SQUIRE SANDERS | LEGAL COUNSEL WORLDWIDE

$75,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2011

Closing: May 25, 2011

$75,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2011

Closing: May 25, 2011

CLOSING DOCUMENT INDEX

TERMS USED HEREIN

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

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	1
Squire, Sanders & Dempsey (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, Lori Godoshian, 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. 2011- 51

(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 5th day of April, 2011, 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 17th day of May, 2011.

Lori Godoshian
Clerk

RESOLUTION NO. 2011-51

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF PIMA COUNTY, ARIZONA, GENERAL OBLIGATION BONDS, SERIES 2011 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, 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, of which $244,431,949 in principal amount have been issued, leaving $12,548,051 in principal amount authorized but not yet 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, of which $392,668,657 in principal amount have been issued, leaving $189,581,343 in principal amount authorized but not yet 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 Bond Election" and, together with the 1997 Bond Election and the 2004 Election, the "Bond Elections") authorized the issuance and sale by the County of $54,000,000 aggregate principal amount of bonds for various purposes, of which $42,419,089 in principal amount have been issued, leaving $11,580,911 in principal amount authorized but not yet issued.

B. The Board of Supervisors of the County (the "Board of Supervisors") intends to issue bonds in the aggregate principal amount of not to exceed $75,000,000 (the "Bonds") in one or more series for the purpose of financing the 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 substantially the form of a bond purchase agreement now on file with the Clerk of the Board of Supervisors 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 2011 (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 $75,000,000, 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 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 January 1, 2012, 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 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 accepted proposal and the Bond Purchase Agreement as executed and delivered and not exceeding the longest period authorized at the Bond Elections. The principal amount of each series, 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.

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 the 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 Account in an amount specified by the Director of Finance of the County or his designee as not being used to pay costs 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 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 Arizona Revised Statutes Section 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 Chairman 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 the Bond Purchase Agreement submitted to and on file with the Clerk of the Board of Supervisors. 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 Chairman 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 Series 2010 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 Finance Director 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, unlimited as to rate or amount. Upon collection, said taxes will be placed in separate funds to be designated "Interest Fund" 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 15, 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 of to the federal government as required under the Tax Compliance Certificate of the County, to be dated as of the date of issuance of the Bonds (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 and 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 distribution of the Preliminary Official Statement by the Underwriter, in substantially the form on file with the Clerk of the Board of Supervisors, is hereby authorized, ratified and approved with such changes thereto as shall be approved by the Director of Finance of the County or his designee, and the Official Statement in substantially the form of the Preliminary Official Statement reflecting the results of the sale of the Bonds shall be approved by the officer executing the same in such form or with such changes or revisions therein from the form of Preliminary Official Statement as may be approved by such officer. The Chairman or any member of the Board of Supervisors is hereby authorized, empowered and directed, in the name of and on behalf of the County, to execute and deliver the same to the Underwriter and its distribution is hereby approved. 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 Chairman or any member of this Board of Supervisors 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.

PASSED, ADOPTED AND APPROVED by the Board of Supervisors of Pima County, Arizona, on April 5, 2011.

PIMA COUNTY, ARIZONA

By: Ramón Valadez
Chairman, Board of Supervisors

APR 0 5 2011

ATTEST:

By: Lori Godoshian
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE, SANDERS & DEMPSEY (US) LLP
Bond Counsel

By: Timothy E. Pickrell
Timothy E. Pickrell

EXHIBIT A

RESOLUTION NO. 2011-____

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 2011

Number: _____ Denomination: $__________

Interest Rate	Maturity Date	Original Issue Date	CUSIP
%	July 1, 20___	_________, 2011	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 ________ 1, 2012, 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 [BOND REGISTRAR].

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 and May 16, 2006, pursuant to a resolution of the Board of Supervisors of the County duly adopted prior to the issuance hereof, 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 Fund" 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 a Resolution adopted by the Board of Supervisors of the County on April 5, 2011 (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 Chairman 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)
Chairman, Board of Supervisors

ATTEST:

(facsimile)
Clerk, Board of Supervisors

AUTHENTICATION CERTIFICATE

This bond is one of the Pima County, Arizona General Obligation Bonds, Series 2011, described in the Resolution mentioned herein.

Date of Authentication: ____________________

[BOND REGISTRAR],
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.

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 18, 2011

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

In the opinion of Squire, Sanders & Dempsey (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.

$75,000,000*
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2011

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

The $75,000,000* principal amount of General Obligation Bonds, Series 2011 (the "Bonds") being issued by Pima County, Arizona (the "County") will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. 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 (each an "Interest Payment Date"), commencing January 1, 2012 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, 2021.* See "THE BONDS – Redemption" 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.

Maturity Schedule*

Due July 1	Principal Amount	Interest Rate	Yield	Due July 1	Principal Amount	Interest Rate	Yield
2012	$19,185,000			2020	$3,820,000		
2013	5,000,000			2021	4,010,000		
2014	2,995,000			2022	4,210,000		
2015	3,085,000			2023	4,420,000		
2016	3,195,000			2024	4,645,000		
2017	3,325,000			2025	4,875,000		
2018	3,475,000			2026	5,120,000		
2019	3,640,000						

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, Sanders & Dempsey (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 May 25, 2011.*

RBC CAPITAL MARKETS

May __, 2011

* Preliminary, subject to change.

PIMA COUNTY, ARIZONA
BOARD OF SUPERVISORS

Ramón Valadez, *Chairman*

Sharon Bronson

Ray Carroll

Ann Day

Richard Eliás

COUNTY ADMINISTRATIVE OFFICIALS

ELECTED OFFICIALS

Bill Staples
County Assessor

Beth Ford
County Treasurer

Barbara La Wall
County Attorney

APPOINTED OFFICIALS

C. H. Huckelberry
County Administrator

Thomas Burke
Finance and Risk Management Director

BOND COUNSEL

Squire, Sanders & Dempsey (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 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 Disclosure" and Appendix D – "Form of Continuing Disclosure Undertaking" herein.

TABLE OF CONTENTS

$75,000,000*
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2011

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 $75,000,000* principal amount of General Obligation Bonds, Series 2011 (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 is shown by the financial and other information, will necessarily continue or be repeated in the future.

References to provisions of Arizona 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 more specifically under the provisions of an authorizing resolution (the "Bond Resolution") adopted by the Board of Supervisors of Pima County, Arizona (the "Board") on April 5, 2011. The Bonds are issued for the purpose of (i) funding various capital projects in the County and (ii) paying costs relating to the issuance of the Bonds.

The Bonds offered herein represent portions 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 and May 16, 2006. After the issuance of the Bonds, the County will have $138,681,000* principal amount of authorized but unissued general obligation bonds.

General Description

The Bonds will be dated the date of initial delivery thereof and will be issued in the form of fully registered bonds in amounts of $5,000 of principal due on a maturity date or any integral multiple thereof. 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. 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."

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* Preliminary, subject to change.

The Bonds will bear interest from their dated date, payable semiannually on January 1 and July 1 (each an "Interest Payment Date"), commencing January 1, 2012. 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 for 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 taxes to be levied against all taxable property within the County, without limitation as to rate or amount. General obligation bonds heretofore and hereafter issued by the County have and will have an equal claim with the Bonds upon the proceeds of taxes levied for debt service by the County.

Redemption*

The Bonds maturing on or before July 1, 2021* will not be subject to call for redemption prior to their respective maturity dates. The Bonds maturing on or after July 1, 2022* will be subject to call for redemption on any date on or after July 1, 2021* 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 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." Thereafter, notices will be mailed to the registered owner of the Bond or Bonds being redeemed at the address shown on the Bond Register maintained by the Bond Registrar not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Failure to give proper notice of redemption shall not affect the redemption of any Bond for which proper notice was given.

SOURCES AND USES OF FUNDS

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

Sources of Funds:	
Proceeds of Bonds	
Net Reoffering Premium/(Discount)	
Total Sources	
Uses of Funds:	
Deposit to County Capital Projects Account	
Payment of Issuance Expenses (Including Underwriter's Discount)	
Total Uses	

* Preliminary, subject to change.

LEGAL MATTERS

Legal matters incident to the authorization, sale and issuance of the Bonds by the County with regard to the tax-exempt status of the interest portion of the Bonds are subject to the legal opinion of Squire, Sanders & Dempsey (US) LLP, Bond Counsel to the County. 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 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, Sanders & Dempsey (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.

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.

Prospective purchasers of the Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Bonds at other than their original issuance at the respective prices indicated on the inside cover of this Official Statement should also 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.

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.

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. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the cover 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 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 appropriate representatives of the County believe either that the County 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 prices lower than the public offering prices reflected on the inside front cover page hereof. The initial public offering prices may be changed from time to time by the Underwriter

RATINGS

Fitch Ratings ("Fitch") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P") have assigned the Bonds uninsured 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 holders of the Bonds to provide certain financial information and operating data relating to the County by not later than February 1 in each year commencing February 1, 2012 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events, (the "Notice of Listed Events"). The Annual Reports, the Notices of Listed Events and any other document or information required to be filed by the 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 ("EMMA") as described in Appendix D – "Form of Continuing Disclosure Undertaking." The specific nature of the information to be contained in the Annual Reports and the Notices of Listed Events is set forth in Appendix D – "Form of Continuing Disclosure Undertaking."

These covenants have been made in order to assist the underwriters of the Bonds 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 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, 2010. 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 their opinion on such Comprehensive Annual Financial Report.

ADDITIONAL INFORMATION

Additional information and copies of the Official Statement may be obtained from RBC Capital Markets, LLC, 2398 East Camelback Road, Suite 700, Phoenix, Arizona 85016 (telephone 602-381-5368).

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: ____
Chairman, 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 a 2010 Census population of 980,263. 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
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
1960 Census	265,660	212,892	1,302,161

Source: Arizona Commerce Authority, Population Statistics Unit, Research Administration; U.S. Census Bureau.

Organization

The County is governed by a five-member Board, each of whom 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 (the “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 Pima 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 of Arizona.

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 Commerce indicate that 358,100 persons were employed, on average (not including the agricultural industry), in the County in 2010. The following table presents the County's average annual total employment by industry for the periods indicated. During the recent recession, employment has decreased in the County as reflected in the information shown below for 2008 through 2010.

TABLE 2
Pima County
Average Annual Employment
Number of Persons Employed 2006-2010

Industry	2006	2007	2008	2009	2010
Goods Producing					
Natural Resources and Mining	1,600	1,800	1,900	1,700	1,800
Construction	27,900	26,500	22,800	16,500	14,200
Manufacturing	28,100	27,500	27,200	25,100	24,300
Service Providing					
Trade, Transportation and Utilities	62,700	64,300	62,700	58,200	57,700
Information	6,800	5,900	5,300	4,800	4,600
Financial Activities	17,600	18,200	17,200	17,400	17,500
Professional and Business Services	49,700	52,600	51,400	47,300	47,400
Education and Health Services	52,600	54,700	57,100	58,600	60,300
Leisure and Hospitality	40,600	40,200	40,400	38,700	38,400
Other Services	15,800	15,800	15,700	14,700	14,200
Government	76,300	77,900	79,800	78,900	77,700
Total Wage & Salary Employment	379,700	385,400	381,500	361,900	358,100

Source: U.S. Department of Labor, Bureau of Labor Statistics and the State of Arizona, Research Center.

The average unemployment rate for the County in 2010 was 8.7%. The average annual unemployment rate for 2009 and 2008 was 8.3% and 5.1%, 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 has seen significant increases in the last two years.

TABLE 3
Pima County
Comparative Employment Statistics

	Pima County		Unemployment Rate		
Calendar Year	**Average Employment**	**Average Unemployment**	**Pima County**	**Arizona**	**U.S.**
2010	449,700	42,700	8.7%	9.6%	9.7%
2009	448,700	40,500	8.3%	9.0%	9.3%
2008	454,122	24,565	5.1%	5.9%	5.8%
2007	442,498	16,774	3.6%	3.8%	4.6%
2006	431,585	17,773	4.0%	4.1%	4.6%

Source: U.S. Department of Labor, Bureau of Labor Statistics and the State of Arizona, Research Center.

The following table indicates the major employers in southern Arizona, which includes Pima County, as reported in March 2011.

TABLE 4
Southern Arizona
Major Employers

Company	**Type of Business**	**Approximate Number of Full-Time Equivalents**
Raytheon Missile Systems	Military and Defense	10,500
University of Arizona	Higher Education	10,481
State of Arizona	Government	8,866
Davis-Monthan Air Force Base	Military and Defense	8,462
Wal-Mart Stores Inc.	Retailers	7,308
Tucson Unified School District	Education	6,709
U.S. Army Intelligence Center and Fort Huachuca	Military and Defense	6,225
University of Arizona Health Network.	Health Care	5,982
City of Tucson	Government	4,930
Freeport-McMoRan Copper & Gold Inc.	Mining and Agriculture	4,803
Carondelet Health Network	Health Care	4,690
Tohono O'odham Nation	Government	4,350
U.S. Border Patrol	Military and Defense	3,669
Fry's Food Stores	Restaurants & Food Distribution	3,100
TMC HealthCare	Health Care	2,966
Corrections Corp. of America	Other	2,487
Pinal County	Government	2,340
Pima Community College	Higher Education	2,336
Asarco LLC	Mining	2,262

Source: *The Star 200*, The Arizona Daily Star (March 2011).

Non-Governmental Employment

Average overall wage and salary employment in the County, excluding government employment, increased in each of the calendar years 2006 and 2007. In 2008, employment levels in certain categories showed declines, while for calendar year 2009, average employment across all categories with the exception of financial activities and education and health services declined compared to average employment levels in calendar year 2008. For 2010, average annual employment levels in total were slightly down from 2009, with various employment categories showing smaller increases or declines. Since 2008, the decrease in average non-governmental employment in the County has fallen by approximately 21,300 jobs, or approximately 7.1%, with non-governmental employment levels on average returning to pre-2005 employment levels. The most significant decline for this period occurred in construction employment which has decreased by 37.7% from calendar year 2008 to 2010.

The average annual employment in service-providing categories in 2010 was 240,100. 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 have been the primary areas of employment in the service-providing industry.

Government

While employment levels have fallen over the last two years, government employment plays an important role in the County with Federal, State and local government employees averaging approximately 77,700 in 2010. The State of Arizona and the Davis-Monthan Air Force Base are significant contributors to government employment in the County (see "Pima County - Major Employers" listed in TABLE 4). The 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 2,500 aircraft is the largest in the world. In the past, Davis-Monthan Air Force Base has been included reportedly 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 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, and Universal Avionics Systems Corp., which builds and installs advanced instrumentation, communication and navigation systems for civil aircrafts. 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 in 2010 was 24,300, representing 6.8% of the County's total wage and salary employment base. Manufacturing employment in the County has decreased every year since 2006, with employment during 2009 and 2008 averaging 25,100 and 27,200, respectively.

The following table presents the major manufacturers in the County and Tucson metropolitan area:

TABLE 5
Southern Arizona
Major Manufacturers

Company	Type of Business	Approximate 2011 Employment
Raytheon Missile Systems	Missile Manufacturing	10,500
IBM	Business & Technology Products	1,350
Ventana Medical Systems Inc.	Medical Equipment	1,008
Bombardier Aerospace	Aircraft Maintenance	631
Honeywell Aerospace	Aircraft Electronic Systems	630
Northrop Grumman Corp.	Military Aircraft Modification	390
B/E Aerospace	Aircraft Passenger Cabin Interior Products	390
Texas Instruments	Operation Amplifiers	350
Universal Avionics Systems Corp.	Avionics Systems	245

Source: *The Star 200*, The Arizona Daily Star (March 2011).

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. Among the companies operating "twin plants" in Tucson and Nogales are General Electric, Samsonite, Motorola, Acco, Moen Faucets and Masterlock. 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 growth 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 over 573 convention bookings with 216,590 convention delegates visited the Tucson area in fiscal year 2009-10, the most recent year for which data was available, although this level of bookings and delegates is estimated to have decreased since that time. In the Tucson area, the Bureau estimated that there were approximately 192 hotels and resorts with 16,227 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, approximately $1.3 billion was spent by tourists in the County in 2010, a 0.63% decrease from estimated tourism-related expenditures in calendar year 2009.

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 2006 through 2010.

TABLE 6
Total Tourist Expenditures
($ in millions)

Year	Pima County	State of Arizona
2010	$1,296	$8,844
2009	1,304	8,795
2008	1,414	9,871
2007	1,542	10,604
2006	1,532	10,435

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 11,600 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. The academic organization of the University is comprised of ten undergraduate colleges, five graduate colleges and a number of interdisciplinary programs. Enrollment figures for the fall semester of 2010 were estimated at 39,086 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 2009-10 was estimated at 68,461 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, Bashas' Inc., Safeway Stores Inc., Fry's Food and Drug Stores, Walgreen Co., Home Depot, Albertsons-Osco and Crosstown Traders.

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 Pima County generally levy a 2% to 4% sales tax. The Pima 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 7.14% in calendar year 2008 and by an additional 9.86% in calendar year 2009. While continuing to decrease in calendar year 2010, the rate of decline has slowed to 2.20% in 2010 when compared to prior years.

TABLE 7
Pima County Retail Sales (a)

Year	Amount	% Change
2010	$6,402,891,553	(2.20%)
2009	6,547,084,057	(9.86%)
2008	7,263,583,414	(7.14%)
2007	7,822,497,932	1.05%
2006	7,740,869,293	7.49%

(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 six fiscal years. As of June 30, 2010, there were 20 institutions with 192 offices in the County, with a deposit balance of $11.9 billion.

TABLE 8
Pima County
Bank Deposits

Year	Amount
2010	$11,892,000,000
2009	11,502,000,000
2008	11,215,000,000
2007	11,643,000,000
2006	11,151,000,000

Source: Federal Deposit Insurance Corporation.

Mining

According to the Arizona Mining Association, Arizona leads the nation in copper production, accounting for approximately 65% of the total U.S. mine production. However, the cyclical nature of this industry has caused some 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 1,800 in 2010, 1,700 in 2009 and 1,800 in 2008.

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. The following table sets forth the total cash receipts for all crops and livestock products in the County for the most recent five years for which reports are available.

TABLE 9
Cash Receipts From Agricultural Marketing
(Total Crops and Livestock)
Pima County

Year	Receipts
2009	$61,726,000
2008	71,663,000
2007	73,400,000
2006	78,083,000
2005	84,452,000

Source: *Arizona Agricultural Statistics,* September 2010.

Building Permits

The following tables were obtained from the *Greater Phoenix Real Estate Market Update*, compiled by the Realty Studies division of the Morrison School, Arizona State University Polytechnic Campus. Construction is valued on the basis of estimated cost of a project, not on market price or the value of construction at the time the permit is issued. The date at which the permit is issued should not be construed as the date of construction.

As reflected in the table below, the value of building permits and new housing starts has fallen significantly over the period shown. The County's expectation is that these values may continue to show declines from prior years.

TABLE 10
Pima County
Value of Building Permits

Year	Residential	Commercial	Industrial	Other	Total
2010	$ 242,191,000	$182,847,000	$ 355,000	$ 91,163,000	$ 516,556,000
2009	399,714,000	106,445,000	11,851,000	46,646,000	564,656,000
2008	598,774,000	290,225,000	17,799,000	114,784,000	1,021,582,000
2007	864,602,000	420,297,000	18,580,000	89,391,000	1,392,870,000
2006	1,562,755,000	199,629,000	16,736,000	129,928,000	1,909,048,000

Source: Realty Studies, Morrison School, Arizona State University Polytechnic Campus.

TABLE 11
Pima County
New Housing Starts

Year	Total Housing Units Permitted
2010	1,238
2009	2,179
2008	3,207
2007	4,629
2006	9,082

Source: Realty Studies, Morrison School, Arizona State University Polytechnic Campus.

Counties are required to adopt a Comprehensive Plan, and cities and towns a General Plan, under Arizona laws adopted in 1998 and 2000. All subsequent rezoning activity must conform to the plan. Most cities and towns and each of the larger counties, including Pima, are required to plan for growth areas and identify the means to provide necessary public services in the future. In addition to environmental and infrastructure elements, an analysis of available water is also required. The County's Comprehensive Plan was updated and adopted in 2001. State law requires that every 10 years the plan be redone or updated and approved by the voters. Also, as a result of these laws, counties have broader authority to adopt development impact fees and review lot splitting. The County has been implementing the policies of the Comprehensive Plan since its adoption.

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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 of Supervisors 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 Constitution 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 2009-10 fiscal year was $506,395,368. The County's expenditures for the 2009-10 fiscal year were under the limit. The County's 2010-11 fiscal year expenditure limitation is $516,346,641 and the County anticipates that its expenditures for such year will be under the limit.

Ad Valorem Taxes

General

Arizona (the "State" or "Arizona") property taxes are divided into two systems, primary and secondary. Secondary property taxes are those taxes imposed for payment of bonded indebtedness, for exceeding a budget, expenditure or tax limitation pursuant to voter approval and for operating and maintaining certain special districts. Primary property taxes are all ad valorem taxes other than secondary property taxes.

Under the primary system, the full cash value of locally-assessed real property (consisting primarily of residential, commercial, industrial, agricultural and unimproved property) cannot increase by more than 10% per year, except under certain circumstances. This limitation does not apply to mines, utilities and railroads which are assessed by the State. Annual tax levies under the primary system are based on the nature of the property taxed and the taxing authority. Primary taxes levied on residential property only are limited to 1% of the limited full cash value of such property. In addition, primary taxes levied on all types of property by counties, cities, towns and community college districts are limited to a maximum increase of 2% over the prior year's levy plus any amount directly attributable to new construction and annexation. The 2% limitation does not apply to primary taxes levied for local school districts. The County does not currently levy its primary tax to the maximum allowed under the law.

Secondary assessed valuation represents the value used in determining property tax levies for the payment of principal and interest on bonds, school district voter-approved budget overrides and special district taxes and the calculation of maximum bonded indebtedness allowed under the State's Constitutional debt limit. See "Debt Limitation" herein. Under the secondary system, there is no limitation on annual increases in full cash value of any property. In addition, annual tax levies for voter-approved bonded indebtedness, overrides and special district taxes are unlimited.

Arizona law provides for a property valuation "freeze" for certain residential property owners sixty-five years of age and older. Owners of residential property may obtain such freeze against valuation increases (the "Property Valuation Protection Option") if the owner's 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 valuation reverts to its current full cash value. Any freeze on increases in full cash value will translate to the secondary assessed value of the affected property as hereinafter described.

Additionally, all property, both real and personal, is assigned a classification to determine its assessed valuation for tax purposes. Each legal classification is defined by property use and has an assessment ratio (a percentage factor) which is multiplied by the limited or full cash values of the property to obtain the assessed valuations.

Tax Procedures

The tax year in Arizona is defined as the calendar year, although tax procedures begin prior to January 1 of each tax year and continue through May of the succeeding calendar year. The first step in the tax process, for taxing entities other than certain special districts, is the determination of the full cash value of each individually-owned parcel of land within the State. Property valuations are established on most property by the individual county assessors, with the State Department of Revenue determining the valuation of centrally assessed properties such as gas, water and electrical utilities, railroads, mines and pipelines. The appropriate property classification assessment ratio is then applied to the full cash value to determine the assessed valuation for such parcel. The assessment ratios utilized over the five-year period 2007 through 2011 for each class of property are set forth below.

Property Tax Assessment Ratios
2007 through 2011

	Assessment as Percent of Full Cash Value				
Property Classification (a)	**2007**	**2008**	**2009**	**2010**	**2011**
Mining, Utility, Commercial and Industrial (b)	24%	23%	22%	21%	20%
Agriculture and Vacant Land (b)	16%	16%	16%	16%	16%
Owner Occupied Residential	10%	10%	10%	10%	10%
Leased or Rented Residential	10%	10%	10%	10%	10%
Railroad, Private Car Company and Airline Flight Property (c)	21%	20%	18%	17%	15%

(a) Additional classes of property exist, but seldom amount to a significant portion of a governmental entity's total valuation.

(b) For tax year 2010, full cash values up to $66,440 on commercial, industrial and agricultural personal property are exempt from taxation. For tax year 2011, full cash values up to $67,268 on commercial, industrial and agricultural personal property are 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. Pursuant to legislation signed into law by the Governor on February 17, 2011 (unless a valid referendum petition is submitted on or before May 16, 2011), the assessment ratio for commercial and industrial property will be reduced to 19.5% for tax year 2013 and further reduced one-half of one percent for each year to 18% for 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 and agricultural personal property to (ii) the total full cash (market) value of such properties.

From time to time, bills have been introduced in the Arizona Legislature to reduce the property tax assessment ratios on utility, commercial and/or industrial property and such bills may be introduced in the current or future legislative sessions. The County cannot determine whether any such measures will become law or how they might affect property tax collections for the County.

Delinquent Tax Procedures

The property taxes due to the County are billed, along with State and other taxes, ordinarily in September of the calendar tax year and are due and payable in two installments on October 1 and March 1 and become delinquent on November 1 and May 1. Delinquent taxes are subject to an interest penalty of 16% per annum prorated monthly as of the first day of the month unless the full year's taxes are paid by December 31. After the close of the tax collection period, the County Treasurer 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 tax lien is reoffered for sale from time to time until such time as the taxes, penalties and interest put on the lien is sold, subject to redemption, for an amount sufficient to cover all delinquent and current taxes.

It should be noted that 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 be attached against the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly noninterest 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 a 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 the 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 would be stayed pursuant to the Bankruptcy Code. While the 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 a 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 post bankruptcy petition tax collections becomes uncertain.

Property Valuations

The following tables list various property valuations for the County for the current fiscal year and estimated valuations for the following fiscal year.

Valuations for 2010-11 Fiscal Year

Estimated Actual Valuation (a)	$77,358,317,302
Net Secondary Assessed Valuation	9,342,561,193
Net Primary Assessed Valuation	8,939,647,260

Estimated Valuations for 2011-12 Fiscal Year (b)

Net Secondary Assessed Valuation	$8,481,950,795
Net Primary Assessed Valuation	8,310,155,362

(a) Actual full cash value net of estimated value of property exempt from taxation.
(b) Estimated valuations for the 2011-12 fiscal year, provided by the Pima County Assessor. Valuations for the 2011-12 fiscal year are not official until approved by the Board of Supervisors on the third Monday in August for the following fiscal year. Although the final official valuations are not expected to differ materially from the estimated valuations, they are subject to positive or negative adjustments until approved by the Board of Supervisors.

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

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
2010-11	$9,342,561,193	$77,358,317,302	12.08%
2009-10	9,860,980,900	80,653,625,457	12.23%
2008-09	9,594,861,519	79,245,821,370	12.11%
2007-08	8,220,395,835	66,494,590,856	12.36%
2006-07	6,869,955,457	59,890,228,997	11.47%

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

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

Net Secondary Assessed Valuation Comparisons

Fiscal Year	City of Tucson	Percent Change	Pima County	Percent Change	State of Arizona	Percent Change
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%
2008-09	3,895,581,900	11.80%	9,594,861,519	16.72%	86,090,579,647	19.84%
2007-08	3,484,462,013	15.52%	8,220,395,835	19.66%	71,837,099,233	32.07%
2006-07	3,016,230,759	10.77%	6,869,955,457	13.54%	54,394,761,521	11.16%

Source: *Abstract of the Assessment Roll*, Arizona Department of Revenue; *Property 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	Estimated 2010-11 Net Secondary Assessed Valuation	As Percent of County's 2010-11 Net Secondary Assessed Valuation
Unisource Energy Corporation	Utility	$168,510,315	1.80%
Phelps Dodge Corporation	Mining	99,051,419	1.06%
Southwest Gas Corporation	Utility	64,532,727	0.69%
Qwest Corporation	Telecommunications	51,942,320	0.56%
Asarco Inc	Mining	58,585,169	0.63%
Trico Electric Co-op Inc.	Utility	21,216,663	0.23%
DND Neffson Company	Shopping Mall	17,931,196	0.19%
Target Corporation	Retail	17,863,139	0.19%
Northwest Hospital LLC	Healthcare	17,389,752	0.19%
Starr Pass Resort Developments LLC	Hospitality	16,153,061	0.17%
		$533,175,761	5.71%

(a) Some of such taxpayers or their parent corporations are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), 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 and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of the Filings can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. 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 to 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
2010-11	$352,275,617	(c)	N/A	$187,072,312	53.10%
2009-10	353,593,620	$338,592,132	95.76%	348,314,144	98.51
2008-09	322,901,974	309,375,563	95.81	321,714,321	99.63
2007-08	305,699,225	294,220,625	96.25	304,660,163	99.66
2006-07	283,253,437	273,299,741	96.49	282,616,116	99.77
2005-06	267,378,750	258,490,790	96.68	266,960,200	99.84

(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 the first day of October 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 becomes due the first day of March and is 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, 2011 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
2010-11	$3.3133	$1.3665	$4.6798
2009-10	3.3133	1.2784	4.5917
2008-09	3.3913	1.2789	4.6702
2007-08	3.6020	1.4654	5.0674
2006-07	3.8420	1.4986	5.3406

Source: *Property Tax Rates and Assessed Values,* The Arizona Tax Research Foundation and Pima County Finance and Risk Management Department.

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 2010-11)	**$9,342,561,193**
15% Constitutional Limitation	1,401,384,179
Net Direct General Obligation Bonds Outstanding	417,995,000
Plus: the Bonds	75,000,000*
Unused 15% Limitation	$ 908,389,179*

* Preliminary, subject to change.

