepped Coupon Bonds**. No bond of the Issue bears interest at an increasing interest rate.

All capitalized terms not defined in this Certificate have the meaning set forth in the Issuer's Tax Compliance Certificate or in Attachment A to it.

The Issuer may rely on the foregoing representations in making its certification as to issue price of the Issue under the Code, and bond counsel may rely on the foregoing representations in rendering certain of its legal opinions in connection with the execution and delivery of the Issue, including its opinion on the exclusion from federal gross income of the interest evidenced by the Issue; provided, however, that nothing herein represents an interpretation of any laws, and, in particular, regulations under Section 148 of the Code.

The Underwriter has performed these computations with the express understanding and agreement of the Issuer that, notwithstanding the performance of these computations and the delivery of this Certificate, in doing so, the Underwriter is (i) not acting as a municipal advisor (as defined in Section 15B of the Securities Exchange Act), (ii) does not have a fiduciary duty to the Issuer, and (iii) is not to be construed as a "paid preparer" of any tax returns of the Issuer, including specifically (but not limited to) Form 8038-G.

Dated: April 14, 2015

RBC CAPITAL MARKETS, LLC

By: _____
Name: Kurt Freund
Title: Managing Director

[Signature page of Underwriter's Certificate]

Attachment C-1

to

Tax Compliance Certificate of Issuer

Compliance Policy

Pima County Department of Finance and Risk Management Internal Operating Procedures	Effective Date: 11-30-11 Review Date: Revision Date: Page: 1 of 12
Responsible Division: Financial Management and Audit	Responsible Section: Cash Management
SUBJECT: Post Issuance Compliance for Debt Issues	

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Statement: The policies and procedures provided herein shall be complied with in order to ensure compliance with the requirements of the Internal Revenue Code (the "Code") that are applicable to the issuance of Tax-Exempt Bonds or other Obligations (hereinafter called "Bonds"). Undefined terms used herein have the meanings assigned to them in the Code and the related Treasury Regulations. These policies and procedures, coupled with requirements contained in the Arbitrage Certificate (the "Tax Certificate") executed at the time of issuance of the Bonds, are intended to constitute written procedures for compliance with the federal tax requirements applicable to the Bonds and for timely identification of violations of such requirements.

I. GENERAL MATTERS.

A. Responsible Officer. The Director of the Finance Department will have overall responsibility for ensuring that the ongoing requirements described herein are met with respect to the Bonds (the "Responsible Officer").

B. Identify Additional Responsible Employees. The Responsible Officer shall identify any additional employees who will be responsible for each of the procedures described herein, notify the current holder of that office of the responsibilities, and provide that person a copy of the procedures. (For each procedure, this may be the Responsible Officer or another person who is assigned the particular responsibility.)

1. Upon employee or officer transitions, new personnel should be advised of responsibilities under the procedures and ensure they understand the importance of the procedures.

2. If employee or officer positions are restructured or eliminated, responsibilities should be reassigned as necessary to ensure that all procedures have been appropriately assigned.

C. Periodic Review. The Responsible Officer should periodically review compliance with these procedures and with the terms of the Tax Certificate to determine whether any violations have occurred so that such violations can be remedied through the "remedial action" regulations (Treasury Regulation §1.141-12) or the Voluntary Closing Agreement Program described in Internal Revenue Service ("IRS") Notice 2008-31 (or successor guidance).

D. Change in Bond Terms. If any changes to the terms of the Bonds are contemplated, bond counsel will be consulted.

II. **ISSUE PRICE AND PREMIUM LIMIT.** The following procedures shall be followed:

A. Involving Bond Counsel Pre-pricing. Consult with bond counsel to ensure that:

1. Premium on each maturity of the Bonds (stated as a percentage of principal amount) does not exceed one-quarter of one-percent (0.25%) multiplied by the number of complete years to the earlier of final maturity of the Bond or, generally, the earliest call date of the Bond.

2. The excess of the issue price of the Bond issue over the price at which the Bond issue is sold to the underwriter or placement agent, when combined with other issuance costs paid from proceeds of the Bond issue, does not exceed 2% of the sale proceeds of the Bond issue.

B. Working with Financial Advisor. Ensure that the market trading activity of the Bonds is reviewed after their sale date but before their issuance date that questions concerning such data are answered, and that reports concerning the sales data as necessary are produced. (Market trading information is generally available through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System (EMMA) (http://www.emma.msrb.org.)

1. Records of reports produced, including copies of the market trading information, should be maintained.

III. **IRS INFORMATION RETURN FILING.** The following procedures shall be followed:

A. 8038-G. Ensure that IRS Form 8038-G is timely filed with respect to each Bond issue, including the required debt service schedule and other required schedules and attachments and maintain it as part of the transcript for the Bond issue.

IV. **USE OF PROCEEDS.** The following procedures shall be followed:

A. Consistent Accounting Procedures. Clear accounting procedures for tracking investment and expenditures of proceeds, including investment proceeds.

B. Reimbursement Allocations at Closing. At or shortly after issuance of a Bond issue, allocation of proceeds of the Bond issue to reimbursement of prior expenditures, as appropriate.

C. Cost of Issuance. Ensure that no more than 2% of the sale proceeds of a Bond issue are used to pay issuance costs.

D. Capital Expenditures. Ensure that 100% of all sale proceeds and investment proceeds, other than sale proceeds used to pay issuance costs (up to the 2% limit described above) or deposited in a reasonably required reserve fund, are allocated to capital expenditures.

E. Requisitions. Ensure that requisitions are used to draw Bond proceeds and make sure the requisitions contain the information needed to show what and how Bond proceeds were spent, reviewing them carefully before submission to ensure proper use of Bond proceeds to minimize need for reallocations.

F. Final Allocation. Ensure that a final allocation of Bond proceeds (including investment proceeds) to qualifying expenditures is made if Bond proceeds are to be allocated to project expenditures on a basis other than "direct tracing" (direct tracing means treating the Bond proceeds as spent as shown in the accounting records for bond draws and project expenditures). An allocation other than on the basis of "direct tracing" is often made to reduce the private business use (see E., below) of Bond proceeds that would otherwise result from "direct tracing" of Bond proceeds to project expenditures. *This allocation must be made within 18 months after the later of the date the expenditure was made or the date the project was placed in service, but not later than five years and 60 days after the issuance date of the Bonds or 60 days after the Bond issue is retired.* Bond counsel can assist with the final allocation of Bond proceeds to project costs.

G. Record Retention. Maintain careful records of all project and other costs (e.g., issuance costs, credit enhancement and capitalized interest) and uses (e.g., deposit to reserve fund) for which Bond proceeds were spent or used. These records should be maintained separately for each issue of Bonds.

V. **MONITORING PRIVATE BUSINESS USE.** The following procedures shall be followed:

A. Review Of Contracts With Private Persons. Review all of the following contracts or arrangements with non-governmental persons or organizations or the federal government (collectively referred to as "Private Persons") with respect to the Bond-financed facilities which could result in private business use of the Bond-financed facilities:

1. Sales of Bond-financed facilities.

2. Leases of Bond-financed facilities.

3. Management or service contracts relating to Bond-financed facilities.

4. Research contracts under which a Private Person sponsors research in Bond-financed facilities.

5. Any other contracts involving "special legal entitlements" (such as naming rights or exclusive provider arrangements) granted to a Private Person with respect to Bond-financed facilities.

B. Review of New Leases, Management, Research and Other Contracts. Before amending an existing agreement with a Private Person or entering into any new lease, management, service, or research agreement with a Private Person, review such amendment or agreement to determine whether it results in private business use.

C. Establish Procedures to Ensure Proper Use. Establish procedures to ensure Bond financed facilities are identified and are not used for private use without written approval of the Responsible Officer.

D. Analyze Use. Analyze any private business use of Bond-financed facilities and, for each issue of Bonds, determining whether the 10% limit on private business use (5% in the case of "unrelated or disproportionate" private business use) is exceeded, and contacting bond counsel or other tax advisors if either of these limits is exceeded.

E. Record Retention. Retain copies of all of the above contracts or arrangements (or, if no written contract exists, detailed records of the contracts or arrangements) with Private Persons for the period indicated in VII. below.

VI. **ARBITRAGE AND REBATE.** The following procedures shall be followed:

A. Yield. Record the yield of the Bond issue, as shown on the Form 8038-G.

B. Temporary Period. Review the Tax Certificate to determine the temporary periods for the Bond issue, during which periods various categories of gross proceeds of the Bond issue may be invested without yield restriction.

C. Post-Temporary Period Investments. Ensure that proceeds of the Bond issue are not invested in investments with a yield above the yield for the Bonds following the end of the applicable temporary period identified above unless Yield reduction payments may be made.

D. Monitoring Temporary Period Compliance. Monitor expenditures of Bond proceeds, including investment proceeds, against issuance date expectations for satisfaction of three-year or five-year temporary period from yield restriction on investment of Bond proceeds and to avoid "hedge bond" status.

E. Establishing Fair Market Value of Investments. Ensure that investments acquired with Bond proceeds satisfy IRS regulatory safe harbors for establishing fair market value (e.g., through the use of bidding procedures), and maintaining records to demonstrate satisfaction of such safe harbors.

F. Debt Service, Credit Enhancement and Sinking Funds. Consult with bond counsel before engaging in credit enhancement or hedging transactions in respect of a Bond issue, and before creating separate funds that are reasonably expected to be used to pay debt service on the Bonds.

G. Document Retention. Maintain copies of all contracts and certificates relating to credit enhancement and hedging transactions.

H. Donations. Before beginning a capital campaign that may result in gifts that are restricted to Bond-financed projects (or, in the absence of such a campaign, upon the receipt of such restricted gifts), to determine whether replacement proceeds may result.

I. Bona Fide Debt Service Fund. Even after all proceeds of a given Bond issue have been spent, ensure that the debt service fund meets the requirements of a bona fide debt service fund, i.e., one used primarily to achieve a proper matching of revenues with debt service that is depleted at least once each bond year, except for a reasonable carryover amount not to exceed the greater of: (i) the earnings on the fund for the immediately preceding bond year; or (ii) one-twelfth of the debt service on the issue for the immediately preceding bond year. To the extent that a debt service fund qualifies as a bona fide debt service fund for a given bond year, the investment of amounts held in that fund is not subject to yield restriction for that year.

J. Debt Service Reserve Fund. Ensure that amounts invested in any reasonably required debt service reserve fund do not exceed the least of: (i) 10% of the stated principal amount of the Bonds (or the sale proceeds of the Bond issue if the Bond issue has original issue discount or original issue premium that exceeds 2% of the stated principal of the Bond issue plus, in the case of premium, reasonable underwriter's compensation); (ii) maximum annual debt service on the Bond issue; or (iii) 125% of average annual debt service on the Bond issue.

K. Rebate Requirement. Review the arbitrage rebate covenants noted in the Tax Certificate. Subject to the exceptions described below, investment earnings on Bond proceeds at a yield in excess of the bond yield (i.e., positive arbitrage) generally must be rebated to the U.S. Treasury, even if a temporary period exception from yield restriction allowed the earning of positive arbitrage.

1. Ensuring that rebate calculations will be timely performed and payment of rebate amounts, if any, will be timely made; such payments are generally due 60 days after the fifth anniversary of the issuance date of the Bond issue, then in succeeding installments every five years; the final rebate payment for a Bond issue is due 60 days after retirement of the last Bond of the issue; hiring a rebate consultant if necessary.

2. Reviewing the rebate section of the Tax Certificate to determine whether the "small issuer" rebate exception applies to the Bond issue.

3. If the 6-month, 18-month, or 24-month spending exceptions from the rebate requirement may apply to the Bonds, ensuring that the spending of proceeds is monitored prior to semi-annual spending dates for the applicable exception.

4. Timely making rebate and yield reduction payments and filing Form 8038-T.

5. Even after all other proceeds of a given Bond issue have been spent, ensuring compliance with rebate requirements for any debt service reserve fund and any debt service fund that is not exempt from the rebate requirement.

L. Record Retention. Maintain records of investments and expenditures of Proceeds, rebate exception analyses, rebate calculations, Forms 8038-T, and rebate and Yield reduction payments, and any other records relevant to compliance with the arbitrage restrictions.

VII. RECORD RETENTION. Procedures will be set forth for maintaining all records and documents described in these procedures while any of the bonds of the issue are outstanding and during the three-year period following the final maturity or redemption of the bond issue or, if later, while any bonds that refund (or re-refund) bonds of that original issue are outstanding and for the three year period following the final maturity or redemption date of the latest refunding bond issue.

The County will spend the Gross Proceeds of the Issue and use the facilities financed with those Gross Proceeds ("Bond-Financed Facilities") in a manner that complies with the restrictions and requirements imposed by the Code and Regulations on Tax-Exempt Bonds. The County will comply with the remedial action requirements, if necessary, set forth in Regulations §1.141-12. These Instructions provide guidance for that compliance.

VIII. USE OF PROCEEDS CHECKLIST AND REMEDIAL ACTION

A. Use of Proceeds

1. Ensure there exists a clearly established accounting procedure for tracking investment and expenditures of Proceeds, including Investment Proceeds.

2. At or shortly after issuance of the Issue, allocate Proceeds to reimbursement of prior expenditures, as appropriate.

3. Ensure that a final allocation of Proceeds (including Investment Proceeds) to qualifying expenditures is made if Proceeds are to be allocated to Project expenditures on a basis other than "direct tracing" (direct tracing means treating the Proceeds as spent as shown in the accounting records for Proceeds draws and Project expenditures). An allocation other than on the basis of "direct tracing" is often made to reduce the Private Business Use (see Section 2, below) of Proceeds that would otherwise result from "direct tracing" of Proceeds to Project expenditures. This allocation must be made within 18 months after the later of the date the expenditure was made or the date the Project was placed in service, but not later than five years and 60 days after the Issuance Date of the Issue or 60 days after the Issue is retired. Bond counsel can assist with the final allocation of Proceeds to Project costs.

4. Maintain careful records of all Bond-Financed Facilities and other costs (e.g., Issuance Costs, credit enhancement and capitalized interest) and uses (e.g., deposit to reserve fund) for which Proceeds were spent or used. These records should be maintained separately for each issue of Tax-Exempt Bonds.

5. On at least an annual basis, identify all current and contemplated uses of Bond-Financed Facilities and ensure that the use of the Bond-Financed Facilities complies with the covenants and restrictions set forth in the Certificate.

B. Monitoring Private Business Use

1. Before entering into any new management, service, or research agreements described in 3. below, review the agreements to determine whether they result in Private Business Use.
2. Analyze any Private Business Use of Bond-Financed Facilities to determine whether the 5% or 10% limitation, as applicable, on Private Business Use of Proceeds is exceeded. Contact Bond Counsel if this limit is exceeded.
3. Maintain copies of all of the following contracts or arrangements (or, if no written contract exists, maintain detailed records of the following contracts or arrangements) with a Private Person:

   a. Sales of Bond-Financed Facilities.
   b. Leases of Bond-Financed Facilities.
   c. Management or service contracts relating to Bond-Financed Facilities
   d. Research contracts under which a Private Person sponsors research in Bond-Financed Facilities.
   e. Any other contracts involving "special legal entitlements" (such as naming rights or exclusive provider arrangements) granted to a Private Person with respect to Bond-Financed Facilities.

Each of the foregoing contracts or arrangements may result in Private Business Use of the Bond-Financed Facilities. Consult with Bond Counsel to undertake any necessary remedial actions, discussed below, in respect of "nonqualified bonds" of the Issue.

C. Remedial Action

1. Deliberate Action. A "deliberate action" ("Deliberate Action") is any action taken after the Issuance Date by the Issuer that is within the Issuer's control and that causes: more than 5% or 10%, as applicable, of the Proceeds to be used for a Private Business Use (the "Private Business Use Limit"), and more than 5% or 10%, as applicable, of either the principal of or interest on the Issue to be secured by or derived, directly or indirectly, from Private Security or Payments (collectively with the Private Business Use Limit, the "Private Business Limits").

An action by the Issuer is not a Deliberate Action if the action was (i) the result of an involuntary conversion of all or a portion of the Project, or (ii) an action that was taken in response to a regulatory directive made by the federal government (see Regulations §1.141-2(d)(3)(ii)).

2. Timely Reallocation. If a Deliberate Action occurs, the Issuer may reallocate the Proceeds that had been allocated to the Project or portion thereof as to which the Deliberate Action occurred to other permitted uses not later than 18 months after the later of (i) the date of the expenditure to which the

Proceeds were originally allocated or (ii) the placed in service date of the Project or portion thereof to which such Proceeds were originally allocated, but not later than 60 days after the fifth anniversary of the Issuance Date or the retirement of the Issue, if earlier (see Regulations §§1.141-6(a) and 1.148-6(d)(1)(iii)).