General Obligation Bonded Debt to be 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	Maturity Dates	Average Int. Rates	Remaining Balance Outstanding
01-01-02	$20,000,000	Various Improvements	7-1-02/11	4.000%	$ 1,000,000
01-15-03	50,000,000	Various Improvements	7-1-03/17	3.900%	26,850,000
06-01-04	65,000,000	Various Improvements	7-1-05/19	4.207%	40,200,000
05-01-05	65,000,000	Various Improvements	7-1-06/20	4.016%	42,750,000
01-01-07	95,000,000	Various Improvements	7-1-07/21	4.028%	73,675,000
02-15-08	100,000,000	Various Improvements	7-1-08/22	3.934%	78,500,000
04-22-09	75,000,000	Various Improvements	7-1-09/23	3.913%	49,000,000
12-02-09	113,535,000	Various Improvements	7-1-10/24	3.579%	106,020,000
Total General Obligation Bonded Debt Outstanding					$417,995,000
Plus: the Bonds offered herein					75,000,000*
Total General Obligation Bonded Debt to be Outstanding					$492,995,000*

Estimated Annual Debt Service Requirements of General Obligation Bonded Debt to be Outstanding

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

Fiscal Year Ending June 30	Existing General Obligation Bonded Debt Outstanding		The Bonds*		Total Debt Service Requirement (b)*
	Principal	Interest	Principal	Interest (a)	
2011	$40,245,000	$16,173,680			$56,418,681
2012	34,055,000	14,636,982	$19,185,000	$3,202,114	71,079,095
2013	34,025,000	13,358,281	5,000,000	2,527,313	54,910,594
2014	32,465,000	12,050,732	2,995,000	2,377,313	49,888,044
2015	31,690,000	10,711,230	3,085,000	2,287,463	47,773,694
2016	32,420,000	9,441,614	3,195,000	2,179,488	47,236,100
2017	33,625,000	8,144,119	3,325,000	2,051,688	47,145,806
2018	31,075,000	6,802,944	3,475,000	1,902,063	43,255,006
2019	34,185,000	5,621,117	3,640,000	1,737,000	45,183,119
2020	32,180,000	4,347,531	3,820,000	1,555,000	41,902,531
2021	28,245,000	3,204,307	4,010,000	1,364,000	36,823,306
2022	29,420,000	2,146,206	4,210,000	1,163,500	36,939,706
2023	16,880,000	986,707	4,420,000	953,000	23,239,706
2024	7,485,000	299,400	4,645,000	732,000	13,161,400
2025			4,875,000	499,750	5,374,750
2026			5,120,000	256,000	5,376,000

(a) Interest is estimated at an average annual rate of 4.71%. The first interest payment date on the Bonds is January 1, 2012.
(b) Amounts may not add due to rounding.

* Preliminary, subject to change.

Net Direct and Overlapping General Obligation Bonded Debt

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	2010-11 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(f)	Portion Applicable to the County		Combined Tax Rate Per $100 Assessed Valuation (e)
			Percent	Net Debt Amount	
State of Arizona	$75,643,290,656	None	100%	None	$0.0000
Pima County	**9,342,561,193**	**$492,995,000***	**100%**	**$492,995,000***	**4.8727 (b)**
Pima County Flood Control District (c)	8,529,149,549	None	100%	None	0.2635
Elementary School Districts	417,769,649	1,010,000	100%	1,010,000	2.1948 (d)
Unified School Districts	8,904,441,399	613,660,000	100%	613,660,000	5.6193 (d)
Cities and Towns	5,340,330,971	238,315,610	100%	238,315,610	0.6859 (d)
Pima County Community College District	9,342,561,193	14,635,000	100%	14,635,000	1.0848
Total				**$1,360,615,610***	

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* Preliminary, subject to change.

Jurisdiction	2010-11 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(f)	Combined Tax Rate Per $100 Assessed Valuation (e)
State of Arizona	$75,643,290,656	None	None
Pima County	9,342,561,193	$492,995,000*	$4.8727 (b)
Pima County Flood Control District (c)	8,529,149,549	None	0.2635
Pima County Community College District	9,342,561,193	14,635,000	1.0848
Elementary School Districts:			
San Fernando ESD #35	1,886,973	None	3.6883
Empire ESD #37	7,987,910	None	2.9195
Continental ESD #39	365,271,460	1,010,000	1.6945
Redington ESD #44	1,597,977	None	7.0689
Altar Valley ESD #51	41,025,329	None	6.2500
Unified School Districts:			
Tucson USD #1	3,809,570,873	339,260,000	6.2976
Marana USD #6	890,671,162	37,040,000	4.6995
Flowing Wells USD #8	233,154,110	15,730,000	6.0407
Amphitheater USD #10	1,695,333,351	59,870,000	5.0511
Sunnyside USD #12	512,628,407	19,790,000	6.9680
Tanque Verde USD #13	227,155,652	14,000,000	3.3545
Ajo USD #15	20,821,375	None	4.9069
Catalina Foothills USD #16	697,491,960	29,965,000	4.2154
Vail USD #20	507,007,049	46,305,000	4.8839
Sahuarita USD #30	309,567,219	51,700,000	6.5753
Indian Oasis USD #40	1,040,241	None	0.0000
Cities and Towns:			
City of Tucson	3,914,105,239	238,315,610	0.9344
City of South Tucson	27,462,697	None	0.2035
Town of Marana	509,699,927	None	0.0000
Town of Oro Valley	672,309,368	None	0.0000
Town of Sahuarita	216,753,740	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% will

* Preliminary, subject to change.

be interest bearing and the remaining 27% will be non-interest bearing. These percentages will be fixed for the entire 50-year repayment period, which commenced October l, 1993. Effectiveness of the agreement is subject to a number of conditions including settlement of certain Indian community water claims and other water claims and will require certain State legislation. Federal authorizing legislation was enacted in 2004. If the conditions are not met by May 9, 2012, and the parties do not amend the agreement, the agreement will terminate and litigation will resume. If it appears prior to May 9, 2012, that the conditions will not be met by the deadline, the parties can amend the agreement or either party may petition the U.S. District Court to terminate the agreement and resume litigation. It is not possible to predict whether the agreement will become finally effective, be amended, or terminate, or whether litigation will resume. If litigation resumes, it is not possible to predict the outcome of such litigation. CAWCD is a water conservation district having boundaries coterminous with the exterior boundaries of 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 twelve cents is being currently levied. (See Arizona Revised Statutes, Sections 48-3715 and 48-3715.02.) 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 $0.3564, the $0.3100 tax rate of the Free Library District, the $0.1000 tax rate of the Central Arizona Project and the $0.0430 tax rate of the Fire District Assistance Tax.

(c) The boundaries of the Pima County Flood Control District are coterminous with those of Pima 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 (g)	**Authorized But Unissued General Obligation Bonds****
Pima County	$138,681,000*
Amphitheater Unified School District No. 10	131,000,000
Catalina Foothills Unified School District No. 16	12,575,000
Vail Unified School District No. 20	5,000,000
Sahuarita Unified School District No. 30	1,650,000

** Does not include the $5,600,000 aggregate principal amount of general obligation bond authorization for the City of Tucson from the 1984 bond election which can be sold only to establish reserve funds.

(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 2010-11	
	Per Capita Net Debt (Pop. @ 980,263) (a)	Secondary Assessed Valuation ($9,342,561,193)	Est. Actual Valuation ($77,358,317,302)
Net Direct General Obligation Bonded Debt ($492,995,000*)	$ 502.92	5.28%	0.64%
Net Direct and Overlapping General Obligation Bonded Debt ($1,360,615,610*)	$1,388.01	14.56%	1.76%

(a) Source: U.S. Census Bureau.

Street and Highway Revenue Bonded Debt Outstanding

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

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Remaining Balance Outstanding
1-01-02	$55,000,000	Street & Highway Improvements	7-1-03/12	$ 7,095,000
1-15-03	35,000,000	Street & Highway Improvements	7-1-04/18	22,960,000
5-01-05	51,200,000	Street & Highway Improvements	7-1-09/20	44,300,000
1-01-07	21,000,000	Street & Highway Improvements	7-1-09/22	19,465,000
2-15-08	25,000,000	Street & Highway Improvements	7-1-09/22	24,700,000
12-02-09	23,420,000	Street & Highway Improvements	7-1-13/24	23,420,000
Total Street and Highway Revenue Bonds Outstanding				$141,940,000

Sewer Revenue Debt Outstanding

The following chart lists the outstanding sewer revenue obligations of the County .

Date of Issue	Original Amount	Purpose	Remaining Maturity Dates	Balance Outstanding
03-01-96	$11,313,350	Refunding (a)	7-1-97/12	$ 2,729,141
08-06-97	7,500,000	Sewer Improvements (a)	7-1-00/11	656,941
05-01-98	29,185,000	Sewer Improvements	7-1-99/11	2,525,000
04-01-01	19,440,000	Refunding	7-1-02/11	1,360,000
05-01-04	25,770,000	Refunding	7-1-05/15	14,085,000
05-11-04	19,967,331	Sewer Improvements (a)(b)	7-1-05/24	16,462,785
01-01-07	50,000,000	Sewer Improvements	7-1-07/26	42,450,000
05-01-08	75,000,000	Sewer Improvements	7-1-09/23	73,680,000
05-06-09	18,940,000	Sewer Improvements	7-1-10/24	18,130,000
10-09-09	10,002,383	Sewer Improvements (a)	7-1-10/24	7,554,948
06-17-10	165,000,000	Sewer Improvements	7-1-14/25	165,000,000
03-30-11	43,625,000	Refunding	7-1-11/16	43,625,000
Total Sewer Revenue Debt Outstanding				$388,258,815

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

* Preliminary, subject to change.

Lease, Lease-Purchase and Refunding Agreements

The County has various lease Refunding Agreements outstanding. A list of the County departments benefited by these agreements and the scheduled payments on these agreements over the past four fiscal years appears below.

	Fiscal Year (in Thousands)			
County Department	**2006-07**	**2007-08**	**2008-09**	**2009-10**
Clerk of Superior Court	$ 82	$82	$131	$111
Sheriff	21	0	0	0
Fiscal Year Total	$103	$82	$131	$111

Source: Pima County Finance and Risk Management Department.

Certificates of Participation

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

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Remaining Balance Outstanding
09-01-99	$ 4,875,000	Refunding	1-1-13/14	$ 4,000,000
10-01-03	27,525,000	Refunding	1-1-05/18	14,565,000
05-01-07	30,320,000	New Money	7-1-08/22	25,920,000
06-26-08	50,000,000	New Money	6-1-09/11	10,000,000
06-10-09	34,400,000	New Money	6-1-10/12	14,400,000
02-04-10	20,000,000	New Money	6-1-11/19	20,000,000
Total Certificates of Participation Outstanding				$88,885,000

The County intends to issue an additional approximately $37 million of certificates of participation in late calendar year 2011 or early 2012.

Retirement Plans

A brief description of the various retirement programs in which County employees participate is located in Footnote 9 in the excerpts from the County's Comprehensive Annual Financial Report in Appendix F.

The Arizona State Retirement System, a cost-sharing, multiple-employer defined benefit plan in which the County participates (the "System"), has reported increases in its unfunded liabilities. The most recent actuarial valuation for the System may be accessed at: https://www.azasrs.gov/web/AnnualActuarialValuations.do. Additionally, the board for the System has adopted contribution rates for fiscal year 2011 and 2012. For fiscal year 2011, the contribution rate for both retirement and long-term disability is 9.85% for both the County and the employees. Beginning in Fiscal Year 2011-12, the Arizona Legislature has enacted a change to the System shifting more of the cost to the employees. For fiscal year 2012 (starting July 1, 2011), the rate, including retirement and long-term disability, will increase to 10.105% for the County and increase to 11.395% for employees, with additional increases currently scheduled through fiscal year 2018. The effect of the increase in the System's unfunded liabilities on the County, or the County and its employees future annual contributions to the System is expected to result in increased contributions by the County and its employees, however the specific effects cannot be determined at this time.

Other Post Employment Benefits

In fiscal year 2007-08, the County implemented Government Accounting Standards Board Statement Number 45, *Accounting by Employers for Post-Employment Benefits Other than Pensions* ("GASB 45"), which 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. Plan benefits covered by GASB 45 must be recognized as current costs over the working lifetime of employees, and to the extent such costs are not pre-funded, the reporting of such costs as a financial statement liability.

The County has, in the past, offered its retired employees, their spouses and survivors continuing access to health care insurance through the County's health plan until they reach an age covered by Medicare, a benefit that was discontinued effective July 1, 2010. Participating retirees were required to pay 100% of applicable health care insurance premiums. The County makes no payments for OPEB costs for such retirees, but for fiscal year 2007-08 the County reported an implicit rate subsidy described in Note 10 of the 2007-08 Comprehensive Annual Financial Report. For fiscal year 2008-09, the County did not report any OPEB liability because the County determined that, to the degree GASB 45 applied, any OPEB liability would not be material. Because the program was discontinued as of July 1, 2010, the County had no OPEB costs for fiscal year 2009-10 and will not for future years unless the program is reinstituted.

Management Commentary on Financial Condition

At the end of Fiscal Year 2009-10, the County had $73.8 million of unrestricted General Fund balance, $23.8 million more than had been budgeted. The County projects that its General Fund balance at the end of Fiscal Year 2010-11 will be $53.7 million, or $29.7 million more than budgeted. This reduction from $73.8 million to $53.7 million is caused primarily by the transfer of $22.4 million from the General Fund into the Property Tax Stabilization Fund created by the Board of Supervisors to prepare the County for any adverse impact from the State budget deficits discussed below. Revenues from County sources for fiscal year 2010-11 are expected to be near budgeted amounts. As of January 2011, the County is projecting a slight increase in State-shared sales revenues of approximately $2.0 million, but a decrease in the County's share of the State's vehicle license tax of $1.15 million.

The net primary assessed values within Pima County have declined over the past several years from a high of $8.98 billion in Fiscal Year 2009-10 to an estimated $8.31 billion for Fiscal Year 2011-12, a decrease of 7.5%. The estimated Fiscal Year 2011-12 primary assessed value, however, is similar to the $8.23 billion assessed value for Fiscal Year 2008-09. The County expects the net assessed values to decrease, but at a slower rate, for the next two years and then to begin to recover. The County's primary property tax collections (which constitute property taxes collected generally for operating purposes), while affected by net assessed values, historically have not fluctuated in the same manner. For Fiscal Year 2008-09, the County's primary property tax levy was $282 million, whereas for Fiscal Year 2010-11, the primary property tax levy was $301 million. Annual budgets for the County have taken this trend into account and have continued to balance the budget with relatively steady levels of property tax revenues and reduction in expenditures to account for reduction in other revenue sources.

In March 2010, the State of Arizona adopted the State's fiscal year 2010-11 budget that includes significant impacts on the County through a combination of cost shifting and revenue reductions. The County anticipated such action and has, over the past several years, initiated ongoing expenditure reductions and hiring restrictions to mitigate the impact of the State's budget. The County's budget adopted by the Board of Supervisors for fiscal year 2010-11 took into account the impacts to the County of the State's budget, by including expenditure reductions primarily within the County's General Fund departments. For next fiscal year, the County Administrator has called for a 1.5% reduction in expenditures for the majority of County departments. The County, through such budget reductions, expects to continue to provide services while maintaining its policy of funding a General Fund balance at the level of not less than five percent of budgeted revenues ($24 million for fiscal year 2010-11).

In April 2011, the Arizona Legislature enacted a State budget for Fiscal Year 2011-12 that shifts some of the State's budgetary costs to local jurisdictions, including Pima County, in the form of additional mandatory payments and by reducing the share of State-shared revenues distributed to local jurisdictions. The State legislature has also enacted a provision to shift the responsibility for detaining certain State prisoners to counties, but that legislation causes the shift to be effective July 1, 2012. The cost of these State shifts and mandatory payments to the County's General Fund for Fiscal Year 2011-12 is estimated to be $8.3 million. The cost of the shift in responsibilities for certain State prisoners cannot be determined at this time because the State has not yet established the fee it will charge counties for these services for Fiscal Year 2012-13. The County budget for Fiscal Year 2011-12 will not be adopted until June 2011, but the County's actions over the past few years of reducing departmental operating budgets and setting aside funds in the Property Tax Stabilization Fund has enabled the County to absorb these State cost shifts. As of March 2011, the County is projecting an ending fund balance in the General Fund for

Fiscal Year 2010-11 of $53.7 million, which is $29.7 million more than the $24.0 million originally budgeted. This additional ending fund balance is primarily the result of anticipated savings by County departments which anticipate spending $23.0 million less than authorized in the Fiscal Year 2010-11 budget.

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

	Actual				
	2005-06	**2006-07**	**2007-08**	**2008-09**	**2009-10**
Revenues by Source:					
Taxes	$321,474	$348,700	$381,862	$396,241	$423,443
Special Assessments	215	521	556	441	536
Licenses and Permits	7,452	7,132	7,710	6,989	7,791
Intergovernmental	291,059	303,392	312,634	292,236	296,004
Charges for Services	63,582	63,508	58,890	55,346	60,376
Fines and Forfeits	6,014	6,550	6,480	6,283	8,443
Interest Income	11,379	13,988	14,218	5,335	4,612
Miscellaneous	13,165	17,544	21,752	22,414	17,442
Total Revenues	714,340	761,335	804,102	785,285	818,647
Expenditures by Fund:					
General	402,811	421,486	460,537	462,276	426,361
Special Revenues	170,562	199,498	218,307	196,677	195,926
Debt Service	66,963	69,689	76,764	121,091	108,092
Capital Projects	121,007	202,659	139,539	146,334	162,306
Total Expenditures	761,343	893,332	895,147	926,378	892,685
Excess of Revenues Over (Under) Expenditures	(47,003)	(131,997)	(91,045)	(141,093)	(74,038)
Other Financing Sources (Uses):					
Premium on bonds	-	1,429	1,964	675	1,909
Proceeds of Long-Term Debt	4,836	146,320	175,000	109,400	156,955
Payment to Escrow Agent	-	-	-	-	(32,361)
Gain on Investment	3	-	312	-	-
Operating Transfers In (Out)	3,685	(599)	714	4,867	445
Capital Leases	231	-	-	-	-
Sale of General Fixed Assets	416	1,426	27	876	1,118
Total Other Financing Sources (Uses)	9,171	148,576	178,017	115,818	128,066
Net Change in Fund Balance	(37,832)	16,579	86,972	(25,275)	54,028
Beginning Fund Balance, as restated	252,007	214,292	230,660	317,577	292,247
Changes in Reserve for Inventory	(188)	(209)	(55)	(55)	4
Changes in Reserve for Prepaids	11	(2)	-	-	(9)
Ending Fund Balance	$213,998	$230,660	$317,577	$292,247	$346,270

Source: Pima County Finance and Risk Management Department.

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

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

	Actual				
	2005-06	**2006-07**	**2007-08**	**2008-09**	**2009-10 (b)**
General					
Reserved	$ 5,152	$ 8,889	$ 5,415	$ 4,363	$ -
Unreserved	46,423	48,671	35,438	35,803	-
Designated	-	-	29,536	-	-
Nonspendable	-	-	-	-	4,089
Restricted	-	-	-	-	522
Committed	-	-	-	-	-
Assigned	-	-	-	-	3,093
Unassigned	-	-	-	-	73,837
	51,575	**57,560**	**70,389**	**40,166**	**81,541**
Special Revenue					
Reserved	5,111	5,933	4,699	5,255	-
Unreserved	64,961	69,773	77,451	81,196	-
Designated	1,044	-	-	4,925	-
Nonspendable	-	-	-	-	2,011
Restricted	-	-	-	-	82,957
Committed	-	-	-	-	15,305
Assigned	-	-	-	-	3,221
Unassigned	-	-	-	-	(5,793)
	71,116	**75,706**	**82,150**	**91,376**	**97,701**
Debt Service					
Reserved	6,673	7,946	12,395	33,842	-
Unreserved	162	-	-	-	-
Assigned	-	-	-	-	40,868
	6,835	**7,946**	**12,395**	**33,842**	**40,868**
Capital Projects					
Reserved	-	120	-	42	-
Unreserved	84,472	89,328	152,643	126,821	-
Nonspendable	-	-	-	-	18
Restricted	-	-	-	-	124,830
Committed	-	-	-	-	1,487
Assigned	-	-	-	-	52
Unassigned	-	-	-	-	(227)
	84,472	**89,448**	**152,643**	**126,863**	**126,160**
Total Fund Balance	$213,998	$230,660	$317,577	$292,247	$346,270

Source: Pima County Finance and Risk Management Department.

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

(b) During the year ended June 30, 2010, the County adopted early implementation of the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. GASB Statement No. 54 establishes criteria for classifying governmental fund balances into specifically defined classifications to make the nature and extent of the constraints placed on fund balance more transparent.

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

	Actual				
	2005-06	**2006-07**	**2007-08**	**2008-09**	**2009-10 (b)**
Revenues by Source:					
Taxes	$242,948	$252,350	$268,493	$281,749	$304,441
Licenses and Permits	2,536	2,795	2,971	2,747	2,738
Intergovernmental	143,982	152,271	148,158	131,966	128,927
Charges for Services	27,102	33,604	32,307	35,330	40,356
Fines and Forfeits	5,786	5,526	5,020	4,720	7,011
Interest Income	2,491	3,321	3,343	1,084	1,198
Miscellaneous	4,935	6,828	8,314	7,099	4,868
Total Revenues	429,780	456,695	468,606	464,695	489,539
Expenditures:					
Current					
General Government	168,394	181,329	192,839	184,434	184,606
Public Safety	96,687	106,825	118,623	121,704	117,378
Health	2,401	2,526	2,906	2,767	2,702
Welfare	102,496	96,684	106,502	115,481	87,089
Culture & Recreation	13,104	14,694	16,325	15,580	14,671
Education & Econ. Opport.	16,682	16,407	17,418	16,368	13,996
Debt Service:					
Principal	1,750	1,785	3,115	3,510	3,635
Interest	1,292	1,230	2,805	2,426	2,281
Miscellaneous	5	6	4	6	3
Total Expenditures	402,811	421,486	460,537	462,276	426,361
Excess of Revenues Over (Under) Expenditures	26,969	35,209	8,069	2,419	63,178
Other Financing Sources (Uses):					
Sale of General Fixed Assets	22	-	-	371	204
Operating Transfers In (Out)	(12,643)	(29,224)	4,760	(33,013)	(22,007)
Total Other Financing Sources (Uses):	(12,621)	(29,224)	4,760	(32,642)	(21,803)
Net Change in Fund Balance	14,348	5,985	12,829	(30,223)	41,375
Beginning Fund Balance, as restated	37,227	51,575	57,560	70,389	40,166
Ending Fund Balance	$51,575	$57,560	$70,389	$40,166	$81,541

Source: Pima County Finance and Risk Management Department.

(a) This table has not been the 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

[Closing Date]

Pima County, Arizona
Tucson, Arizona

Ladies and Gentlemen:

We have examined the transcript of proceedings (the "Transcript") relating to the issuance by Pima County, Arizona (the "County") of its $75,000,000* aggregate principal amount of bonds designated the Pima County, Arizona, General Obligation Bonds, Series 2011 (the "Bonds"). 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 April 5, 2011 (the "Bond Resolution"). The documents in the Transcript include a certified copy of the Bond Resolution. All capitalized terms not defined herein shall have the meanings set forth in the Bond Resolution. We have also examined a conformed copy of a Bond.

Based on this examination, we are of the opinion that, under existing law:

1. The Bonds constitute valid and legal general obligations of the County, and the principal of and interest on the Bonds, unless paid from other sources and subject to bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion, 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. 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 treated as an item of tax preference for purposes of the 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 giving the foregoing opinion with respect to the treatment of the interest on the Bonds under the tax laws, we have assumed and relied upon compliance with the covenants of the County and the accuracy, which we have not independently verified, of the representations and certifications of the County, contained in the Transcript. The accuracy of those representations and certifications, and the County's compliance with those covenants, may be necessary for the interest on the Bonds to be and to remain excluded from gross income for federal income tax purposes and for certain of the other tax effects stated above. Failure to comply with certain of those covenants subsequent to issuance of the Bonds could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

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* Preliminary, subject to change.

The opinions expressed in this letter are based on the law in effect on the date hereof and may be affected by actions taken or omitted or events occurring after the date hereof, and we assume no obligations to revise or supplement this opinion should such law be changed by legislative action, judicial decision, or otherwise, or to determine or to inform any person whether any such actions are taken or omitted or any such events occur.

Respectfully submitted,

APPENDIX D

$75,000,000*
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2011

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 $75,000,000* General Obligation Bonds, Series 2011 (the "Bonds"), being issued pursuant to a resolution adopted by the Board of Supervisors of the County on April 5, 2011 (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.

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* Preliminary, subject to change.

"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 at 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 __________. The Final Official Statement relating to the Bonds is dated May __, 2011.

4. Annual Information Disclosure. Subject to Section 8 of this Undertaking, the County shall disseminate its Annual Information and its Audited Financial Statement, 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: [Closing Date]

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," (v) in the table under the heading "Lease, Lease-Purchase and Purchase Agreements" and (vi) 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, 2012. 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.

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APPENDIX E

EXCERPTS FROM
PIMA COUNTY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2010

The following are excerpts from the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. 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, 2010. 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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STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

DEBRA K. DAVENPORT, CPA
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

We have audited the accompanying financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain departments, one major fund, and the component units, which account for the following percentages of the assets, liabilities, revenues, and expenses or expenditures of the opinion units affected:

Opinion Unit/Department	Assets	Liabilities	Revenues	Expenses/ Expenditures
Government-Wide Statements				
Governmental Activities:				
Stadium District	0.13%	0.06%	0.27%	0.61%
School Reserve Fund	0.10%	0.03%	0.49%	0.62%
Self-Insurance Trust	2.39%	4.78%	0.08%	0.26%
Business-Type Activities:				
Regional Wastewater Reclamation Department	95.07%	94.50%	38.26%	34.03%
Development Services	0.36%	0.15%	1.64%	2.44%
Self-Insurance Trust	0.00%	0.00%	0.00%	0.13%
Aggregate Discretely Presented Component Units:				
Southwestern Fair Commission	98.58%	100.00%	97.25%	98.31%
Sports & Tourism Authority	1.42%	0.00%	2.75%	1.69%
Fund Statements				
Major Fund:				
Regional Wastewater Reclamation Department	100.00%	100.00%	100.00%	100.00%
Aggregate Remaining Fund Information:				
Stadium District	0.45%	0.32%	0.82%	1.77%
School Reserve Fund	0.33%	0.18%	1.47%	1.79%
Development Services	0.63%	0.50%	2.16%	3.27%
Self-Insurance Trust	8.25%	26.47%	7.09%	7.06%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of Pima County as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 1, the County implemented the provisions of the Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* for the year ended June 30, 2010, which represents a change in accounting principle.

The Management's Discussion and Analysis on pages 11 through 28, the Budgetary Comparison Schedule on pages 79 through 80, and the Schedule of Agent Retirement Plans' Funding Progress on page 81 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Debbie Davenport
Auditor General

December 17, 2010

Management's Discussion and Analysis

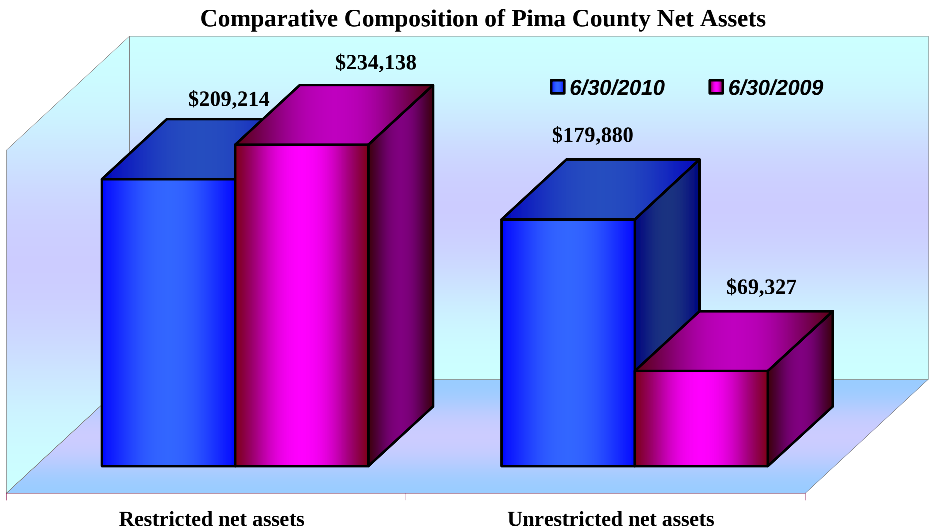
This section of Pima County's comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the year ended June 30, 2010, and should be read in conjunction with the County's basic financial statements in the following sections. All dollar amounts are expressed in thousands (000's) unless otherwise noted.

FINANCIAL HIGHLIGHTS

- At June 30, 2010, the assets of the County exceeded its liabilities (*net* assets) by $1,988,455, an increase of 9.5% from the prior year. Of this amount, $179,880 is available for general government expenditures (unrestricted net assets). Unrestricted net assets increased by $110,553 from last year, or approximately 160%.

  $209,214 is restricted for specific purposes (restricted net assets), and $1,599,361 is invested in capital assets, net of related debt and accumulated depreciation.

  The chart below presents the composition of restricted and unrestricted net assets for the current and prior years:



- The unrestricted net asset balance of $179,880 represents approximately 42.2% of the County's General Fund expenditures of $426,361 and 20.2% of total governmental funds expenditures of $892,685.

- The General Fund unassigned fund balance is $73,837, which comprises 90.5% of the General Fund total fund balance of $81,541.

- General Fund expenditures decreased by $35,915 as a result of continued cost saving efforts and a $15,941 ALTCS and AHCCCS refund.

- Construction activity remains significant, with Regional Wastewater Reclamation reporting an increase of $48,970, or 113.3%, in construction-in-progress and the Capital Projects fund reporting an increase of $15,972, or 10.9%, in expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of 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 assets* presents information on all County assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

Discretely presented component units are included in the basic financial statements. They consist of legally separate entities 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 County is also presenting Pima County Sports and Tourism Authority (S&TA) as a discrete component unit. Last year, S&TA financial statements were not included in the CAFR due to highly immaterial amounts reported in their financial statements. S&TA is a nonprofit municipal corporation established to promote professional and amateur sports events and other suitable activities for the benefit of the public.

The government-wide financial statements can be found on pages 29-31.

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 funds financial statements focus on *near-term inflows and outflows of expendable resources*, as well as on *balances of expendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

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

The County maintains fifteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Capital Projects and Debt Service 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 32-35. The combining statements for non-major governmental funds can be found on pages 84-87.