3. Remedial Action.

a) Effect. A "remedial action" cures the use of Proceeds that caused the Private Business Use limit to be exceeded. A remedial action will not impact the amount of Private Security or Payments.

b) Ability to Use. In order to achieve either or both of the effects set forth in 3.a, five conditions must be satisfied (see 3.c) and one of three alternative remedial actions must be taken (see D.).

c) Conditions. The Issuer may use a "remedial action" only if the following five conditions are satisfied:

1) On the Issuance Date, the Issuer did not reasonably expect the Private Business Limits to be exceeded at any time while any portion of the Issue was outstanding.
2) On the Issuance Date, the weighted average maturity of the Issue did not exceed 120% of the weighted average of the reasonably expected economic lives of the assets comprising the Project.
3) Unless the Project is being used for an alternative use (as described in 4 below), the new user of all or any portion of the Project must have paid fair market value therefor.
4) The Issuer must treat any "disposition proceeds," which are all proceeds received from the sale, transfer or other disposition of all or a portion of the Project, as Gross Proceeds for arbitrage (Section 148) purposes.
5) Prior to the Deliberate Action, the Proceeds were used for a governmental purpose unless the remedial action to be taken is described in D.1.

D. Types of Remedial Action.

1. *Redemption of Non-Qualified Bonds.* The "non-qualified bonds" are the portion of the Issue allocable to the Deliberate Action that causes the Issue to exceed the Private Business Limits. In general, within 90 days after the Deliberate Action, either the non-qualified

bonds must be redeemed or an escrow that defeases the non-qualified bonds to their earliest redemption date must be established. A defeasance escrow may not be used, however, if the period between the Issuance Date and the earliest redemption date of the non-qualified bonds is more than 10.5 years; in such case, a closing agreement with the Internal Revenue Service ("IRS") may be necessary. If a defeasance escrow is established, the Issuer must notify the IRS within 90 days of its establishment. Notwithstanding the general requirement stated above that all non-qualified bonds must be redeemed or defeased, if the disposition proceeds consist exclusively of cash, it is sufficient that the disposition proceeds be used to redeem or defease a pro rata portion of the non-qualified bonds.

2. *Alternative Use of Disposition Proceeds.* The Issue satisfies the requirements of this remedial action if:

   a) all disposition proceeds consist exclusively of cash;

   b) the Issuer reasonably expects to spend the disposition proceeds within two years after the date of the Deliberate Action;

   c) the disposition proceeds are treated as Proceeds for purposes of the Private Business Limits, the use of the disposition proceeds does not cause the Issue to exceed these Limits, and the Issuer does not take a subsequent Deliberate Action that causes either of these Limits to be exceeded;

   d) any unspent disposition proceeds must be used to redeem all or a portion of the Issue; and

   e) if the disposition proceeds are to be used by a 501(c)(3) Organization, from the date of the Deliberate Action, the non-qualified bonds must constitute Qualified 501(c)(3) Bonds and be treated as reissued for that purpose.

3. *Alternative Use of Project.* The Issuer satisfies the requirements of this remedial action if:

   a) the portion of the Project that is transferred or disposed of could have been financed by another type of Tax-Exempt Bond;

   b) the Deliberate Action taken by the Issuer did not involve a purchase financed by another issue of Tax-Exempt Bonds; and

   c) any disposition proceeds resulting from the Deliberate Action (other than those related to the provision of services) are used to pay Debt Service on the Issue on the next available

payment date or, within 90 days of receipt, are deposited into a Yield-restricted escrow to be used to pay Debt Service on the next available payment date.

Under these circumstances, the non-qualified bonds are treated as re-issued as of the date of the Deliberate Action, and must remain qualifying Tax-Exempt Bonds throughout their term.

E. Examples of Deliberate Action.

1. Lease to a Private Person. A Deliberate Action generally occurs if the Issuer (i) leases space within the Project to a Private Person and that use, when added to any other Private Business Use, exceeds 5% or 10%, as applicable, of the Bond-Financed Facilities so that more than 5% or 10%, as applicable, of the Proceeds of the Issue are considered used for a Private Business Use and (ii) receives rent under that lease that, when added to any other Private Security or Payments, exceeds 5% or 10%, as applicable, of the Proceeds.

2. Service Contract. A Deliberate Action generally occurs if (i) (1) the Issuer enters into a "service contract" (defined below) with a Private Person, (2) that Service Contract will be performed (or will be deemed to be performed) within the Project, (3) that Service Contract does not satisfy the requirements set forth in Revenue Procedure 97-13 (or its successor), and (4) that use, when added to any other Private Business Use of the Project, exceeds 5% or 10%, as applicable, of the Proceeds, and (ii) payments received or deemed received with respect to the Project in which the Service Contract is performed, when added to any other Private Security or Payments, exceed 5% or 10%, as applicable, of the Proceeds. A service contract is an arrangement under which services are to be provided by a Private Person involving the use of all or any portion of, or any function of, the Bond-Financed Facilities (for example, management services for an entire facility or a specific department of a facility).

3. Sale of Project. A Deliberate Action generally occurs if the Issuer sells all or more than 5% or 10%, as applicable, of the Bond-Financed Facilities to a Private Person, which results in Private Business Use, and receives commensurate disposition proceeds for that sale.

$15,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2014

Attachment C-2
to Tax Compliance Certificate

INSTRUCTIONS FOR COMPLIANCE WITH REBATE REQUIREMENTS OF SECTION 148(f) OF THE CODE

The Issuer[1] covenanted in the operative documents (*i.e.*, Ordinance/Resolution/ Trust Indenture/Tax Compliance Certificate) to comply with the arbitrage rebate requirement of Section 148(f) of the Code. These Instructions provide guidance for that compliance, including the spending exceptions that free the Issue from all or part of the rebate requirements. Capitalized terms that are not defined in these Rebate Instructions are defined in Attachment A to the Tax Compliance Certificate.

PART I: GENERAL

SECTION 1.01. REBATE GENERALLY.

The Rebate Amount with respect to the Issue must be paid (rebated) to the United States to prevent the bonds of the Issue from being arbitrage bonds, the interest on which is subject to federal income tax. In general, the Rebate Amount is the amount by which the actual earnings on Nonpurpose Investments purchased (or deemed to have been purchased) with Gross Proceeds of the Issue exceed the amount of earnings that would have been received if those Nonpurpose Investments had a Yield equal to the Yield on the Issue.[2] Stated differently, the Rebate Amount for the Issue as of any date is the excess of the Future Value, as of that date, of all Receipts on Nonpurpose Investments over the Future Value, as of that date, of all Payments on Nonpurpose Investments, computed using the Yield on the Issue as the Future Value rate.[3]

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1 For purposes of these Instructions, the term "Issuer" includes the borrower in a conduit financing issue.

2 Amounts earned on the Bona Fide Debt Service Fund for the Issue are not taken into account in determining the Rebate Amount: (1) for any Bond Year in which the gross earnings on such Fund for such Year are less than $100,000; (2) if the average annual Debt Service on the Issue does not exceed $2,500,000; or (3) if none of the obligations of the Issue are Private Activity Bonds, the rates of interest on the Issue do not vary and the average maturity of the Issue is at least five years.

3 The scope of these Instructions does not permit a detailed description of the computation of the Rebate Amount with respect to the Issue. If you need assistance in computing the Rebate Amount on the Issue or

If the Issue is a Fixed Yield Issue, the Yield on the Issue generally is the Yield to maturity, taking into account mandatory redemptions prior to maturity. If the Issue is a Variable Yield Issue, the Yield on the Issue is computed separately for each Yield Period selected by the Issuer.

PART II: EXCEPTIONS TO REBATE

SECTION 2.01. SPENDING EXCEPTIONS.

The rebate requirements with respect to the Issue are deemed to have been satisfied if any one of three spending exceptions (the 6-Month, the 18-Month, or the 2-Year Spending Exception, collectively, the "Spending Exceptions") is satisfied. The Spending Exceptions are each independent exceptions. The Issue need not meet the requirements of any other exception in order to use any one of the three exceptions. For example, a Construction Issue may qualify for the 6-Month Spending Exception or the 18-Month Spending Exception even though the Issuer makes one or more elections under the 2-Year Exception with respect to the Issue.

The following rules apply for purposes of all of the Spending Exceptions except as otherwise noted.

Refunding Issues. The only spending exception available for a Refunding Issue[4] is the 6-Month Spending Exception.

Special Transferred Proceeds Rules. In applying the Spending Exceptions to a Refunding Issue, unspent Proceeds of the Prior Issue that become Transferred Proceeds of the Refunding Issue are ignored. If the Prior Issue satisfies one of the rebate Spending Exceptions, the Proceeds of the Prior Issue that are excepted from rebate under that exception are not subject to rebate either as Proceeds of the Prior Issue or as Transferred Proceeds of the Refunding Issue.

However, if the Prior Issue does not satisfy any of the Spending Exceptions and is not otherwise exempt from rebate, the Transferred Proceeds from the Prior Issue will be subject to rebate, even if the Refunding Issue satisfies the 6-Month Spending Exception. The Rebate Amount will be calculated on the Transferred Proceeds on the basis of the Yield of the Prior Issue up to each transfer date and on the basis of the Yield of the Refunding Issue after each transfer date.

Application of Spending Exceptions to a Multipurpose Issue. If the Issue is a Multipurpose Issue, the Refunding Portion and the New Money Portion are treated for purposes of the rebate Spending Exceptions as separate issues. Thus, the Refunding Portion is eligible to use only the 6-Month Spending Exception. The New Money Portion is eligible to use any of the three Spending Exceptions.

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want Squire Sanders (US) LLP to do the computations, please feel free to contact the Squire Sanders (US) LLP attorney with whom you normally consult to discuss engaging the Firm to provide such assistance.

[4] For purposes of these Instructions, references to "Refunding Issue" include the Refunding Portion of a Multipurpose Issue.

Expenditures for Governmental Purposes of the Issue. Each of the spending exceptions requires that expenditures of Gross Proceeds be for the governmental purposes of the Issue. These purposes include payment of interest (but not principal) on the Issue.

SECTION 2.02. 6-MONTH SPENDING EXCEPTION.

The Issue will be treated as satisfying the rebate requirements if all of the Gross Proceeds of the Issue are allocated to expenditures for the governmental purposes of the Issue within the 6-month period beginning on the Issuance Date and the Rebate Amount, if any, with respect to earnings on amounts deposited in a reasonably required reserve or replacement fund or a Bona Fide Debt Service Fund if and to the extent that such Fund is subject to rebate (see footnote 3) is timely paid to the United States. If no bond of the Issue is a Private Activity Bond (other than a Qualified 501(c)(3) Bond) or a tax or revenue anticipation bond, the 6-month period is extended for an additional six months if the unexpended Gross Proceeds of the Issue at the end of the 6-month period do not exceed 5% of the Proceeds of the Issue.

For purposes of the 6-Month Spending Exception, Gross Proceeds required to be spent within six months do not include amounts in a reasonably required reserve or replacement fund for the Issue or in a Bona Fide Debt Service Fund for the Issue.

SECTION 2.03. 18-MONTH SPENDING EXCEPTION.

The Issue (or the New Money Portion if the Issue is a Multipurpose Issue) is treated as satisfying the rebate requirement if the conditions set forth in (A), (B) and (C) are satisfied.

(A) All of the Gross Proceeds of the Issue (excluding amounts in a reasonably required reserve or replacement fund for the Issue or in a Bona Fide Debt Service Fund for the Issue) are allocated to expenditures for the governmental purposes of the Issue in accordance with the following schedule, measured from the Issuance Date:

(1) at least 15% within six months;

(2) at least 60% within 12 months; and

(3) 100% within 18 months, subject to the Reasonable Retainage exception described below.

(B) The Rebate Amount, if any, with respect to earnings on amounts deposited in a reasonably required reserve or replacement fund or in a Bona Fide Debt Service Fund for the Issue, to the extent such Fund is subject to rebate (see footnote 3), is timely paid to the United States.

(C) The Gross Proceeds of the Issue qualify for the initial 3-year Temporary Period.

If the only unspent Gross Proceeds at the end of the 18th month are Reasonable Retainage, the requirement that 100% of the Gross Proceeds be spent by the end of the 18th

month is treated as met if the Reasonable Retainage, and all earnings thereon, are spent for the governmental purposes of the Issue within 30 months of the Issuance Date.

For purposes of determining whether the spend-down requirements have been met as of the end of each of the first two spending periods, the amount of Investment Proceeds that the Issuer reasonably expects as of the Issuance Date to earn on the Sale Proceeds and Investment Proceeds of the Issue during the 18-month period are included in Gross Proceeds of the Issue. The final spend-down requirement includes actual Investment Proceeds for the entire 18 months.

The 18-Month Spending Exception does not apply to the Issue (or the New Money Portion, as applicable) if any portion of the Issue (or New Money Portion) is treated as meeting the rebate requirement under the 2-Year Spending Exception discussed below. This rule prohibits use of the 18-Month Spending Exception for the Nonconstruction Portion of a Bifurcated Issue. The only Spending Exception available for the Nonconstruction Portion of a Bifurcated Issue is the 6-Month Spending Exception.

SECTION 2.04. 2-YEAR SPENDING EXCEPTION FOR CERTAIN CONSTRUCTION ISSUES.

(A) In general. A Construction Issue no bond of which is a Private Activity Bond (other than a Qualified 501(c)(3) Bond or a Bond that finances property to be owned by a Governmental Unit or a 501(c)(3) Organization) is treated as satisfying the rebate requirement if the Available Construction Proceeds of the Issue are allocated to expenditures for the governmental purposes of the Issue in accordance with the following schedule, measured from the Issuance Date:

(1) at least 10% within six months;

(2) at least 45% within one year;

(3) at least 75% within 18 months; and

(4) 100% within two years, subject to the Reasonable Retainage exception described below.

Amounts in a Bona Fide Debt Service Fund or a reasonably required reserve or replacement fund for the Issue are not treated as Gross Proceeds for purposes of the expenditure requirements. However, unless the Issuer has elected otherwise in the Tax Compliance Certificate, earnings on amounts in a reasonably required reserve or replacement fund for the Issue are treated as Available Construction Funds during the 2-year period and therefore must be allocated to expenditures for the governmental purposes of the Issue.

If the Issuer elected in the Tax Compliance Certificate to exclude from Available Construction Proceeds the Investment Proceeds or earnings on a reasonably required reserve or replacement fund for the Issue during the 2-year spend-down period, the Rebate Amount, if any, with respect to such Investment Proceeds or earnings from the Issuance Date must be timely paid to the United States. If the election is not made, the Rebate Amount, if any, with respect to such

Investment Proceeds or earnings after the earlier of the date construction is substantially completed or two years after the Issuance Date must be timely paid to the United States. The Rebate Amount, if any, with respect to earnings on amounts in a Bona Fide Debt Service Fund must be timely paid to the extent such Fund is subject to the rebate requirements (see footnote 3).

The Issue does not fail to satisfy the spending requirement for the fourth spend-down period (*i.e.*, 100% within two years of the Issuance Date) if the only unspent Available Construction Proceeds are amounts for Reasonable Retainage if such amounts (together with all earnings on such amounts) are allocated to expenditures within three years of the Issuance Date.

For purposes of determining whether the spend down requirements have been met as of the end of each of the first three spend-down periods, Available Construction Proceeds include the amount of Investment Proceeds or earnings that the Issuer reasonably expected as of the Issuance Date to earn during the 2-year period unless the Issuer elects, on or before the Issuance Date, to apply these spend-down requirements on the basis of actual facts rather than reasonable expectations. For purposes of satisfying the final spend-down requirement, Available Construction Proceeds include actual Investment Proceeds or earnings from the Issuance Date through the end of the 2-year period.

Available Construction Proceeds do not include Gross Proceeds used to pay Issuance Costs financed by the Issue, but do include earnings on such Proceeds. Thus, an expenditure of Gross Proceeds to pay Issuance Costs does not count toward meeting the spend-down requirements, but expenditures of earnings on such Gross Proceeds to pay Issuance Costs do count.

(B) 1½% penalty in lieu of rebate for Construction Issues. If the Issuer elected in the Tax Compliance Certificate for a Construction Issue, or for the Construction Portion of a Bifurcated Issue, to pay a 1½% penalty in lieu of the Rebate Amount on Available Construction Proceeds in the event that the Construction Issue fails to satisfy any of the spend-down requirements, the 1½% penalty is calculated separately for each spend-down period, including each semiannual period after the end of the fourth spend-down period until all Available Construction Proceeds have been spent. The penalty is equal to 0.015 times the underexpended Proceeds as of the end of the applicable spend-down period. The fact that no arbitrage is in fact earned during such spend-down period is not relevant. The Rebate Amount with respect to Gross Proceeds other than Available Construction Proceeds (*e.g.*, amounts in a reasonably required reserve or replacement fund or in a Bona Fide Debt Service Fund, to the extent subject to rebate (see footnote 3)) must be timely paid.

PART III: COMPUTATION AND PAYMENT

SECTION 3.01. COMPUTATION AND PAYMENT OF REBATE AMOUNT.

If none of the Spending Exceptions described above is satisfied (and if the 1½% penalty election for a Construction Issue or the Construction Portion of a Bifurcated Issue has not been made), then within 45 days after each Computation Date the Issuer shall compute, or cause to be computed, the Rebate Amount as of such Computation Date. The first Computation Date is a date selected by the Issuer, but shall be not later than five years after the Issuance Date.

Each subsequent Computation Date shall end five years after the previous Computation Date except that, in a Variable Yield Issue, the Issuer may select annual Yield Periods. The final Computation Date shall be the date the last obligation of the Issue matures or is finally discharged.

Within 60 days after each Computation Date (except the final Computation Date), the Issuer shall pay to the United States not less than 90% of the Rebate Amount, if any, computed as of such Computation Date. Within 60 days after the final Computation Date, the Issuer shall pay to the United States 100% of the Rebate Amount, if any, computed as of the final Computation Date. In computing the Rebate Amount, a computation credit may be taken into account on the last day of each Bond Year to the Computation Date during which there are unspent Gross Proceeds that are subject to the rebate requirement, and on the final maturity date.

If the operative documents pertaining to the Issue establish a Rebate Fund and require the computation of the Rebate Amount at the end of each Bond Year, the Issuer shall calculate, or cause to be calculated, within 45 days after the end of each Bond Year the Rebate Amount, taking into account the computation credit for each Bond Year. Within 50 days after the end of each Bond Year, if the Rebate Amount is positive, the Issuer shall deposit in the Rebate Fund such amount as will cause the amount on deposit therein to equal the Rebate Amount, and may withdraw any amount on deposit in the Rebate Fund in excess of the Rebate Amount. Payments of the Rebate Amount to the Internal Revenue Service on a Computation Date shall be made first from amounts on deposit in the Rebate Fund and second from other amounts specified in the operative documents.

Each payment of the Rebate Amount or portion thereof shall be payable to the Internal Revenue Service and shall be made to the Internal Revenue Service Center, Ogden, UT 84201 by certified mail. Each payment shall be accompanied by Internal Revenue Service Form 8038-T and any other form or forms required to be submitted with such remittance.

SECTION 3.02. BOOKS AND RECORDS.

(A) The Issuer or Trustee, as applicable, shall keep proper books of record and accounts containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the Gross Proceeds of the Issue. Such records shall specify the account or fund to which each Nonpurpose Investment (or portion thereof) held by the Issuer or Trustee is to be allocated and shall set forth as to each Nonpurpose Investment (1) its purchase price, (2) identifying information, including par amount, interest rate, and payment dates, (3) the amount received at maturity or its sales price, as the case may be, including accrued interest, (4) the amounts and dates of any payments made with respect thereto, and (5) the dates of acquisition and disposition or maturity.

(B) The Issuer, Trustee, or Rebate Analyst, as applicable, shall retain the records of all calculations and payments of the Rebate Amount until three years after the retirement of the last obligation that is a part of the Issue.

SECTION 3.03. FAIR MARKET VALUE.

(A) No Nonpurpose Investment shall be acquired for an amount in excess of its fair market value. No Nonpurpose Investment shall be sold or otherwise disposed of for an amount less than its fair market value.

(B) The fair market value of any Nonpurpose Investment shall be the price at which a willing buyer would purchase the Nonpurpose Investment from a willing seller in an arm's-length transaction. Fair market value generally is determined on the date on which a contract to purchase or sell the Nonpurpose Investment becomes binding (*i.e.*, the trade date rather than the settlement date). Except as otherwise provided in this Section, a Nonpurpose Investment that is not of a type traded on an established securities market (within the meaning of Section 1273 of the Code) is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

(C) Obligations purchased directly from the Treasury. The fair market value of a United States Treasury obligation that is purchased directly from the United States Treasury is its purchase price.

(D) Safe harbor for Guaranteed Investment Contracts. The purchase price of a Guaranteed Investment Contract shall be treated as its fair market value on the purchase date if all the following conditions are met.

(1) The Issuer or broker makes a bona fide solicitation for a specified Guaranteed Investment Contract and receives at least three bona fide bids from reasonably competitive providers (of Guaranteed Investment Contracts) that have no material financial interest in the Issue.

(2) The Issuer purchases the highest-yielding Guaranteed Investment Contract for which a qualifying bid is made (determined net of broker's fees).

(3) The Yield on the Guaranteed Investment Contract (determined net of broker's fees) is not less than the Yield then available from the provider on reasonably comparable Guaranteed Investment Contracts, if any, offered to other persons from a source of funds other than Gross Proceeds of Tax-Exempt Obligations.

(4) The determination of the terms of the Guaranteed Investment Contract takes into account as a significant factor the Issuer's reasonably expected drawdown schedule for the amounts to be invested, exclusive of amounts deposited in a Bona Fide Debt Service Fund and a reasonably required reserve or replacement fund.

(5) The terms of the Guaranteed Investment Contract, including collateral security requirements, are reasonable.

(6) The obligor on the Guaranteed Investment Contract certifies the administrative costs that it is paying (or expects to pay) to third parties in connection with the Guaranteed Investment Contract.

(E) Safe harbor for certificates of deposit. The purchase price of a certificate of deposit shall be treated as its fair market value on the purchase date if all of the following requirements are met.

(1) The certificate of deposit has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal.

(2) The Yield on the certificate of deposit is not less than (a) the Yield on reasonably comparable direct obligations of the United States, or (b) the highest Yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

Certificates evidencing the foregoing requirements should be obtained before purchasing any Guaranteed Investment Contract or certificate of deposit.

SECTION 3.04. CONSTRUCTIVE SALE/PURCHASE.

(A) Nonpurpose Investments that are held by the Issuer or Trustee as of any Computation Date (or Bond Year if the computations are required to be done annually) shall be treated for purposes of computing the Rebate Amount as of such date as having been sold for their fair market value as of such date. Investment Property that becomes allocated to Gross Proceeds of the Issue on a date after such Investment Property has actually been purchased shall be treated for purposes of the rebate requirements as having been purchased by the Issuer on such date of allocation at its fair market value on such date.

(B) For purposes of constructive or deemed sales or purchases of Investment Property (other than Investment Property in the Escrow Fund or that is otherwise not invested for a Temporary Period or is not part of a reasonably required reserve or replacement fund for the Issue) must be valued at its fair market value on the date of constructive or deemed sale or purchase.

(C) Except as set forth in (B), fixed-rate Investment Property that is (1) issued with not more than 2% of original issue discount or original issue premium, (2) issued with original issue premium that is attributable exclusively to reasonable underwriters' compensation or (3) acquired with not more than 2% of market discount or market premium may be treated as having a fair market value equal to its outstanding stated principal amount plus accrued interest. Fixed-rate Investment Property also may be treated as having a fair market value equal to its present value.

SECTION 3.05. ADMINISTRATIVE COSTS.

(A) Administrative costs shall not be taken into account in determining the payments for or receipts from a Nonpurpose Investment unless such administrative costs are

Qualified Administrative Costs. Thus, administrative costs or expenses paid, directly or indirectly, to purchase, carry, sell, or retire Nonpurpose Investments generally do not increase the Payments for, or reduce the Receipts from, Nonpurpose Investments.

(B) Qualified Administrative Costs are taken into account in determining the Payments and Receipts on Nonpurpose Investments and thus increase the Payments for, or decrease the Receipts from, Nonpurpose Investments. In the case of a Guaranteed Investment Contract, a broker's commission or similar fee paid on behalf of either the Issuer or the provider is a Qualified Administrative Cost to the extent that (1) the amount of the fee treated as a Qualified Administrative Cost does not exceed the lesser of (a) $37,000, or such higher amount as determined and published by the Internal Revenue Service as the "cost of living adjustment" for the calendar year in which the Guaranteed Investment Contract is acquired and (b) 0.2% of the Computational Base or, if more, $4,000, or such higher amount as determined and published by the Internal Revenue Service as the "cost of living adjustment" for the calendar year in which the Guaranteed Investment Contract is acquired and (2) the aggregate amount of broker's commissions or similar fees with respect to all Guaranteed Investment Contracts and Nonpurpose Investments acquired for a yield-restricted defeasance escrow purchased with Gross Proceeds of the Issue treated as Qualified Administrative Costs does not exceed a cap of $106,000, or such higher amount as determined and published by the Internal Revenue Service as the "cost-of-living adjustment" for the calendar year in which the Guaranteed Investment Contract is acquired less the portion of such cap, if any, used in prior years with respect to the Issue.

PART IV: COMPLIANCE AND AMENDMENT

SECTION 4.01. COMPLIANCE.

The Issuer, Trustee or Rebate Analyst, as applicable, shall take all necessary steps to comply with the requirements of these Instructions in order to ensure that interest on the Issue is excluded from gross income for federal income tax purposes under Section 103(a) of the Code. However, compliance shall not be required in the event and to the extent stated therein the Issuer and the Trustee receive a Bond Counsel's Opinion that either (A) compliance with such requirement is not required to maintain the exclusion from gross income for federal income tax purposes of interest on the Issue or (B) compliance with some other requirement in lieu of such requirement will comply with Section 148(f) of the Code, in which case compliance with the other requirement specified in the Bond Counsel's Opinion shall constitute compliance with such requirement.

SECTION 4.02. LIABILITY.

If for any reason any requirement of these Instructions is not complied with, the Issuer and the Trustee, if applicable, shall take all necessary and desirable steps to correct such noncompliance within a reasonable period of time after such noncompliance is discovered or should have been discovered with the exercise of reasonable diligence. The Trustee shall have no duty or responsibility to independently verify any of the Issuer's, or the Rebate Analyst's, calculations with respect to the payments of the Rebate Amount due and owing to the United

States. Under no circumstances whatsoever shall the Trustee be liable to the Issuer, any bondholder or any other person for any inclusion of the interest on the Issue in gross income for federal income tax purposes, or any claims, demands, damages, liabilities, losses, costs or expenses resulting therefrom or in any way connected therewith, so long as the Trustee acts only in accordance with these Instructions and the operative documents pertaining to the Issue.

(End of Attachment C-2)

Attachment D
to Tax Compliance Certificate

DECLARATION OF OFFICIAL INTENT
TO REIMBURSE
ORIGINAL EXPENDITURE
FROM PROCEEDS OF FUTURE DEBT ISSUANCES
General Obligation Bonds
November 18, 2014

Pursuant to Pima County Board of Supervisors Resolution No. 1997-194, Board Representatives may authorize Declarations of Official Intent to reimburse payments made by the County for original expenditures from proceeds of bonds, certificates of participation, or other obligations issued by or for the benefit of Pima County.

The undersigned is authorized to make this declaration on behalf of the Board of Supervisors of Pima County, Arizona (the "County") and hereby declares as follows:

1. This is a Declaration of Official Intent within the meaning of Treasury Regulations Section 1.150-2.

2. The Board intends and reasonably expects that the original expenditures made by the County more fully described in paragraph 3 will be reimbursed with proceeds of the General Obligation Bonds to be issued by or for the benefit of the County in a maximum principal amount of $22,000,000.00 to be issued over a series of installments for the project described in paragraph 3.

3. The original expenditures to be reimbursed to the General Fund and referred to in paragraph 2 are for planning, design, acquisition, equipping and construction of the project listed on the attached documentation.

Dated as of this 25 day of November 2014.

PIMA COUNTY, ARIZONA

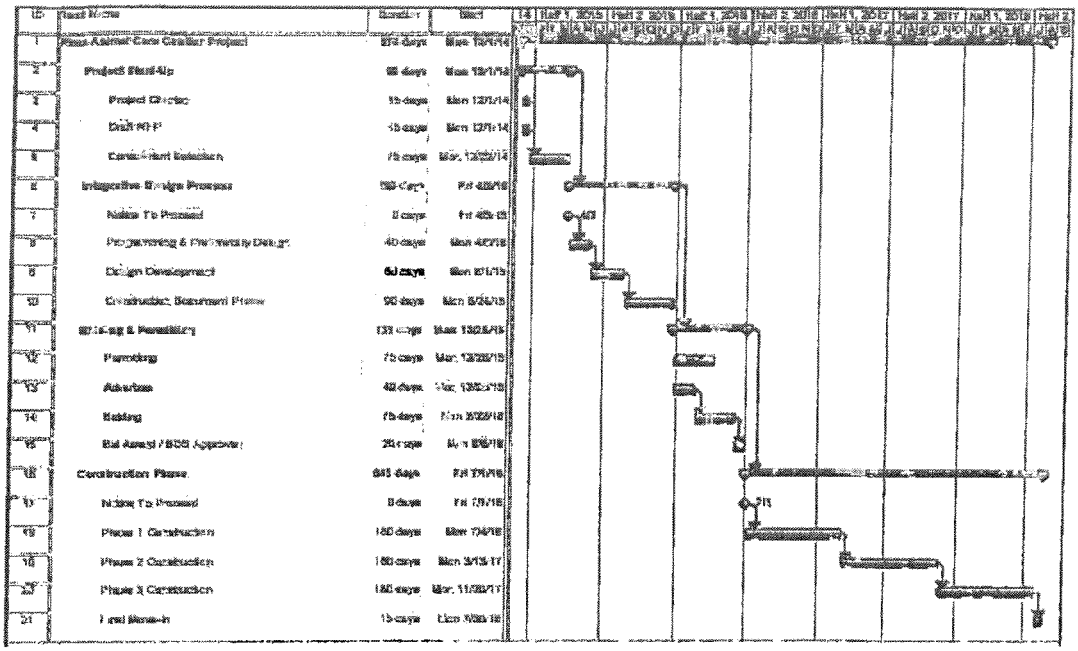
By: Tom Burke
Tom Burke
Board Representative

PROJECT CHARTER

CFM.BNPACC New Pima Animal Care Center

Gantt Chart

⇨A Gantt Chart incorporating a preliminary schedule is inserted below.



Financial Assessment

⇨See attached spreadsheet.

Financial Schedule

Fiscal year	14 / 15	15 / 16	16 / 17	17 / 18	18 / 19	
Phase	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Total**
Land Acquisition	100,000	0	0	0	0	***100,000***
Project Dev.	0	0	0	0	0	***0***
Design	150,000	1,500,000	1,539,000	0	0	***3,189,000***
Construction	0	750,000	15,000,000	1,002,000	0	***16,752,000***
Utility Relocation	0	0	0	0	0	***0***
Public Art Work	0	50,000	152,000	0	0	***202,000***
Contingency	0	0	1,000,000	757,000	0	***1,757,000***
Total	***250,000***	***2,300,000***	***17,691,000***	***1,759,000***	***0***	***22,000,000***

PROJECT CHARTER

CFM.BNPACC New Pima Animal Care Center

Funding Sources

Funding Summary

Funding Sources		amount	source
A. 2014 General Obligation Bonds	%100	$22,000,000	*CFM.BNPACC*
B.	%		*project number*
C	%		*project number*
D.	%		*project number*
TOTAL	**$**	**22,000,000**	

CIP Program/Program Phases Maintenance Request

Used to request a new CIP program or change an existing program
Complete this form with the Information from the Program Charter INCLUDING Funding Sources

Seq No.	Specification Attribute	Specification Value
1	BOND NO OR NON-BOND	Bond
2	PROGRAM ID (IF KNOWN)	CFM.BNPACC
3	PROGRAM NAME (TITLE, IF KNOWN)	New Pima Animal Care Center
4	**Major Program Code**	C018 (2005)
5	**Major Program Name**	Facilities Management Health Facilities
6	USE NOTES BELOW FOR SCOPE & BENEFIT	
7	**001** - RIGHT OF WAY **BUDGET**	$100,000
8	**002** - PLANNING **BUDGET**	$0
9	**003** - DESIGN **BUDGET**	$3,188,500
10	**004** - CONSTRUCTION **BUDGET**	$16,752,000
11	**005** - UTILITY **BUDGET**	$0
12	**006** - PUBLIC ART **BUDGET**	$202,500
13	**007** - CONTINGENCY **BUDGET**	$1,757,000
14	**051-Software** - INITIATION **BUDGET**	$0
15	**052-Software** - PLANNING **BUDGET**	$0
16	**053-Software** - EXECUTION **BUDGET**	$0
17	**054-Software** - MONITORING & CONTROLLING **BUDGET**	$0
18	**055-Software** - CLOSURE **BUDGET**	$0
19	TOTAL PROGRAM **BUDGET**	$22,000,000
20	PROJECT MANAGER	Carter Volle
21	PROJECT LOCATION (MAPPING & GIS)	4000 N. Silverbell
22	SUPERVISOR DISTRICT	1
23	JURISDICTION LOCATION (TUCSON, MARANA, ETC.)	Tucson
24	OTHER JURISDICTION TO MANAGE? YES/NO	No
25	% PIMA COUNTY OWNED	100%
26	CAPITAL ASSET OR NONCAPITAL?	Capital
27	1st Fund Source and Amount	**2015 GO Bonds**
28	2nd Fund Source and Amount	**N/A**
29	3rd Fund Source and Amount	**N/A**
30	4th Fund Source and Amount	**N/A**
31	**Planned Program Start Date**	**11/24/2014**
32	**Planned Construction Start Date**	Jul-16
33	**PlannedSubstantial Completion Date**	7/27/2018
34	Gate 1-1. Entry **DATE COMPLETED**	TBD
35	Gate 2-1. Preliminary Design **PLANNED DATE**	4/6/2015
36	Gate 3-1. Design 30 **PLANNED DATE**	6/1/2015
37	Gate 3-2. Design 100 **PLANNED DATE**	8/24/2015
38	Gate 4-1. Construction Acceptanece **PLANNED DATE**	7/1/2016
39	Gate 5-1. Beneficial Occupancy **PLANNED DATE**	11/17/2017
40	Gate 6-1. Closeout **PLANNED DATE**	8/17/2018
41	SEE NOTES FOR MORE INFO. YES/NO	

NOTE 1:
Scope & Benefit:

NOTE 2: Project Manager will be informed when project is established in database by CIP Unit so budget/projections and project schedule can be entered.