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

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

The proprietary fund financial statements can be found on pages 36-39.

The combining statements for other enterprise and internal service funds can be found on pages 103-110.

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

The fiduciary fund financial statements can be found on pages 40-41.

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 44-77.

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 79-81.

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 84-114.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as a useful indicator of a government's financial position over time. County assets exceeded liabilities by $1,988,455 at June 30, 2010. The following table shows condensed information for the Schedule of Assets, Liabilities, and Net Assets:

Table 1

Schedule of Assets, Liabilities, and Net Assets
At June 30, 2010 and 2009

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	$536,514	$452,751	$293,569	$133,963	$830,083	$586,714
Capital assets (net):						
Land, buildings, equipment,						
infrastructure & other assets	1,634,662	1,526,774	808,945	773,117	2,443,607	2,299,891
Total assets	2,171,176	1,979,525	1,102,514	907,080	3,273,690	2,886,605
Current and other liabilities	106,057	86,278	47,342	48,328	153,399	134,606
Long-term liabilities	714,248	682,111	417,588	254,359	1,131,836	936,470
Total liabilities	820,305	768,389	464,930	302,687	1,285,235	1,071,076
Net assets :						
Invested in capital assets,						
net of related debt	1,048,821	972,346	550,540	539,718	1,599,361	1,512,064
Restricted	152,084	203,940	57,130	30,198	209,214	234,138
Unrestricted	149,966	34,850	29,914	34,477	179,880	69,327
Total net assets	$1,350,871	$1,211,136	$637,584	$604,393	$1,988,455	$1,815,529

The largest portion of the County's net assets reflects its investment in capital assets (i.e. land, buildings, infrastructure and equipment), less any related outstanding debt used to acquire those assets. As of June 30, 2010, investment in capital assets totaled $1,599,361, comprising approximately 80.4% of total net assets. The County uses a portion of these capital assets to provide services to its citizens, with the other portion available to its citizens for use; consequently, these assets are *not* available for future spending. The $87,297 increase in capital assets, net of related debt, is primarily due to the significant amount of capital project activity. Although the County's investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Current and other assets for the primary government increased by $243,369 primarily as a result of:

- An increase in restricted cash for business-type activities, specifically, $152,858 of unspent proceeds from the 2010 Sewer Revenue Obligations available for construction at year-end.

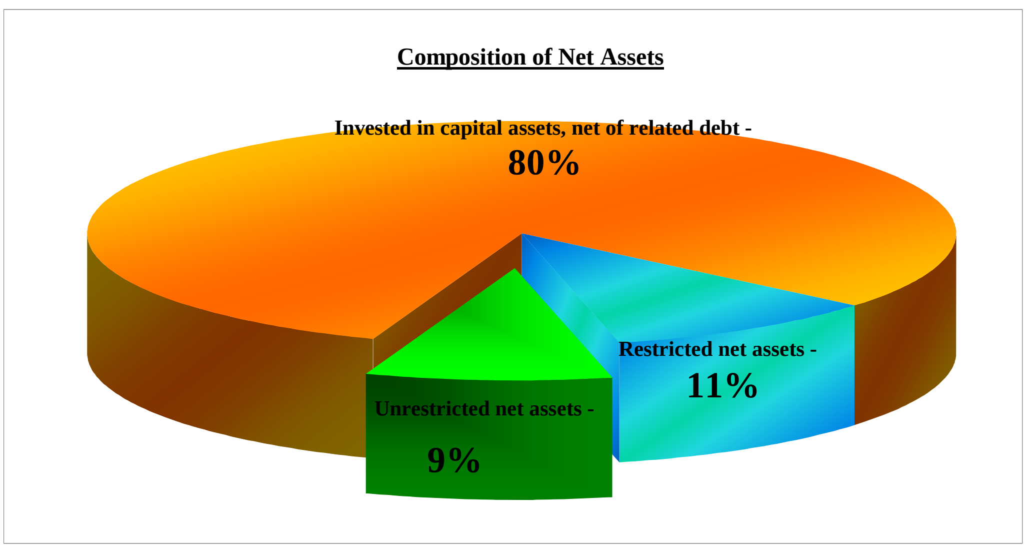
- Current and other assets for governmental activities increased by $83,763. Most of the increase is due to increases in cash and cash equivalents and due from other governments:

  - Cash and cash equivalents increased $62,358 as a result of multiple factors affecting cash, the most notable of which was increased property tax revenues along with decreased expenses for highways and streets and welfare.

  - Due from other governments increased overall by $22,654. $4,573 of the increase is attributable to an ALTCS refund due from the State of Arizona. $6,180 is due from the Regional Transportation Authority (RTA). Federal grant receivables increased by $10,070, primarily due to ARRA grants of $4,828.

Current and other liabilities for the primary government increased by $18,793, primarily attributable to a $15,000 payment due to UA Healthcare, Inc. to support healthcare service expansion on the Kino Campus site.

Unrestricted net assets for governmental activities increased significantly by $115,116. $40,868 of the increase was due to a reclassification of debt service net assets from restricted to unrestricted. Generally, other factors affecting unrestricted net assets for governmental activities include the increase in general revenues offset by a decrease in expenses.



Restricted net assets represent resources that are subject to external restrictions on how they may be used. As of June 30, 2010, restricted net assets totaled $209,214 and comprised approximately 10.5% of total net assets. This represents a $24,924 decrease in restricted net assets from the $234,138 balance of the prior fiscal year.

The remaining balance of the County's net assets represents unrestricted net assets, which may be used to meet the County's ongoing obligations to citizens and creditors. As of June 30, 2010, unrestricted net assets totaled $179,880 and comprised approximately 9% of total net assets.

Governmental activities

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

Table 2

Governmental Activities
Schedule of Changes in Net Assets
For the Years Ended June 30, 2010 and 2009

			Variance	
	2010	**2009**	**Amount**	**Percent**
Program revenues:				
Charges for services	$ 64,247	$ 59,886	$ 4,361	7.3%
Operating grants and contributions	142,840	131,361	11,479	8.7%
Capital grants and contributions	65,820	68,535	(2,715)	-4.0%
Total program revenues	272,907	259,782	13,125	5.1%
General revenues:				
Property taxes	416,501	393,255	23,246	5.9%
State-shared taxes	108,970	115,046	(6,076)	-5.3%
Investment earnings	5,266	5,875	(609)	-10.4%
Other general revenues	35,803	42,452	(6,649)	-15.7%
Total general revenues	566,540	556,628	9,912	1.8%
Total revenues	839,447	816,410	23,037	2.8%
Expenses:				
General government	218,504	212,196	6,308	3.0%
Public safety	145,697	149,253	(3,556)	-2.4%
Highways and streets	68,691	79,251	(10,560)	-13.3%
Sanitation	6,669	7,434	(765)	-10.3%
Health	33,086	31,541	1,545	4.9%
Welfare	87,107	115,513	(28,406)	-24.6%
Culture and recreation	61,642	60,520	1,122	1.9%
Education and economic opportunity	52,023	46,770	5,253	11.2%
Amortization	428	(235)	663	-282.1%
Interest on long-term debt	26,403	26,780	(377)	-1.4%
Total expenses	700,250	729,023	(28,773)	-3.9%
Excess before contributions and transfers	139,197	87,387	51,810	59.3%
Transfers in	538	4,005	(3,467)	-86.6%
Change in net assets	139,735	91,392	48,343	52.9%
Ending net assets	$ 1,350,871	$ 1,211,136	$ 139,735	11.5%

Overall, this year's change in net assets increased by $48,343 from last year, adding another 11.5% to the County's ending net assets. The $23,037 or 2.8% increase in revenues and $28,773 or 3.9% decrease in expenses from last year contributed to the $51,810 increase in excess before contributions and transfers.

Factors affecting the $23,037 increase in revenues from governmental activities:

- Increase in Operating grants and contributions of $11,479 is due primarily to receiving $3,818 for the Proposition 204 Hold Harmless funding during the year. In addition, approximately $2,934 was received from the University of Arizona for indigent health. Of the $5,033 received from the

Workforce Innovation in Regional Economic Development (WIRED) grant, $4,120 was received during the current year. The purpose of the WIRED grant is to stimulate economic transformation.

- Property taxes increased $23,246 as a result of an increase in property valuations for primary and secondary taxes that was partially offset by a decrease in the primary and secondary tax rates.

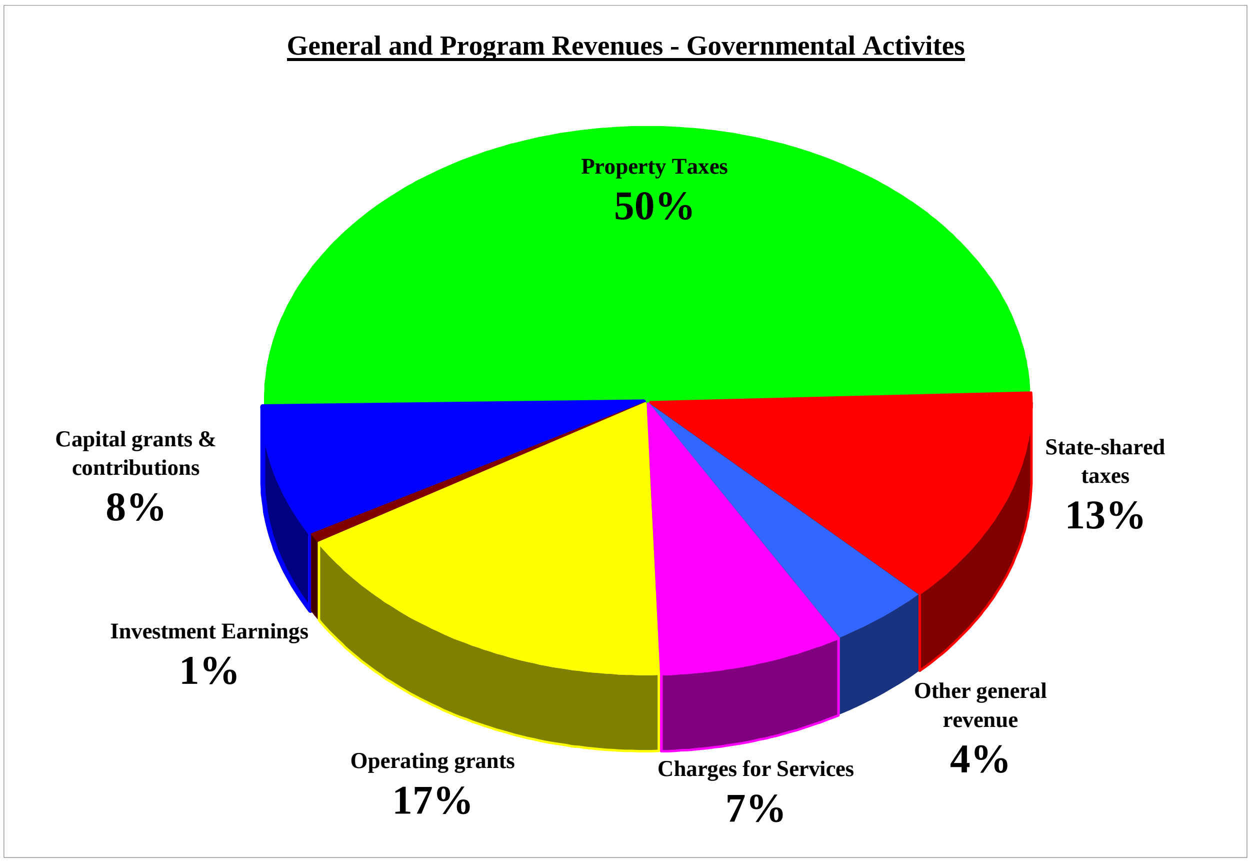
- The decrease in Other general revenues is $6,649. The decrease can be attributed to a $5,000 one-time only revenue received from the Chicago White Sox baseball team last fiscal year for the release from its contract with the Stadium District.

Total expenses of governmental activities were $700,250, down 3.9% or $28,773 compared to the previous year's total of $729,023. Factors contributing to the decrease in expenses:

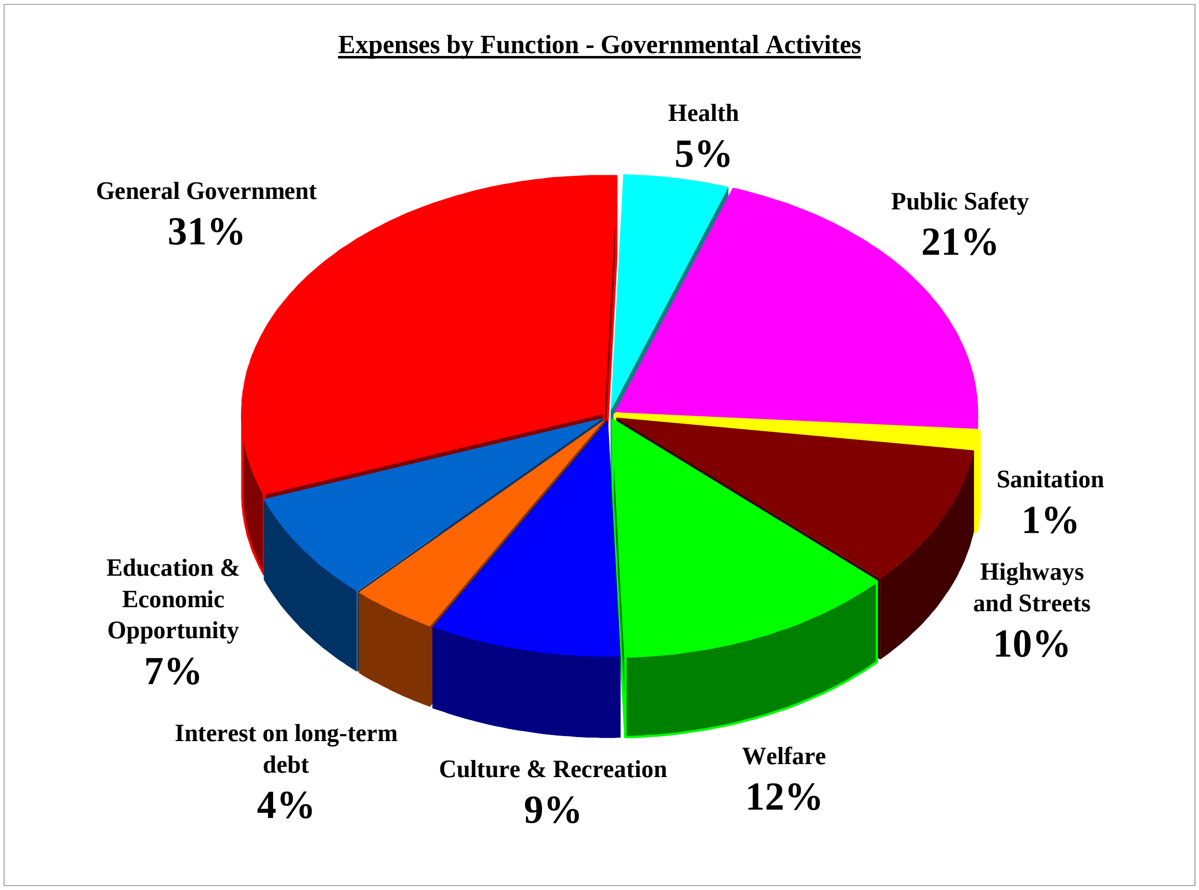
- The $10,560 reduction in expenses for Highways and Streets resulted primarily from the county-wide reductions in spending implemented within the fiscal year.

- The $28,406 decrease in Welfare is related to refunds of approximately $11,368 received from the Arizona Long-Term Care System (ALTCS) and $4,573 from the Arizona Health Care Cost Containment System (AHCCCS).

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 80% of the County's revenues.



The chart below presents expenses by function, as a percentage to total expenses by function for governmental activities:



Each expense by function as a proportion to total expenses by function for governmental activities also 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.

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. Change in net assets for business-type activities added $33,191, or 19.2%, to the County's $172,926 change in total net assets for the year ended June 30, 2010. The following table shows changes in net assets for business-type activities:

Table 3

Business-type Activities Schedule of Changes in Net Assets For the Years Ended June 30, 2010 and 2009			Variance	
	2010	**2009**	**Amount**	**Percent**
Program revenues:				
Charges for services	$ 340,936	$ 328,600	$ 12,336	3.8%
Operating grants and contributions	4,421	4,626	(205)	-4.4%
Capital grants and contributions	9,319	14,916	(5,597)	-37.5%
Total program revenues	354,676	348,142	6,534	1.9%
General revenues:				
Investment earnings	1,236	2,025	(789)	-39.0%
Other general revenues	2,884	2,394	490	20.5%
Total general revenues	4,120	4,419	(299)	-6.8%
Total revenues	358,796	352,561	6,235	1.8%
Expenses:				
Regional Wastewater Reclamation	110,618	105,139	5,479	5.2%
Pima Health System & Services	204,619	224,959	(20,340)	-9.0%
Development Services	7,924	9,992	(2,068)	-20.7%
Parking Garages	1,906	1,696	210	12.4%
Total expenses	325,067	341,786	(16,719)	-4.9%
Excess before contributions and transfers	33,729	10,775	22,954	213.0%
Transfers in (out)	(538)	(4,005)	3,467	-86.6%
Change in net assets	33,191	6,770	26,421	390.3%
Beginning net assets	604,393	597,623	6,770	1.1%
Ending net assets	$ 637,584	$ 604,393	$ 33,191	5.5%

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

- The $12,336 increase in charges for services is mainly attributable to two 12.75% increases in the Regional Wastewater Reclamation (RWR) user fee volume rate on July 1, 2009 and January 1, 2010, and an 18% increase in the monthly standard service fee.

- $3,964 of the increased $5,479 expenses from last year for Regional Wastewater Reclamation is due to increased depreciation expense from significant amounts of equipment capitalized at the end of last fiscal year.

- Expenses for Pima Health System & Services decreased by $20,340 mainly due to a $16,054 decrease for medical claims.

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. The County early implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (see Note 1, Summary of Significant Accounting Policies). As such, a comparative discussion of fund balance classifications between this year and last year, given the different basis of reporting, would not be meaningful.

Governmental funds

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

Major Governmental Funds

General Fund
The General Fund is the chief operating fund of the County. At June 30, 2010, total fund balance of the General Fund was $81,541.

The net change in fund balance for the General Fund was $41,375. Revenues increased by $24,844 and reflects the increase of $22,692 for property taxes due to higher assessed property valuations that were partially offset by lower tax rates. A decrease in expenditures of $35,915 was reported within the General Fund for the fiscal year as a result of a decrease in AHCCCS contributions and cost cutting measures implemented.

The excess of revenues over expenditures was $63,178, which is further decreased by net operating transfers out of $22,007.

Budget to Actual Comparison for the General Fund
Overall, actual revenues were more than budgeted revenues by $5,949 and actual expenditures were less than budgeted expenditures by $68,405. No variances between the budget to actual amounts were significant enough to affect the County's ability to provide future services.

Capital Projects Fund
The net change in fund balance for the Capital Projects Fund was a decrease of $703. Revenues increased by $6,318, offset by increased expenditures in capital outlay of $15,972. The increase in capital outlay was largely due to increased expenditures for the Regional Public Safety Communications Systems and the County's financial enterprise system.

The fund reported a $125,219 deficiency of revenues under expenditures that was offset by $125,000 proceeds from the issuance of bonds, resulting in a net change in the fund balance of $703 for the Capital Projects Fund.

Debt Service Fund
The fund accounts for the accumulation of resources for and the payment of principal and interest of the general long-term debt. At June 30, 2010, the net change in fund balance was $7,026. Last year, there was a change in funding dates which provided the debt service fund with a significant amount of cash on June 30th. The County returned to a June 30th funding date in fiscal year 2009-10.

Revenue increased by $12,153 mainly from the tax levy and growth in property valuations. Expenditures, mainly as a result of decreased principal payments, decreased $12,999 from last fiscal year.

Overview of all governmental funds

At June 30, 2010, the County's governmental funds reported combined fund balances of $346,270, an increase of $54,023 from the prior year. Approximately 19.6% of the combined fund balances, or $67,817, constitutes unassigned fund balance, which is available to meet the County's current and future needs.

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

Table 4

Governmental Funds
Revenues Classified by Source
For the Years Ended June 30, 2010 and 2009

	2010		2009		Variance	
	Amount	Percent	Amount	Percent	Amount	Percent
Taxes	$ 423,443	51.6%	$ 396,241	50.4%	$ 27,202	6.9%
Special assessments	536	0.1%	441	0.1%	95	21.5%
Licenses and permits	7,791	1.0%	6,989	0.9%	802	11.5%
Intergovernmental	296,004	36.2%	292,236	37.2%	3,768	1.3%
Charges for services	60,376	7.4%	55,346	7.0%	5,030	9.1%
Fines and forfeits	8,443	1.0%	6,283	0.8%	2,160	34.4%
Interest	4,612	0.6%	5,335	0.7%	(723)	-13.6%
Miscellaneous	17,442	2.1%	22,414	2.9%	(4,972)	-22.2%
Total revenues	$ 818,647	100.0%	$ 785,285	100.0%	$ 33,362	4.2%

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

- Taxes - Increased property tax revenue resulted from higher property valuations that were partially offset by a decrease in the primary tax rate.

- The increase in charges for services results from the General Fund, primarily due to increases from indirect cost recovery of $3 million and from photo traffic enforcement of approximately $1.1 million.

- The most significant item affecting the decrease in miscellaneous is from rents and royalties, which decreased approximately $2,169.

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

Table 5

Governmental Funds Expenditures by Function For the Years Ended June 30, 2010 and 2009						
	2010		**2009**		**Variance**	
Government Function	**Amount**	**Percent**	**Amount**	**Percent**	**Amount**	**Percent**
General government	$ 221,144	24.8%	$ 222,309	24.0%	$ (1,165)	-0.5%
Public safety	136,744	15.3%	144,617	15.6%	(7,873)	-5.4%
Highways and streets	34,274	3.8%	38,132	4.1%	(3,858)	-10.1%
Sanitation	5,637	0.6%	6,666	0.7%	(1,029)	-15.4%
Health	32,737	3.7%	31,626	3.4%	1,111	3.5%
Welfare	87,089	9.8%	115,481	12.5%	(28,392)	-24.6%
Culture and recreation	50,198	5.6%	51,657	5.6%	(1,459)	-2.8%
Education and economic opportunity	48,402	5.4%	42,299	4.6%	6,103	14.4%
Capital outlay	162,306	18.2%	146,334	15.8%	15,972	10.9%
Debt service:						
- Principal	87,307	9.8%	100,384	10.8%	(13,077)	-13.0%
- Interest	26,414	3.0%	26,849	2.9%	(435)	-1.6%
- Miscellaneous	433	0.0%	24	0.0%	409	1704.2%
Total expenditures	$ 892,685	100.0%	$ 926,378	100.0%	$ (33,693)	-3.6%

Total expenditures in governmental funds decreased during fiscal year 2009-10 by $33,693 due primarily from the net decrease in AHCCCS mandatory contributions discussed previously.

Proprietary funds

The County's proprietary fund functions are contained in the enterprise and internal service funds. The enterprise funds of the County are PHS&S, Regional Wastewater Reclamation, Development Services and Parking Garages. These business-type activities are accounted for in a similar fashion to private-sector businesses, and the costs for services provided are expected to be covered either fully or in part by current revenues generated, which include fees charged to external users.

The internal service funds consist of the Self-Insurance Trust Fund and multiple smaller funds consisting of Fleet Services, Print Shop, and Wireless/Telecom. The change in net assets for all Internal Service Funds was $4,679, a decrease of $406 from the prior year.

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

Table 6

Enterprise Funds Schedule of Revenues, Expenses and Changes in Net Assets For the Years Ended June 30, 2010 and 2009				
			Variance	
	2010	2009	Amount	Percent
Operating revenues:				
Net patient services	$ 203,067	$ 213,986	$ (10,919)	-5.1%
Charges for services	120,149	96,310	23,839	24.8%
Other	2,882	2,414	468	19.4%
Total net operating revenues	326,098	312,710	13,388	4.3%
Operating expenses:				
Employee compensation	67,724	72,681	(4,957)	-6.8%
Medical claims	161,230	177,284	(16,054)	-9.1%
Operating supplies & services	8,791	9,534	(743)	-7.8%
Utilities	5,765	7,347	(1,582)	-21.5%
Sludge and refuse disposal	1,502	1,485	17	1.1%
Repair and maintenance	6,760	5,989	771	12.9%
General and administrative	19,432	20,500	(1,068)	-5.2%
Consultants and professional services	7,568	8,668	(1,100)	-12.7%
Depreciation and amortization	31,543	27,689	3,854	13.9%
Total operating expenses	310,315	331,177	(20,862)	-6.3%
Operating gain (loss)	15,783	(18,467)	34,250	-185.5%
Nonoperating revenues (expenses):				
Intergovernmental revenue	6,412	4,626	1,786	38.6%
Invesment earnings	1,257	2,039	(782)	-38.4%
Sewer connection fees	17,705	18,284	(579)	-3.2%
Interest expense	(8,738)	(6,060)	(2,678)	44.2%
Loss on disposal of capital assets	(2,259)	(341)	(1,918)	562.5%
Amortization of deferred charges	(263)	(227)	(36)	15.9%
Premium tax	(4,117)	(4,403)	286	-6.5%
Total nonoperating revenues	9,997	13,918	(3,921)	-28.2%
Income (loss) before contributions and transfers	25,780	(4,549)	30,329	-666.7%
Capital contributions	7,319	14,916	(7,597)	-50.9%
Transfers in	26,001	25,570	431	1.7%
Transfers (out)	(26,539)	(29,575)	3,036	-10.3%
Change in net assets	$ 32,561	$ 6,362	$ 26,199	411.8%

The increase in revenues, in addition to a decrease in expenses, contributed to the change from an operating loss last year to an operating gain for all enterprise funds this year. RWR contributed approximately two-thirds, or $10,435, to the $15,783 in operating gain for all enterprise funds.

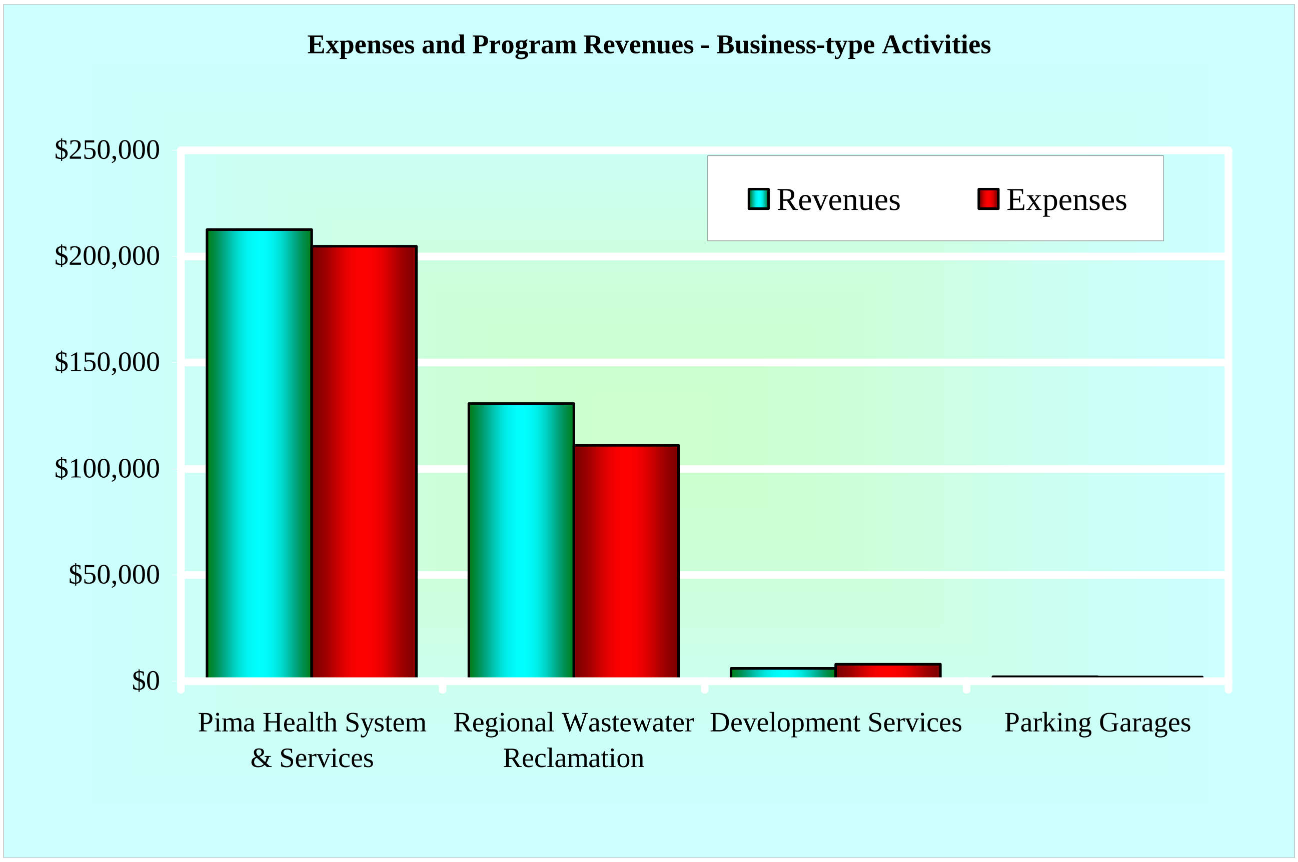
RWR's charges for services increased mainly as a result of increased user fee volume rates and the monthly standard service fee. Its utilities expense decreased as a result of lower natural gas charges.

At Pima Health System & Services, total operating expenses decreased by approximately $19,719 mainly due to a decrease in medical claims resulting from the loss of the Ambulatory contract with AHCCCS.

Nonoperating revenues contributing to an increased income before contributions and transfers include $2,000 received from the stimulus funds (American Recovery and Reinvestment Act) passed through the Water Infrastructure Financing Authority (WIFA) for RWR.