TO BE RECORDED WITH
THE PIMA COUNTY RECORDER

WHEN RECORDED, RETURN TO:

Robin Brigode
Clerk, Board of Supervisors
Pima County
130 West Congress, 5th Floor
Tucson, Arizona 85701

CERTIFICATE OF RESULT OF BOND ELECTION
HELD IN AND FOR PIMA COUNTY, ARIZONA
ON NOVEMBER 4, 2014

The Board of Supervisors (the "Board") of Pima County, Arizona (the "County"), hereby certifies that

1. Pursuant to Resolution No. 2014-28, adopted by the Board on March 18, 2014, a bond election was duly held on November 4, 2014 (the "Election") for the purpose of submitting to the qualified electors of the County the following question (the "Question") on the issuance of bonds of the County (the "Bonds"):

Question No. 415

Facilities for the Care and Safekeeping of Animals

For the purpose of acquiring, developing, improving and equipping facilities for or related to the care and safekeeping of animals in the County, including, without limitation, the construction of new animal care facilities or the improvement of existing facilities in the County, and the acquisition and construction of real and personal property or interests or rights in property for such purpose and paying all expenses properly incidental thereto and to the issuance of such bonds, shall Pima County, Arizona be authorized to issue and sell general obligation bonds of the County in an aggregate principal amount not exceeding $22,000,000? The bonds to be issued in one or more series, maturing not less than one year and not more than 30 years following the date of issuance of each series, bearing interest at a rate or rates not higher than 8 percent per annum and to be sold at prices that may include a premium not greater than that permitted by law. The issuance of these bonds will result in a property tax increase sufficient to pay the annual debt service on the bonds.

2. The Election has been conducted and the Official Return was filed with the Board within twelve days following the date of the election, and that on November 18, 2014, the Board met at the regular place of meeting and canvassed the returns of the Election as prescribed by law.

3. After complete canvass of the Election returns, the total vote on the Question was as follows: Votes For the Bonds -- _____; Votes Against the Bonds -- _____; Total Votes Cast -- _____. Accordingly, a majority of the votes cast at the Election with respect to the Question voted in favor of incurring the indebtedness and the issuance of the Bonds and such indebtedness is so ordered.

IN WITNESS WHEREOF, the Chair of the Board has hereunto placed her hand and caused the same to be attested by the Clerk of the Board [and the seal of the County to be affixed hereto on _____, 2014.

_____
Sharon Bronson
Chair, Board of Supervisors

ATTEST:

By:_____
Robin Brigode
Clerk, Board of Supervisors

[SEAL]

$15,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2015

CERTIFICATE OF BOND REGISTRAR AND PAYING AGENT

U.S. Bank National Association (the "Bank"), as bond registrar and paying agent pursuant to a Bond Registrar, Transfer Agent and Paying Agent Agreement, dated as of April 1, 2015 (the "Bond Registrar and Paying Agent Agreement"), between Pima County, Arizona (the "County") and the Bank, entered into in connection with the issuance by the County of its $15,000,000 aggregate principal amount of General Obligation Bonds, Series 2015 (the "Bonds") does hereby accept the duties and obligations imposed upon it as Bond Registrar and Paying Agent pursuant to the Bond Registrar and Paying Agent Agreement, and does hereby certify as follows:

1. The Bank is duly organized, validly existing and in good standing under the laws of the United States, having full power and authority to exercise corporate trust powers in the State of Arizona and to execute, deliver and perform its obligations under the Bond Registrar and Paying Agent Agreement.

2. The execution and delivery of the Bond Registrar and Paying Agent Agreement and the due performance by the Bank of its obligations thereunder and the taking of any and all other actions required on the part of the Bank to carry out, give effect to, and consummate the transactions contemplated thereby, have been duly authorized by all necessary corporate action on the part of the Bank, and to the best knowledge of the undersigned, under present law do not contravene any provision of any order, decree, writ or injunction known to the Bank or the Bank's Articles of Association or Bylaws, or result in a breach of or default under, or require consent under any material agreement, indenture or other instrument to which the Bank is a party or by which it is bound.

3. The Bank has taken all action necessary for the acceptance of, and has duly accepted the office of Bond Registrar and Paying Agent pursuant to the Bond Registrar and Paying Agent Agreement, and will comply with the requirements of such agreement, and in accordance therewith will not take or omit to take any action which will in any way result in the proceeds from the sale of the Bonds being applied in a manner inconsistent with such document.

4. The representations of the Bank contained in the Bond Registrar and Paying Agent Agreement are true and correct in all material respects as of the date hereof and the Bank has complied with all agreements and satisfied all conditions on its part to be performed or satisfied thereunder at or prior to the date hereof.

5. To the knowledge of the undersigned, no litigation is pending or threatened against the Bank before any judicial, quasi-judicial or administrative forum (a) restraining or enjoining the execution or delivery of the Bonds or the application of the proceeds thereof, (b)

contesting or affecting any authority for, or the validity of the Bonds, or (c) contesting or affecting the existence or corporate trust powers of the Bank or the Bank's ability to perform and fulfill its duties and obligations under the Bond Registrar and Paying Agent Agreement.

6. The Bond Registrar and Paying Agent Agreement was signed on behalf of the Bank by the person named below, and such person was, at the time of the execution of such agreement, and is now, the duly elected, qualified and acting officer or other authorized representative of the Bank, duly authorized to execute the above-named agreement, and that the signature appearing below is a true and correct specimen of such person's genuine signature:

Name	Office	Signature
Keith Henselen	Vice President	

7. Pursuant to the Bond Registrar and Paying Agent Agreement and the General Certificate of the County, dated the date hereof, the Bonds were authenticated by an authorized signatory of the Bank.

8. All blanks in each of the Bonds requiring completion by the Registrar have been accurately completed and the Certificate of Authentication appearing on each of the Bonds has been duly executed and dated the date of its authentication, which is the date hereof, by an authorized officer or representative of the Registrar.

9. Attached hereto as Exhibit A is a true, complete and correct copy of an Assistant Secretary's Certificate of the Bank which clearly demonstrates the authority of the person named in paragraph 6 above to act on behalf of the Bank and said resolution or bylaw excerpt was in effect on the date or dates said person or persons acted and remains in full force and effect on the date hereof.

[Remainder of page left blank intentionally]

Dated: April 14, 2015

U.S. BANK NATIONAL ASSOCIATION

By: _____
Its Assistan Vice President

[Signature page of Certificate of Registrar and Paying Agent]

EXHIBIT A

ASSISTANT SECRETARY'S CERTIFICATE AS TO SIGNATURE AUTHORITY

Comptroller of the Currency
Administrator of National Banks

Washington, D.C. 20219

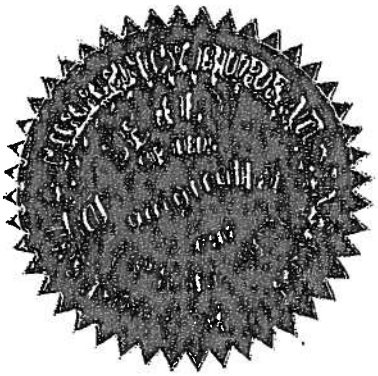
CERTIFICATE OF FIDUCIARY POWERS

I, John C. Dugan, Comptroller of the Currency, do hereby certify that:

1. The Comptroller of the Currency, pursuant to Revised Statutes 324, et seq., as amended, 12 U.S.C. 1, et seq., as amended, has possession , custody and control of all records pertaining to the chartering of all National Banking Associations.

2. "U.S. Bank National Association," Cincinnati, Ohio, (Charter No. 24) was granted, under the hand and seal of the Comptroller, the right to act in all fiduciary capacities authorized under the provisions of the Act of Congress approved September 28, 1962, 76 Stat. 668, 12 U.S.C. 92a, and that the authority so granted remains in full force and effect on the date of this Certificate.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the Treasury Department in the City of Washington and District of Columbia, this April 29, 2008



John C. Dugan

Comptroller of the Currency

U.S. BANK NATIONAL ASSOCIATION
ASSISTANT SECRETARY CERTIFICATE

I, Melissa S. Larson, an Assistant Secretary of U.S. Bank National Association, hereby certify that the following is a true and exact extract from the Bylaws of U.S. Bank National Association, a national banking association organized under the laws of the United States.

ARTICLE VI.
CONVEYANCES, CONTRACTS, ETC.

All transfers and conveyances of real estate, mortgages, and transfers, endorsements or assignments of stock, bonds, notes, debentures or other negotiable instruments, securities or personal property shall be signed by any elected or appointed officer.

All checks, drafts, certificates of deposit and all funds of the Association held in its own or in a fiduciary capacity may be paid out by an order, draft or check bearing the manual or facsimile signature of any elected or appointed officer of the Association.

All mortgage satisfactions, releases, all types of loan agreements, all routine transactional documents of the Association, and all other instruments not specifically provided for, whether to be executed in a fiduciary capacity or otherwise, may be signed on behalf of the Association by any elected or appointed officer thereof.

The Secretary or any Assistant Secretary of the Association or other proper officer may execute and certify that required action or authority has been given or has taken place by resolution of the Board under this Bylaw without the necessity of further action by the Board.

I further certify the following officers of U.S. Bank National Association have been duly appointed and qualified officers of the Association authorized to act under Article VI of the Bylaws of the Association and that such authority is in full force and effect as of the date hereof and have not been modified, amended or revoked.

Mary J. Ambriz-Reyes	Vice President	Michelle A. Knutson	Trust Officer
Keith N. Henselen	Vice President	Linda Y. Riley	Trust Officer
Robert L. Von Hess	Vice President		

IN WITNESS WHEREOF, I have set my hand this 5th day of November, 2013.

(No corporate seal)

Melissa S. Larson, Assistant Secretary

S:\affidavit\sec-certs\ Reyes-Riley

$15,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2015

CERTIFICATE OF COUNTY ASSESSOR

I, the undersigned, County Assessor of Pima County, Arizona, hereby certify that as of the date hereof, the total unadjusted assessed valuation of all taxable property within Pima County, Arizona (derived by applying the applicable percentages set forth in Arizona Revised Statues, Title 42, Chapter 15, Article 1 to the full cash value of said property) as shown on the most recent assessment roll for State and County taxes established on the third Monday in August, 2014 to be used as the basis for assessing, determining and levying secondary property taxes, is not less than (which value will not include the in-lieu value of the Salt River Project or the property of other tax-exempt entities), is **$7,579,898,868.**

DATED: April 8th, 2015.

PIMA COUNTY ASSESSOR

BILL STAPLES

$15,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2015

CERTIFICATE OF FINANCE AND RISK MANAGEMENT DIRECTOR

The undersigned Finance and Risk Management Director of Pima County, Arizona (the "County"), does hereby certify or direct, as applicable, as follows with respect to the issuance of the County's $15,000,000 aggregate principal amount of General Obligation Bonds, Series 2015 (the "Bonds"), authorized by Resolution No. 2014-124, adopted by the Board of Supervisors of the County on December 16, 2014 (the "Bond Resolution"), with respect to the application of proceeds of the Bonds pursuant to Section 5 of the Bond Resolution. All capitalized terms used herein shall have the meanings assigned to such terms in the Bond Resolution.

1. A portion of the premium received from the sale of the Bonds in the amount of $579,111.85 shall be deposited in the Interest and Redemption Fund.

2. $15,000,000.00 of the proceeds received from the sale of the Bonds shall be set aside and used for the purposes and amounts shown on Exhibit A attached hereto (which includes the payment of $36,690.00 of related issuance costs), subject to the reserved right of the County under Arizona Revised Statutes Section 35-456 to modify this determination.

[Remainder of page left blank intentionally]

Dated: April 14, 2015

PIMA COUNTY, ARIZONA

By: _____
Thomas Burke
Finance and Risk Management Director

[Signature page of Certificate of Finance and Risk Management Director]

EXHIBIT A

Election	Ballot Question and Purpose		Amount
1997	Question 2:	Public Safety, Law Enforcement and Superior Courts	
	Question 3:	Parks	$384,331
	Question 4:	Sonoran Desert Open Space and Historic Preservation	
	Question 5:	Public Health, Safety, Recreational and Cultural Facilities	
	Question 6:	Flood Control Improvements	
	Question 7:	Solid Waste Improvements	722,239
		Total 1997 Purposes:	$1,106,570
2004	Question 1:	Sonoran Desert Open Space and Habitat Protection; Prevention of Urban Encroachment of Davis Monthan Air Force Base	$1,963,228
	Question 2:	Public Health and Community Facilities	190,954
	Question 3:	Pubic Safety and Justice Facilities	3,900,000
	Question 4:	Parks and Recreational Facilities	2,978,356
	Question 5:	River Parks and Flood Control Improvements	1,800,698
		Total 2004 Purposes:	$10,833,236
2006	Question 3:	Psychiatric Urgent Care Facilities	$815,194
	Question 4:	Psychiatric Inpatient Hospital Facilities	
		Total 2006 Purposes:	$815,194
2014	Question 1:	Pima Animal Care Center	$2,245,000
		Total 2014 Purposes:	$2,245,000
		Total:	$ 15,000,000

$15,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2015

CERTIFICATE OF THE COUNTY RESPONSIVE TO THE BOND PURCHASE AGREEMENT

Responsive to the Bond Purchase Agreement, dated March 24, 2015 (the "Purchase Contract"), between Pima County, Arizona (the "County") and RBC Capital Markets, LLC (the "Underwriter"), the undersigned certifies as follows to the best of his knowledge. Capitalized terms used herein which are not otherwise defined herein shall have the meaning set forth in the Purchase Contract.

1. The representations and warranties of the County contained in the Purchase Contract are true and correct in all material respects on and as of the date hereof as if made on the date hereof;

2. No litigation or proceeding against the County is pending or, to the best of the undersigned's knowledge, threatened in any court or administrative body which would (a) contest the right of the members or officials of the County to hold and exercise their respective positions, (b) contest the due organization and valid existence of the County, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents or (d) attempt to limit, enjoin or otherwise restrict or prevent the County from functioning and levying, assessing and collecting the property taxes from which the Bonds are payable pursuant to the Bond Resolution, nor, to the best of the undersigned's knowledge, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially, adversely affect the validity or enforceability of the Bonds or the Issuer Documents or have a material, adverse effect on the financial condition of the County;

3. The Bond Resolution has been duly adopted by the County, is in full force and effect and has not been modified, amended or repealed;

4. The financial statements of the County included in the Official Statement were true, correct and complete as of June 30, 2014, and are true, correct and complete as of the date hereof, and any other financial statements and statistical data included in the Official Statement are true and correct as of the date hereof;

5. Subsequent to June 30, 2014, the County has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the financial position, results of operations or condition, financial or otherwise, of the County that are not described in the Official Statement, whether or not arising from transactions in the ordinary course of business; and

6. To the best of the undersigned's knowledge, no event affecting the County has occurred since the date of the Official Statement which should be disclosed in the Official

Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the date hereof, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date hereof does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading in any material respect.

[Remainder of page left blank intentionally]

Dated: April 14, 2015

PIMA COUNTY, ARIZONA

By: _____
Thomas Burke
Finance and Risk Management Director

[Signature page of Certificate of the County Responsive to the Bond Purchase Agreement]

$15,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2015

COUNTY TREASURER'S RECEIPT FOR BOND PROCEEDS

I, the undersigned, hereby certify that I am the duly elected and acting Treasurer of Pima County, Arizona (the "County"), and that in connection with the sale and delivery by the County of its $15,000,000 aggregate principal amount of General Obligation Bonds, Series 2015 (the "Bonds"), issued pursuant to Resolution No. 2014-124, passed, adopted and approved by the Board of Supervisors of the County on December 16, 2014 (the "Bond Resolution"), authorizing and providing for the issuance and ordering the sale of the Bonds, the undersigned has received from RBC Capital Markets, LLC (the "Underwriter"), the sum of $15,627,861.85, representing the total purchase price of the Bonds.

I do further certify that the proceeds from the sale of the Bonds received by the undersigned have been apportioned and applied in the following manner:

(a) $15,048,750.00 will be set aside in the account established by the Bond Resolution for such proceeds of the Bonds to be used for projects to be financed with such proceeds and to pay costs of issuance;

(b) $579,111.85 from the proceeds of the Bonds will be deposited into the Interest and Redemption Fund of the Debt Service Fund established by the Bond Resolution.

[Remainder of page left blank intentionally]

Dated: April 14, 2015

PIMA COUNTY, ARIZONA

Beth Ford, County Treasurer

By: Beth Ford

[Signature page of County Treasurer's Receipt for Bond Proceeds]

$15,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2015

UNDERWRITER'S RECEIPT FOR THE BONDS

Receipt of the Pima County, Arizona General Obligation Bonds, Series 2015 in the aggregate principal amount of $15,000,000 (the "Bonds"), is hereby acknowledged as of the date hereof on behalf of the undersigned, RBC Capital Markets, LLC, as underwriter of the Bonds.

The Bonds are dated April 14, 2015, are in denominations of $5,000 or integral multiples thereof, mature in the years, and bear interest at the rates per annum from the date of the Bonds to the maturity of each Bond as set forth on the cover page of the Official Statement, dated March 24, 2015, relating to the Bonds.

Dated: April 14, 2015

RBC CAPITAL MARKETS, LLC

By: _____
Name: Kurt Freund
Title: Managing Director

SQUIRE PATTON BOGGS

Squire Patton Boggs (US) LLP
1 E. Washington St., Suite 2700
Phoenix, Arizona 85004

O +1 602 528 4000
F +1 603 253 8129
squirepattonboggs.com

April 14, 2015

To: Pima County, Arizona
Tucson, Arizona

Ladies and Gentlemen:

We have served as bond counsel to our client Pima County, Arizona (the "County") and not as counsel to any other person in connection with the issuance by the County of its $15,000,000 aggregate principal amount of bonds designated the Pima County, Arizona General Obligation Bonds, Series 2015 (the "Bonds"), dated the date of this letter. The Bonds are issued pursuant to Title 35, Chapter 3, Article 3 of the Arizona Revised Statutes, and under the provisions of an authorizing resolution adopted by the Board of Supervisors of the County on December 16, 2014 (the "Bond Resolution"). Capitalized terms not defined in this letter are used as defined in the Bond Resolution. In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Bonds, a copy of the signed and authenticated Bond of the first maturity, and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Bonds constitute valid, legal and binding general obligations of the County, and the principal of and interest on the Bonds, unless paid from other sources, are to be paid from the proceeds of the levy of ad valorem taxes on all property subject to ad valorem taxes levied by the County, without limitation as to rate or amount to pay the principal and interest on the Bonds. It is required by law that there be levied, assessed and collected, in the same manner as other taxes of the County, an annual tax upon such taxable property in the County sufficient to pay the principal of and interest on the Bonds when due.

2. The interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, portions of the interest on the Bonds earned by certain corporations may be subject to a corporate alternative minimum tax. The interest on the Bonds is exempt from Arizona state income tax. We express no opinion as to any other tax consequences regarding the Bonds.

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The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined and (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the County.

In rendering those opinions with respect to treatment of the interest on the Bonds, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the County. Failure to comply with certain of those covenants subsequent to issuance of the Bonds may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Bond Resolution are subject to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion, and to limitations on legal remedies against public entities.

The opinions rendered in this letter are stated only as of this date, and no other opinion shall be implied or inferred as a result of anything contained in or omitted from this letter. Our engagement as bond counsel with respect to the Bonds has concluded on this date.

Respectfully submitted,

Squire Patton Boggs (US) LLP

SQUIRE PATTON BOGGS

Squire Patton Boggs (US) LLP
1 E. Washington St., Suite 2700
Phoenix, Arizona 85004

O +1 602 528 4000
F +1 603 253 8129
squirepattonboggs.com

April 14, 2015

To: Pima County, Arizona
Tucson, Arizona

RBC Capital Markets, LLC
Phoenix, Arizona

We have served as bond counsel to our client Pima County, Arizona (the "County") and not as counsel to any other person in connection with the issuance by the County of its $15,000,000 aggregate principal amount of General Obligation Bonds, Series 2015 (the "Bonds"), dated the date of this letter.

We have rendered on this date our legal opinion as bond counsel concerning the Bonds (the "Legal Opinion"). This Supplemental Opinion is rendered pursuant to Section 6(h)(5) of the Bond Purchase Agreement, dated March 24, 2015 (the "Purchase Agreement"), between the County and the Underwriter therein named. Capitalized terms not otherwise defined in this letter are used as defined in the Purchase Agreement.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Bonds, the Bond Resolution, the Bond Registrar and Paying Agent Agreement, the Undertaking (the Purchase Agreement, the Bond Registrar and Paying Agent Agreement and the Undertaking are hereinafter referred to as the "County Documents") and such other documents, matters and law as we deem necessary to render the opinions and advice set forth in this letter.

The Underwriter may rely upon the Legal Opinion as if it were addressed to the Underwriter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The County is duly organized and validly existing as a political subdivision under the laws of the State with powers specifically required for the purpose of the Purchase Agreement, specifically the Act, and has a full legal right, power and authority under the Act to adopt the Bond Resolution and under the Act and the Bond Resolution (a) to enter into, execute and deliver the County Documents and all documents required thereunder to be executed and delivered by the County, (b) to sell, issue and deliver the Bonds to the

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Underwriter as provided in the Purchase Agreement and (c) to carry out and consummate the transactions contemplated by the County Documents and the Official Statement, and the County has complied in all respects with the terms of the Act.

2. By all necessary official action of the County, the County has duly authorized all necessary action to be taken by it for (a) the adoption of the Bond Resolution and the issuance and sale of the Bonds, (b) the approval, execution and delivery of, and the performance by the County of the obligations on its part contained in, the Bonds and the County Documents, and (c) the consummation by it of all other transactions contemplated by the Official Statement and the County Documents.

3. The Bond Resolution was duly and validly adopted by the County and is in full force and effect and the Bond Resolution has been duly and validly adopted or undertaken in compliance with all applicable procedural requirements of the County and in compliance with the Constitution and laws of the State, including the Act.

4. The County Documents have been duly authorized, executed and delivered by the County, and constitute legal, valid and binding obligations of the County enforceable against the County in accordance with their respective terms.

5. The distribution of the Preliminary Official Statement and the Official Statement has been duly authorized by the County.

6. All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the County of its obligations under the County Documents and the Bonds, have been obtained

7. The Bonds are exempted securities under the Securities Act of 1933, as amended (the "1933 Act"), and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act") and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act or to qualify the Bond Resolution under the Trust Indenture Act.

8. The information in the tax caption on the cover page of, under the captions "THE BONDS" (other than the information relating to DTC and its book-entry system, as to which we express no view), "TAX MATTERS" and "CONTINUING SECONDARY MARKET DISCLOSURE" (except for statements relating to compliance by the County with prior undertakings as to which we express no view) in, and in APPENDIX C - FORM OF OPINION OF BOND COUNSEL and in APPENDIX D - FORM OF CONTINUING DISCLOSURE UNDERTAKING to, in each case, the Official Statement insofar as such statements describe certain provisions of federal and state law, the Bonds,

the Bond Resolution, the Continuing Disclosure Undertaking and our approving legal opinion as bond counsel, is accurate and fairly presents the information purported to be shown.

The opinions and advice stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon: (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined, (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the County and (iii) the correctness of the legal conclusions contained in the legal opinion letters of counsel to the County delivered in connection with this matter.

The rights of the parties under the County Documents and Bond Resolution and the enforceability of the County Documents and Bond Resolution are subject to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion, and to limitations on legal remedies against public entities.

This letter is furnished to the Underwriter solely for its benefit in its capacity as Underwriter in connection with the original issuance of the Bonds and may not be relied upon for any other purpose or by any other person, including the holders, owners or beneficial owners of the Bonds. The opinions and advice in this letter are stated only as of this date, and no other opinion or advice shall be implied or inferred as a result of anything contained in or omitted from this letter. Our engagement as bond counsel with respect to the Bonds has concluded on this date.

Respectfully submitted,

Squire Patton Boggs (US) LLP

OFFICE OF THE
Pima County Attorney
Civil Division
32 NORTH STONE AVENUE
SUITE 2100
Tucson, Arizona 85701-1412
(520) 740-5750
FAX (520) 620-6556

Barbara LaWall
PIMA COUNTY ATTORNEY

April 14, 2015

RBC Capital Markets, LLC
Phoenix, Arizona

U.S. Bank National Association, as Registrar and Paying Agent
Phoenix, Arizona

Squire Patton Boggs (US) LLP
Phoenix, Arizona

This opinion is rendered pursuant to Section 6(h)(7) of the Bond Purchase Agreement, dated March 24, 2015 (the "Bond Purchase Agreement"), between Pima County, Arizona (the "County") and RBC Capital Markets, LLC, as underwriter, and is given in connection with the issuance by the County of its $15,000,000 aggregate principal amount of General Obligation Bonds, Series 2015 (the "Bonds"). Capitalized terms used herein which are not otherwise defined herein shall have the meaning set forth in the Purchase Contract.

Pursuant to existing laws, regulations and rulings, it is my opinion that:

1. The County is duly organized and validly existing as a political subdivision pursuant to the laws of the State of Arizona.

2. Except as disclosed in the Official Statement, there is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the County, after due inquiry, threatened against the County, affecting the corporate existence of the County or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale issuance or delivery of the Bonds or the levying, assessment and collection of the property taxes securing the payment of principal of and interest on, the Bonds pursuant to the Bond Resolution or in any way contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents, or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes or State income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the County or any authority for the issuance of the Bonds, the adoption of the Bond Resolution or the execution and delivery of the Issuer Documents, wherein an unfavorable decision, ruling or finding would materially adversely affect

the validity or enforceability of the Bonds or the Issuer Documents or have a material, adverse effect on the financial condition of the County.

3. The adoption of the Bond Resolution and the execution and delivery of the Issuer Documents and compliance by the County with the provisions thereof, under the circumstances contemplated therein, will not conflict with or constitute on the part of the County a material breach of or a default under any agreement or instrument to which the County is a party, or violate any existing law, administrative regulation, court order, or consent decree to which the County is subject.

4. The information contained in the Official Statement under the caption "LITIGATION" is true and correct in all material respects.

5. Based solely on my examination and participation at conferences at which the Preliminary Official Statement and the Official Statement were discussed and except as described in paragraph 4 above, I have no reason to believe that the Official Statement as of its date and as of the date hereof contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect (except for any financial forecast, technical and statistical data included in the Official Statement, as to which no view is expressed).

PIMA COUNTY ATTORNEY

By: _____
Regina L. Nassen
Deputy Pima County Attorney

GT GreenbergTraurig

April 14, 2015

RBC Capital Markets, LLC
2398 East Camelback Road, Suite 700
Phoenix, Arizona 85016

Re: Pima County, Arizona General Obligation Bonds, Series 2015

We have acted as counsel for you in connection with the purchase by you of the captioned Bonds (the "Bonds"). As your counsel, we have examined the Official Statement, dated March 24, 2015 (the "Official Statement"), relating to the Bonds as well as the Bond Resolution (as such term is defined in the Official Statement). In addition, we have examined such matters of law and originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate for the purposes of the opinions rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and other documents.

Based on the examination described above, we are of the opinion that, under the law existing on the date of this opinion the Bonds are exempt securities under the federal Securities Act of 1933, as amended (the "1933 Act"), and the Trust Indenture Act of 1939, as amended (the "1939 Act"), and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act or to qualify the Bond Resolution under the 1939 Act.

Based upon our participation in the preparation of the Official Statement as your counsel, our participation at conferences at which the Official Statement was discussed and the examination described hereinabove, but without having undertaken to determine independently the accuracy,

ALBANY
AMSTERDAM
ATLANTA
AUSTIN
BOCA RATON
BOSTON
CHICAGO
DALLAS
DELAWARE
DENVER
FORT LAUDERDALE
HOUSTON
LAS VEGAS
LONDON*
LOS ANGELES
MEXICO CITY+
MIAMI
MILAN"
NEW JERSEY
NEW YORK
NORTHERN VIRGINIA
ORANGE COUNTY
ORLANDO
PHILADELPHIA
PHOENIX
ROME"
SACRAMENTO
SAN FRANCISCO
SEOUL"
SHANGHAI
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TALLAHASSEE
TAMPA
TEL AVIV^
WARSAW~
WASHINGTON, D.C.
WEST PALM BEACH
WHITE PLAINS

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+OPERATES AS GREENBERG TRAURIG, S.C.
"STRATEGIC ALLIANCE
"OPERATES AS GREENBERG TRAURIG LLP FOREIGN LEGAL CONSULTANT OFFICE
^A BRANCH OF GREENBERG TRAURIG, P.A., FLORIDA, USA
~OPERATES AS GREENBERG TRAURIG GRZESIAK SP.K.

completeness or fairness of the statements contained in the Official Statement and except as otherwise indicated herein, we have no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect (except for any financial, forecast, technical and statistical statements and data included in the Official Statement and the information in Appendices "E" and "F" to, or regarding The Depository Trust Company, New York, New York, in, the Official Statement, as to which we express no view).

This opinion is furnished by us as your counsel in connection with the issuance and delivery of the Bonds and is intended solely for your benefit.

Respectfully submitted,

Greenberg Traurig, LLP

331439423.1

Form **8038-G**
(Rev. September 2011)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If **Amended Return**, check here ▶ ☐

1 Issuer's name Pima County, Arizona	2 Issuer's employer identification number (EIN) 86 6000543
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)	3b Telephone number of other person shown on 3a
4 Number and street (or P.O. box if mail is not delivered to street address) / Room/suite 130 West Congress, 6th Floor	5 Report number *(For IRS Use Only)* 3
6 City, town, or post office, state, and ZIP code Tucson, AZ 85701	7 Date of issue 04/14/2015
8 Name of issue General Obligation Bonds, Series 2015	9 CUSIP number 721663 ZD7
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Thomas Burke, Finance and Risk Management Director	10b Telephone number of officer or other employee shown on 10a (520) 724-3030

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11	Education	11		
12	Health and hospital	12		
13	Transportation	13		
14	Public safety	14		
15	Environment (including sewage bonds)	15		
16	Housing	16		
17	Utilities	17		
18	Other. Describe ▶ Various capital improvement projects	18	15,731,361	85
19	If obligations are TANs or RANs, check only box 19a ▶ ☐ If obligations are BANs, check only box 19b ▶ ☐			
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐			

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	07/01/2029	$ 15,731,361.85	$ 15,000,000.00	6.5960 years	2.3734 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	0	00
23	Issue price of entire issue (enter amount from line 21, column (b))			23	15,731,361	85
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	188,940 00			
25	Proceeds used for credit enhancement	25	0 00			
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0 00			
27	Proceeds used to currently refund prior issues	27	0 00			
28	Proceeds used to advance refund prior issues	28	0 00			
29	Total (add lines 24 through 28)			29	188,940	00
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	15,542,421	85

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	N/A years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	N/A years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ▶	N/A
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	N/A

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 63773S Form **8038-G** (Rev. 9-2011)

#649786

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35		
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a		
b	Enter the final maturity date of the GIC ▶			
c	Enter the name of the GIC provider ▶			
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37		

38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the following information:

b Enter the date of the master pool obligation ▶

c Enter the EIN of the issuer of the master pool obligation ▶

d Enter the name of the issuer of the master pool obligation ▶

39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐

40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

41a If the issuer has identified a hedge, check here ▶ ☐ and enter the following information:

b Name of hedge provider ▶

c Type of hedge ▶

d Term of hedge ▶

42 If the issuer has superintegrated the hedge, check box ▶ ☐

43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶ ☑

44 If the issuer has established written procedures to monitor the requirements of section 148, check box ▶ ☑

45a If some portion of the proceeds was used to reimburse expenditures, check here ▶ ☑ and enter the amount of reimbursement ▶ $20,651.00

b Enter the date the official intent was adopted ▶ 11/25/2014

Signature and Consent

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

▶ Thomas Burke — Signature of issuer's authorized representative — Date 4/14/15

▶ Thomas Burke, Finance and Risk Mngmt Dir. — Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Todd L. Cooper	Todd L. Cooper	4/14/15		

Firm's name ▶ Squire Patton Boggs (US) LLP — Firm's EIN ▶ 34-0648199

Firm's address ▶ 221 E. Fourth Street, #2900, Cincinnati, OH 45202 — Phone no. (513) 361-1239

SQUIRE
PATTON BOGGS

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Pedro.Miranda@squiresanders.com
Direct Dial: +1.602.528.4843

April 27, 2015

Via Certified Mail

Internal Revenue Service Center
Ogden, Utah 84201

Re: $15,000,000 Pima County, Arizona, General Obligation Bonds, Series 2015,

Ladies and Gentlemen:

On behalf of Pima County, Arizona, enclosed is Form 8038-G, Information Return for Tax-Exempt Governmental Obligations.