Of the decrease in capital contributions, approximately $7,000 is due to the continued lack of construction activities.

The chart below presents the revenues and expenses for business-type activities:



Capital Assets and Debt Administration

Capital Assets

The County's total investment in capital assets as of June 30, 2010 amounted to $2,443,607 (net of accumulated depreciation), an increase of 6.3% (or $143,716). Of this amount, $107,888 (75.1%) came from governmental activities and $35,828 (24.9%) came from business-type activities. The County's investment in capital assets consists of land, buildings, sewage conveyance systems, infrastructure, equipment and construction in progress.

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

Table 7

Governmental and Business-type Activities
Capital Assets
For the Years Ended June 30, 2010 and 2009

	Governmental Activities		Business-type Activities		Total	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
Land	$ 433,098	$ 384,368	$ 15,178	$ 13,595	$ 448,276	$ 397,963
Construction in progress	176,749	103,106	92,178	43,208	268,927	146,314
Buildings and improvements	381,800	380,798	217,321	228,198	599,121	608,996
Infrastructure	600,634	614,951	398,495	399,094	999,129	1,014,045
Equipment	42,381	43,551	85,773	89,022	128,154	132,573
Total	$ 1,634,662	$ 1,526,774	$ 808,945	$ 773,117	$ 2,443,607	$ 2,299,891

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

Governmental activities

- Land acquisitions increased $48,730, or 12.7%. Open space purchases include $10,843 for Rocking K Holdings, $3,732 Clyne Ranch, and $8,386 for a partial purchase of Sopori Ranch east of Arivaca. $3,486 was spent on the Black Wash Watercourse (Ryan Ranch/Snyder Hill). In addition, $2,430 in land parcels were donated to the County. $9,343 also were donated towards roadway projects.

- Construction in progress increased $73,643 or 71.4% compared to last fiscal year. Current cost of major projects still in progress include
    - $12,146 for the new Psychiatric Hospital
    - $4,589 for Justice Court/Municipal Court building complex
    - $5,895 for the Regional Public Safety Communications System
    - $5,082 for upgrading the County's financial enterprise system
    - $6,812 La Cholla Blvd I-10 River Road Project
    - $12,006 I-19 NB Frontage Rd Canoa to Continental
    - $5,553 for Sunrise Dr (Craycroft to Kolb)
    - $5,834 La Canada Dr (Ina to Calle Concordia)

- Buildings and improvements activities increased by $1,002 mainly due to the completion of the Pima County Animal Care Center.

Business-type activities

- Construction in progress increased approximately $48,970, or 113.3%, mainly due to Regional Optimization Master Planning (ROMP) activities.

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 page 57-58.

Long-term Debt

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

Table 8

Long-Term Debt For the Years Ended June 30, 2010 and 2009			
	2010		2009
Bonds issued (at face value):			
General Obligation	$113,535		$75,000
Street and Highway Revenue	23,420		
Sewer Revenue			18,940
Sewer System Revenue Obligations	165,000		
Certificate of Participation (COPs)	20,000		34,400
Water Infrastructure Financing Authority			
Loan Payable	10,002	*	
Total	$ 331,957		$ 128,340

*$2,000 of the $10,002 loan was the amount received from the American Recovery and Reinvestment Act grant passed through WIFA.

$113,535 General Obligation Bonds and $23,420 Street and Highway Revenue Bonds were issued during the fiscal year. $165,000 Sewer System Revenue Obligations and $20,000 Certificates of Participation were also issued during the fiscal year. General Obligations bonds were issued to finance projects for new facilities, open space acquisitions and for emergency communication systems, while proceeds from Street and Highway Revenue bonds were used for various roadway projects.

Monies from the Sewer System Revenue Obligations will 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 Ina Road and Roger Road Wastewater Reclamation Facilities. The Certificates of Participation Series issued will finance the replacement computer enterprise system. The new enterprise system will serve the County with finance, budget, procurement, human resources, and material management systems.

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

Table 9

Credit Ratings						
	Moody's Investors Service		Standard & Poor's		Fitch Ratings	
	Rating	Date	Rating	Date	Rating	Date
Certificate of Participation (COPs)	Aa3	May-2010	A+	Oct-2009	AA-	May-2010
General Obligation	Aa2	May-2010	AA-	Oct-2009	AA	May-2010
Street and Highway Revenue	Aa3	May-2010	AA	Oct-2009	AA	May-2010
Sewer Revenue Obligations	n/a	May-2010	A	May-2010	AA-	May-2010

The State constitution limits the amount of general obligation debt a governmental entity may issue to 6% of its net assessed valuation without voter approval. However, Pima County has voter approval for general obligation debt up to 15%. The current debt limitation for Pima County is $1,479,147, 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 61-69.

Economic Factors and Next Year's Budget

As the national and state and local economies remain in recession, the County has recognized several issues and has reacted and planned accordingly within Adopted Budget for fiscal year 2010-11. Some of the notable topics include:

Property taxes

The Primary Net Assessed Value of the County for fiscal year 2010-11 decreased $46 million or .51% from fiscal year 2009-10. The market value of existing property decreased by more than 2%, but was partially offset by an increase of 1.7% as a result of new construction added to the tax base. The contraction of the property tax base is expected to continue until fiscal year 2014-15.

State shared revenues

State shared funding sources in the areas of sales tax, vehicle license tax, and highway user revenues have decreased more than $36.7 million from their peak in fiscal year 2006-07. The state also terminated the County Assistance lottery funding of $250 thousand and the vehicle license tax which experienced an 11% decrease is projected to remain flat in fiscal year 2010-11.

Health insurance costs

As the cost of health insurance continues to escalate, Pima County has been proactive in attempting to manage its' health insurance premium cost paid per employee. Cost increases associated with County employee health insurance have escalated at near record amounts in the last two years. While the amount of the increase is capped by contract with United Healthcare, the County's insurance provider, these rate caps still represent significant premium increases. The health insurance plan options being developed for fiscal year 2010-11 will still require an additional contribution of $2.7 million from the County.

University Physician Healthcare Hospital

In 2004, the Board of Supervisors approved a lease with University Physicians Healthcare (UPH) for the operation of a hospital in place of the formerly County owned and operated Kino Community Hospital. Under the terms of the lease, the County would make payments to UPH totaling $127 million over 10 years. The scheduled payment for fiscal year 2010-11 is $6.5 million; however, to address an operating deficit at the hospital, the County Administrator recommended that an additional $13.4 million be appropriated to the Budget Stabilization Fund to be used as needed. Any use of these funds will be subject to review and approval by the Board of Supervisors.

American Recovery and Reinvestment Act (ARRA)

Since signing of the American Recovery and Reinvestment Act on February 17, 2009, the County has been awarded approximately $73,016 in ARRA grants. Significant grants awarded to the County include approximately $15,750 towards health, $8,640 million towards transportation, $5,970 towards workforce training, $4,470 for criminal justice and public safety, and $3,370 for emergency food and shelter/community services. Several County departments are still awaiting a final decision on outstanding ARRA grant requests.

Request for Information

This financial report is designed to provide a general overview of the County's finances. Any questions concerning the information provided in this report or requests for additional financial information should be addressed to the Finance and Risk Management Department, 130 W. Congress, 6th Floor, Tucson, AZ, 85701.

Basic Financial Statements

PIMA COUNTY, ARIZONA

Exhibit A - 1

Statement of Net Assets
June 30, 2010
(in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and cash equivalents	$ 437,837	$ 52,868	$ 490,705	$ 728
Property taxes receivable (net)	16,188		16,188	
Interest receivable	830	105	935	
Internal balances	12	(12)		
Due from other governments	67,476	885	68,361	
Accounts receivable (net)	3,060	20,677	23,737	45
Inventories	1,941	3,784	5,725	24
Prepaids	3,961	442	4,403	
Special assessments receivable	537		537	
Other assets	2,840	4,936	7,776	4
Restricted assets:				
Cash and cash equivalents	579	209,884	210,463	1,800
Loans receivable	1,253		1,253	
Capital assets not being depreciated:				
Land	433,098	15,178	448,276	
Construction in progress	176,749	92,178	268,927	
Capital assets being depreciated (net):				
Buildings and improvements	381,800	217,321	599,121	1,793
Sewage conveyance system		398,495	398,495	
Equipment	42,381	85,773	128,154	678
Infrastructure	600,634		600,634	
Total assets	2,171,176	1,102,514	3,273,690	5,072
Liabilities				
Accounts payable	52,298	14,768	67,066	247
Accrued medical and healthcare claims		20,173	20,173	
Interest payable	6	1,456	1,462	
Contract retentions	3,014		3,014	
Employee compensation	42,843	6,931	49,774	
Due to other governments	625	2,394	3,019	
Deposits and rebates	683		683	21
Deferred revenues	6,588	1,620	8,208	
Noncurrent liabilities:				
Due within one year	84,584	16,477	101,061	21
Due in more than one year	629,664	401,111	1,030,775	9
Total liabilities	820,305	464,930	1,285,235	298
Net Assets				
Invested in capital assets, net of related debt	1,048,821	550,540	1,599,361	2,471
Restricted for:				
Facilities, justice, library, tax stabilization and community development	64,991		64,991	
Highways and streets	25,749		25,749	
Debt service		13,454	13,454	
Capital projects	57,939	11,623	69,562	
Regional wastewater		16,110	16,110	
Healthcare	3,405	15,943	19,348	
Unrestricted	149,966	29,914	179,880	2,303
Total net assets	$ 1,350,871	$ 637,584	$ 1,988,455	$ 4,774

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2010
(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	$ 218,504	$ 31,050	$ 33,682	$ 601
Public safety	145,697	10,218	8,843	1,442
Highways and streets	68,691	5,317	53,193	57,899
Sanitation	6,669	3,378	1,043	
Health	33,086	11,003	10,930	
Welfare	87,107		2,934	
Culture and recreation	61,642	2,532	751	4,053
Education and economic opportunity	52,023	749	31,464	1,825
Amortization - unallocated	428			
Interest on long-term debt	26,403			
Total governmental activities	700,250	64,247	142,840	65,820
Business-type activities:				
Regional Wastewater Reclamation	110,618	127,889	54	9,319
Pima Health System & Services	204,619	205,176	4,358	
Development Services	7,924	5,886	9	
Parking Garages	1,906	1,985		
Total business-type activities	325,067	340,936	4,421	9,319
Total primary government	$ 1,025,317	$ 405,183	$ 147,261	$ 75,139
Component units:				
Sports & Tourism Authority	$ 87		$ 5	
Southwestern Fair Commission	5,067	$ 5,371	120	
Total component units	$ 5,154	$ 5,371	$ 125	
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 assets				
Net assets at beginning of year				
Net assets at end of year				

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets — Primary Government: Governmental Activities	Business-type Activities	Total	Component Units
Primary government:				
Governmental activities:				
General government	$ (153,171)		$ (153,171)	
Public safety	(125,194)		(125,194)	
Highways and streets	47,718		47,718	
Sanitation	(2,248)		(2,248)	
Health	(11,153)		(11,153)	
Welfare	(84,173)		(84,173)	
Culture and recreation	(54,306)		(54,306)	
Education and economic opportunity	(17,985)		(17,985)	
Amortization - unallocated	(428)		(428)	
Interest on long-term debt	(26,403)		(26,403)	
Total governmental activities	(427,343)		(427,343)	
Business-type activities:				
Regional Wastewater Reclamation		$ 26,644	26,644	
Pima Health System & Services		4,915	4,915	
Development Services		(2,029)	(2,029)	
Parking Garages		79	79	
Total business-type activities		29,609	29,609	
Total primary government	(427,343)	29,609	(397,734)	
Component units:				
Sports & Tourism Authority				$ (82)
Southwestern Fair Commission				424
Total component units				$ 342
General revenues:				
Property taxes, levied for general purposes	297,562		297,562	
Property taxes, levied for regional flood control district	23,374		23,374	
Property taxes, levied for library district	25,968		25,968	
Property taxes, levied for debt service	69,597		69,597	
Hotel/motel taxes, levied for sports facility and tourism	5,688		5,688	
Other taxes, levied for stadium district	1,515		1,515	
Unrestricted share of state sales tax	84,767		84,767	
Unrestricted share of state vehicle license tax	24,203		24,203	
Grants and contributions not restricted to specific programs	4,081		4,081	
Interest and penalties on delinquent taxes	7,940		7,940	
Investment earnings	5,266	1,236	6,502	
Miscellaneous	16,579	2,884	19,463	286
Transfers	538	(538)		
Total general revenues and transfers	567,078	3,582	570,660	286
Change in net assets	139,735	33,191	172,926	628
Net assets at beginning of year	1,211,136	604,393	1,815,529	4,146
Net assets at end of year	$ 1,350,871	$ 637,584	$ 1,988,455	$ 4,774

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Balance Sheet - Governmental Funds
June 30, 2010
(in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 89,785	$ 139,181	$ 40,314	$ 95,894	$ 365,174
Property taxes receivable (net)	11,342		2,802	2,044	16,188
Interest receivable	396	72	150	131	749
Due from other funds	3,289	519		2,059	5,867
Due from other governments	25,490	17,536	9	24,328	67,363
Accounts receivable	1,419	30		1,596	3,045
Inventory				1,557	1,557
Prepaid expenditures	2,949	18		296	3,263
Special assessments receivable				537	537
Loan receivable	1,140			113	1,253
Other assets				952	952
Restricted cash equivalents		534		45	579
Total assets	$ 135,810	$ 157,890	$ 43,275	$ 129,552	$ 466,527
Liabilities and fund balances					
Liabilities:					
Accounts payable	$ 24,256	$ 15,826	$ 1	$ 10,559	$ 50,642
Interest payable	2	3		1	6
Contract retentions		3,014			3,014
Employee compensation	9,717	24		3,905	13,646
Due to other funds	1,796	382		2,945	5,123
Due to other governments				625	625
Deposits and rebates	149	534			683
Deferred revenues	18,349	11,947	2,406	13,816	46,518
Total liabilities	54,269	31,730	2,407	31,851	120,257
Fund balances:					
Nonspendable	4,089	18		2,011	6,118
Restricted	522	124,830		82,957	208,309
Committed		1,487		15,305	16,792
Assigned	3,093	52	40,868	3,221	47,234
Unassigned	73,837	(227)		(5,793)	67,817
Total fund balances	81,541	126,160	40,868	97,701	346,270
Total liabilities and fund balances	$ 135,810	$ 157,890	$ 43,275	$ 129,552	$ 466,527

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 4

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2010
(in thousands)

Fund balances - total governmental funds		$ 346,270
Amounts reported for governmental activities in the Statement of Net Assets 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	$ 2,359,016	
Less accumulated depreciation	(742,505)	1,616,511
Some liabilities and their associated issuance costs are not due and payable in the current period and therefore are not reported in the governmental funds		
Bonds payable	(562,487)	
Certificates of participation payable	(72,638)	
Loans and leases payable	(19,386)	
Unamortized deferred issuance costs reported as other assets	1,888	(652,623)
Some compensated absences are not due and payable shortly after June 30, 2010, and therefore are not reported in the governmental funds		
Employee compensation		(28,487)
Some liabilities are not due and payable shortly after June 30, 2010, and therefore are not reported in the governmental funds		
Landfill liability	(19,624)	
Pollution remediation liability	(1,735)	(21,359)
Deferred revenue in governmental funds is susceptible to full accrual on the government-wide statements		39,930
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets		50,629
Net assets of governmental activities		$ 1,350,871

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 5

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010
(in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	$ 304,441		$ 69,325	$ 49,677	$ 423,443
Special assessments				536	536
Licenses and permits	2,738			5,053	7,791
Intergovernmental	128,927	$ 31,106	78	135,893	296,004
Charges for services	40,356	4,380		15,640	60,376
Fines and forfeits	7,011			1,432	8,443
Investment earnings	1,198	1,170	936	1,308	4,612
Miscellaneous	4,868	431		12,143	17,442
Total revenues	489,539	37,087	70,339	221,682	818,647
Expenditures:					
Current:					
General government	184,606			36,538	221,144
Public safety	117,378			19,366	136,744
Highways and streets				34,274	34,274
Sanitation				5,637	5,637
Health	2,702			30,035	32,737
Welfare	87,089				87,089
Culture and recreation	14,671			35,527	50,198
Education and economic opportunity	13,996			34,406	48,402
Capital outlay		162,306			162,306
Debt service - principal	3,635		83,565	107	87,307
- interest	2,281		24,097	36	26,414
- miscellaneous	3		430		433
Total expenditures	426,361	162,306	108,092	195,926	892,685
Excess (deficiency) of revenues over (under) expenditures	63,178	(125,219)	(37,753)	25,756	(74,038)
Other financing sources (uses):					
Premium on bonds			1,909		1,909
Proceeds from refunding debt			31,955		31,955
Payments to escrow agent			(32,361)		(32,361)
Face amount of long-term debt		125,000			125,000
Proceeds from sale of capital assets	204	815		99	1,118
Transfers in	8,439	23,147	43,276	23,938	98,800
Transfers (out)	(30,446)	(24,446)		(43,463)	(98,355)
Total other financing sources	(21,803)	124,516	44,779	(19,426)	128,066
Net change in fund balances	41,375	(703)	7,026	6,330	54,028
Fund balances at beginning of year	40,166	126,863	33,842	91,376	292,247
Change in reserve for inventory				4	4
Change in reserve for prepaids				(9)	(9)
Fund balances at end of year	$ 81,541	$ 126,160	$ 40,868	$ 97,701	$ 346,270

See accompanying notes to financial statements

Exhibit A - 6

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, 2010
(in thousands)

Net change in fund balances - total governmental funds		$ 54,028
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	$ 146,492	
Less current year depreciation	(55,710)	90,782
Transfers of capital assets between governmental activities and proprietary funds or internal service funds are not reported in the governmental funds but are recognized in the statement of activities		293
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds but increases long-term liabilities in the statement of net assets. Repayment of the principal of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items		
Face amount of long-term debt	(125,000)	
Premium on bonds	(1,909)	
Proceeds on refunding bonds	(31,955)	
Debt service - principal payments	87,307	
Payments to escrow agent	32,361	
Deferred issuance costs	412	
Amortization expense	(428)	(39,212)
Some revenues reported in the statement of activities do not represent the collection of current financial resources and therefore are not reported as revenues in the governmental funds.		
Donations of capital assets	22,789	
Property tax revenues	998	
Other	11,689	35,476
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	(549)	
Change in landfill liability	(295)	
Pollution remediation liability	(268)	
Net book value of capital asset disposals	(4,564)	
Change in reservation of fund balances	(5)	(5,681)
Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the net expense of the internal service funds is reported with governmental activities		4,049
Change in net assets of governmental activities		$ 139,735

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Net Assets - Proprietary Funds
June 30, 2010
(in thousands)

Exhibit A - 7

	Business-type Activities Enterprise Funds				
	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	$ 35,325	$ 11,261	$ 6,282	$ 52,868	$ 72,663
Restricted cash and cash equivalents		181,910		181,910	
Interest receivable	41	59	5	105	81
Due from other funds	10	2	26	38	287
Due from other governments	862		23	885	113
Accounts receivable (net)	4,152	16,187	338	20,677	15
Inventory	81	3,703		3,784	384
Prepaid expense	237	151	54	442	698
Total current assets	40,708	213,273	6,728	260,709	74,241
Noncurrent assets:					
Restricted cash and cash equivalents		27,974		27,974	
Capital assets:					
Land and other improvements		13,410	1,768	15,178	592
Buildings and improvements	901	354,253	12,927	368,081	614
Sewage conveyance system		632,633		632,633	
Equipment	1,422	103,429	1,326	106,177	33,695
Less accumulated depreciation	(1,605)	(393,951)	(9,746)	(405,302)	(16,924)
Construction in progress		92,178		92,178	174
Total capital assets (net of accumulated depreciation)	718	801,952	6,275	808,945	18,151
Deferred financing costs		4,936		4,936	
Total noncurrent assets	718	834,862	6,275	841,855	18,151
Total assets	41,426	1,048,135	13,003	1,102,564	92,392
Liabilities					
Current liabilities:					
Accounts payable	414	14,063	291	14,768	1,656
Accrued medical and health care claims	20,173			20,173	
Employee compensation	2,271	3,951	709	6,931	710
Interest payable	2	1,454		1,456	
Due to other funds	843	111	32	986	83
Due to other governments	1,566	708	120	2,394	
Deferred revenues	11	1,609		1,620	-
Current portion of sewer revenue bonds		8,425		8,425	
Current portion of wastewater loans payable		8,052		8,052	
Current portion reported but unpaid losses					3,906
Current portion incurred but not reported losses					2,923
Total current liabilities	25,280	38,373	1,152	64,805	9,278
Noncurrent liabilities:					
Contracts and notes		6,305		6,305	
Sewer revenue bonds and obligations payable		336,648		336,648	
Wastewater loans payable		58,158		58,158	
Reported but unpaid losses					17,959
Incurred but not reported losses					13,590
Total noncurrent liabilities		401,111		401,111	31,549
Total liabilities	25,280	439,484	1,152	465,916	40,827
Net assets					
Invested in capital assets, net of related debt	718	543,547	6,275	550,540	18,151
Restricted for:					
Debt service		13,454		13,454	
Capital projects		11,623		11,623	
Regional wastewater		16,110		16,110	
Healthcare	15,943			15,943	
Unrestricted	(515)	23,917	5,576	28,978	33,414
Total net assets	$ 16,146	$ 608,651	$ 11,851	636,648	$ 51,565

Some amounts reported for business-type activities in the Statement of Net Assets are different because certain internal service fund assets and liabilities are included with business-type activities.	936
Net assets of business-type activities	$ 637,584

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 8

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2010
(in thousands)

	Business-type Activities Enterprise Funds				
	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Operating revenues:					
Net patient services	$ 203,067			$ 203,067	
Charges for services	2,109	$ 110,155	$ 7,885	120,149	$ 39,295
Other	2,655	73	154	2,882	1,734
Total net operating revenues	207,831	110,228	8,039	326,098	41,029
Operating expenses:					
Employee compensation	28,532	32,961	6,231	67,724	6,447
Medical claims	161,230			161,230	
Operating supplies and services	773	7,927	91	8,791	5,309
Utilities	435	5,064	266	5,765	993
Sludge and refuse disposal		1,502		1,502	
Repair and maintenance	295	6,021	444	6,760	3,596
Incurred losses					9,893
Insurance premiums					4,739
General and administrative	7,686	9,398	2,348	19,432	3,052
Consultants and professional services	1,474	6,044	50	7,568	305
Depreciation	244	30,876	423	31,543	2,659
Total operating expenses	200,669	99,793	9,853	310,315	36,993
Operating income (loss)	7,162	10,435	(1,814)	15,783	4,036
Nonoperating revenues (expenses):					
Intergovernmental revenue	4,358	2,054		6,412	35
Investment earnings	506	688	63	1,257	837
Sewer connection fees		17,705		17,705	
Interest expense	(13)	(8,725)		(8,738)	
Gain/(loss) on disposal of capital assets	1	(2,260)		(2,259)	(161)
Amortization of deferred charges		(263)		(263)	
Premium tax	(4,117)			(4,117)	
Total nonoperating revenues	735	9,199	63	9,997	711
Income (loss) before contributions and transfers	7,897	19,634	(1,751)	25,780	4,747
Capital contributions		7,319		7,319	132
Transfers in	256	22,445	3,300	26,001	16
Transfers (out)	(1,256)	(23,928)	(1,355)	(26,539)	(216)
Change in net assets	6,897	25,470	194	32,561	4,679
Net assets at beginning of year	9,249	583,181	11,657	604,087	46,886
Net assets at end of year	$ 16,146	$ 608,651	$ 11,851	636,648	$ 51,565

Some amounts reported for business-type activities in the Statement of Activities are different because a portion of the net expense of certain internal service funds is reported with business-type activities.	630
Change in net assets of business-type activities	$ 33,191

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010
(in thousands)

Exhibit A - 9

	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Cash flows from operating activities:					
Cash received from other funds for goods and services provided	$ 161		$ 27	$ 188	$ 39,295
Cash received from customers for goods and services provided	206,552	$ 107,636	7,598	321,786	
Cash received from miscellaneous operations	2,656	73	100	2,829	1,778
Cash payments to suppliers for goods and services	(164,859)	(27,238)	(1,534)	(193,631)	(14,198)
Cash payments to other funds for goods and services	(5,453)	(8,902)	(2,850)	(17,205)	(4,031)
Cash payments for incurred losses					(8,509)
Cash payments to employees for services	(28,573)	(32,990)	(5,114)	(66,677)	(5,937)
Net cash provided by (used for) operating activities	10,484	38,579	(1,773)	47,290	8,398
Cash flows from noncapital financing activities:					
Interest paid on short-term credit	(15)			(15)	
Cash transfers in from other funds	256		2,000	2,256	
Cash transfers out to other funds	(1,256)	(1,200)	(30)	(2,486)	(216)
Loans with other funds	(170)	(23)	6	(187)	223
Premium Tax	(4,117)			(4,117)	
Intergovernmental revenues	4,533	54		4,587	35
Net cash provided by (used for) noncapital financing activities	(769)	(1,169)	1,976	38	42
Cash flows from capital and related financing activities:					
Proceeds from issuance of bonds and loans		173,002		173,002	
Principal paid on bonds and loans		(23,087)		(23,087)	
Interest paid on bonds and loans		(1,160)		(1,160)	
Sewer connection fees		17,278		17,278	
Proceeds from sale or transfer of capital assets	1	24	1	26	90
Proceeds from intergovernmental contract		1,719		1,719	
Purchase of capital assets	(207)	(58,852)		(59,059)	(1,350)
Net cash provided by (used for) capital and related financing activities	(206)	108,924	1	108,719	(1,260)
Cash flows from investing activities:					
Interest received on cash and investments	582	870	83	1,535	923
Net cash provided by investing activities	582	870	83	1,535	923
Net increase in cash and cash equivalents	10,091	147,204	287	157,582	8,103
Cash and cash equivalents at beginning of year	25,234	73,941	5,995	105,170	64,560
Cash and cash equivalents at end of year	$ 35,325	$ 221,145	$ 6,282	$ 262,752	$ 72,663

(Continued)

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010
(in thousands)

Exhibit A - 9.1

(continued)

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Operating income (loss)	$ 7,162	$ 10,435	$ (1,814)	$ 15,783	$ 4,036
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	244	30,876	423	31,543	2,659
Changes in assets and liabilities:					
Decrease (increase) in assets:					
Accounts receivable	3,603	(2,519)	(318)	766	(9)
Due from other governments	3		(23)	(20)	53
Inventory and other assets	8	(68)		(60)	17
Prepaid expenses	(226)	125	12	(89)	247
Increase (decrease) in liabilities:					
Accounts payable	1,832	(949)	(65)	818	18
Due to other governments	(2,077)	708	49	(1,320)	
Reported but unpaid losses					(2,670)
Incurred but not reported losses					4,054
Other current liabilities	(65)	(29)	(37)	(131)	(7)
Net cash provided by (used for) operating activities	$ 10,484	$ 38,579	$ (1,773)	$ 47,290	$ 8,398

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2010:

Regional Wastewater Reclamation Enterprise Fund received contributed developer-built conveyance systems with estimated fair values totaling $6,613, other capital assets totaling $1,774 were received from other governments and $9 from outside entities. These contributions were recorded as an increase in capital assets and capital contributions.

Regional Wastewater Reclamation Enterprise Fund recorded a Board of Supervisor approved connection fee credit agreement of $1,358. This credit was recorded as an increase to deferred revenue and a decrease to capital contributions.

Regional Wastewater Reclamation Enterprise Fund disposed of capital assets with a net book value of $2,284.

Regional Wastewater Reclamation Enterprise Fund retired expired Sewer Credit Agreements totaling $280. This transaction was recorded as a decrease to deferred revenue and an increase in capital contributions.

Regional Wastewater Reclamation Enterprise Fund received capital assets with a net book value of $5 from the County's general government.

Regional Wastewater Reclamation Enterprise Fund transferred to other enterprise funds the capital assets with a net book value of $9.

Other Enterprise Funds retired capital assets with a book value of $1.

Other Enterprise Funds transferred capital assets with a net book value of $25: $4 to the County's general government, $16 to the Internal Services Fund and $5 to the Regional Wastewater Reclamation Enterprise Fund.

Internal Service Funds transferred in capital assets with a net book value of $16, received capital contributions with a value of $132 and sold capital assets with a net book value of $251.

PIMA COUNTY, ARIZONA
Statement of Fiduciary Net Assets - Fiduciary Funds
June 30, 2010
(in thousands)

Exhibit A - 10

	Investment Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	$ 321,965	$ 74,490
Interest receivable	216	
Total assets	322,181	$ 74,490
Liabilities		
Employee compensation		$ 3,067
Due to other governments		51,182
Deposits and rebates		20,241
Total liabilities		$ 74,490
Net Assets		
Held in trust for pool participants	$ 322,181	

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2010
(in thousands)

	Investment Trust Funds
Additions	
Contributions from participants	$ 2,597,653
Total contributions	2,597,653
Investment earnings	2,527
Total investment earnings	2,527
Total additions	2,600,180
Deductions	
Distributions to participants	2,550,184
Total deductions	2,550,184
Change in net assets	49,996
Net assets held in trust July 1, 2009	272,185
Net assets held in trust June 30, 2010	$ 322,181

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 12

Combining Statement of Net Assets
Component Units
June 30, 2010
(in thousands)

	Sports & Tourism Authority	Southwestern Fair Commission	Total Component Units
ASSETS			
Cash and cash equivalents	$ 27	$ 701	$ 728
Accounts receivable (net)	41	4	45
Inventories		24	24
Other assets	4		4
Restricted assets:			
Cash and cash equivalents		1,800	1,800
Capital assets (net):			
Buildings and improvements		1,793	1,793
Equipment		678	678
Total assets	72	5,000	5,072
LIABILITIES			
Accounts payable		247	247
Deposits and rebates		21	21
Noncurrent liabilities:			
Due within one year:			
Contracts and notes		21	21
Due in more than one year:			
Contracts and notes		9	9
Total liabilities		298	298
NET ASSETS			
Invested in capital assets, net of related debt		2,471	2,471
Unrestricted	72	2,231	2,303
Total net assets	$ 72	$ 4,702	$ 4,774

See accompanying notes to financial statements

Exhibit A - 13

PIMA COUNTY, ARIZONA
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2010
(in thousands)

	Program Revenues			Net (Expense) Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	S&TA	SFC	Total
Sports & Tourism Authority						
Operations	$ 87		$ 5	$ (82)		$ (82)
Total Sports & Tourism Authority (S&TA)	87		5	(82)		(82)
Southwestern Fair Commission (SFC)						
Operations	5,067	$ 5,371	120		$ 424	424
Total SFC	5,067	5,371	120		424	424
Total component units	$ 5,154	$ 5,371	$ 125	(82)	424	342
General revenues:						
Miscellaneous				154	132	286
Total general revenues				154	132	286
Change in net assets				72	556	628
Net assets at beginning of year					4,146	4,146
Net assets at end of year				$ 72	$ 4,702	$ 4,774

See accompanying notes to financial statements

Note 1: Summary of Significant Accounting Policies

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

During the year ended June 30, 2010, the County adopted early implementation of the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 establishes criteria for classifying governmental fund balances into specifically defined classifications to make the nature and extent of the constraints placed on fund balance more transparent. The classifications are as follows: Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance and Unassigned Fund Balance.