Sincerely,

Pedro J. Miranda

PJM:mte

Enclosure

Certified No. 9171 9690 0935 0091 9435 59

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CERTIFICATE OF MAILING

I hereby certify and declare that I deposited in the United States mail, postage prepaid, certified mail, the Form 8038-G, Information Return for Tax-Exempt Governmental Obligations for the above-captioned financing addressed to the Internal Revenue Service Center, Ogden, Utah 84201, on April 27, 2015.

Pedro J. Miranda

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Have questions? We're here to help.

Tracking Number: **9171969009350091943559**

Product & Tracking Information

Postal Product:
First-Class Mail®

Extra Svc:
Certified Mail™

DATE & TIME	STATUS OF ITEM	LOCATION
April 30, 2015	Pre-Shipment Info Sent to USPS	

The U.S. Postal Service was electronically notified by the shipper on April 30, 2015 to expect your package for mailing. This does not indicate receipt by the USPS or the actual mailing date. Delivery status information will be provided if/when available.

Available Actions

Text Updates

Email Updates

Track Another Package

Tracking (or receipt) number

Track It

HELPFUL LINKS
Contact Us
Site Index
FAQs

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Government Services
Careers

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Inspector General
Postal Explorer
National Postal Museum
Resources for Developers

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No FEAR Act EEO Data

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Search or Enter a Tracking Number

Report of Bond and Security Issuance
Pursuant to A.R.S. § 35-501B

This information is due to the Department of Revenue within 60 days of the issue.

1. Jurisdiction: Pima County, Arizona	
2. Issue name/title: General Obligation Bonds, Series 2015	
3. Dated Date: 04/14/2015 Closing Date: 04/14/2015	4. Par amount: $15,000,000
5. Overall Interest rate (TIC-OR ~~NIC~~): 2.539298%	6. Type of Bond or Security: General Obligation
7. Repayment sources: ad valorem property taxes to be levied on all taxable property within the County.	
8. Total amount outstanding: $422,275,000	9. Total amount outstanding of senior or subordinate bonds: $-0-
10. Original issue price: Attach Schedule 1 a. Par Amount (Principal Amount) $ 15,000,000.00	11. Total limitations (Constitutional or Statutory) on the type of bonds/securities issued: For general obligation Bonds: 15% a. Secondary net assessed value: $7,579,898,868
b. Original Issue Discount (-) ($ 20,182.65)	
c. Premium Amount (+) $ 751,544.50	b. Debt limit percentage: 15%
d. Original Issue Price (=) $ 15,731,361.85	c. Total debt limit: $1,136,984,830
e. Underwriter Compensation (Discount) (-) ($ 103,500.00)	12. Available debt limit: $ 714,709,830
f. Net Proceeds (=) $ 15,627,861.85	13. Total amount authorized: $ 915,230,000
14. Remaining authorized amount: $25,681,000	15. If voter authorized, Election dates: May 20, 1997 ($256,980,000), May 18, 2004 ($582,250,000), May 16, 2006 ($54,000,000) and November 4, 2014 ($22,000,000)

16 – 19 Please attach 1) a schedule providing a detailed listing of Issue Costs; 2) the Debt Service Schedule; 3) Form 8038, and 4) the Final Official Statement. Please refer to instructions on back of form.

Signature

April 14, 2015
Date

Political Subdivision Contact Name, address, phone number

Thomas E. Burke, Finance & Risk Mngt. Director
Pima County Finance Department
130 West Congress, 6th Floor
Tucson, Arizona 85701
(520) 740-8229

Trustee name, address and phone number

Keith Henselen, Vice President
U.S. Bank National Association
101 North First Avenue, Suite 1600
Phoenix, Arizona 85003
(602) 257-5331

Submit this form with attachments within 60 days of issuance to:
Arizona Department of Revenue
Attention: OERA, 9th Floor
1600 W Monroe
Phoenix AZ 85007

ARIZONA DEPARTMENT OF REVENUE
Report of Bond and Security Issuance
Schedule 1

For each maturity date, list either the Original Issue Discount or the Premium Amount. The total of these figures should equal the amounts listed on 10b and 10c on the form. In all cases, 10a – 10b + 10c – 10e = 10f.

Name of Issue: PIMA COUNTY, ARIZONA GENERAL OBLIGATION BONDS, SERIES 2015

Par Amount: $15,000,000 Date Closed: April 14, 2015

Maturity Date	Par Amount (Principal Amount) 10a	Coupon Rate	Yield	Original Issue Price	Premium or Discount 10b or 10c
7/1/2015	$1,525,000	2.00%	0.24%	$1,530,718.75	$ 5,718.75
7/1/2016	1,660,000	2.00	0.60	1,688,054.00	28,054.00
7/1/2018	2,125,000	4.00	1.08	2,320,436.25	195,436.25
7/1/2019	1,100,000	4.00	1.34	1,219,471.00	119,471.00
7/1/2020	740,000	4.00	1.65	826,520.80	86,520.80
7/1/2021	770,000	4.00	1.90	864,332.70	94,332.70
7/1/2022	805,000	2.25	2.12	811,947.15	6,947.15
7/1/2023	820,000	2.50	2.26	834,661.60	14,661.60
7/1/2024	840,000	2.75	2.41	863,452.80	23,452.80
7/1/2025	865,000	3.00	2.50	903,752.00	38,752.00
7/1/2026	890,000	3.50	2.74*	949,879.20	59,879.20
7/1/2027	920,000	3.50	2.93*	965,972.40	45,972.40
7/1/2028	955,000	3.50	3.11*	987,345.85	32,345.85
7/1/2029	985,000	3.00	3.18	964,817.35	(20,182.65)
Total	$15,000,000	N/A	N/A	$15,731,361.85	$731,361.85
10e Underwriter's Discount and/or Placement Agent Fee, if any				(103,500.00)	N/A
10f Net Proceeds (as shown on issuance form)				$15,627,861.85	N/A

*Yield calculated to first optional redemption date, July 1, 2025.

ATTACHMENT TO
REPORT OF BOND AND SECURITY ISSUANCE

Name of Issue: PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS, SERIES 2015

COSTS OF ISSUANCE

Underwriter's Counsel	$15,000.00
Fitch Ratings, Inc.	13,000.00
Standard & Poor's Ratings Services	15,750.00
Bond Counsel	21,000.00
Bond Registrar	690.00
Official Statement Preparation and Printing Expenses	15,000.00
Miscellaneous	5,000.00
TOTAL:	$85,440.00

BOND DEBT SERVICE

PIMA COUNTY, ARIZONA
General Obligation Bonds
Series 2015

FINAL
(March 24, 2015)

Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2015	1,525,000	2.000%	99,904.83	1,624,904.83
07/01/2016	1,660,000	2.000%	436,587.50	2,096,587.50
07/01/2017			403,387.50	403,387.50
07/01/2018	2,125,000	4.000%	403,387.50	2,528,387.50
07/01/2019	1,100,000	4.000%	318,387.50	1,418,387.50
07/01/2020	740,000	4.000%	274,387.50	1,014,387.50
07/01/2021	770,000	4.000%	244,787.50	1,014,787.50
07/01/2022	805,000	2.250%	213,987.50	1,018,987.50
07/01/2023	820,000	2.500%	195,875.00	1,015,875.00
07/01/2024	840,000	2.750%	175,375.00	1,015,375.00
07/01/2025	865,000	3.000%	152,275.00	1,017,275.00
07/01/2026	890,000	3.500%	126,325.00	1,016,325.00
07/01/2027	920,000	3.500%	95,175.00	1,015,175.00
07/01/2028	955,000	3.500%	62,975.00	1,017,975.00
07/01/2029	985,000	3.000%	29,550.00	1,014,550.00
	15,000,000		3,232,367.33	18,232,367.33

Form **8038-G**
(Rev. September 2011)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I **Reporting Authority** — If **Amended Return**, check here ▶ ☐

1 Issuer's name Pima County, Arizona	2 Issuer's employer identification number (EIN) 86 6000543
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)	3b Telephone number of other person shown on 3a
4 Number and street (or P.O. box if mail is not delivered to street address) / Room/suite 130 West Congress, 6th Floor	5 Report number *(For IRS Use Only)* 3
6 City, town, or post office, state, and ZIP code Tucson, AZ 85701	7 Date of issue 04/14/2015
8 Name of issue General Obligation Bonds, Series 2015	9 CUSIP number 721663 ZD7
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Thomas Burke, Finance and Risk Management Director	10b Telephone number of officer or other employee shown on 10a (520) 724-3030

Part II **Type of Issue (enter the issue price).** See the instructions and attach schedule.

11	Education	11		
12	Health and hospital	12		
13	Transportation	13		
14	Public safety	14		
15	Environment (including sewage bonds)	15		
16	Housing	16		
17	Utilities	17		
18	Other. Describe ▶ Various capital improvement projects	18	15,731,361	85
19	If obligations are TANs or RANs, check only box 19a ▶ ☐ If obligations are BANs, check only box 19b ▶ ☐			
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐			

Part III **Description of Obligations.** Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	07/01/2029	$ 15,731,361.85	$ 15,000,000.00	6.5960 years	2.3734 %

Part IV **Uses of Proceeds of Bond Issue (including underwriters' discount)**

22	Proceeds used for accrued interest			22	0	00
23	Issue price of entire issue (enter amount from line 21, column (b))			23	15,731,361	85
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	188,940 00			
25	Proceeds used for credit enhancement	25	0 00			
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0 00			
27	Proceeds used to currently refund prior issues	27	0 00			
28	Proceeds used to advance refund prior issues	28	0 00			
29	Total (add lines 24 through 28)			29	188,940	00
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	15,542,421	85

Part V **Description of Refunded Bonds.** Complete this part only for refunding bonds.

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	N/A years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	N/A years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ▶	N/A
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	N/A

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 63773S Form **8038-G** (Rev. 9-2011)

#649786

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a	
b	Enter the final maturity date of the GIC ▶		
c	Enter the name of the GIC provider ▶		
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	

38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the following information:

b Enter the date of the master pool obligation ▶

c Enter the EIN of the issuer of the master pool obligation ▶

d Enter the name of the issuer of the master pool obligation ▶

39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐

40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

41a If the issuer has identified a hedge, check here ▶ ☐ and enter the following information:

b Name of hedge provider ▶

c Type of hedge ▶

d Term of hedge ▶

42 If the issuer has superintegrated the hedge, check box ▶ ☐

43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶ ☑

44 If the issuer has established written procedures to monitor the requirements of section 148, check box ▶ ☑

45a If some portion of the proceeds was used to reimburse expenditures, check here ▶ ☑ and enter the amount of reimbursement ▶ $20,651.00

b Enter the date the official intent was adopted ▶ 11/25/2014

Signature and Consent

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

▶ Thomas Burke 4/14/15 ▶ Thomas Burke, Finance and Risk Mngmt Dir.

Signature of issuer's authorized representative — Date — Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Todd L. Cooper	Todd L. Cooper	4/14/15		

Firm's name ▶ Squire Patton Boggs (US) LLP — Firm's EIN ▶ 34-0648199

Firm's address ▶ 221 E. Fourth Street, #2900, Cincinnati, OH 45202 — Phone no. (513) 361-1239

OFFICIAL STATEMENT

NEW ISSUES – BOOK-ENTRY-ONLY **RATINGS: See "Ratings" Herein**

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) interest on the Bonds is exempt from Arizona state income tax. Interest on the Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

$15,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2015

Dated: Date of Initial Delivery **Due: July 1, as shown below**

The $15,000,000 principal amount of General Obligation Bonds, Series 2015 (the "Bonds") are being issued by Pima County, Arizona (the "County") and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds for purposes of the book-entry-only system maintained thereby. Purchases of beneficial interests in the Bonds will be made in book-entry-only form in amounts of $5,000 of principal due on a maturity date or any integral multiple thereof.

Interest on the Bonds will accrue from the dated date and will be payable until maturity or prior redemption semiannually on January 1 and July 1 of each year (each an "Interest Payment Date"), commencing July 1, 2015 and principal of the Bonds will be payable annually in accordance with the schedule set forth below. So long as the Bonds are registered in the name of DTC, or its nominee, payments of the principal of and interest on the Bonds will be made directly by the paying agent, initially U.S. Bank National Association, to DTC which, in turn, is obligated to remit such payments to its participants for subsequent distribution to beneficial owners of the Bonds. See Appendix F – "BOOK-ENTRY-ONLY SYSTEM."

The Bonds will be subject to redemption prior to their stated maturities on or after July 1, 2025 as provided under "THE BONDS – Redemption Provisions" herein.

The Bonds are being issued for the purpose of (i) funding various capital projects in the County and (ii) paying costs related to the issuance of the Bonds. See "SOURCES AND USES OF FUNDS" herein.

Upon their issuance, the Bonds will be direct and general obligations of the County, payable as to principal and interest from ad valorem taxes to be levied against all taxable property within the County without limitation as to rate or amount to pay the principal of and interest on the Bonds.

Maturity Schedule

Due July 1	Principal Amount	Interest Rate	Yield	CUSIP (a) (721663)	Due July 1	Principal Amount	Interest Rate	Yield	CUSIP (a) (721663)
2015	$1,525,000	2.00%	0.24%	YR7	2023	$820,000	2.50%	2.26%	YY2
2016	1,660,000	2.00	0.60	YS5	2024	840,000	2.75	2.41	YZ9
					2025	865,000	3.00	2.50	ZA3
2018	2,125,000	4.00	1.08	YT3	2026	890,000	3.50	2.74 (b)	ZB1
2019	1,100,000	4.00	1.34	YU0	2027	920,000	3.50	2.93 (b)	ZC9
2020	740,000	4.00	1.65	YV8	2028	955,000	3.50	3.11 (b)	ZE5
2021	770,000	4.00	1.90	YW6	2029	985,000	3.00	3.18	ZD7
2022	805,000	2.25	2.12	YX4					

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(b) Yield calculated to first optional redemption date, July 1, 2025.

This cover page contains only a brief description of the Bonds and the security therefor. It is not intended to be a summary of material information with respect to the Bonds. Investors should read the entire Official Statement to obtain information necessary to make an informed investment decision.

The Bonds are offered when, as and if issued by the County and received by the underwriter identified below (the "Underwriter") subject to the approving opinion of Squire Patton Boggs (US) LLP, Bond Counsel, as to validity and tax exemption. Certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about April 14, 2015.

RBC CAPITAL MARKETS

March 24, 2015

SQUIRE
PATTON BOGGS

Squire Patton Boggs US) LLP
1 E. Washington St., Suite 2700
Phoenix, AZ 85004

O +1 602 528 4000
F +1 602 253 8129
squirespattonboggs.com

Pedro.Miranda@squiresanders.com
Direct Dial: +1.602.528.4843

April 24, 2015

VIA CERTIFIED MAIL

Arizona Department of Revenue
Attention: OERA, 9th Floor
1600 W. Monroe
Phoenix, Arizona 85007

Re: $15,000,000 Pima County, Arizona, General Obligation Bonds, Series 2015

Ladies and Gentlemen:

On behalf of Pima County, Arizona, enclosed is the Report of Bond and Security Issuance Pursuant to A.R.S. §35-501B, for the above-referenced financing.

Very truly yours,

Pedro J. Miranda

PJM/mte

Enclosure
Certified No. 9171 9690 0935 0091 9435 66

44 Offices in 21 Countries
Squire Patton Boggs (US) LLP is part of the international legal practice Squire Patton Boggs, which operates worldwide through a number of separate legal entities.

Please visit squirepattonboggs.com for more information.

CERTIFICATE OF MAILING

I hereby certify and declare that I deposited in the United States mail, postage prepaid, certified mail, the Report of Bond and Security Issuance Pursuant to A.R.S. §35-501B for the above-captioned financing addressed to the Arizona Department of Revenue, Attention: OERA, 9th Floor, 1600 W. Monroe, Phoenix, Arizona 85007, on April 27, 2015.

Pedro J. Miranda

Pedro J. Miranda

English Customer Service USPS Mobile Register / Sign In

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Customer Service ›
Have questions? We're here to help.

Tracking Number: **9171969009350091943566**

Product & Tracking Information

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Extra Svc:
Certified Mail™

DATE & TIME	STATUS OF ITEM	LOCATION
April 30, 2015 , 12:44 am	Arrived at USPS Facility	PHOENIX, AZ 85043

Your item arrived at our USPS facility in PHOENIX, AZ 85043 on April 30, 2015 at 12:44 am. The item is currently in transit to the destination.

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Track It

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National Postal Museum
Resources for Developers

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No FEAR Act EEO Data

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Search or Enter a Tracking Number

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED AND DELIVERED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2015

SPECIMEN

Number: R-1 Denomination: $1,525,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
2.00%	July 1, 2015	April 14, 2015	721663YR7

Registered Owner: CEDE & CO.

Principal Amount: ONE MILLION FIVE HUNDRED TWENTY-FIVE THOUSAND DOLLARS

PIMA COUNTY, ARIZONA (the "County"), for value received, hereby promises to pay to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay interest on the unpaid principal amount at the interest rate shown above.

Certain bonds of the issue of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth herein.

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2015, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent (as herein defined) to the registered owner at the address shown on the registration books maintained by the Registrar (as herein defined) at the close of business on the record date, or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the Paying Agent, which on the original issue date is the designated corporate trust office of U.S. Bank National Association.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED AND DELIVERED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2015

SPECIMEN

Number: R-2 Denomination: $1,660,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
2.00%	July 1, 2016	April 14, 2015	721663YS5

Registered Owner: CEDE & CO.

Principal Amount: ONE MILLION SIX HUNDRED SIXTY THOUSAND DOLLARS

PIMA COUNTY, ARIZONA (the "County"), for value received, hereby promises to pay to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay interest on the unpaid principal amount at the interest rate shown above.

Certain bonds of the issue of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth herein.

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2015, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent (as herein defined) to the registered owner at the address shown on the registration books maintained by the Registrar (as herein defined) at the close of business on the record date, or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the Paying Agent, which on the original issue date is the designated corporate trust office of U.S. Bank National Association.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED AND DELIVERED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2015

SPECIMEN

Number: R-3 Denomination: $2,125,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.00%	July 1, 2018	April 14, 2015	721663YT3

Registered Owner: CEDE & CO.

Principal Amount: TWO MILLION ONE HUNDRED TWENTY-FIVE THOUSAND DOLLARS

PIMA COUNTY, ARIZONA (the "County"), for value received, hereby promises to pay to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay interest on the unpaid principal amount at the interest rate shown above.

Certain bonds of the issue of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth herein.

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2015, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent (as herein defined) to the registered owner at the address shown on the registration books maintained by the Registrar (as herein defined) at the close of business on the record date, or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the Paying Agent, which on the original issue date is the designated corporate trust office of U.S. Bank National Association.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED AND DELIVERED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2015

SPECIMEN

Number: R-4 Denomination: $1,100,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.00%	July 1, 2019	April 14, 2015	721663YU0

Registered Owner: CEDE & CO.

Principal Amount: ONE MILLION ONE HUNDRED THOUSAND DOLLARS

PIMA COUNTY, ARIZONA (the "County"), for value received, hereby promises to pay to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay interest on the unpaid principal amount at the interest rate shown above.

Certain bonds of the issue of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth herein.

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2015, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent (as herein defined) to the registered owner at the address shown on the registration books maintained by the Registrar (as herein defined) at the close of business on the record date, or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the Paying Agent, which on the original issue date is the designated corporate trust office of U.S. Bank National Association.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED AND DELIVERED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2015

SPECIMEN

Number: R-5 Denomination: $740,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.00%	July 1, 2020	April 14, 2015	721663YV8

Registered Owner: CEDE & CO.

Principal Amount: SEVEN HUNDRED FORTY THOUSAND DOLLARS

PIMA COUNTY, ARIZONA (the "County"), for value received, hereby promises to pay to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay interest on the unpaid principal amount at the interest rate shown above.

Certain bonds of the issue of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth herein.

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2015, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent (as herein defined) to the registered owner at the address shown on the registration books maintained by the Registrar (as herein defined) at the close of business on the record date, or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the Paying Agent, which on the original issue date is the designated corporate trust office of U.S. Bank National Association.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED AND DELIVERED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2015

SPECIMEN

Number: R-6 Denomination: $770,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.00%	July 1, 2021	April 14, 2015	721663YW6

Registered Owner: CEDE & CO.

Principal Amount: SEVEN HUNDRED SEVENTY THOUSAND DOLLARS

PIMA COUNTY, ARIZONA (the "County"), for value received, hereby promises to pay to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay interest on the unpaid principal at the interest rate shown above.

Certain bonds of the issue of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth herein.

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2015, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent (as herein defined) to the registered owner at the address shown on the registration books maintained by the Registrar (as herein defined) at the close of business on the record date, or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the Paying Agent, which on the original issue date is the designated corporate trust office of U.S. Bank National Association.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED AND DELIVERED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2015

SPECIMEN

Number: R-7 Denomination: $805,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
2.25%	July 1, 2022	April 1, 2015	7216632YX4

Registered Owner: CEDE & CO.

Principal Amount: EIGHT HUNDRED FIVE THOUSAND DOLLARS

PIMA COUNTY, ARIZONA (the "County"), for value received, hereby promises to pay to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay interest on the unpaid principal amount at the interest rate shown above.

Certain bonds of the issue of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth herein.

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2015, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent (as herein defined) to the registered owner at the address shown on the registration books maintained by the Registrar (as herein defined) at the close of business on the record date, or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the Paying Agent, which on the original issue date is the designated corporate trust office of U.S. Bank National Association.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED AND DELIVERED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2015

SPECIMEN

Number: R-8 Denomination: $820,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
2.50%	July 1, 2023	April 14, 2015	721663YY2

Registered Owner: CEDE & CO.

Principal Amount: EIGHT HUNDRED TWENTY THOUSAND DOLLARS

PIMA COUNTY, ARIZONA (the "County"), for value received, hereby promises to pay to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above the principal amount set forth above, and to pay interest on the unpaid principal amount at the interest rate shown above.

Certain bonds of the issue of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth herein.

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2015, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent (as herein defined) to the registered owner at the address shown on the registration books maintained by the Registrar (as herein defined) at the close of business on the record date, or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the Paying Agent, which on the original issue date is the designated corporate trust office of U.S. Bank National Association.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED AND DELIVERED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2015

SPECIMEN

Number: R-9 Denomination: $840,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
2.75%	July 1, 2024	April 14, 2015	721663YZ9

Registered Owner: CEDE & CO.

Principal Amount: EIGHT HUNDRED FORTY THOUSAND DOLLARS

PIMA COUNTY, ARIZONA (the "County"), for value received, hereby promises to pay to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay interest on the unpaid principal amount at the interest rate shown above.

Certain bonds of the issue of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth herein.

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2015, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent (as herein defined) to the registered owner at the address shown on the registration books maintained by the Registrar (as herein defined) at the close of business on the record date, or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the Paying Agent, which on the original issue date is the designated corporate trust office of U.S. Bank National Association.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED AND DELIVERED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2015

SPECIMEN

Number: R-10 Denomination: $865,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.00%	July 1, 2025	April 1, 2015	721663ZA3

Registered Owner: CEDE & CO.

Principal Amount: EIGHT HUNDRED SIXTY-FIVE THOUSAND DOLLARS

PIMA COUNTY, ARIZONA (the "County"), for value received, hereby promises to pay to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay interest on the unpaid principal amount at the interest rate shown above.

Certain bonds of the issue of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth herein.

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2015, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent (as herein defined) to the registered owner at the address shown on the registration books maintained by the Registrar (as herein defined) at the close of business on the record date, or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the Paying Agent, which on the original issue date is the designated corporate trust office of U.S. Bank National Association.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED AND DELIVERED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2015

SPECIMEN

Number: R-11 Denomination: $890,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.50%	July 1, 2026	April 14, 2015	721663ZB1

Registered Owner: CEDE & CO.

Principal Amount: EIGHT HUNDRED NINETY THOUSAND DOLLARS

PIMA COUNTY, ARIZONA (the "County"), for value received, hereby promises to pay to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay interest on the unpaid principal amount at the interest rate shown above.

Certain bonds of the issue of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth herein.

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2015, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent (as herein defined) to the registered owner at the address shown on the registration books maintained by the Registrar (as herein defined) at the close of business on the record date, or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the Paying Agent, which on the original issue date is the designated corporate trust office of U.S. Bank National Association.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED AND DELIVERED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2015

SPECIMEN

Number: R-12 Denomination: $920,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.50%	July 1, 2027	April 1, 2015	721663ZC9

Registered Owner: CEDE & CO.

Principal Amount: NINE HUNDRED TWENTY THOUSAND DOLLARS

PIMA COUNTY, ARIZONA (the "County"), for value received, hereby promises to pay to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above the principal amount set forth above, and to pay interest on the unpaid principal amount at the interest rate shown above.

Certain bonds of the issue of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth herein.

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2015, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent (as herein defined) to the registered owner at the address shown on the registration books maintained by the Registrar (as herein defined) at the close of business on the record date, or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the Paying Agent, which on the original issue date is the designated corporate trust office of U.S. Bank National Association.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED AND DELIVERED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2015

SPECIMEN

Number: R-13 Denomination: $955,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.50%	July 1, 2028	April 14, 2015	721663ZE5

Registered Owner: CEDE & CO.

Principal Amount: NINE HUNDRED FIFTY-FIVE THOUSAND DOLLARS

PIMA COUNTY, ARIZONA (the "County"), for value received, hereby promises to pay to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay interest on the unpaid principal amount at the interest rate shown above.

Certain bonds of the issue of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth herein.

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2015, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent (as herein defined) to the registered owner at the address shown on the registration books maintained by the Registrar (as herein defined) at the close of business on the record date, or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the Paying Agent, which on the original issue date is the designated corporate trust office of U.S. Bank National Association.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED AND DELIVERED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2015

SPECIMEN

Number: R-14 Denomination: $985,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.00%	July 1, 2029	April 14, 2015	721663ZD7

Registered Owner: CEDE & CO.

Principal Amount: NINE HUNDRED EIGHTY-FIVE THOUSAND DOLLARS

PIMA COUNTY, ARIZONA (the "County"), for value received, hereby promises to pay to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay interest on the unpaid principal amount at the interest rate shown above.

Certain bonds of the issue of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth herein.

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2015, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable to the order of and mailed by the Paying Agent (as herein defined) to the registered owner at the address shown on the registration books maintained by the Registrar (as herein defined) at the close of business on the record date, or by wire transfer to any securities depository or, upon two days' prior written request delivered to the Paying Agent specifying a wire transfer address in the continental United States, to any registered owner of at least $1,000,000 aggregate principal amount of bonds. The principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the Paying Agent, which on the original issue date is the designated corporate trust office of U.S. Bank National Association.

This bond is one of an issue of bonds in the total principal amount of $15,000,000 of like tenor except as to maturity date, rate of interest and number, issued by the County to provide funds to make those certain public improvements approved by a majority vote of qualified electors voting at elections duly called and held in and for the County on May 20, 1997, May 18, 2004, May 16, 2006 and November 4, 2014, pursuant to a resolution adopted by the Board of Supervisors of the County on December 16, 2014 (the "Resolution"), and pursuant to the Constitution and laws of the State of Arizona relative to the issuance and sale of such bonds.

For the punctual payment of this bond and the interest hereon and for the levy and collection of ad valorem taxes sufficient for that purpose, the full faith and credit of the County are hereby irrevocably pledged.

Upon collection, said taxes will be placed in a separate fund to be designated "Interest and Redemption Fund" and the taxes therein will be applied solely for the purpose of payment of principal of and interest on the bonds and for no other purpose whatsoever until all the bonds authorized hereunder have been fully paid, satisfied, and discharged.

This bond is issued under the provisions of Title 35, Chapter 3, Article 3 of the Arizona Revised Statutes (the "Act") and the Resolution. Reference is hereby made to the Act and the Resolution referred to above for the provisions thereof, including the provisions with respect to the rights, obligations, duties and immunities of the County and the owners of bonds issued thereunder, to all of which the registered owner of this bond, by acceptance of this bond, assents.

The bonds maturing on or before July 1, 2025 are not subject to call for redemption prior to their respective maturity dates. The bonds maturing on or after July 1, 2026 are subject to call for redemption on any date on or after July 1, 2025 at the election of the County, in whole or in part from maturities selected by the County and within any maturity by lot, by the payment of a redemption price equal to the principal amount of each bond called for redemption plus accrued interest to the date fixed for redemption, without premium.

Notice of redemption will be given by mail to the registered owners of the bonds at the address shown on the bond register maintained by the Registrar not less than 30 days nor more than 60 days prior to the specified redemption date.

The initial Registrar and Paying Agent is U.S. Bank National Association (the "Registrar" and the "Paying Agent," as applicable). The Registrar or Paying Agent may be changed by the County without notice and the County may serve in such capacities.

This bond is transferable by the registered owner in person or by attorney duly authorized in writing at the designated office of the Registrar upon surrender and cancellation of this bond, but only in the manner and subject to the limitation and upon payment of the charges provided in the Resolution. Upon such transfer, a new bond or bonds of the same aggregate principal amount, maturity and interest rate will be issued to the transferee in exchange. The Registrar may require an owner, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Resolution. The County has chosen the 15th day of the month preceding an interest payment date as the record date for this issue of bonds. Should this bond be submitted to the Registrar for transfer during the period commencing after the close of business on the record date and continuing to and including the next subsequent interest payment date, ownership will be transferred in the normal

manner but the interest payment will be made payable to and mailed to the registered owner as shown on the Registrar's books at the close of business on the record date.

The Registrar may but need not register the transfer of a bond which has been selected for redemption and need not register the transfer of any bond for a period of 15 days before a selection of bonds to be redeemed. If the transfer of any bond which has been called or selected for call for redemption in whole or in part is registered, any notice of redemption which has been given to the transferor will be binding upon the transferee and a copy of the notice of redemption will be delivered to the transferee along with the bond or bonds.

Bonds of this issue are issuable only in fully registered form in the denomination of $5,000 each or integral multiples of $5,000. This bond may be exchanged at the designated office of the Registrar for a like aggregate principal amount of bonds of the same maturity in authorized denominations upon the terms set forth in the Resolution.

The County, the Registrar and the Paying Agent may treat the registered owner of this bond as the absolute owner for the purpose of receiving principal, interest and any premium and for all other purposes and none of them shall be affected by any notice to the contrary.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and laws of the State of Arizona to exist, to occur and to be performed precedent to and in the issuance of this bond exist, have occurred and have been performed and that the issue of bonds of which this is one, together with all other indebtedness of the County, is within every debt and other limit prescribed by the Constitution and laws of the State of Arizona, and that due provision has been made for the levy and collection of a direct, annual ad valorem tax upon all of the taxable property in the County for the payment of this bond and of the interest hereon as each becomes due, unlimited as to rate or amount.

The County has caused this bond to be executed by the Chair of its Board of Supervisors and attested by the Clerk of its Board of Supervisors, which signatures may be facsimile signatures.

This bond is not valid or binding upon the County without the manually affixed signature of an authorized signatory of the Registrar.

PIMA COUNTY, ARIZONA

_____

Chair, Board of Supervisors

ATTEST:

_____

Clerk, Board of Supervisors

AUTHENTICATION CERTIFICATE

This bond is one of the Pima County, Arizona General Obligation Bonds, Series 2015, described in the Resolution mentioned herein.

Date of Authentication: April 14, 2015

U.S. BANK NATIONAL ASSOCIATION,
as Registrar

By: _____
Authorized Representative

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

_____

(Name and Address of Transferee)

_____

(Social Security or other Federal Tax Identification Number of Transferee)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises,

Dated: _____

_____

Note: The signature(s) on this assignment must correspond with the name(s) as written on the face of the within registered bond in every particular without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

_____

Note: Signature(s) must be guaranteed by an eligible guarantor institution pursuant to Securities and Exchange Commission Rule 17Ad-15 that is a participant in a signature guarantor program recognized by the Trustee.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM — as tenants in common
TEN ENT — as tenants by the entireties
JT TEN — as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT/TRANS MIN ACT--
_____ Custodian _____
(Cust) (Minor)
Under Uniform Gifts/Transfers to Minors Act

_____
(State)

Additional abbreviations may also be used though not in list above.