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

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

The Pima County Library District was established in 1986 when legislation allowed full taxing authority and the ability to enter into agreements with other jurisdictions for the provision of library services. The 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.

The Southwestern Fair Commission, Inc. (SFC) is a nonprofit corporation, which manages and maintains the fairgrounds owned by the County and conducts an annual fair and other events at the fairgrounds. The Commission's members are appointed and can be removed at any time by the Pima County Board of Supervisors. Based on these factors, and because SFC does not provide services entirely, or almost entirely to

Note 1: Summary of Significant Accounting Policies (continued)

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.

The Pima County Sports and Tourism Authority (S&TA) is a nonprofit municipal corporation established to promote professional and amateur sports events and other suitable activities for the benefit of the public and to increase opportunities for amateur youth sports in Pima County. S&TA members are appointed and can be removed at any time by the Board of Directors. Based on these factors, and because S&TA does not provide services entirely, or almost entirely to the County, but rather to the general citizenry, S&TA is reported as a separate component unit (discrete presentation) in these financial statements. Complete financial statements for S&TA can be obtained from the Pima County Department of Finance and Risk Management located at 130 West Congress Street, Tucson, Arizona 85701.

Related Organization:

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

B. Basis of Accounting

Primary government:

The government-wide, proprietary funds and fiduciary funds financial statements are presented using the economic resources measurement focus and the accrual basis of accounting with the exception of agency funds, which have no measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

The County may fund certain programs by a combination of restricted, committed, assigned and/or unassigned (general) revenues. When program expenses are incurred and there are restricted, committed, assigned and/or unassigned net assets available to finance the program, the County applies restricted, committed and/or assigned revenues before using unassigned (general) revenues.

Note 1: Summary of Significant Accounting Policies (continued)

The County's business-type activities and enterprise funds follow FASB Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The County has chosen the option not to follow FASB statements and interpretations issued after November 30, 1989.

Discretely presented component units:

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

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

C. Basis of Presentation

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

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

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

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

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes, are reported as general revenues. The net effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double counting of internal activities.

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

Proprietary funds are financed mainly by fees and charges received from users of the services provided by the funds' operations. Proprietary funds distinguish operating revenues and expenses from non-operating items.

Note 1: Summary of Significant Accounting Policies (continued)

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County reports the following major governmental funds:

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

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

The **Debt Service Fund** accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

The County reports the following major enterprise funds:

Pima Health System and Services (**PHS&S**) provides payment for health care services including inpatient hospital care and outpatient clinical care for medical and psychiatric problems, indigent health care under the Arizona Health Care Cost Containment System (AHCCCS), an alternative to Medicaid, home health services and long-term nursing care.

Regional Wastewater Reclamation (**RWR**) accounts for the management and operation of wastewater treatment and water pollution control programs.

The County reports the following fund types:

Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governmental units, on a cost-reimbursement basis. These funds account for fleet maintenance and operation, insurance, graphic services and telecommunications services.

Investment Trust Funds account for assets held by the County Treasurer in an external investment pool and individual investment accounts for the benefit of outside jurisdictions.

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

D. Cash and Investments

Primary government:

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

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

Note 1: Summary of Significant Accounting Policies (continued)

Discretely presented component units:

SFC's cash and cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less. Restricted cash consists of non-negotiable certificates of deposit with maturities greater than three months and less than one year.

S&TA considers all highly liquid investments purchased with a maturity of three months or less to be cash and cash equivalents.

E. Inventories and Prepaids

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

Inventories of the Transportation Department are recorded as assets when purchased and as expenditures when used. Amounts on hand at year-end are shown on the balance sheet as an asset and are offset by a fund balance reserve to indicate that they do not constitute "available spendable resources". Inventories in Transportation arealued at lower of cost or market, cost being determined using the moving average method.

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

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

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

Inventories of the Internal Service Funds are valued at lower of cost or market, cost being determined using the moving average method.

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

(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	All	N/A	N/A
Land improvements (Reported in buildings and building improvements)	All	Straight Line	20 - 30 Years
Buildings and improvements	$100	Straight Line	10 - 50 Years
Equipment	$5	Straight Line	4 - 25 Years
Fleet service vehicles (Reported in equipment)	$5	Units of Production based on number of hours or miles	5 - 15 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 units:

SFC capital assets are reported at actual cost. Depreciation is provided by the straight-line method over the assets' estimated useful life, which range from 5 to 40 years.

S&TA had no capital assets to report on June 30, 2010.

H. Investment Earnings

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

I. Compensated Absences

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

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

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

Note 2 – Fund Balance Classifications

The categories for fund balance are nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balances are those items that cannot be spent because of their form or because resources must remain intact. Restricted fund balances are those that have an externally enforceable limit on their usage through legislation or limitations imposed by creditors, grantors or laws and regulations of other governments.

Committed fund balances are self imposed limitations set prior to the year end closing. The Pima County Board of Supervisors is the highest level of decision making authority. Imposed limitations on the use of funds must be approved by the Board of Supervisors at a regular supervisory meeting. Any modifications and/or rescissions must also be approved by the board.

Assigned fund balances are limitations resulting from the intended use of funds. The Pima County Board of Supervisors and/or its representative, the County Administrator, can authorize the constraints for the specific purpose. Modifications or rescissions of the constraints can also be removed by the same action that limited the funds.

(in thousands)

Note 2 – Fund Balance Classifications (continued)

The table below details the fund balance categories and classifications:

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	CAFR Total
Fund balances:					
Nonspendable:					
Inventory				$ 1,557	$ 1,557
Prepaid expenses	$ 2,949	$ 18		296	3,263
Loan receivable	1,140			113	1,253
Permanent fund principal				45	45
Total nonspendable	4,089	18		2,011	6,118
Restricted for:					
Capital Projects					
Streets and highways		34,766			34,766
Other		83,123			83,123
Judicial activities				21,470	21,470
Flood Control District		6,341		9,507	15,848
Health				4,663	4,663
Law enforcement				3,192	3,192
Library District		477		17,450	17,927
Parks and recreation				108	108
School reserve				900	900
Social services		123		1,560	1,683
Streets and highways				20,762	20,762
Tire fund				1,300	1,300
Other purposes	522			2,045	2,567
Total restricted	522	124,830		82,957	208,309
Committed to:					
Sports promotion (Stadium)		641		4,431	5,072
Other purposes		846		10,874	11,720
Total committed		1,487		15,305	16,792
Assigned to:					
Debt service reserve			$ 40,868		40,868
Judicial activities	82			17	99
Health				138	138
Parks and recreation		48		1,074	1,122
Landfill				1,058	1,058
School Reserve				934	934
Other purposes	3,011	4			3,015
Total assigned	3,093	52	40,868	3,221	47,234
Unassigned:	73,837	(227)		(5,793)	67,817
Total fund balances	$ 81,541	$ 126,160	$ 40,868	$ 97,701	$ 346,270

Note 3: Cash and Investments

Primary Government

The County's cash and investment policies are governed by State statutes and by bond covenants. The County Treasurer is authorized to invest public monies in the State Treasurer's Investment Pool; interest bearing savings accounts, certificates of deposit and repurchase agreements in eligible depositories; bonds or other obligations issued or guaranteed by the United States government or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds; specified commercial paper, bonds, debentures, and notes issued by corporations organized and doing business in the United States; and bonds or other evidences of indebtedness of the State of Arizona or any of its counties, cities, towns, or school districts as specified by statute. In addition, the County Treasurer may invest trust funds in fixed income securities of corporations doing business in the United States.

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

1. Commercial paper must be rated P1 by Moody's Investors Service or A1 or better by Standard and Poor's rating service.

2. Corporate bonds, debentures and notes must be rated A or better by Moody's Investors Service or Standard and Poor's rating service.

3. Fixed income securities must carry one of the two highest ratings by Moody's Investors Service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk—Statutes require collateral for demand deposits, certificates of deposit and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

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

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

Foreign currency risk—Statutes do not allow foreign investments.

Deposits—At June 30, 2010, the carrying amount of the County's deposits was $73,309 and the bank balance was $48,271.

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, 2010, $2,174 of the County's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments—At June 30, 2010, the County's investments consisted of $264,385 invested in marketable securities and $759,875 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.

(in thousands)

Note 3: Cash and Investments (continued)

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, 2010, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
Commercial paper	A1/P1	S&P / Moody's	$ 24,339
Corporate bonds	A/A3	S&P / Moody's	93,170
Federal Farm Credit Bank	AAA/Aaa	S&P / Moody's	18,312
Federal Home Loan Bank	AAA/Aaa	S&P / Moody's	10,203
Fannie Mae (Federal National Mortgage Association)	AAA/Aaa	S&P / Moody's	14,882
Freddie Mac (Federal Home Loan Mortgage Corp)	AAA/Aaa	S&P / Moody's	19,627
Money market mutual fund	AAAm/Aaa	S&P / Moody's	11,201
State Treasurer Investment Pool 5	AAAf	S&P	557,612
State Treasurer Investment Pool 500	Unrated		25,226
State Treasurer Investment Pool 7	Unrated		177,037
Total			$ 951,609

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 $1,024,260 of investments, $253,184, consisting of the commercial paper, corporate bonds, Federal Farm Credit Bank, Federal Home Loan Bank, Fannie Mae and Freddie Mac discount notes 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, 2010 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.

(in thousands)

Note 3: Cash and Investments (continued)

As of June 30, 2010, the County had the following investments:

Investment Type	Amount	Weighted Average Maturity (Years)
State Treasurer Investment Pool 5	$ 557,612	0.06
State Treasurer Investment Pool 500	25,226	4.45
State Treasurer Investment Pool 7	177,037	0.08
Commercial paper	24,339	0.13
Corporate bonds	93,170	1.31
Federal Farm Credit Bank	18,312	0.60
Federal Home Loan Bank	10,203	0.12
Fannie Mae (Federal National Mortgage Association)	14,882	0.61
Freddie Mac (Federal Home Loan Mortgage Corp)	19,627	0.40
U.S. Treasury	72,651	2.56
Money market mutual fund	11,201	0.10
Total	$1,024,260	

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

	Cash on Hand	Amount of Deposits	Amount of Investments	Total
Cash, deposits and investments:	$ 54	$ 73,309	$ 1,024,260	$ 1,097,623

	Governmental Activities	Business-type Activities	Investment Trust Funds	Agency Funds	Totals
Statement of Net Assets:					
Cash and cash equivalents	$ 437,837	$ 52,868	$ 321,965	$ 74,490	$ 887,160
Restricted cash and cash equivalents	579	209,884			210,463
Total	$ 438,416	$ 262,752	$ 321,965	$ 74,490	$ 1,097,623

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

(in thousands)

Note 3: Cash and Investments (continued)

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

	Principal	Interest Rates	Maturities	Fair Value
Commercial paper	$24,350	0.2-0.4%	07/10-12/10	$ 24,339
Corporate bonds	89,951	0.5-7.3%	07/10-05/14	93,170
Federal Farm Credit Bank	17,500	5.0-5.4%	09/10-07/11	18,312
Federal Home Loan Bank	10,000	4.1%	08/10	10,203
Fannie Mae (Federal National Mortgage Association)	14,625	2.9-3.4%	10/10-05/11	14,882
Freddie Mac (Federal Home Loan Mortgage Corp)	19,200	3.3-4.1%	10/10-02/11	19,627
U.S. Treasury	69,490	0.9-4.8%	09/10-07/14	72,651
State Treasurer Investment Pool 5	299,862	N/A	N/A	299,862
Deposits	54,931	N/A	N/A	54,931
Interest Receivable	216	N/A	N/A	216
Total assets				$608,193

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

Statement of Net Assets	
Assets held in trust for:	
Internal participants	$ 463,049
External participants	145,144
Total assets	608,193
Total liabilities	0
Total net assets held in trust	$ 608,193
Statement of Changes in Net Assets	
Total additions	$ 7,465,711
Total deductions	(7,385,912)
Net increase	79,799
Net assets held in trust:	
July 1, 2009	528,394
June 30, 2010	$ 608,193

Discretely Presented Component Units

Southwestern Fair Commission—At June 30, 2010, the commission's cash and cash equivalents consisted of deposits with financial institutions. Of the total balance, $264 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Sports & Tourism Authority—At June 30, 2010, the S&TA's cash and cash equivalents of $27 consisted of deposits with financial institutions.

(in thousands)

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	$ 279	$ 6,667		$ 12,595		$ 19,541
State of Arizona:						
Taxes and shared revenues	18,106	220		8,462		26,788
Grants and contributions				1,799	$ 4	1,803
Refunds and discounts	4,573					4,573
City of Tucson:						
Reimbursement for services	2,288	7	$ 9	597	101	3,002
Other governments:						
Reimbursement for services	244	10,642		875	8	11,769
Total due from other governments fund based statements	$25,490	$ 17,536	$ 9	$ 24,328	$ 113	$ 67,476

Business-type activities:

	Pima Health System & Services	Other Business-type Activities	Business-type Activities Total
Federal government:			
Reimbursement for services		$ 9	$ 9
State of Arizona:			
Reimbursement for services	$ 722		722
Grants and contributions	140		140
Other local governments:			
Reimbursements for services		14	14
Total due from other governments fund based statements	$ 862	$ 23	$ 885

(in thousands)

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2010, was as follows:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 384,368	$ 48,731	$ (1)	$ 433,098
Construction in progress	103,106	98,926	(25,283)	176,749
Total capital assets not being depreciated	487,474	147,657	(25,284)	609,847
Capital assets being depreciated:				
Buildings and improvements	525,914	14,285	(537)	539,662
Infrastructure	1,108,315	24,830	(4,444)	1,128,701
Equipment	110,666	9,810	(4,595)	115,881
Total capital assets being depreciated	1,744,895	48,925	(9,576)	1,784,244
Less accumulated depreciation for:				
Buildings and improvements	(145,116)	(13,060)	314	(157,862)
Infrastructure	(493,364)	(35,089)	386	(528,067)
Equipment	(67,115)	(10,448)	4,063	(73,500)
Total accumulated depreciation	(705,595)	(58,597)	4,763	(759,429)
Total capital assets, being depreciated, net	1,039,300	(9,672)	(4,813)	1,024,815
Governmental activities capital assets, net	$ 1,526,774	$ 137,985	$ (30,097)	$ 1,634,662

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 13,595	$ 1,583		$ 15,178
Construction in progress	43,208	57,677	$ (8,707)	92,178
Total capital assets not being depreciated	56,803	59,260	(8,707)	107,356
Capital assets being depreciated:				
Buildings and improvements	367,275	1,792	(986)	368,081
Infrastructure	621,077	11,569	(13)	632,633
Equipment	102,699	5,818	(2,340)	106,177
Total capital assets being depreciated	1,091,051	19,179	(3,339)	1,106,891
Less accumulated depreciation for:				
Buildings and improvements	(139,077)	(12,073)	390	(150,760)
Infrastructure	(221,983)	(12,162)	7	(234,138)
Equipment	(13,677)	(7,399)	672	(20,404)
Total accumulated depreciation	(374,737)	(31,634)	1,069	(405,302)
Total capital assets, being depreciated, net	716,314	(12,455)	(2,270)	701,589
Business-type activities capital assets, net	$ 773,117	$ 46,805	$ (10,977)	$ 808,945

(in thousands)

Note 5: Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:		
General government	$	7,368
Public safety		11,003
Highway and streets		29,950
Sanitation		159
Health		559
Welfare		17
Culture and recreation		5,867
Education and economic opportunity		787
Internal service funds		2,659
Total governmental activities depreciation expense	$	58,369
Business-type activities:		
Pima Health System & Services	$	244
Parking Garages		216
Regional Wastewater Reclamation		30,876
Development Services		207
Total business-type activities depreciation expense	$	31,543

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Discretely presented component units:				
Southwestern Fair Commission (SFC):				
Capital assets being depreciated:				
Buildings and improvements	$ 4,330	$ 158		$ 4,488
Equipment	2,190	143	$ (5)	2,328
Total capital assets being depreciated	6,520	301	(5)	6,816
Less accumulated depreciation for:				
Buildings and improvements	(2,552)	(143)		(2,695)
Equipment	(1,520)	(135)	5	(1,650)
Total accumulated depreciation	(4,072)	(278)	5	(4,345)
Total capital assets being depreciated, net	2,448	23		2,471
SFC capital assets, net	$ 2,448	$ 23		$ 2,471

(in thousands)

Note 6: Claims, Judgments and Risk Management

Risk Management and Claims Liability

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; medical malpractice; environmental claims; and natural disasters. Claims against the County are accounted for in the Self Insurance Trust Fund (the Fund), an internal service fund. Annually, an actuarial evaluation is performed to determine the County's anticipated losses except for environmental, unemployment and dental losses. Environmental losses are based on reported claims and the County risk manager's knowledge and experience. Unemployment and dental losses are based on claims that have been submitted but not yet paid by the Fund. Losses accounted for include reported and paid, reported but unpaid, and incurred but not reported. All liabilities of the Fund except for environmental, unemployment and dental losses are reported at their present value using an expected future investment yield assumption of four percent.

The Fund is liable for any single general or automobile liability claim up to $2,000,000 per occurrence, and workers' compensation claim up to $750,000 per occurrence or any medical malpractice claims in aggregate up to $5,000,000 in any policy year. The County purchases commercial insurance for claims in excess of coverage provided by the Fund and for some other risks of loss. Settled claims have not exceeded insurance coverage in any of the last three fiscal years.

Payment of unemployment and dental 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 Fund. With the exception of environmental, dental, 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 dental and unemployment losses are based on actual claims paid.

The claims liability of $38,378 reported in the Fund at June 30, 2010, is based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The ultimate cost of claims includes incremental claim adjustment expenses that have been allocated to specific claims, as well as salvage and subrogation. No other claim adjustment expenses have been included.

	2010	2009
Claims liabilities - beginning	$ 36,994	$ 31,205
Current-year claims and changes in estimates	9,893	12,600
Claims payment	(8,509)	(6,811)
Claims liabilities balance - ending	$ 38,378	$ 36,994

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.

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

Pollution Remediation

The County has estimated and reported an environmental liability of $1,735 in the government-wide financial statements for governmental activities (in noncurrent liabilities). Remediation efforts are currently underway at two County sites.

At the Administration West building, 150 West Congress Street, the first floor is undergoing demolition and asbestos abatement efforts. The remediation process is scheduled to be completed in the first quarter of FY 2010-11.

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.

In communication with the Arizona Department of Environmental Quality, the County has begun remediation efforts that will include a groundwater pump-and-treat system.

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 wells, and/or changes in the estimated extent of contamination.

There are no estimated recoveries at this time.

(in thousands)

Note 7: Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2010.

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due within 1 year
Governmental activities:					
General obligation bonds	$ 386,845	$ 113,535	$ 82,385	$ 417,995	$ 40,245
Plus unamortized deferred amount	1,187	1,290	211	2,266	253
Total general obligation bonds	388,032	114,825	82,596	420,261	40,498
Flood control bonds	725		725		
Transportation revenue bonds	139,565	23,420	21,045	141,940	10,530
Plus unamortized deferred amount	118	207	39	286	35
Total transportation revenue bonds	139,683	23,627	21,084	142,226	10,565
Certificates of participation	71,930	20,000	21,610	70,320	23,425
Plus unamortized deferred amount	2,624	412	718	2,318	743
Total certificates of participation	74,554	20,412	22,328	72,638	24,168
Capital leases payable:					
Jail capital lease	22,715		2,025	20,690	2,125
Less unamortized deferred amount	(1,531)		(191)	(1,340)	(191)
Other capital leases	143		107	36	36
Total capital leases	21,327		1,941	19,386	1,970
Reported but unpaid losses (Note 6)	24,535	5,839	8,509	21,865	3,906
Incurred but not reported losses (Note 6)	12,459	4,054		16,513	2,923
Landfill closure and post-closure care costs (Note 9)	19,329	295		19,624	
Pollution remediation (Note 6)	1,467	268		1,735	554
Total governmental activities long-term liabilities	$ 682,111	$ 169,320	$ 137,183	$ 714,248	$ 84,584

(in thousands)

Note 7: Long-Term Liabilities (continued)

	Balance July 1, 2009	Additions		Reductions	Balance June 30, 2010	Due within 1 year
Business-type activities:						
Sewer revenue bonds	$ 183,880			$ 16,770	$ 167,110	$ 8,425
Less unamortized deferred amount	(491)			(316)	(175)	
Total revenue bonds payable	183,389			16,454	166,935	8,425
Sewer revenue obligations		$ 165,000			165,000	
Plus unamortized deferred amount		13,211		73	13,138	
Total revenue obligations payable		178,211		73	178,138	
Regional Wastewater Reclamation (RWR) loans payable	64,597	8,002	*	6,316	66,283	8,052
Less unamortized deferred amount	(108)			(35)	(73)	
Total loans payable	64,489	8,002		6,281	66,210	8,052
Contracts and notes	6,481	2,547		2,723	6,305	
Total business-type activities long-term liabilities	$ 254,359	$ 188,760		$ 25,531	$ 417,588	$ 16,477

* At June 30, 2010, Regional Wastewater Reclamation has drawn down the total loan amount of $10,002 from the 2009 Water Infrastructure Financing Authority (WIFA) loan. Of this amount $2,000 was a forgivable principal amount from the American Recovery and Reinvestment Act (ARRA) grant.

GENERAL OBLIGATION BONDS OUTSTANDING

Governmental Activities

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

General obligation bonds payable at June 30, 2010, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, $13,940 from the May 20, 1997, $169,982 from the May 18, 2004, and $29,634 from the May 16, 2006 bond elections remain unissued.

The following table presents amounts outstanding by issue.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2010
Series of 2002	$ 20,000	4.25	2011	$ 1,000
Series of 2003	50,000	4.00 - 4.25%	2011-17	26,850
Series of 2004	65,000	3.00 - 5.00%	2011-19	40,200
Series of 2005	65,000	3.50 - 5.00%	2011-20	42,750
Series of 2007	95,000	3.00 - 4.50%	2011-21	73,675
Series of 2008	100,000	3.00 - 4.00%	2011-22	78,500
Series of 2009	75,000	3.00 - 4.13%	2011-23	49,000
Series of 2009A	90,000	3.00 - 4.00%	2011-24	83,100
Series of 2009A Refunding	23,535	3.00 - 3.50%	2011-16	22,920
G.O. bonds outstanding				417,995
Plus unamortized deferred amount:				2,266
		Total G.O. bonds outstanding		$ 420,261

(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2010.

Year Ending June 30,	Principal	Interest
2011	$ 40,245	$ 16,174
2012	34,055	14,637
2013	34,025	13,358
2014	32,465	12,051
2015	31,690	10,711
2016 - 2020	163,485	34,357
2021 - 2024	82,030	6,637
Total	$ 417,995	$ 107,925

REFUNDED GENERAL OBLIGATION BONDS

In 2010, the County defeased $23,120 of General Obligation Bonds, Series 1998, 2000 and 2002, by issuing $23,535 of General Obligation Bonds that have an average life of 3.58 years and an interest rate of 2.964%. This refunding transaction resulted in an economic gain of $880, and a reduction in debt service payments of $993. 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. Also, the refunded bond debt is not included in the County's financial statements because as of June 30, 2010, the County had transferred cash to its paying agent to pay off the bonds. The Series 1998 and 2000 Bonds were legally defeased during the fiscal year, while the Series 2002 Bonds remain defeased in substance at the amount disclosed below.

Issue	Outstanding June 30, 2010
2002 General Obligation Refunded Bonds	$ 4,126

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, $107,718 from the November 4, 1997 bond election remains unissued.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2010
Series of 2002	$ 55,000	4.25 - 4.38%	2011-12	$ 7,095
Series of 2003	35,000	3.75 - 4.38%	2011-18	22,960
Series of 2005	51,200	3.50 - 5.00%	2011-20	44,300
Series of 2007	21,000	3.25 - 4.75%	2011-22	19,465
Series of 2008	25,000	3.00 - 4.50%	2011-22	24,700
Series of 2009	15,000	3.00 - 4.00%	2011-24	15,000
Series of 2009 Refunding	8,420	3.00 - 4.00%	2011-24	8,420
Transportation bonds outstanding				141,940
Plus unamortized deferred amount:				286
Total transportation bonds outstanding				$ 142,226

(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details transportation bond debt service requirements to maturity at June 30, 2010.

Year Ending June 30,	Principal	Interest
2011	$ 10,530	$ 5,709
2012	11,015	5,244
2013	11,170	4,785
2014	11,600	4,354
2015	12,055	3,906
2016 - 2020	64,035	11,767
2021 - 2024	21,535	1,734
Total	$ 141,940	$ 37,499

Pima County has pledged future highway user revenues, net of specified operating expenses, to repay $141,940 in transportation revenue bonds issued between 2002 and 2010. 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 2024. Annual principal and interest payments on the bonds are expected to require approximately 90 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $179,439. Principal and interest paid for bonds in the current year and total customer net revenues were $16,272 and $20,233, respectively.

REFUNDED TRANSPORTATION BONDS

In 2010, the County defeased $8,300 of Transportation Bonds, Series 2002, by issuing $8,420 of Transportation Bonds that have an average life of 9.08 years and an interest rate of 3.542%. The proceeds of the new bonds were placed in an irrevocable trust to provide for legal defeasance of the refunded debt on January 1, 2010. This refunding transaction was performed primarily to restructure outstanding debt in order to align projected future revenues with corresponding debt service requirements. As a result, there was an increase in debt service payments of $2,541, whose present value benefits the County with an economic gain of $6.

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 June 26, 2008, the County issued Certificates of Participation Series 2008 for $50,000 to finance capital costs for public infrastructure of the County, including expansion and upgrades to the County's sewer treatment system and major road corridors. On June 10, 2009, the County issued Certificates of Participation Series 2009 for $34,400 to finance capital costs for public infrastructure of the County, including expansion and upgrades to the County's sewer treatment system. 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

(in thousands)

Note 7: Long-Term Liabilities (continued)

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.

The following schedule details outstanding Certificates of Participation payable at June 30, 2010.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2010
Series of 2007A	$ 28,765	4.00 - 5.00%	2011-22	$ 25,920
Series of 2008	50,000	5.00%	2011	10,000
Series of 2009	34,400	4.00%	2011-12	14,400
Series of 2010	20,000	2.00 - 5.25%	2011-19	20,000
Certificates of participation outstanding				70,320
Plus unamortized deferred amount:				2,318
Total certificates of participation outstanding				$ 72,638

The following schedule details debt service requirements to maturity for the County's Certificates of Participation payable at June 30, 2010.

Year Ending June 30,	Principal	Interest
2011	$ 23,425	$ 3,296
2012	8,165	2,052
2013	3,875	1,766
2014	4,020	1,627
2015	4,170	1,472
2016 - 2020	21,255	4,230
2021 - 2022	5,410	409
Total	$ 70,320	$ 14,852

CAPITAL LEASES

Governmental Activities

On February 1, 1997, the County entered into an agreement to sell certain jail facilities and then lease them back for a 15-year term. The jail facilities were sold for $34,500, and the proceeds were used to finance the construction of the baseball stadium. On September 1, 1999 and October 1, 2003, Pima County amended the capital lease agreement between U.S. Bank Trust National Association and Pima County. The amendments extended the lease term to 2014 and 2018 respectively, increased the range of interest rates and increased the County's obligation under the lease agreement. The County has also entered into capital leases for computer equipment. The outstanding balance as of June 30, 2010, for these leases totaled $36. The net book value of assets acquired through capital leases consists of $17,303 of buildings and $9 of equipment.

(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details capital lease debt service requirements to maturity at June 30, 2010.

Governmental Activities:

	Buildings		Equipment	
Year Ending June 30,	Principal	Interest	Principal	Interest
2011	$ 2,125	$ 879	$ 36	$ 1
2012	2,230	774		
2013	2,780	647		
2014	2,485	511		
2015	2,605	399		
2016 - 2018	8,465	536		
	$ 20,690	$ 3,746	$ 36	$ 1

SEWER REVENUE BONDS AND LOANS

Business-type Activities

(Payments made from user charges received in the Regional Wastewater Reclamation Department Enterprise Fund)

Pima County sewer revenue bonds, as presented below, were issued to provide monies to construct improvements to the County's Regional Wastewater Reclamation system. As of June 30, 2010, the County has issued the total amount originally authorized from the May 18, 2004 bond election.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2010
Series of 1998	$ 29,185	4.00 - 4.50%	2011-15	$ 8,640
Series of 2001 Refunding	19,440	4.25 - 5.38%	2011-15	10,125
Series of 2004 Refunding	25,770	4.60 - 5.50%	2011-15	14,085
Series of 2007	50,000	3.75 - 5.00%	2011-26	42,450
Series of 2008	75,000	4.00 - 5.00%	2011-23	73,680
Series of 2009	18,940	3.25 - 4.25%	2011-24	18,130
Sewer revenue bonds outstanding				167,110
Less unamortized deferred amount:				(175)
Total sewer revenue bonds outstanding				$ 166,935

The following schedule details sewer revenue bond debt service requirements to maturity at June 30, 2010.