STANDARD & POOR'S RATINGS SERVICES
McGRAW HILL FINANCIAL

One California Street, 31st Floor
San Francisco, CA 94111-5432
tel 415 371-5000
reference no.: 1381115

February 27, 2015

Pima County
Finance Department
130 West Congress Street, 10th Floor
Tucson, AZ 85701
Attention: Mr. Thomas Burke, Finance and Risk Management Director

Re: ***US$15,000,000 County of Pima, Arizona, General Obligation Bonds, Series 2015, dated: Date of delivery, due: July 01, 2029***

Dear Mr. Burke:

Pursuant to your request for a Standard & Poor's Ratings Services ("Ratings Services") rating on the above-referenced obligations, Ratings Services has assigned a rating of "AA-". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

This letter constitutes Ratings Services' permission for you to disseminate the above-assigned ratings to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements) will become effective only after we have released the rating on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable.

To maintain the rating, Standard & Poor's must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. Relevant financial and other information includes, but is not limited to, information about direct bank loans and debt and debt-like instruments issued to, or entered into with, financial institutions, insurance companies and/or other entities, whether or not disclosure of such information would be required under S.E.C. Rule 15c2-12. You understand that Ratings Services relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the rating and the continued flow of material information as part of the surveillance process. Please send all information via electronic delivery to: pubfin_statelocalgovt@standardandpoors.com. If SEC rule 17g-5 is applicable, you may post such information on the appropriate website. For any information not available in electronic format or posted on the applicable website,

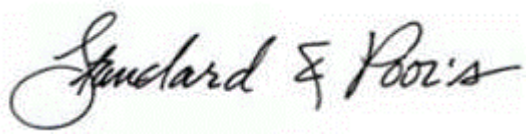
Please send hard copies to:
Standard & Poor's Ratings Services
Public Finance Department

55 Water Street
New York, NY 10041-0003

The rating is subject to the Terms and Conditions, if any, attached to the Engagement Letter applicable to the rating. In the absence of such Engagement Letter and Terms and Conditions, the rating is subject to the attached Terms and Conditions. The applicable Terms and Conditions are incorporated herein by reference.

Ratings Services is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing Ratings Services.

Sincerely yours,



Standard & Poor's Ratings Services

sb
enclosures
cc: Ms. Kathryn C. Pong, Associate
RBC Capital Markets

Standard & Poor's Ratings Services
Terms and Conditions Applicable To Public Finance Credit Ratings

General. The credit ratings and other views of Standard & Poor's Ratings Services ("Ratings Services") are statements of opinion and not statements of fact. Credit ratings and other views of Ratings Services are not recommendations to purchase, hold, or sell any securities and do not comment on market price, marketability, investor preference or suitability of any security. While Ratings Services bases its credit ratings and other views on information provided by issuers and their agents and advisors, and other information from sources it believes to be reliable, Ratings Services does not perform an audit, and undertakes no duty of due diligence or independent verification, of any information it receives. Such information and Ratings Services' opinions should not be relied upon in making any investment decision. Ratings Services does not act as a "fiduciary" or an investment advisor. Ratings Services neither recommends nor will recommend how an issuer can or should achieve a particular credit rating outcome nor provides or will provide consulting, advisory, financial or structuring advice. Unless otherwise indicated, the term "issuer" means both the issuer and the obligor if the obligor is not the issuer.

All Credit Rating Actions in Ratings Services' Sole Discretion. Ratings Services may assign, raise, lower, suspend, place on CreditWatch, or withdraw a credit rating, and assign or revise an Outlook, at any time, in Ratings Services' sole discretion. Ratings Services may take any of the foregoing actions notwithstanding any request for a confidential or private credit rating or a withdrawal of a credit rating, or termination of a credit rating engagement. Ratings Services will not convert a public credit rating to a confidential or private credit rating, or a private credit rating to a confidential credit rating.

Publication. Ratings Services reserves the right to use, publish, disseminate, or license others to use, publish or disseminate a credit rating and any related analytical reports, including the rationale for the credit rating, unless the issuer specifically requests in connection with the initial credit rating that the credit rating be assigned and maintained on a confidential or private basis. If, however, a confidential or private credit rating or the existence of a confidential or private credit rating subsequently becomes public through disclosure other than by an act of Ratings Services or its affiliates, Ratings Services reserves the right to treat the credit rating as a public credit rating, including, without limitation, publishing the credit rating and any related analytical reports. Any analytical reports published by Ratings Services are not issued by or on behalf of the issuer or at the issuer's request. Ratings Services reserves the right to use, publish, disseminate or license others to use, publish or disseminate analytical reports with respect to public credit ratings that have been withdrawn, regardless of the reason for such withdrawal. Ratings Services may publish explanations of Ratings Services' credit ratings criteria from time to time and Ratings Services may modify or refine its credit ratings criteria at any time as Ratings Services deems appropriate.

Reliance on Information. Ratings Services relies on issuers and their agents and advisors for the accuracy and completeness of the information submitted in connection with credit ratings and the surveillance of credit ratings including, without limitation, information on material changes to information previously provided by issuers, their agents or advisors. Credit ratings, and the maintenance of credit ratings, may be affected by Ratings Services' opinion of the information received from issuers, their agents or advisors.

Confidential Information. Ratings Services has established policies and procedures to maintain the confidentiality of certain non-public information received from issuers, their agents or advisors. For these purposes, “Confidential Information” shall mean verbal or written information that the issuer or its agents or advisors have provided to Ratings Services and, in a specific and particularized manner, have marked or otherwise indicated in writing (either prior to or promptly following such disclosure) that such information is “Confidential.”

Ratings Services Not an Expert, Underwriter or Seller under Securities Laws. Ratings Services has not consented to and will not consent to being named an “expert” or any similar designation under any applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation, Section 7 of the U.S. Securities Act of 1933. Rating Services has not performed and will not perform the role or tasks associated with an "underwriter" or "seller" under the United States federal securities laws or other regulatory guidance, rules or recommendations in connection with a credit rating engagement.

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No Third Party Beneficiaries. Nothing in any credit rating engagement, or a credit rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of a credit rating. No person is intended as a third party beneficiary of any credit rating engagement or of a credit rating when issued.

Fitch Ratings

33 Whitehall Street
New York, NY 10004

T 212 908 0500 / 800 75 FITCH
www.fitchratings.com

February 27, 2015

Mr. Thomas Burke
Finance & Risk Management Director
Pima County
130 West Congress, 10th Floor
Tucson, AZ 85701

Dear Mr. Burke:

Fitch Ratings has assigned one or more ratings and/or otherwise taken rating action(s), as detailed in the attached Notice of Rating Action.

In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of Fitch's ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

Fitch seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. Fitch is not your advisor, nor is Fitch providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services.

The assignment of a rating by Fitch does not constitute consent by Fitch to the use of its name as an expert in connection with any registration statement or other filings under US, UK or any other relevant securities laws. Fitch does not consent to the inclusion of its ratings nor this letter communicating our rating action in any offering document.

It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason Fitch deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between Fitch and you or between us and any user of the ratings.

In this letter, "Fitch" means Fitch, Inc. and Fitch Ratings Ltd and any subsidiary of either of them together with any successor in interest to any such person.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please feel free to contact us at any time.

Jeff Schaub
Managing Director, Operations
U.S. Public Finance /
Global Infrastructure & Project Finance

JS/mb

Enc: Notice of Rating Action
(Doc ID: 199043)

Notice of Rating Action

Bond Description	Rating Type	Action	Rating	Outlook/ Watch	Eff Date	Notes
Pima County (AZ) COPs ser 2015	Long Term	New Rating	AA-	RO:Sta	26-Feb-2015	
Pima County (AZ) GO bonds ser 2015	Long Term	New Rating	AA	RO:Sta	26-Feb-2015	

Key: RO: Rating Outlook, RW: Rating Watch; Pos: Positive, Neg: Negative, Sta: Stable, Evo: Evolving

RBC Capital Markets®

FINAL

SETTLEMENT, DELIVERY & CLOSING PROCEDURES

ISSUE:

$15,000,000
Pima County, Arizona
General Obligation Bonds
Series 2015

BONDS DATED:

April 14, 2015

INTEREST PAYMENT DATES:

Interest payable semiannually on January 1 and July 1 of each year, commencing July 1, 2015.

MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES:

See Exhibit A.

CLOSING:

The Closing will be held telephonically on **Tuesday, April 14, 2015** at **8:30 a.m.** (MST). Details for the call are as follows:

Dial-In No. 1-866-305-1457
Access Code 3815365#

PARTICIPANTS:

See Exhibit B.

REGISTRATION & AUTHENTICATION:

After the Bonds have been registered and executed, U.S. Bank National Association (the "Bond Registrar and Paying Agent") will confirm arrangements for a F.A.S.T. closing with the Depository Trust Co. (DTC), 55 Water Street, 1st Floor, New York, New York 10041.

SETTLEMENT INSTRUCTIONS:

Par Value @ 100	$15,000,000.00
Plus: Net Original Issue Premium	731,361.85
Less: Underwriter's Discount	(103,500.00)
Purchase Price	$15,627,861.85

FLOW OF FUNDS:

On the day of closing, **RBC Capital Markets, LLC ("RBC")** will wire transfer **$15,627,861.85** to the **Pima County Treasurer's Office** (the "County Treasurer") as follows:

Bank of America
201 E Washington
Phoenix, AZ 85004
Routing No.: 026009593
Credit to: Pima County Treasurer
Account Number: 412724156
Reference: PC GO Bonds 2015

Confirmation of the receipt of funds will be made on the morning of closing with Angelie Hawley at the Pima County Treasurer's Office at (520) 724-8828.

USES:

The amount listed above will be applied as follows:

(A) **$15,048,750.00** in proceeds received by the County Treasurer will be used for project costs and to pay costs of issuance;

(B) **$579,111.85** in proceeds received by the County Treasurer will be deposited into the Debt Service Fund and used to pay interest on the Bonds.

DELIVERY INSTRUCTIONS:

When all parties are satisfied that all monies have been transferred and that documentation is in order, the Bonds will be released to the credit of RBC, via the DTC closing desk (212) 855-3752.

Exhibit A

$15,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2015

Maturity Dates, Principal Amount, Interest Rates and CUSIPs

Dated: 04/14/2015 **Delivered:** 04/14/2015

Date	Principal (1)	Coupon	Interest	Total D/S	FY Total	CUSIP (721663)
07/01/2015	$1,525,000	2.000%	$99,904.83	$1,624,904.83	$1,624,904.83	YR7
01/01/2016			218,293.75	218,293.75		
07/01/2016	1,660,000	2.000%	218,293.75	1,878,293.75	2,096,587.50	YS5
01/01/2017			201,693.75	201,693.75		
07/01/2017			201,693.75	201,693.75	403,387.50	
01/01/2018			201,693.75	201,693.75		
07/01/2018	2,125,000	4.000%	201,693.75	2,326,693.75	2,528,387.50	YT3
01/01/2019			159,193.75	159,193.75		
07/01/2019	1,100,000	4.000%	159,193.75	1,259,193.75	1,418,387.50	YU0
01/01/2020			137,193.75	137,193.75		
07/01/2020	740,000	4.000%	137,193.75	877,193.75	1,014,387.50	YV8
01/01/2021			122,393.75	122,393.75		
07/01/2021	770,000	4.000%	122,393.75	892,393.75	1,014,787.50	YW6
01/01/2022			106,993.75	106,993.75		
07/01/2022	805,000	2.250%	106,993.75	911,993.75	1,018,987.50	YX4
01/01/2023			97,937.50	97,937.50		
07/01/2023	820,000	2.500%	97,937.50	917,937.50	1,015,875.00	YY2
01/01/2024			87,687.50	87,687.50		
07/01/2024	840,000	2.750%	87,687.50	927,687.50	1,015,375.00	YZ9
01/01/2025			76,137.50	76,137.50		
07/01/2025	865,000	3.000%	76,137.50	941,137.50	1,017,275.00	ZA3
01/01/2026			63,162.50	63,162.50		
07/01/2026	890,000	3.500%	63,162.50	953,162.50	1,016,325.00	ZB1
01/01/2027			47,587.50	47,587.50		
07/01/2027	920,000	3.500%	47,587.50	967,587.50	1,015,175.00	ZC9
01/01/2028			31,487.50	31,487.50		
07/01/2028	955,000	3.500%	31,487.50	986,487.50	1,017,975.00	ZE5
01/01/2029			14,775.00	14,775.00		
07/01/2029	985,000	3.000%	14,775.00	999,775.00	1,014,550.00	ZD7
Totals	**$15,000,000**		**$3,232,367.33**	**$18,232,367.33**	**$18,232,367.33**	

(1) The Series 2015 Bonds maturing on or after July 1, 2026 are subject to optional redemption prior to their stated maturities on or after July 1, 2025 at Par.

Exhibit B

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS, SERIES 2015

DISTRIBUTION LIST

PIMA COUNTY

Finance and Risk Management Department
130 West Congress, 10th Floor
Tucson, AZ 85701
Fax: (520) 724-8171

Tom Burke
Finance and Risk Management Director
(520) 724-3030
e-mail: tom.burke@pima.gov

Finance and Risk Management Department
130 West Congress, 6th Floor
Tucson, AZ 85701
Fax: (520) 243-2329

Ellen Moulton
(520) 724-3138
e-mail : ellen.moulton@pima.gov

Michelle Campagne
(520) 724-8410
e-mail: michelle.campagne@pima.gov

County Attorney's Office
130 West Congress
Tucson, Arizona 85701

Regina Nassen
(520) 724-5411
e-mail: regina.nassen@pcao.pima.gov

PIMA COUNTY TREASURER

Pima County Treasurer's Office
115 North Church
Tucson, AZ 85701
Fax: (520) 884-4809

Beth Ford
County Treasurer
(520) 724-8341
e-mail: beth.ford@pima.gov

BOND COUNSEL

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1 E. Washington Street, Suite 2700
Phoenix, AZ 85004
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C: (602) 617-9260
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UNDERWRITER

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Kathy Salcido
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e-mail : kathy.salcido@rbccm.com

UNDERWRITER'S COUNSEL

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Michael Cafiso
(602) 445-8452
e-mail: cafisom@gtlaw.com

Paul Gales, Jr.
(602) 445-8404
e-mail: galesp@gtlaw.com

BOND REGISTRAR & PAYING AGENT

U.S. Bank National Association
101 North First Avenue, Suite 1600
Phoenix, Arizona 85003
Fax: (602) 257-5433

Keith Henselen
(602) 257-5431
e-mail: keith.henselen@usbank.com

RATING AGENCIES

Fitch Ratings
111 Congress Avenue
Austin, TX 78701
Fax: (512) 215-3738

Rebecca Meyer
(512) 215-3733
e-mail: rebecca.meyer@fitchratings.com

Standard & Poor's Corporation
One Market, Steuart Tower 15th Floor
San Francisco, California
94105-1000
Fax: (415) 371-5090

Sarah Sullivant
(415) 371-5051
e-mail: sarah.sullivant@sandp.com

BOND DEBT SERVICE

PIMA COUNTY, ARIZONA
General Obligation Bonds
Series 2015

FINAL
(March 24, 2015)

Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2015	1,525,000	2.000%	99,904.83	1,624,904.83
07/01/2016	1,660,000	2.000%	436,587.50	2,096,587.50
07/01/2017			403,387.50	403,387.50
07/01/2018	2,125,000	4.000%	403,387.50	2,528,387.50
07/01/2019	1,100,000	4.000%	318,387.50	1,418,387.50
07/01/2020	740,000	4.000%	274,387.50	1,014,387.50
07/01/2021	770,000	4.000%	244,787.50	1,014,787.50
07/01/2022	805,000	2.250%	213,987.50	1,018,987.50
07/01/2023	820,000	2.500%	195,875.00	1,015,875.00
07/01/2024	840,000	2.750%	175,375.00	1,015,375.00
07/01/2025	865,000	3.000%	152,275.00	1,017,275.00
07/01/2026	890,000	3.500%	126,325.00	1,016,325.00
07/01/2027	920,000	3.500%	95,175.00	1,015,175.00
07/01/2028	955,000	3.500%	62,975.00	1,017,975.00
07/01/2029	985,000	3.000%	29,550.00	1,014,550.00
	15,000,000		3,232,367.33	18,232,367.33