Year Ending June 30,	Principal	Interest
2011	$ 8,425	$ 7,145
2012	8,795	6,776
2013	10,405	6,381
2014	12,030	5,916
2015	12,590	5,377
2016 - 2020	59,210	19,367
2021 - 2025	51,925	5,983
2026	3,730	149
Total	$ 167,110	$ 57,094

(in thousands)

Note 7: Long-Term Liabilities (continued)

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 Ina Road and Roger Road Wastewater Reclamation Facilities.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2010
Series of 2010	$ 165,000	2.50 - 5.00%	2014-25	$ 165,000
Sewer revenue obligations outstanding				165,000
Plus unamortized deferred amount:				13,138
Total sewer revenue obligations outstanding				$ 178,138

The following schedule details sewer revenue obligation debt service requirements to maturity at June 30, 2010.

Year Ending June 30,	Principal	Interest
2011		$ 8,339
2012		8,026
2013		8,026
2014	$ 2,000	8,026
2015	2,000	7,946
2016 - 2020	64,255	35,013
2021 - 2025	96,745	14,983
Total	$ 165,000	$ 90,359

In prior years, the Regional Wastewater Reclamation Enterprise Fund entered into loan agreements (1996 to provide funds for the defeasance of prior sewer revenue bonds, and 1997, 2000, and 2004 which were 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, 2010
1996 Loans payable	$ 11,313	3.19%	2010-12	$ 4,285
1997 Loans payable	7,500	2.95%	2010-11	1,295
2000 Loans payable	61,180	2.20%	2010-16	35,324
2004 Loans payable	19,967	1.81%	2010-24	17,377
2009 Loans payable	8,002	0.96%	2010-24	8,002
Loans payable				66,283
Less unamortized deferred amount:				(73)
Total loans payable				$ 66,210

(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details loans payable debt service requirements to maturity at June 30, 2010.

Year Ending June 30,	Principal	Interest
2011	$ 8,052	$ 2,139
2012	8,349	1,847
2013	7,406	1,566
2014	6,514	1,318
2015	6,766	1,082
2016 - 2020	19,453	2,553
2021 - 2024	9,743	759
Total	$ 66,283	$ 11,264

Pima County has pledged future user charges, net of specified operating expenses, to repay $167,110 in sewer revenue bonds issued between 1998 and 2009, $66,283 in sewer revenue loans issued between 1996 and 2009, and $165,000 in sewer revenue obligations issued in 2010. 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 2025-26. Annual principal and interest payments on the bonds and obligations are expected to require approximately 26 percent of net revenues. The annual principal and interest payments on the loans are expected to require approximately 24 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $224,204. Total principal and interest remaining to be paid on the loans is $77,547. Total principal and interest remaining to be paid on the obligations is $255,359. Principal and interest paid for bonds, loans and obligations in the current year and total customer net revenues were $27,988, $8,540 and $63,317, respectively.

CONTRACTS AND NOTES

Business-type Activities

(Payments made from restricted assets in the Regional Wastewater Reclamation Enterprise Fund)

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

(in thousands)

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, 2010, is as follows:

Net assessed valuation		$ 9,860,981
Debt Limit (15% of net assessed valuation):		1,479,147
Less amount of debt applicable to debt limit:		
General obligation bonds outstanding	$ 417,995	
Less fund balance in debt service fund available for payment of general obligation bond principal	(11,396)	406,599
Legal debt margin available		$ 1,072,548

Note 8: Short-term Debt

Line of Credit

The County maintains a revolving line of credit with Bank of America National Trust and Savings Association to meet its short-term cash needs. At June 30, 2010, the County had an outstanding balance of $0. Advances on the line of credit are payable on demand. The credit line is secured by the County's general taxing authority.

	July 1, 2009 Balance	Draws	Repayments	June 30, 2010 Balance
Line of credit	$0	$ 30,450	$ 30,450	$0

Note 9: 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 $19,624 reported as landfill closure and post-closure care long-term liability within the governmental

(in thousands)

Note 9: Landfill Liabilities (continued)

activities represents the cumulative amount reported to date, based on the percentage used of each landfill's total estimated capacity. The County will recognize the remaining estimated cost of closure and post-closure care of $6,059 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, 2010; actual costs may change due to inflation, changes in technology, or changes in regulations.

Landfill Site	Capacity Used June 30, 2010	Estimated Remaining Service Life
Ajo *	68%	41 Years
Sahuarita	47%	30 Years
Tangerine	92%	8 Years

*Arizona Department of Environmental Quality (ADEQ) approved the Ajo Landfill Type IV Permit Modification package on February 16, 2010 effectively increasing the permitted airspace and the remaining service life of the facility. The expansion involves a 2.77-acre lateral expansion and a 6-foot vertical expansion.

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

According to state and federal laws and regulations, the County must comply with the local government financial test requirements that 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 $10,277 when closure occurs and plans to fund the costs with proceeds of general obligation bonds and with solid waste tipping fees. At this time, there is no closure date available.

Note 10: Retirement Plans

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).** 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.

(in thousands)

Note 10: Retirement Plans (continued)

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 Pima County Sheriff's public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The **PSPRS**, acting as a common investment and administrative agent, is governed by a five-member board, known as The Fund Manager, and 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 employees of the State of Arizona's Departments of Corrections and Juvenile Corrections, and County employees whose primary duties require direct inmate contact. The **CORP** is governed by the Fund Manager of **PSPRS** and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

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

ASRS	**PSPRS and CORP**
3300 N. Central Ave	3010 East Camelback Road
Phoenix, AZ 85012	Suite 200
(602) 240-2000 or	Phoenix, AZ 85016-4416
(800) 621-3778	(602) 255-5575

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, 2010, active ASRS members were required by statute to contribute at the actuarially determined rate of 9.4 percent (9.0 percent for retirement and 0.40 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, 2010 the County contributed 9.4 percent (8.34 percent for retirement, .66 percent for health insurance premium, and 0.40 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2009 the County contributed 9.4 percent (7.99 percent for retirement, .96 percent for health insurance premium, and 0.45 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2008 the County contributed 9.60 percent (8.05 percent for retirement, 1.05 percent for health insurance premium, and 0.50 percent for long-term disability) of the members' annual covered payroll.

(in thousands)

Note 10: Retirement Plans (continued)

	ASRS Retirement Fund	Health Benefit Supplement Fund	Long-term Disability Fund
Year ended June 30,			
2010	$ 20,234	$ 1,601	$ 970
2009	$ 20,127	$ 2,418	$ 1,259
2008	$ 20,981	$ 2,737	$ 1,303

Agent plans

For the year ended June 30, 2010, active **PSPRS** members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 24.24 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 4.00 percent. The health insurance premium portion of the contribution was set at 1.83 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 9.38 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.30 percent of covered payroll.

Actuarial methods and assumptions

The contribution requirements for the year ended June 30, 2010 were established by the June 30, 2008 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 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 that are 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 all plans and related benefits (unless noted), and the actuarial methods and assumptions used to establish the fiscal year 2010 contribution requirements, are as follows:

(in thousands)

Note 10: Retirement Plans (continued)

	PSPRS	CORP
Actuarial valuation date	June 30, 2008	June 30, 2008
Actuarial cost method	Projected unit credit	Projected unit credit
Actuarial Assumptions:		
Investment rate of return	8.50%	8.50%
Projected salary increases	5.50% - 8.50%	5.50% - 8.50%
includes inflation at	5.00%	5.00%
Amortization method	Level percentage closed for unfunded actuarial accrued liability, open for excess	Level percentage closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	28 Years for unfunded actuarial accrued liability, 20 years for excess	28 Years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	Smoothed market value	Smoothed market value

Annual Pension and OPEB Cost

The County's pension/OPEB cost for the PSPRS and CORP agent plans for the year ended June 30, 2010, and related information follows:

	PSPRS		CORP	
	Pension	Health Insurance	Pension	Health Insurance
Annual pension/OPEB cost	$ 8,761	$ 591	$ 1,943	$ 232
Contibutions made	$ 8,912	$ 440	$ 1,993	$ 182

Trend Information

Annual pension cost information for the current and 2 preceding years follows for the PSPRS and CORP agent plans. Annual OPEB cost information for FY 2010, FY 2009 and FY 2008 is as follows.

(in thousands)

Note 10: Retirement Plans (continued)

Plan	Year Ended June 30	Annual Pension/ OPEB Cost	Percentage of Annual Cost Contributed	Net Pension/ OPEB Obligation
PSPRS				
Pension	2010	$ 8,761	100%	
Health insurance	2010	$ 591	74.5%	$ 151
Pension	2009	$ 8,268	100%	
Health insurance	2009	$ 627	73.8%	$ 164
Pension	2008	$ 6,923	100%	
Health insurance	2008	$ 565	79%	$ 121
CORP				
Pension	2010	$ 1,943	100%	
Health insurance	2010	$ 232	78.8%	$ 49
Pension	2009	$ 2,162	100%	
Health insurance	2009	$ 236	77.1%	$ 54
Pension	2008	$ 1,513	100%	
Health insurance	2008	$ 247	66%	$ 84

Funded Status

The funded status of the plans, as of the most recent valuation date June 30, 2010, 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.

	PSPRS		CORP	
	Pension	Health Insurance	Pension	Health Insurance
Actuarial accrued liability	$ 220,865	$ 7,040	$ 64,614	$ 3,092
Actuarial value of assets	$ 145,388	0	$ 50,077	0
Unfunded actuarial accrued liability (funding excess)	$ 75,477	$ 7,040	$ 14,537	$ 3,092
Funded ratio	65.8 %	0 %	77.5 %	0 %
Covered payroll	$ 31,302	$ 31,302	$ 19,885	$ 19,885
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	241.1 %	22.5 %	73.1 %	15.5 %

(in thousands)

Note 10: Retirement Plans (continued)

	PSPRS	CORP
Actuarial valuation date	June 30, 2010	June 30, 2010
Actuarial cost method	Projected unit credit	Projected unit credit
Actuarial Assumptions:		
Investment rate of return	8.50%	8.50%
Projected salary increases	5.50% - 8.50%	5.50% - 8.50%
includes inflation at	5.50%	5.50%
Amortization method	Level percentage-of-pay closed	Level percentage-of-pay closed
Remaining amortization period	26 Years for unfunded actuarial accrued liability, 20 years for excess	26 Years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year Smoothed market value	7 year Smoothed market value

Note 11: 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	PHS & Services	RWR	Other Enterprise	Internal Services	Total
General		20	2,389	839	19	2	20	3,289
Capital Projects	401		4		83	30	1	519
Other Governmental	1,384	362	262	4			47	2,059
Pima Health System & Services	9						1	10
RWR	2							2
Other Enterprise			3		9		14	26
Internal Services			287					287
Total	1,796	382	2,945	843	111	32	83	6,192

(in thousands)

Note 11: Interfund Transactions (continued)

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	Other Governmental	PHS & Services	RWR	Other Enterprise	Internal Services	Total
General			$ 7,183	$ 1,256				$ 8,439
Capital Projects	$ 4,539		17,214		$ 4	$ 1,330	$ 60	23,147
Debt Service		$ 584	18,901		23,635		156	43,276
Other Governmental	22,351	1,422	165					23,938
Pima Health System & Services	256							256
RWR		22,440				5		22,445
Other Enterprise	3,300							3,300
Internal Service						16		16
Total	$ 30,446	$ 24,446	$ 43,463	$ 1,256	$ 23,639	$ 1,351	$ 216	$ 124,817

The table above does not include transfers of capital assets from the proprietary funds to the governmental activities because these are not reported in the governmental funds. The following proprietary funds transferred capital assets with Governmental Activities:

	Transfer from	Transfer to
$ 289	RWR	Governmental activities
4	Other enterprise funds	Governmental activities
$ 293		

Note 12: Construction and Other Significant Commitments

At June 30, 2010, Pima County had the following major contractual commitments related to Facilities Management, General Government, Natural Resources, Parks & Recreation, Pima Health Systems and Services, Regional Wastewater Reclamation and Transportation.

Facilities Management

At June 30, 2010, the Pima County Facilities Management Department had contractual commitments related to service contracts of $40,154. Funding for these expenditures will be provided from general fund revenues.

Note 12: Construction and Other Significant Commitments (continued)

General Government

At June 30, 2010, Pima County had contractual commitments related to service contracts for Elections of $2,285, Environmental Quality of $9,116, Finance and Risk Management of $23,332, Fleet Services of $8,421, Human Resources of $56,040, Institutional Health of $72,580 and Sheriff of $58,166. Funding for these expenditures will be provided from general fund revenues. Real Property had contractual commitments related to land acquisitions of $4,944, for which the funding of these expenditures will be provided by general obligation bonds.

Natural Resources, Parks and Recreation

At June 30, 2010, Pima County had contractual commitments related to construction contracts for Natural Resources, Parks and Recreation of $16,836. Funding for these expenditures will be provided from general obligation bonds.

Pima Health Systems & Services

At June 30, 2010, Pima County had contractual commitments related to service contracts for Pima Health Systems & Services of $127,816. Funding for these expenditures will be primarily provided from federal and state funding sources.

Regional Wastewater Reclamation

At June 30, 2010, the Regional Wastewater Reclamation Enterprise fund had construction contractual commitments of $48,708 and other contractual commitments related to service contracts of $2,376. Funding for these expenditures will be primarily from Sewer Revenue Bonds and related fees.

Transportation

At June 30, 2010, the Pima County Transportation Department had construction contractual commitments of $38,140 and other contractual commitments related to service contracts of $311. Funding for these expenditures will be primarily provided from Transportation Revenue Bonds and Highway User Tax Revenue, the primary source of revenue for the Transportation Department.

Note 13: Stewardship, Compliance, and Accountability (Deficit Fund Balances)

The Special Districts Fund (non-major governmental fund) had a deficit fund balance at June 30, 2010, of $487. This deficit can be eliminated in the future through normal operations.

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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 Standard & Poor's highest rating: AAA. 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 and www.dtc.org.

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 Trust Agreement. 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 Trustee 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 TRUST AGREEMENT; (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 for 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.

$75,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS,
SERIES 2011

BOND PURCHASE AGREEMENT

May 3, 2011

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*"), offers to enter into the following agreement with Pima County, Arizona (the "*Issuer*"), which 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 first written above, 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 Bond Purchase Agreement (this "Agreement") shall have the same meanings set forth in the Bond Resolution or Official Statement (both as 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 hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriter, all, but not less than all, of the Issuer's General Obligation Bonds, Series 2011 (the "*Bonds*"). Inasmuch as this purchase and sale represents a negotiated transaction, it is agreed that (i) the Underwriter is not acting as an agent or fiduciary of the Issuer, but rather is acting solely in its capacity as underwriter for itself and its own account (ii) the transaction contemplated by this Agreement is an "arm's length," commercial transaction between the Issuer and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer; (iii) the Underwriter 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); (iv) the Underwriter is acting solely in its capacity as underwriter for its own accounts, (v) the only obligations the Underwriter has to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Agreement; and (vi) the Issuer has consulted its own legal, accounting, tax, and other advisors, as applicable, to the extent it has deemed 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 "Bond Resolution" adopted by the Board of Supervisors of the Issuer (the "*Board*") at a meeting duly called, noticed and held on April 5, 2011.

The purchase price of the Bonds shall be $78,275,476.35 which represents an aggregate principal amount of the Bonds of $75,000,000.00 plus net original issue premium of $3,725,476.35 less an underwriting discount of $450,000.00.

2. *Public Offering*. The Underwriter agrees to make a bona fide public offering of all of the Bonds at prices not to exceed the public offering prices set forth on the cover of the Official Statement and may subsequently change such offering prices 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 prices lower than the public offering prices stated on the cover of the Official Statement.

3. *The Official Statement*.

(a) The Preliminary Official Statement, dated April 18, 2011, (including the cover page and Appendices thereto, the "*Preliminary Official Statement*"), of the Issuer relating to the Bonds, as to be subsequently amended to reflect the changes resulting from the sale of the Bonds, is hereinafter called the "*Official Statement*."

(b) The Preliminary Official Statement has been prepared for use 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 hereby authorizes 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 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 Closing Date (as defined herein).

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 4, Arizona Revised Statute, as amended (the "*Act*"), and has now, and at the Closing Date will have, full legal right, power and authority under the Act to adopt the Bond Resolution 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 which satisfies the requirements of Section (b)(5)(i) of the Rule (the "Undertaking") hereof 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 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 in 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) Except as otherwise described in the Official Statement, 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 legislation, 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) 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); since June 30, 2010, except as disclosed in the Official Statement, 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; 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;

(n) 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, as amended, 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;

(o) The Issuer has executed and delivered or shall execute and deliver prior to the Closing, and in time for the Closing to occur at its specified time, the documents required to cause the Bonds to be eligible for deposit with DTC or other securities depositories;

(p) 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;

(q) 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 and

(r) 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.

5. *Closing*.

(a) Before 10:00 a.m., Arizona time, on May 25, 2011 (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, New York, New York ("*DTC*"), or, in the case of a "Fast Automated Securities Transfer" with the bond registrar, transfer agent and paying agent for purposes of the Bond Registrar 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 the time of the Closing, all official action of the Issuer relating to the Bonds, the Bond Resolution and the Issuer Documents shall be in full force and effect and shall not have been amended, modified or supplemented;

(e) At or prior to the Closing, the Bond Resolution shall have been duly executed 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;

(f) 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;

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

(h) 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;

(i) At or prior to the Closing, the Underwriter shall have received copies of 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 Chairman 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 front cover page, under the captions "THE BONDS" (other than the information relating to DTC and its book-entry system, as to which no view need be expressed) and "CONTINUING SECONDARY MARKET DISCLOSURE" (except for information with respect to the compliance by the Issuer with prior undertakings as to which no opinion need be expressed), insofar as such information describes certain provisions of the Bond Resolution, and the Bonds, taken as a whole, and the information under the caption "TAX MATTERS," and in Appendices C and D, of the Official Statement 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, substantially to the effect that, based upon their participation in the preparation of the Official Statement as Counsel for the Underwriter 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);

(7) An opinion of the County Attorney, 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, 2010, 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, 2010, 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 date of the Closing, 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 Ratings Services, a division of the McGraw-Hill Companies, 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, as amended, 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 warran-

ties 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, any 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, (ii) the fees and disbursements of Bond Counsel and Counsel to the Underwriter; (iii) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the Issuer and (iv) the fees for bond ratings and credit enhancement fees or premiums, if any.

(b) The Underwriter shall pay (i) the cost of preparation and printing of this Agreement; (ii) all advertising expenses in connection with the public offering of the Bonds and (iii) all other expenses incurred by them 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.

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, inoperative 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. *Counterparts*. 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.

17. *Notice Concerning Cancellation of Contracts*. As required by the provisions of Arizona Revised Statutes, Section 38-511, notice is hereby given that the State, its political subdivisions (including the Issuer) or any department or agency of either may, within three 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 of the contract with respect to the subject matter of the contract. he cancellation shall be effective when written notice from the Governor or the chief executive officer or governing body of the political subdivision is received by all other parties to the contract unless the notice specifies a later time. he State, its political subdivisions or any department or agency of either may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any department or agency of either from any other party to the contract arising as the result of the contract. This section is not intended to expand or enlarge the rights of the Issuer hereunder except as required by such Section 38-511. Each of the parties hereto hereby certifies that it is not presently aware of any violation of such Section 38-511 which would adversely affect the enforceability of this Bond Purchase Agreement and covenants that it shall take no action which would result in a violation of such Section.

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Underwriter. This Agreement shall become a binding agreement between you and the Underwriter when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Very truly yours,

RBC CAPITAL MARKETS, LLC

By..............................
Authorized Officer

Accepted and agreed at 1:34 p: m.,
MST, this 3rd day of May, 2011

PIMA COUNTY, ARIZONA

By..........................
Printed Name: TOM BURKE
Title: FINANCE DIRECTOR

329729110.4-5/3/2011

SCHEDULE

$75,000,000 PRINCIPAL AMOUNT
GENERAL OBLIGATION BONDS
SERIES 2011
DATED DATE: DATE OF INITIAL DELIVERY

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield
2012	$22,925,000	1.50%	0.60%
2013	5,000,000	2.00	0.92
2014	960,000	2.50	1.29
2014	1,930,000	3.00	1.29
2015	2,975,000	3.00	1.69
2016	325,000	2.25	2.06
2016	2,740,000	3.00	2.06
2017	3,155,000	3.00	2.43
2018	3,250,000	4.00	2.81
2019	2,930,000	3.00	3.11
2019	450,000	4.00	3.11
2020	3,485,000	5.00	3.35
2021	3,655,000	5.00	3.51
2022	3,840,000	5.00	3.69*
2023	4,030,000	5.00	3.86*
2024	4,235,000	5.00	4.03*
2025	4,445,000	5.00	4.17*
2026	4,670,000	5.00	4.29*

* Yield calculated to first optional redemption date.

First Interest Payment Date is: January 1, 2012

Redemption

The Bonds maturing on or after July 1, 2022, will be subject to call for redemption on any date on or after July 1, 2021, 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 ISSUE – BOOK-ENTRY-ONLY **RATINGS: See "Ratings" Herein**

In the opinion of Squire, Sanders & Dempsey (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.

$75,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2011

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

The $75,000,000 principal amount of General Obligation Bonds, Series 2011 (the "Bonds") being issued by Pima County, Arizona (the "County") will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. 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 (each an "Interest Payment Date"), commencing January 1, 2012 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, 2021. See "THE BONDS – Redemption" 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.

Maturity Schedule

Due July 1	Principal Amount	Interest Rate	Yield	Due July 1	Principal Amount	Interest Rate	Yield
2012	$22,925,000	1.50%	0.60%	2018	$3,250,000	4.00%	2.81%
2013	5,000,000	2.00%	0.92%				
				2019	2,930,000	3.00%	3.11%
2014	960,000	2.50%	1.29%	2019	450,000	4.00%	3.11%
2014	1,930,000	3.00%	1.29%				
				2020	3,485,000	5.00%	3.35%
2015	2,975,000	3.00%	1.69%	2021	3,655,000	5.00%	3.51%
				2022	3,840,000	5.00%	3.69%*
2016	325,000	2.25%	2.06%	2023	4,030,000	5.00%	3.86%*
2016	2,740,000	3.00%	2.06%	2024	4,235,000	5.00%	4.03%*
				2025	4,445,000	5.00%	4.17%*
2017	3,155,000	3.00%	2.43%	2026	4,670,000	5.005	4.29%*

*Yield calculated to July 1, 2021, the first optional call date.

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, Sanders & Dempsey (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 May 25, 2011.

RBC CAPITAL MARKETS

May 3, 2011

PIMA COUNTY, ARIZONA
BOARD OF SUPERVISORS

Ramón Valadez, *Chairman*

Sharon Bronson

Ray Carroll

Ann Day

Richard Eliás

COUNTY ADMINISTRATIVE OFFICIALS

ELECTED OFFICIALS

Bill Staples
County Assessor

Beth Ford
County Treasurer

Barbara La Wall
County Attorney

APPOINTED OFFICIALS

C. H. Huckelberry
County Administrator

Thomas Burke
Finance and Risk Management Director

BOND COUNSEL

Squire, Sanders & Dempsey (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 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 Disclosure" and Appendix D – "Form of Continuing Disclosure Undertaking" herein.

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$75,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2011

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 $75,000,000 principal amount of General Obligation Bonds, Series 2011 (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 is shown by the financial and other information, will necessarily continue or be repeated in the future.

References to provisions of Arizona 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 more specifically under the provisions of an authorizing resolution (the "Bond Resolution") adopted by the Board of Supervisors of Pima County, Arizona (the "Board") on April 5, 2011. The Bonds are issued for the purpose of (i) funding various capital projects in the County and (ii) paying costs relating to the issuance of the Bonds.

The Bonds offered herein represent portions 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 and May 16, 2006. After the issuance of the Bonds, the County will have $138,681,000 principal amount of authorized but unissued general obligation bonds.

General Description

The Bonds will be dated the date of initial delivery thereof and will be issued in the form of fully registered bonds in amounts of $5,000 of principal due on a maturity date or any integral multiple thereof. 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. 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 bear interest from their dated date, payable semiannually on January 1 and July 1 (each an "Interest Payment Date"), commencing January 1, 2012. 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 for 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 taxes to be levied against all taxable property within the County, without limitation as to rate or amount. General obligation bonds heretofore and hereafter issued by the County have and will have an equal claim with the Bonds upon the proceeds of taxes levied for debt service by the County.

Redemption

The Bonds maturing on or before July 1, 2021 will not be subject to call for redemption prior to their respective maturity dates. The Bonds maturing on or after July 1, 2022 will be subject to call for redemption on any date on or after July 1, 2021 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 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." Thereafter, notices will be mailed to the registered owner of the Bond or Bonds being redeemed at the address shown on the Bond Register maintained by the Bond Registrar not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Failure to give proper notice of redemption shall not affect the redemption of any Bond for which proper notice was given.

SOURCES AND USES OF FUNDS

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

Sources of Funds:	
Proceeds of Bonds	$75,000,000.00
Net Reoffering Premium	3,725,476.35
Total Sources	$78,725,476.35
Uses of Funds:	
County Capital Project Expenditures	$74,890,000.00
Deposit to Interest Account*	3,208,476.35
Payment of Issuance Expenses (Including Underwriter's Discount)	627,000.00
Total Uses	$78,725,476.35

*Reflects net premium from sale of Bonds that Arizona law requires be deposited to Interest Account.

LEGAL MATTERS

Legal matters incident to the authorization, sale and issuance of the Bonds by the County with regard to the tax-exempt status of the interest portion of the Bonds are subject to the legal opinion of Squire, Sanders & Dempsey (US) LLP, Bond Counsel to the County. 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 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, Sanders & Dempsey (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.

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.

Prospective purchasers of the Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Bonds at other than their original issuance at the respective prices indicated on the inside cover of this Official Statement should also 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.

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.

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. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the cover 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 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 appropriate representatives of the County believe either that the County 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 $78,275,476.35. If the Bonds are sold to produce the yields shown on the cover page hereof, the Underwriter's compensation will be $450,000.00. 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 prices lower than the public offering prices reflected on the inside front cover page hereof. The initial public offering prices may be changed from time to time by the Underwriter

RATINGS

Fitch Ratings ("Fitch") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P") have assigned the Bonds uninsured 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 holders of the Bonds to provide certain financial information and operating data relating to the County by not later than February 1 in each year commencing February 1, 2012 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events, (the "Notice of Listed Events"). The Annual Reports, the Notices of Listed Events and any other document or information required to be filed by the 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 ("EMMA") as described in Appendix D – "Form of Continuing Disclosure Undertaking." The specific nature of the information to be contained in the Annual Reports and the Notices of Listed Events is set forth in Appendix D – "Form of Continuing Disclosure Undertaking."

These covenants have been made in order to assist the underwriters of the Bonds 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 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, 2010. 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 their opinion on such Comprehensive Annual Financial Report.

ADDITIONAL INFORMATION

Additional information and copies of the Official Statement may be obtained from RBC Capital Markets, LLC, 2398 East Camelback Road, Suite 700, Phoenix, Arizona 85016 (telephone 602-381-5368).

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/ Ramón Valadez
Chairman, 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 a 2010 Census population of 980,263. 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
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
1960 Census	265,660	212,892	1,302,161

Source: Arizona Commerce Authority, Population Statistics Unit, Research Administration; U.S. Census Bureau.

Organization

The County is governed by a five-member Board, each of whom 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 (the "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 Pima 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 of Arizona.

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 Commerce indicate that 358,100 persons were employed, on average (not including the agricultural industry), in the County in 2010. The following table presents the County's average annual total employment by industry for the periods indicated. During the recent recession, employment has decreased in the County as reflected in the information shown below for 2008 through 2010.

TABLE 2
Pima County
Average Annual Employment
Number of Persons Employed 2006-2010

Industry	2006	2007	2008	2009	2010
Goods Producing					
Natural Resources and Mining	1,600	1,800	1,900	1,700	1,800
Construction	27,900	26,500	22,800	16,500	14,200
Manufacturing	28,100	27,500	27,200	25,100	24,300
Service Providing					
Trade, Transportation and Utilities	62,700	64,300	62,700	58,200	57,700
Information	6,800	5,900	5,300	4,800	4,600
Financial Activities	17,600	18,200	17,200	17,400	17,500
Professional and Business Services	49,700	52,600	51,400	47,300	47,400
Education and Health Services	52,600	54,700	57,100	58,600	60,300
Leisure and Hospitality	40,600	40,200	40,400	38,700	38,400
Other Services	15,800	15,800	15,700	14,700	14,200
Government	76,300	77,900	79,800	78,900	77,700
Total Wage & Salary Employment	379,700	385,400	381,500	361,900	358,100

Source: U.S. Department of Labor, Bureau of Labor Statistics and the State of Arizona, Research Center.

The average unemployment rate for the County in 2010 was 8.7%. The average annual unemployment rate for 2009 and 2008 was 8.3% and 5.1%, 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 has seen significant increases in the last two years.

TABLE 3
Pima County
Comparative Employment Statistics

	Pima County		Unemployment Rate		
Calendar Year	**Average Employment**	**Average Unemployment**	**Pima County**	**Arizona**	**U.S.**
2010	449,700	42,700	8.7%	9.6%	9.7%
2009	448,700	40,500	8.3%	9.0%	9.3%
2008	454,122	24,565	5.1%	5.9%	5.8%
2007	442,498	16,774	3.6%	3.8%	4.6%
2006	431,585	17,773	4.0%	4.1%	4.6%

Source: U.S. Department of Labor, Bureau of Labor Statistics and the State of Arizona, Research Center.

The following table indicates the major employers in southern Arizona, which includes Pima County, as reported in March 2011.

TABLE 4
Southern Arizona
Major Employers

Company	Type of Business	Approximate Number of Full-Time Equivalents
Raytheon Missile Systems	Military and Defense	10,500
University of Arizona	Higher Education	10,481
State of Arizona	Government	8,866
Davis-Monthan Air Force Base	Military and Defense	8,462
Wal-Mart Stores Inc.	Retailers	7,308
Tucson Unified School District	Education	6,709
U.S. Army Intelligence Center and Fort Huachuca	Military and Defense	6,225
University of Arizona Health Network.	Health Care	5,982
City of Tucson	Government	4,930
Freeport-McMoRan Copper & Gold Inc.	Mining and Agriculture	4,803
Carondelet Health Network	Health Care	4,690
Tohono O'odham Nation	Government	4,350
U.S. Border Patrol	Military and Defense	3,669
Fry's Food Stores	Restaurants & Food Distribution	3,100
TMC HealthCare	Health Care	2,966
Corrections Corp. of America	Other	2,487
Pinal County	Government	2,340
Pima Community College	Higher Education	2,336
Asarco LLC	Mining	2,262

Source: *The Star 200*, The Arizona Daily Star (March 2011).

Non-Governmental Employment

Average overall wage and salary employment in the County, excluding government employment, increased in each of the calendar years 2006 and 2007. In 2008, employment levels in certain categories showed declines, while for calendar year 2009, average employment across all categories with the exception of financial activities and education and health services declined compared to average employment levels in calendar year 2008. For 2010, average annual employment levels in total were slightly down from 2009, with various employment categories showing smaller increases or declines. Since 2008, the decrease in average non-governmental employment in the County has fallen by approximately 21,300 jobs, or approximately 7.1%, with non-governmental employment levels on average returning to pre-2005 employment levels. The most significant decline for this period occurred in construction employment which has decreased by 37.7% from calendar year 2008 to 2010.

The average annual employment in service-providing categories in 2010 was 240,100. 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 have been the primary areas of employment in the service-providing industry.

Government

While employment levels have fallen over the last two years, government employment plays an important role in the County with Federal, State and local government employees averaging approximately 77,700 in 2010. The State of Arizona and the Davis-Monthan Air Force Base are significant contributors to government employment in the County (see “Pima County - Major Employers” listed in TABLE 4). The 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 2,500 aircraft is the largest in the world. In the past, Davis-Monthan Air Force Base has been included reportedly 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 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, and Universal Avionics Systems Corp., which builds and installs advanced instrumentation, communication and navigation systems for civil aircrafts. 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 in 2010 was 24,300, representing 6.8% of the County’s total wage and salary employment base. Manufacturing employment in the County has decreased every year since 2006, with employment during 2009 and 2008 averaging 25,100 and 27,200, respectively.

The following table presents the major manufacturers in the County and Tucson metropolitan area:

TABLE 5
Southern Arizona
Major Manufacturers

Company	Type of Business	Approximate 2011 Employment
Raytheon Missile Systems	Missile Manufacturing	10,500
IBM	Business & Technology Products	1,350
Ventana Medical Systems Inc.	Medical Equipment	1,008
Bombardier Aerospace	Aircraft Maintenance	631
Honeywell Aerospace	Aircraft Electronic Systems	630
Northrop Grumman Corp.	Military Aircraft Modification	390
B/E Aerospace	Aircraft Passenger Cabin Interior Products	390
Texas Instruments	Operation Amplifiers	350
Universal Avionics Systems Corp.	Avionics Systems	245

Source: *The Star 200*, The Arizona Daily Star (March 2011).

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. Among the companies operating "twin plants" in Tucson and Nogales are General Electric, Samsonite, Motorola, Acco, Moen Faucets and Masterlock. 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 growth 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 over 573 convention bookings with 216,590 convention delegates visited the Tucson area in fiscal year 2009-10, the most recent year for which data was available, although this level of bookings and delegates is estimated to have decreased since that time. In the Tucson area, the Bureau estimated that there were approximately 192 hotels and resorts with 16,227 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, approximately $1.3 billion was spent by tourists in the County in 2010, a 0.63% decrease from estimated tourism-related expenditures in calendar year 2009.

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 2006 through 2010.

TABLE 6
Total Tourist Expenditures
($ in millions)

Year	Pima County	State of Arizona
2010	$1,296	$8,844
2009	1,304	8,795
2008	1,414	9,871
2007	1,542	10,604
2006	1,532	10,435

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 11,600 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. The academic organization of the University is comprised of ten undergraduate colleges, five graduate colleges and a number of interdisciplinary programs. Enrollment figures for the fall semester of 2010 were estimated at 39,086 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 2009-10 was estimated at 68,461 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, Bashas' Inc., Safeway Stores Inc., Fry's Food and Drug Stores, Walgreen Co., Home Depot, Albertsons-Osco and Crosstown Traders.

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 Pima County generally levy a 2% to 4% sales tax. The Pima 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 7.14% in calendar year 2008 and by an additional 9.86% in calendar year 2009. While continuing to decrease in calendar year 2010, the rate of decline has slowed to 2.20% in 2010 when compared to prior years.

TABLE 7
Pima County Retail Sales (a)

Year	Amount	% Change
2010	$6,402,891,553	(2.20%)
2009	6,547,084,057	(9.86%)
2008	7,263,583,414	(7.14%)
2007	7,822,497,932	1.05%
2006	7,740,869,293	7.49%

(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 six fiscal years. As of June 30, 2010, there were 20 institutions with 192 offices in the County, with a deposit balance of $11.9 billion.

TABLE 8
Pima County
Bank Deposits

Year	Amount
2010	$11,892,000,000
2009	11,502,000,000
2008	11,215,000,000
2007	11,643,000,000
2006	11,151,000,000

Source: Federal Deposit Insurance Corporation.

Mining

According to the Arizona Mining Association, Arizona leads the nation in copper production, accounting for approximately 65% of the total U.S. mine production. However, the cyclical nature of this industry has caused some 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 1,800 in 2010, 1,700 in 2009 and 1,800 in 2008.

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. The following table sets forth the total cash receipts for all crops and livestock products in the County for the most recent five years for which reports are available.

TABLE 9
Cash Receipts From Agricultural Marketing
(Total Crops and Livestock)
Pima County

Year	Receipts
2009	$61,726,000
2008	71,663,000
2007	73,400,000
2006	78,083,000
2005	84,452,000

Source: *Arizona Agricultural Statistics,* September 2010.

Building Permits

The following tables were obtained from the *Greater Phoenix Real Estate Market Update*, compiled by the Realty Studies division of the Morrison School, Arizona State University Polytechnic Campus. Construction is valued on the basis of estimated cost of a project, not on market price or the value of construction at the time the permit is issued. The date at which the permit is issued should not be construed as the date of construction.

As reflected in the table below, the value of building permits and new housing starts has fallen significantly over the period shown. The County's expectation is that these values may continue to show declines from prior years.

TABLE 10
Pima County
Value of Building Permits

Year	Residential	Commercial	Industrial	Other	Total
2010	$ 242,191,000	$182,847,000	$ 355,000	$ 91,163,000	$ 516,556,000
2009	399,714,000	106,445,000	11,851,000	46,646,000	564,656,000
2008	598,774,000	290,225,000	17,799,000	114,784,000	1,021,582,000
2007	864,602,000	420,297,000	18,580,000	89,391,000	1,392,870,000
2006	1,562,755,000	199,629,000	16,736,000	129,928,000	1,909,048,000

Source: Realty Studies, Morrison School, Arizona State University Polytechnic Campus.

TABLE 11
Pima County
New Housing Starts

Year	Total Housing Units Permitted
2010	1,238
2009	2,179
2008	3,207
2007	4,629
2006	9,082

Source: Realty Studies, Morrison School, Arizona State University Polytechnic Campus.

Counties are required to adopt a Comprehensive Plan, and cities and towns a General Plan, under Arizona laws adopted in 1998 and 2000. All subsequent rezoning activity must conform to the plan. Most cities and towns and each of the larger counties, including Pima, are required to plan for growth areas and identify the means to provide necessary public services in the future. In addition to environmental and infrastructure elements, an analysis of available water is also required. The County's Comprehensive Plan was updated and adopted in 2001. State law requires that every 10 years the plan be redone or updated and approved by the voters. Also, as a result of these laws, counties have broader authority to adopt development impact fees and review lot splitting. The County has been implementing the policies of the Comprehensive Plan since its adoption.

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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 of Supervisors 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 Constitution 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 2009-10 fiscal year was $506,395,368. The County's expenditures for the 2009-10 fiscal year were under the limit. The County's 2010-11 fiscal year expenditure limitation is $516,346,641 and the County anticipates that its expenditures for such year will be under the limit.

Ad Valorem Taxes

General

Arizona (the "State" or "Arizona") property taxes are divided into two systems, primary and secondary. Secondary property taxes are those taxes imposed for payment of bonded indebtedness, for exceeding a budget, expenditure or tax limitation pursuant to voter approval and for operating and maintaining certain special districts. Primary property taxes are all ad valorem taxes other than secondary property taxes.

Under the primary system, the full cash value of locally-assessed real property (consisting primarily of residential, commercial, industrial, agricultural and unimproved property) cannot increase by more than 10% per year, except under certain circumstances. This limitation does not apply to mines, utilities and railroads which are assessed by the State. Annual tax levies under the primary system are based on the nature of the property taxed and the taxing authority. Primary taxes levied on residential property only are limited to 1% of the limited full cash value of such property. In addition, primary taxes levied on all types of property by counties, cities, towns and community college districts are limited to a maximum increase of 2% over the prior year's levy plus any amount directly attributable to new construction and annexation. The 2% limitation does not apply to primary taxes levied for local school districts. The County does not currently levy its primary tax to the maximum allowed under the law.

Secondary assessed valuation represents the value used in determining property tax levies for the payment of principal and interest on bonds, school district voter-approved budget overrides and special district taxes and the calculation of maximum bonded indebtedness allowed under the State's Constitutional debt limit. See "Debt Limitation" herein. Under the secondary system, there is no limitation on annual increases in full cash value of any property. In addition, annual tax levies for voter-approved bonded indebtedness, overrides and special district taxes are unlimited.

Arizona law provides for a property valuation "freeze" for certain residential property owners sixty-five years of age and older. Owners of residential property may obtain such freeze against valuation increases (the "Property Valuation Protection Option") if the owner's 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 valuation reverts to its current full cash value. Any freeze on increases in full cash value will translate to the secondary assessed value of the affected property as hereinafter described.

Additionally, all property, both real and personal, is assigned a classification to determine its assessed valuation for tax purposes. Each legal classification is defined by property use and has an assessment ratio (a percentage factor) which is multiplied by the limited or full cash values of the property to obtain the assessed valuations.

Tax Procedures

The tax year in Arizona is defined as the calendar year, although tax procedures begin prior to January 1 of each tax year and continue through May of the succeeding calendar year. The first step in the tax process, for taxing entities other than certain special districts, is the determination of the full cash value of each individually-owned parcel of land within the State. Property valuations are established on most property by the individual county assessors, with the State Department of Revenue determining the valuation of centrally assessed properties such as gas, water and electrical utilities, railroads, mines and pipelines. The appropriate property classification assessment ratio is then applied to the full cash value to determine the assessed valuation for such parcel. The assessment ratios utilized over the five-year period 2007 through 2011 for each class of property are set forth below.

Property Tax Assessment Ratios
2007 through 2011

	Assessment as Percent of Full Cash Value				
Property Classification (a)	**2007**	**2008**	**2009**	**2010**	**2011**
Mining, Utility, Commercial and Industrial (b)	24%	23%	22%	21%	20%
Agriculture and Vacant Land (b)	16%	16%	16%	16%	16%
Owner Occupied Residential	10%	10%	10%	10%	10%
Leased or Rented Residential	10%	10%	10%	10%	10%
Railroad, Private Car Company and Airline Flight Property (c)	21%	20%	18%	17%	15%

(a) Additional classes of property exist, but seldom amount to a significant portion of a governmental entity's total valuation.

(b) For tax year 2010, full cash values up to $66,440 on commercial, industrial and agricultural personal property are exempt from taxation. For tax year 2011, full cash values up to $67,268 on commercial, industrial and agricultural personal property are 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. Pursuant to legislation signed into law by the Governor on February 17, 2011 (unless a valid referendum petition is submitted on or before May 16, 2011), the assessment ratio for commercial and industrial property will be reduced to 19.5% for tax year 2013 and further reduced one-half of one percent for each year to 18% for 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 and agricultural personal property to (ii) the total full cash (market) value of such properties.

From time to time, bills have been introduced in the Arizona Legislature to reduce the property tax assessment ratios on utility, commercial and/or industrial property and such bills may be introduced in the current or future legislative sessions. The County cannot determine whether any such measures will become law or how they might affect property tax collections for the County.

Delinquent Tax Procedures

The property taxes due to the County are billed, along with State and other taxes, ordinarily in September of the calendar tax year and are due and payable in two installments on October 1 and March 1 and become delinquent on November 1 and May 1. Delinquent taxes are subject to an interest penalty of 16% per annum prorated monthly as of the first day of the month unless the full year's taxes are paid by December 31. After the close of the tax collection period, the County Treasurer 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 tax lien is reoffered for sale from time to time until such time as the taxes, penalties and interest put on the lien is sold, subject to redemption, for an amount sufficient to cover all delinquent and current taxes.

It should be noted that 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 be attached against the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly noninterest 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 a 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 the 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 would be stayed pursuant to the Bankruptcy Code. While the 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 a 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 post bankruptcy petition tax collections becomes uncertain.

Property Valuations

The following tables list various property valuations for the County for the current fiscal year and estimated valuations for the following fiscal year.

Valuations for 2010-11 Fiscal Year

Estimated Actual Valuation (a)	$77,358,317,302
Net Secondary Assessed Valuation	9,342,561,193
Net Primary Assessed Valuation	8,939,647,260

Estimated Valuations for 2011-12 Fiscal Year (b)

Net Secondary Assessed Valuation	$8,481,950,795
Net Primary Assessed Valuation	8,310,155,362

(a) Actual full cash value net of estimated value of property exempt from taxation.
(b) Estimated valuations for the 2011-12 fiscal year, provided by the Pima County Assessor. Valuations for the 2011-12 fiscal year are not official until approved by the Board of Supervisors on the third Monday in August for the following fiscal year. Although the final official valuations are not expected to differ materially from the estimated valuations, they are subject to positive or negative adjustments until approved by the Board of Supervisors.

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

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
2010-11	$9,342,561,193	$77,358,317,302	12.08%
2009-10	9,860,980,900	80,653,625,457	12.23%
2008-09	9,594,861,519	79,245,821,370	12.11%
2007-08	8,220,395,835	66,494,590,856	12.36%
2006-07	6,869,955,457	59,890,228,997	11.47%

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

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

Net Secondary Assessed Valuation Comparisons

Fiscal Year	City of Tucson	Percent Change	Pima County	Percent Change	State of Arizona	Percent Change
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%
2008-09	3,895,581,900	11.80%	9,594,861,519	16.72%	86,090,579,647	19.84%
2007-08	3,484,462,013	15.52%	8,220,395,835	19.66%	71,837,099,233	32.07%
2006-07	3,016,230,759	10.77%	6,869,955,457	13.54%	54,394,761,521	11.16%

Source: *Abstract of the Assessment Roll*, Arizona Department of Revenue; *Property 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	Estimated 2010-11 Net Secondary Assessed Valuation	As Percent of County's 2010-11 Net Secondary Assessed Valuation
Unisource Energy Corporation	Utility	$168,510,315	1.80%
Phelps Dodge Corporation	Mining	99,051,419	1.06%
Southwest Gas Corporation	Utility	64,532,727	0.69%
Qwest Corporation	Telecommunications	51,942,320	0.56%
Asarco Inc	Mining	58,585,169	0.63%
Trico Electric Co-op Inc.	Utility	21,216,663	0.23%
DND Neffson Company	Shopping Mall	17,931,196	0.19%
Target Corporation	Retail	17,863,139	0.19%
Northwest Hospital LLC	Healthcare	17,389,752	0.19%
Starr Pass Resort Developments LLC	Hospitality	16,153,061	0.17%
		$533,175,761	5.71%

(a) Some of such taxpayers or their parent corporations are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), 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 and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of the Filings can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. 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 to 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) Amount	Fiscal Year Collections (a) Percent of Tax Levy	Total Collections (b) Amount	Total Collections (b) Percent of Tax Levy
2010-11	$352,275,617	(c)	N/A	$187,072,312	53.10%
2009-10	353,593,620	$338,592,132	95.76%	348,314,144	98.51
2008-09	322,901,974	309,375,563	95.81	321,714,321	99.63
2007-08	305,699,225	294,220,625	96.25	304,660,163	99.66
2006-07	283,253,437	273,299,741	96.49	282,616,116	99.77
2005-06	267,378,750	258,490,790	96.68	266,960,200	99.84

(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 the first day of October 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 becomes due the first day of March and is 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, 2011 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
2010-11	$3.3133	$1.3665	$4.6798
2009-10	3.3133	1.2784	4.5917
2008-09	3.3913	1.2789	4.6702
2007-08	3.6020	1.4654	5.0674
2006-07	3.8420	1.4986	5.3406

Source: *Property Tax Rates and Assessed Values,* The Arizona Tax Research Foundation and Pima County Finance and Risk Management Department.

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 2010-11)	**$9,342,561,193**
15% Constitutional Limitation	1,401,384,179
Net Direct General Obligation Bonds Outstanding	417,995,000
Plus: the Bonds	75,000,000
Unused 15% Limitation	$ 908,389,179

General Obligation Bonded Debt to be 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	Maturity Dates	Average Int. Rates	Remaining Balance Outstanding
01-01-02	$20,000,000	Various Improvements	7-1-02/11	4.000%	$ 1,000,000
01-15-03	50,000,000	Various Improvements	7-1-03/17	3.900%	26,850,000
06-01-04	65,000,000	Various Improvements	7-1-05/19	4.207%	40,200,000
05-01-05	65,000,000	Various Improvements	7-1-06/20	4.016%	42,750,000
01-01-07	95,000,000	Various Improvements	7-1-07/21	4.028%	73,675,000
02-15-08	100,000,000	Various Improvements	7-1-08/22	3.934%	78,500,000
04-22-09	75,000,000	Various Improvements	7-1-09/23	3.913%	49,000,000
12-02-09	113,535,000	Various Improvements	7-1-10/24	3.579%	106,020,000
Total General Obligation Bonded Debt Outstanding					$417,995,000
Plus: the Bonds offered herein					75,000,000
Total General Obligation Bonded Debt to be Outstanding					$492,995,000

Annual Debt Service Requirements of General Obligation Bonded Debt to be Outstanding

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

Fiscal Year Ending June 30	Existing General Obligation Bonded Debt Outstanding		The Bonds		Total Debt Service Requirement (b)
	Principal	Interest	Principal	Interest (a)	
2011	$40,245,000	$16,173,680			$56,418,681
2012	34,055,000	14,636,982	$22,925,000	$2,698,396	74,315,378
2013	34,025,000	13,358,281	5,000,000	2,109,213	54,492,494
2014	32,465,000	12,050,732	2,890,000	2,009,213	49,414,944
2015	31,690,000	10,711,230	2,975,000	1,927,313	47,303,544
2016	32,420,000	9,441,614	3,065,000	1,838,063	46,764,675
2017	33,625,000	8,144,119	3,155,000	1,748,550	46,672,669
2018	31,075,000	6,802,944	3,250,000	1,653,900	42,781,844
2019	34,185,000	5,621,117	3,380,000	1,523,900	44,710,019
2020	32,180,000	4,347,531	3,485,000	1,418,000	41,430,531
2021	28,245,000	3,204,307	3,655,000	1,243,750	36,348,056
2022	29,420,000	2,146,206	3,840,000	1,061,000	36,467,206
2023	16,880,000	986,707	4,030,000	869,000	22,765,706
2024	7,485,000	299,400	4,235,000	667,500	12,686,900
2025			4,445,000	455,750	4,900,750
2026			4,670,000	233,500	4,903,500

(a) The first interest payment date on the Bonds is January 1, 2012.
(b) Amounts may not add due to rounding.

Net Direct and Overlapping General Obligation Bonded Debt

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	2010-11 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(f)	Portion Applicable to the County		Combined Tax Rate Per $100 Assessed Valuation (e)
			Percent	Net Debt Amount	
State of Arizona	$75,643,290,656	None	100%	None	$0.0000
Pima County	**9,342,561,193**	**$492,995,000**	**100%**	**$492,995,000**	**4.8727 (b)**
Pima County Flood Control District (c)	8,529,149,549	None	100%	None	0.2635
Elementary School Districts	417,769,649	1,010,000	100%	1,010,000	2.1948 (d)
Unified School Districts	8,904,441,399	613,660,000	100%	613,660,000	5.6193 (d)
Cities and Towns	5,340,330,971	238,315,610	100%	238,315,610	0.6859 (d)
Pima County Community College District	9,342,561,193	14,635,000	100%	14,635,000	1.0848
Total				**$1,360,615,610**	

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Jurisdiction	2010-11 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(f)	Combined Tax Rate Per $100 Assessed Valuation (d)(e)
State of Arizona	$75,643,290,656	None	None
Pima County	9,342,561,193	$492,995,000	$4.8727 (b)
Pima County Flood Control District (c)	8,529,149,549	None	0.2635
Pima County Community College District	9,342,561,193	14,635,000	1.0848
Elementary School Districts:			
San Fernando ESD #35	1,886,973	None	3.6883
Empire ESD #37	7,987,910	None	2.9195
Continental ESD #39	365,271,460	1,010,000	1.6945
Redington ESD #44	1,597,977	None	7.0689
Altar Valley ESD #51	41,025,329	None	6.2500
Unified School Districts:			
Tucson USD #1	3,809,570,873	339,260,000	6.2976
Marana USD #6	890,671,162	37,040,000	4.6995
Flowing Wells USD #8	233,154,110	15,730,000	6.0407
Amphitheater USD #10	1,695,333,351	59,870,000	5.0511
Sunnyside USD #12	512,628,407	19,790,000	6.9680
Tanque Verde USD #13	227,155,652	14,000,000	3.3545
Ajo USD #15	20,821,375	None	4.9069
Catalina Foothills USD #16	697,491,960	29,965,000	4.2154
Vail USD #20	507,007,049	46,305,000	4.8839
Sahuarita USD #30	309,567,219	51,700,000	6.5753
Indian Oasis USD #40	1,040,241	None	0.0000
Cities and Towns:			
City of Tucson	3,914,105,239	238,315,610	0.9344
City of South Tucson	27,462,697	None	0.2035
Town of Marana	509,699,927	None	0.0000
Town of Oro Valley	672,309,368	None	0.0000
Town of Sahuarita	216,753,740	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% will be interest bearing and the remaining 27% will be non-interest bearing. These percentages will be fixed for the entire 50-year repayment period, which commenced October l, 1993. Effectiveness of the agreement is subject to a number of conditions including settlement of certain Indian community water claims and other water claims and will require certain State legislation. Federal authorizing legislation was enacted in 2004. If the conditions are not met by May 9, 2012, and the parties do not amend the agreement, the agreement will terminate and litigation will resume. If it appears prior to May 9, 2012, that the conditions will not be met by the deadline, the parties can amend the agreement or either party may petition the U.S. District Court to terminate the agreement and resume litigation. It is not possible to predict whether the agreement will become finally effective, be amended, or terminate, or whether litigation will resume. If litigation resumes, it is not possible to predict the outcome of such litigation. CAWCD is a water conservation district having boundaries coterminous with the exterior boundaries of 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 twelve cents is being currently levied. (See Arizona Revised Statutes, Sections 48-3715 and 48-3715.02.) 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 $0.3564, the $0.3100 tax rate of the Free Library District, the $0.1000 tax rate of the Central Arizona Project and the $0.0430 tax rate of the Fire District Assistance Tax.

(c) The boundaries of the Pima County Flood Control District are coterminous with those of Pima 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 (g)	Authorized But Unissued General Obligation Bonds**
Pima County	$138,681,000
Amphitheater Unified School District No. 10	131,000,000
Catalina Foothills Unified School District No. 16	12,575,000
Vail Unified School District No. 20	5,000,000
Sahuarita Unified School District No. 30	1,650,000

** Does not include the $5,600,000 aggregate principal amount of general obligation bond authorization for the City of Tucson from the 1984 bond election which can be sold only to establish reserve funds.

(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 2010-11	
	Per Capita Net Debt (Pop. @ 980,263) (a)	Secondary Assessed Valuation ($9,342,561,193)	Est. Actual Valuation ($77,358,317,302)
Net Direct General Obligation Bonded Debt ($492,995,000)	$ 502.92	5.28%	0.64%
Net Direct and Overlapping General Obligation Bonded Debt ($1,360,615,610)	$1,388.01	14.56%	1.76%

(a) Source: U.S. Census Bureau.

Street and Highway Revenue Bonded Debt Outstanding

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

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Remaining Balance Outstanding
1-01-02	$55,000,000	Street & Highway Improvements	7-1-03/12	$ 7,095,000
1-15-03	35,000,000	Street & Highway Improvements	7-1-04/18	22,960,000
5-01-05	51,200,000	Street & Highway Improvements	7-1-09/20	44,300,000
1-01-07	21,000,000	Street & Highway Improvements	7-1-09/22	19,465,000
2-15-08	25,000,000	Street & Highway Improvements	7-1-09/22	24,700,000
12-02-09	23,420,000	Street & Highway Improvements	7-1-13/24	23,420,000
Total Street and Highway Revenue Bonds Outstanding				$141,940,000

Sewer Revenue Debt Outstanding

The following chart lists the outstanding sewer revenue obligations of the County .

Date of Issue	Original Amount	Purpose	Remaining Maturity Dates	Balance Outstanding
03-01-96	$11,313,350	Refunding (a)	7-1-97/12	$ 2,729,141
08-06-97	7,500,000	Sewer Improvements (a)	7-1-00/11	656,941
05-01-98	29,185,000	Sewer Improvements	7-1-99/11	2,525,000
04-01-01	19,440,000	Refunding	7-1-02/11	1,360,000
05-01-04	25,770,000	Refunding	7-1-05/15	14,085,000
05-11-04	19,967,331	Sewer Improvements (a)(b)	7-1-05/24	16,462,785
01-01-07	50,000,000	Sewer Improvements	7-1-07/26	42,450,000
05-01-08	75,000,000	Sewer Improvements	7-1-09/23	73,680,000
05-06-09	18,940,000	Sewer Improvements	7-1-10/24	18,130,000
10-09-09	10,002,383	Sewer Improvements (a)	7-1-10/24	7,554,948
06-17-10	165,000,000	Sewer Improvements	7-1-14/25	165,000,000
03-30-11	43,625,000	Refunding	7-1-11/16	43,625,000
Total Sewer Revenue Debt Outstanding				$388,258,815

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

(b) 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 Refunding Agreements

The County has various lease Refunding Agreements outstanding. A list of the County departments benefited by these agreements and the scheduled payments on these agreements over the past four fiscal years appears below.

	Fiscal Year (in Thousands)			
County Department	**2006-07**	**2007-08**	**2008-09**	**2009-10**
Clerk of Superior Court	$ 82	$82	$131	$111
Sheriff	21	0	0	0
Fiscal Year Total	$103	$82	$131	$111

Source: Pima County Finance and Risk Management Department.

Certificates of Participation

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

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Remaining Balance Outstanding
09-01-99	$ 4,875,000	Refunding	1-1-13/14	$ 4,000,000
10-01-03	27,525,000	Refunding	1-1-05/18	14,565,000
05-01-07	30,320,000	New Money	7-1-08/22	25,920,000
06-26-08	50,000,000	New Money	6-1-09/11	10,000,000
06-10-09	34,400,000	New Money	6-1-10/12	14,400,000
02-04-10	20,000,000	New Money	6-1-11/19	20,000,000
Total Certificates of Participation Outstanding				$88,885,000

The County intends to issue an additional approximately $37 million of certificates of participation in late calendar year 2011 or early 2012.

Retirement Plans

A brief description of the various retirement programs in which County employees participate is located in Footnote 9 in the excerpts from the County's Comprehensive Annual Financial Report in Appendix F.

The Arizona State Retirement System, a cost-sharing, multiple-employer defined benefit plan in which the County participates (the "System"), has reported increases in its unfunded liabilities. The most recent actuarial valuation for the System may be accessed at: https://www.azasrs.gov/web/AnnualActuarialValuations.do. Additionally, the board for the System has adopted contribution rates for fiscal year 2011 and 2012. For fiscal year 2011, the contribution rate for both retirement and long-term disability is 9.85% for both the County and the employees. Beginning in Fiscal Year 2011-12, the Arizona Legislature has enacted a change to the System shifting more of the cost to the employees. For fiscal year 2012 (starting July 1, 2011), the rate, including retirement and long-term disability, will increase to 10.105% for the County and increase to 11.395% for employees, with additional increases currently scheduled through fiscal year 2018. (Also effective July 2011, employers will be required to pay an alternative contribution rate for retired employees that return to work, the age at which an employee can retire without penalty based upon years of service has been changed, permanent increases in retirement benefits have been established and a "Defined Contribution and Retirement Study Committee" has been established which will review the feasibility and cost to changing the current defined benefit plan to a defined contribution plan.) The effect of the increase in the System's unfunded liabilities on the County, or the County and its employees future annual contributions to the System is expected to result in increased contributions by the County and its employees, however the specific effects cannot be determined at this time.

Other Post Employment Benefits

In fiscal year 2007-08, the County implemented Government Accounting Standards Board Statement Number 45, *Accounting by Employers for Post-Employment Benefits Other than Pensions* ("GASB 45"), which 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. Plan benefits covered by GASB 45 must be recognized as current costs over the working lifetime of employees, and to the extent such costs are not pre-funded, the reporting of such costs as a financial statement liability.

The County has, in the past, offered its retired employees, their spouses and survivors continuing access to health care insurance through the County's health plan until they reach an age covered by Medicare, a benefit that was discontinued effective July 1, 2010. Participating retirees were required to pay 100% of applicable health care insurance premiums. The County makes no payments for OPEB costs for such retirees, but for fiscal year 2007-08 the County reported an implicit rate subsidy described in Note 10 of the 2007-08 Comprehensive Annual Financial Report. For fiscal year 2008-09, the County did not report any OPEB liability because the County determined that, to the degree GASB 45 applied, any OPEB liability would not be material. Because the program was discontinued as of July 1, 2010, the County had no OPEB costs for fiscal year 2009-10 and will not for future years unless the program is reinstituted.

Management Commentary on Financial Condition

At the end of Fiscal Year 2009-10, the County had $73.8 million of unrestricted General Fund balance, $23.8 million more than had been budgeted. The County projects that its General Fund balance at the end of Fiscal Year 2010-11 will be $53.7 million, or $29.7 million more than budgeted. This reduction from $73.8 million to $53.7 million is caused primarily by the transfer of $22.4 million from the General Fund into the Property Tax Stabilization Fund created by the Board of Supervisors to prepare the County for any adverse impact from the State budget deficits discussed below. Revenues from County sources for fiscal year 2010-11 are expected to be near budgeted amounts. As of January 2011, the County is projecting a slight increase in State-shared sales revenues of approximately $2.0 million, but a decrease in the County's share of the State's vehicle license tax of $1.15 million.

The net primary assessed values within Pima County have declined over the past several years from a high of $8.98 billion in Fiscal Year 2009-10 to an estimated $8.31 billion for Fiscal Year 2011-12, a decrease of 7.5%. The estimated Fiscal Year 2011-12 primary assessed value, however, is similar to the $8.23 billion assessed value for Fiscal Year 2008-09. The County expects the net assessed values to decrease, but at a slower rate, for the next two years and then to begin to recover. The County's primary property tax collections (which constitute property taxes collected generally for operating purposes), while affected by net assessed values, historically have not fluctuated in the same manner. For Fiscal Year 2008-09, the County's primary property tax levy was $282 million, whereas for Fiscal Year 2010-11, the primary property tax levy was $301 million. Annual budgets for the County have taken this trend into account and have continued to balance the budget with relatively steady levels of property tax revenues and reduction in expenditures to account for reduction in other revenue sources.

In March 2010, the State of Arizona adopted the State's fiscal year 2010-11 budget that includes significant impacts on the County through a combination of cost shifting and revenue reductions. The County anticipated such action and has, over the past several years, initiated ongoing expenditure reductions and hiring restrictions to mitigate the impact of the State's budget. The County's budget adopted by the Board of Supervisors for fiscal year 2010-11 took into account the impacts to the County of the State's budget, by including expenditure reductions primarily within the County's General Fund departments. For next fiscal year, the County Administrator has called for a 1.5% reduction in expenditures for the majority of County departments. The County, through such budget reductions, expects to continue to provide services while maintaining its policy of funding a General Fund balance at the level of not less than five percent of budgeted revenues ($24 million for fiscal year 2010-11).

In April 2011, the Arizona Legislature enacted a State budget for Fiscal Year 2011-12 that shifts some of the State's budgetary costs to local jurisdictions, including Pima County, in the form of additional mandatory payments and by reducing the share of State-shared revenues distributed to local jurisdictions. The State legislature has also enacted a provision to shift the responsibility for detaining certain State prisoners to counties, but that legislation causes the shift to be effective July 1, 2012. The cost of these State shifts and mandatory payments to the

County's General Fund for Fiscal Year 2011-12 is estimated to be $8.3 million. The cost of the shift in responsibilities for certain State prisoners cannot be determined at this time because the State has not yet established the fee it will charge counties for these services for Fiscal Year 2012-13. The County budget for Fiscal Year 2011-12 will not be adopted until June 2011, but the County's actions over the past few years of reducing departmental operating budgets and setting aside funds in the Property Tax Stabilization Fund has enabled the County to absorb these State cost shifts. As of March 2011, the County is projecting an ending fund balance in the General Fund for Fiscal Year 2010-11 of $53.7 million, which is $29.7 million more than the $24.0 million originally budgeted. This additional ending fund balance is primarily the result of anticipated savings by County departments which anticipate spending $23.0 million less than authorized in the Fiscal Year 2010-11 budget.

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

	Actual				
	2005-06	**2006-07**	**2007-08**	**2008-09**	**2009-10**
Revenues by Source:					
Taxes	$321,474	$348,700	$381,862	$396,241	$423,443
Special Assessments	215	521	556	441	536
Licenses and Permits	7,452	7,132	7,710	6,989	7,791
Intergovernmental	291,059	303,392	312,634	292,236	296,004
Charges for Services	63,582	63,508	58,890	55,346	60,376
Fines and Forfeits	6,014	6,550	6,480	6,283	8,443
Interest Income	11,379	13,988	14,218	5,335	4,612
Miscellaneous	13,165	17,544	21,752	22,414	17,442
Total Revenues	714,340	761,335	804,102	785,285	818,647
Expenditures by Fund:					
General	402,811	421,486	460,537	462,276	426,361
Special Revenues	170,562	199,498	218,307	196,677	195,926
Debt Service	66,963	69,689	76,764	121,091	108,092
Capital Projects	121,007	202,659	139,539	146,334	162,306
Total Expenditures	761,343	893,332	895,147	926,378	892,685
Excess of Revenues Over (Under) Expenditures	(47,003)	(131,997)	(91,045)	(141,093)	(74,038)
Other Financing Sources (Uses):					
Premium on bonds	-	1,429	1,964	675	1,909
Proceeds of Long-Term Debt	4,836	146,320	175,000	109,400	156,955
Payment to Escrow Agent	-	-	-	-	(32,361)
Gain on Investment	3	-	312	-	-
Operating Transfers In (Out)	3,685	(599)	714	4,867	445
Capital Leases	231	-	-	-	-
Sale of General Fixed Assets	416	1,426	27	876	1,118
Total Other Financing Sources (Uses)	9,171	148,576	178,017	115,818	128,066
Net Change in Fund Balance	(37,832)	16,579	86,972	(25,275)	54,028
Beginning Fund Balance, as restated	252,007	214,292	230,660	317,577	292,247
Changes in Reserve for Inventory	(188)	(209)	(55)	(55)	4
Changes in Reserve for Prepaids	11	(2)	-	-	(9)
Ending Fund Balance	$213,998	$230,660	$317,577	$292,247	$346,270

Source: Pima County Finance and Risk Management Department.

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

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

	Actual				
	2005-06	**2006-07**	**2007-08**	**2008-09**	**2009-10 (b)**
General					
Reserved	$ 5,152	$ 8,889	$ 5,415	$ 4,363	$ -
Unreserved	46,423	48,671	35,438	35,803	-
Designated	-	-	29,536	-	-
Nonspendable	-	-	-	-	4,089
Restricted	-	-	-	-	522
Committed	-	-	-	-	-
Assigned	-	-	-	-	3,093
Unassigned	-	-	-	-	73,837
	51,575	**57,560**	**70,389**	**40,166**	**81,541**
Special Revenue					
Reserved	5,111	5,933	4,699	5,255	-
Unreserved	64,961	69,773	77,451	81,196	-
Designated	1,044	-	-	4,925	-
Nonspendable	-	-	-	-	2,011
Restricted	-	-	-	-	82,957
Committed	-	-	-	-	15,305
Assigned	-	-	-	-	3,221
Unassigned	-	-	-	-	(5,793)
	71,116	**75,706**	**82,150**	**91,376**	**97,701**
Debt Service					
Reserved	6,673	7,946	12,395	33,842	-
Unreserved	162	-	-	-	-
Assigned	-	-	-	-	40,868
	6,835	**7,946**	**12,395**	**33,842**	**40,868**
Capital Projects					
Reserved	-	120	-	42	-
Unreserved	84,472	89,328	152,643	126,821	-
Nonspendable	-	-	-	-	18
Restricted	-	-	-	-	124,830
Committed	-	-	-	-	1,487
Assigned	-	-	-	-	52
Unassigned	-	-	-	-	(227)
	84,472	**89,448**	**152,643**	**126,863**	**126,160**
Total Fund Balance	$213,998	$230,660	$317,577	$292,247	$346,270

Source: Pima County Finance and Risk Management Department.

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

(b) During the year ended June 30, 2010, the County adopted early implementation of the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. GASB Statement No. 54 establishes criteria for classifying governmental fund balances into specifically defined classifications to make the nature and extent of the constraints placed on fund balance more transparent.

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

	Actual				
	2005-06	**2006-07**	**2007-08**	**2008-09**	**2009-10 (b)**
Revenues by Source:					
Taxes	$242,948	$252,350	$268,493	$281,749	$304,441
Licenses and Permits	2,536	2,795	2,971	2,747	2,738
Intergovernmental	143,982	152,271	148,158	131,966	128,927
Charges for Services	27,102	33,604	32,307	35,330	40,356
Fines and Forfeits	5,786	5,526	5,020	4,720	7,011
Interest Income	2,491	3,321	3,343	1,084	1,198
Miscellaneous	4,935	6,828	8,314	7,099	4,868
Total Revenues	429,780	456,695	468,606	464,695	489,539
Expenditures:					
Current					
General Government	168,394	181,329	192,839	184,434	184,606
Public Safety	96,687	106,825	118,623	121,704	117,378
Health	2,401	2,526	2,906	2,767	2,702
Welfare	102,496	96,684	106,502	115,481	87,089
Culture & Recreation	13,104	14,694	16,325	15,580	14,671
Education & Econ. Opport.	16,682	16,407	17,418	16,368	13,996
Debt Service:					
Principal	1,750	1,785	3,115	3,510	3,635
Interest	1,292	1,230	2,805	2,426	2,281
Miscellaneous	5	6	4	6	3
Total Expenditures	402,811	421,486	460,537	462,276	426,361
Excess of Revenues Over (Under) Expenditures	26,969	35,209	8,069	2,419	63,178
Other Financing Sources (Uses):					
Sale of General Fixed Assets	22	-	-	371	204
Operating Transfers In (Out)	(12,643)	(29,224)	4,760	(33,013)	(22,007)
Total Other Financing Sources (Uses):	(12,621)	(29,224)	4,760	(32,642)	(21,803)
Net Change in Fund Balance	14,348	5,985	12,829	(30,223)	41,375
Beginning Fund Balance, as restated	37,227	51,575	57,560	70,389	40,166
Ending Fund Balance	$51,575	$57,560	$70,389	$40,166	$81,541

Source: Pima County Finance and Risk Management Department.

(a) This table has not been the 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

[Closing Date]

Pima County, Arizona
Tucson, Arizona

Ladies and Gentlemen:

We have examined the transcript of proceedings (the "Transcript") relating to the issuance by Pima County, Arizona (the "County") of its $75,000,000 aggregate principal amount of bonds designated the Pima County, Arizona, General Obligation Bonds, Series 2011 (the "Bonds"). 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 April 5, 2011 (the "Bond Resolution"). The documents in the Transcript include a certified copy of the Bond Resolution. All capitalized terms not defined herein shall have the meanings set forth in the Bond Resolution. We have also examined a conformed copy of a Bond.

Based on this examination, we are of the opinion that, under existing law:

1. The Bonds constitute valid and legal general obligations of the County, and the principal of and interest on the Bonds, unless paid from other sources and subject to bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion, 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. 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 treated as an item of tax preference for purposes of the 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 giving the foregoing opinion with respect to the treatment of the interest on the Bonds under the tax laws, we have assumed and relied upon compliance with the covenants of the County and the accuracy, which we have not independently verified, of the representations and certifications of the County, contained in the Transcript. The accuracy of those representations and certifications, and the County's compliance with those covenants, may be necessary for the interest on the Bonds to be and to remain excluded from gross income for federal income tax purposes and for certain of the other tax effects stated above. Failure to comply with certain of those covenants subsequent to issuance of the Bonds could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

The opinions expressed in this letter are based on the law in effect on the date hereof and may be affected by actions taken or omitted or events occurring after the date hereof, and we assume no obligations to revise or supplement this opinion should such law be changed by legislative action, judicial decision, or otherwise, or to determine or to inform any person whether any such actions are taken or omitted or any such events occur.

Respectfully submitted,

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

$75,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2011

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 $75,000,000 General Obligation Bonds, Series 2011 (the "Bonds"), being issued pursuant to a resolution adopted by the Board of Supervisors of the County on April 5, 2011 (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 at 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 May 3, 2011.

4. Annual Information Disclosure. Subject to Section 8 of this Undertaking, the County shall disseminate its Annual Information and its Audited Financial Statement, 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: [Closing Date]

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," (v) in the table under the heading "Lease, Lease-Purchase and Purchase Agreements" and (vi) 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, 2012. 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.

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APPENDIX E

EXCERPTS FROM
PIMA COUNTY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2010

The following are excerpts from the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. 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, 2010. 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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STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

DEBRA K. DAVENPORT, CPA
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

We have audited the accompanying financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain departments, one major fund, and the component units, which account for the following percentages of the assets, liabilities, revenues, and expenses or expenditures of the opinion units affected:

Opinion Unit/Department	Assets	Liabilities	Revenues	Expenses/ Expenditures
<u>Government-Wide Statements</u>				
Governmental Activities:				
Stadium District	0.13%	0.06%	0.27%	0.61%
School Reserve Fund	0.10%	0.03%	0.49%	0.62%
Self-Insurance Trust	2.39%	4.78%	0.08%	0.26%
Business-Type Activities:				
Regional Wastewater Reclamation Department	95.07%	94.50%	38.26%	34.03%
Development Services	0.36%	0.15%	1.64%	2.44%
Self-Insurance Trust	0.00%	0.00%	0.00%	0.13%
Aggregate Discretely Presented Component Units:				
Southwestern Fair Commission	98.58%	100.00%	97.25%	98.31%
Sports & Tourism Authority	1.42%	0.00%	2.75%	1.69%
<u>Fund Statements</u>				
Major Fund:				
Regional Wastewater Reclamation Department	100.00%	100.00%	100.00%	100.00%
Aggregate Remaining Fund Information:				
Stadium District	0.45%	0.32%	0.82%	1.77%
School Reserve Fund	0.33%	0.18%	1.47%	1.79%
Development Services	0.63%	0.50%	2.16%	3.27%
Self-Insurance Trust	8.25%	26.47%	7.09%	7.06%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors.

2910 NORTH 44th STREET • SUITE 410 • PHOENIX, ARIZONA 85018 • (602) 553-0333 • FAX (602) 553-0051

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of Pima County as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 1, the County implemented the provisions of the Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* for the year ended June 30, 2010, which represents a change in accounting principle.

The Management's Discussion and Analysis on pages 11 through 28, the Budgetary Comparison Schedule on pages 79 through 80, and the Schedule of Agent Retirement Plans' Funding Progress on page 81 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Debbie Davenport
Auditor General

December 17, 2010

Management's Discussion and Analysis

This section of Pima County's comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the year ended June 30, 2010, and should be read in conjunction with the County's basic financial statements in the following sections. All dollar amounts are expressed in thousands (000's) unless otherwise noted.

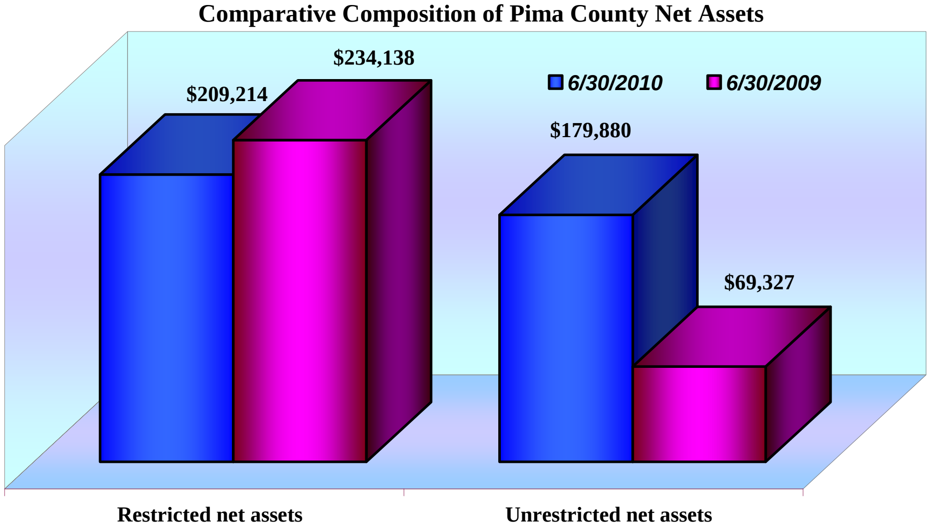
FINANCIAL HIGHLIGHTS

- At June 30, 2010, the assets of the County exceeded its liabilities (*net* assets) by $1,988,455, an increase of 9.5% from the prior year. Of this amount, $179,880 is available for general government expenditures (unrestricted net assets). Unrestricted net assets increased by $110,553 from last year, or approximately 160%.

  $209,214 is restricted for specific purposes (restricted net assets), and $1,599,361 is invested in capital assets, net of related debt and accumulated depreciation.

  The chart below presents the composition of restricted and unrestricted net assets for the current and prior years:

Comparative Composition of Pima County Net Assets



- The unrestricted net asset balance of $179,880 represents approximately 42.2% of the County's General Fund expenditures of $426,361 and 20.2% of total governmental funds expenditures of $892,685.

- The General Fund unassigned fund balance is $73,837, which comprises 90.5% of the General Fund total fund balance of $81,541.

- General Fund expenditures decreased by $35,915 as a result of continued cost saving efforts and a $15,941 ALTCS and AHCCCS refund.

- Construction activity remains significant, with Regional Wastewater Reclamation reporting an increase of $48,970, or 113.3%, in construction-in-progress and the Capital Projects fund reporting an increase of $15,972, or 10.9%, in expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of 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 assets* presents information on all County assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

Discretely presented component units are included in the basic financial statements. They consist of legally separate entities 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 County is also presenting Pima County Sports and Tourism Authority (S&TA) as a discrete component unit. Last year, S&TA financial statements were not included in the CAFR due to highly immaterial amounts reported in their financial statements. S&TA is a nonprofit municipal corporation established to promote professional and amateur sports events and other suitable activities for the benefit of the public.

The government-wide financial statements can be found on pages 29-31.

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 funds financial statements focus on *near-term inflows and outflows of expendable resources*, as well as on *balances of expendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

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

The County maintains fifteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Capital Projects and Debt Service 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 32-35. The combining statements for non-major governmental funds can be found on pages 84-87.

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

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

The proprietary fund financial statements can be found on pages 36-39.

The combining statements for other enterprise and internal service funds can be found on pages 103-110.

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

The fiduciary fund financial statements can be found on pages 40-41.

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 44-77.

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 79-81.

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 84-114.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as a useful indicator of a government's financial position over time. County assets exceeded liabilities by $1,988,455 at June 30, 2010. The following table shows condensed information for the Schedule of Assets, Liabilities, and Net Assets:

Table 1

Schedule of Assets, Liabilities, and Net Assets
At June 30, 2010 and 2009

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	$536,514	$452,751	$293,569	$133,963	$830,083	$586,714
Capital assets (net):						
Land, buildings, equipment,						
infrastructure & other assets	1,634,662	1,526,774	808,945	773,117	2,443,607	2,299,891
Total assets	2,171,176	1,979,525	1,102,514	907,080	3,273,690	2,886,605
Current and other liabilities	106,057	86,278	47,342	48,328	153,399	134,606
Long-term liabilities	714,248	682,111	417,588	254,359	1,131,836	936,470
Total liabilities	820,305	768,389	464,930	302,687	1,285,235	1,071,076
Net assets :						
Invested in capital assets,						
net of related debt	1,048,821	972,346	550,540	539,718	1,599,361	1,512,064
Restricted	152,084	203,940	57,130	30,198	209,214	234,138
Unrestricted	149,966	34,850	29,914	34,477	179,880	69,327
Total net assets	$1,350,871	$1,211,136	$637,584	$604,393	$1,988,455	$1,815,529

The largest portion of the County's net assets reflects its investment in capital assets (i.e. land, buildings, infrastructure and equipment), less any related outstanding debt used to acquire those assets. As of June 30, 2010, investment in capital assets totaled $1,599,361, comprising approximately 80.4% of total net assets. The County uses a portion of these capital assets to provide services to its citizens, with the other portion available to its citizens for use; consequently, these assets are *not* available for future spending. The $87,297 increase in capital assets, net of related debt, is primarily due to the significant amount of capital project activity. Although the County's investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Current and other assets for the primary government increased by $243,369 primarily as a result of:

- An increase in restricted cash for business-type activities, specifically, $152,858 of unspent proceeds from the 2010 Sewer Revenue Obligations available for construction at year-end.

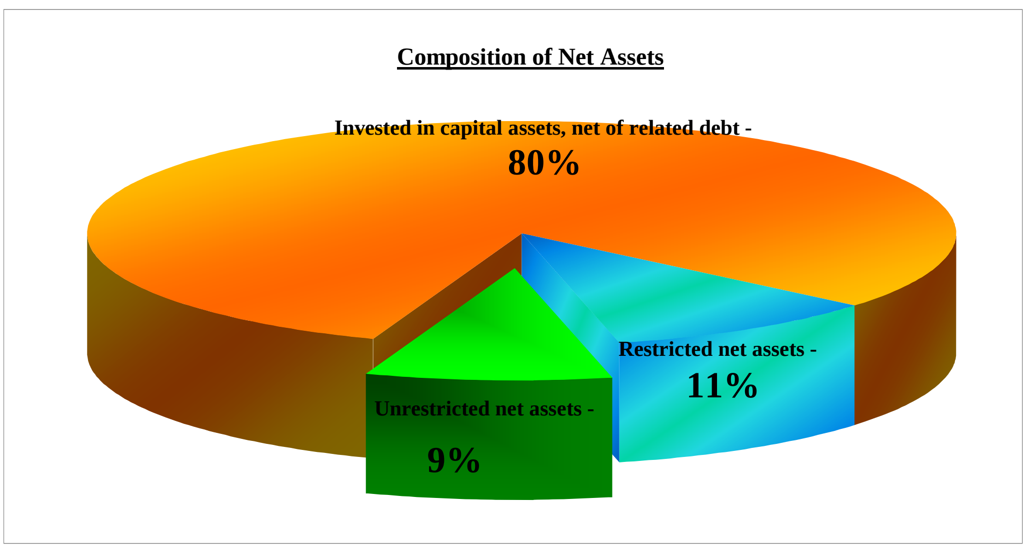
- Current and other assets for governmental activities increased by $83,763. Most of the increase is due to increases in cash and cash equivalents and due from other governments:

  - Cash and cash equivalents increased $62,358 as a result of multiple factors affecting cash, the most notable of which was increased property tax revenues along with decreased expenses for highways and streets and welfare.

  - Due from other governments increased overall by $22,654. $4,573 of the increase is attributable to an ALTCS refund due from the State of Arizona. $6,180 is due from the Regional Transportation Authority (RTA). Federal grant receivables increased by $10,070, primarily due to ARRA grants of $4,828.

Current and other liabilities for the primary government increased by $18,793, primarily attributable to a $15,000 payment due to UA Healthcare, Inc. to support healthcare service expansion on the Kino Campus site.

Unrestricted net assets for governmental activities increased significantly by $115,116. $40,868 of the increase was due to a reclassification of debt service net assets from restricted to unrestricted. Generally, other factors affecting unrestricted net assets for governmental activities include the increase in general revenues offset by a decrease in expenses.



Restricted net assets represent resources that are subject to external restrictions on how they may be used. As of June 30, 2010, restricted net assets totaled $209,214 and comprised approximately 10.5% of total net assets. This represents a $24,924 decrease in restricted net assets from the $234,138 balance of the prior fiscal year.

The remaining balance of the County's net assets represents unrestricted net assets, which may be used to meet the County's ongoing obligations to citizens and creditors. As of June 30, 2010, unrestricted net assets totaled $179,880 and comprised approximately 9% of total net assets.

Governmental activities

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

Table 2

Governmental Activities Schedule of Changes in Net Assets For the Years Ended June 30, 2010 and 2009			**Variance**	
	2010	**2009**	**Amount**	**Percent**
Program revenues:				
Charges for services	$ 64,247	$ 59,886	$ 4,361	7.3%
Operating grants and contributions	142,840	131,361	11,479	8.7%
Capital grants and contributions	65,820	68,535	(2,715)	-4.0%
Total program revenues	272,907	259,782	13,125	5.1%
General revenues:				
Property taxes	416,501	393,255	23,246	5.9%
State-shared taxes	108,970	115,046	(6,076)	-5.3%
Investment earnings	5,266	5,875	(609)	-10.4%
Other general revenues	35,803	42,452	(6,649)	-15.7%
Total general revenues	566,540	556,628	9,912	1.8%
Total revenues	839,447	816,410	23,037	2.8%
Expenses:				
General government	218,504	212,196	6,308	3.0%
Public safety	145,697	149,253	(3,556)	-2.4%
Highways and streets	68,691	79,251	(10,560)	-13.3%
Sanitation	6,669	7,434	(765)	-10.3%
Health	33,086	31,541	1,545	4.9%
Welfare	87,107	115,513	(28,406)	-24.6%
Culture and recreation	61,642	60,520	1,122	1.9%
Education and economic opportunity	52,023	46,770	5,253	11.2%
Amortization	428	(235)	663	-282.1%
Interest on long-term debt	26,403	26,780	(377)	-1.4%
Total expenses	700,250	729,023	(28,773)	-3.9%
Excess before contributions and transfers	139,197	87,387	51,810	59.3%
Transfers in	538	4,005	(3,467)	-86.6%
Change in net assets	139,735	91,392	48,343	52.9%
Ending net assets	$ 1,350,871	$ 1,211,136	$ 139,735	11.5%

Overall, this year's change in net assets increased by $48,343 from last year, adding another 11.5% to the County's ending net assets. The $23,037 or 2.8% increase in revenues and $28,773 or 3.9% decrease in expenses from last year contributed to the $51,810 increase in excess before contributions and transfers.

Factors affecting the $23,037 increase in revenues from governmental activities:

- Increase in Operating grants and contributions of $11,479 is due primarily to receiving $3,818 for the Proposition 204 Hold Harmless funding during the year. In addition, approximately $2,934 was received from the University of Arizona for indigent health. Of the $5,033 received from the

Workforce Innovation in Regional Economic Development (WIRED) grant, $4,120 was received during the current year. The purpose of the WIRED grant is to stimulate economic transformation.

- Property taxes increased $23,246 as a result of an increase in property valuations for primary and secondary taxes that was partially offset by a decrease in the primary and secondary tax rates.

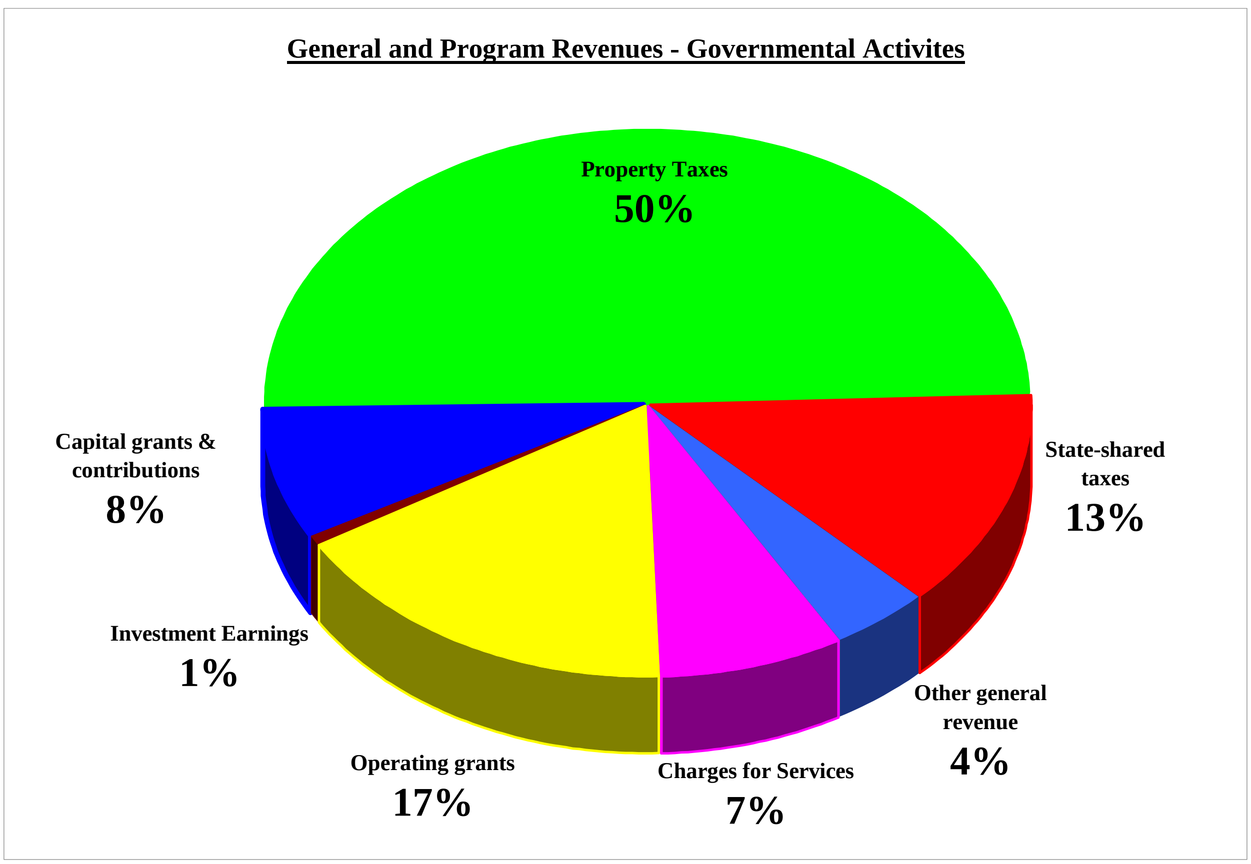
- The decrease in Other general revenues is $6,649. The decrease can be attributed to a $5,000 one-time only revenue received from the Chicago White Sox baseball team last fiscal year for the release from its contract with the Stadium District.

Total expenses of governmental activities were $700,250, down 3.9% or $28,773 compared to the previous year's total of $729,023. Factors contributing to the decrease in expenses:

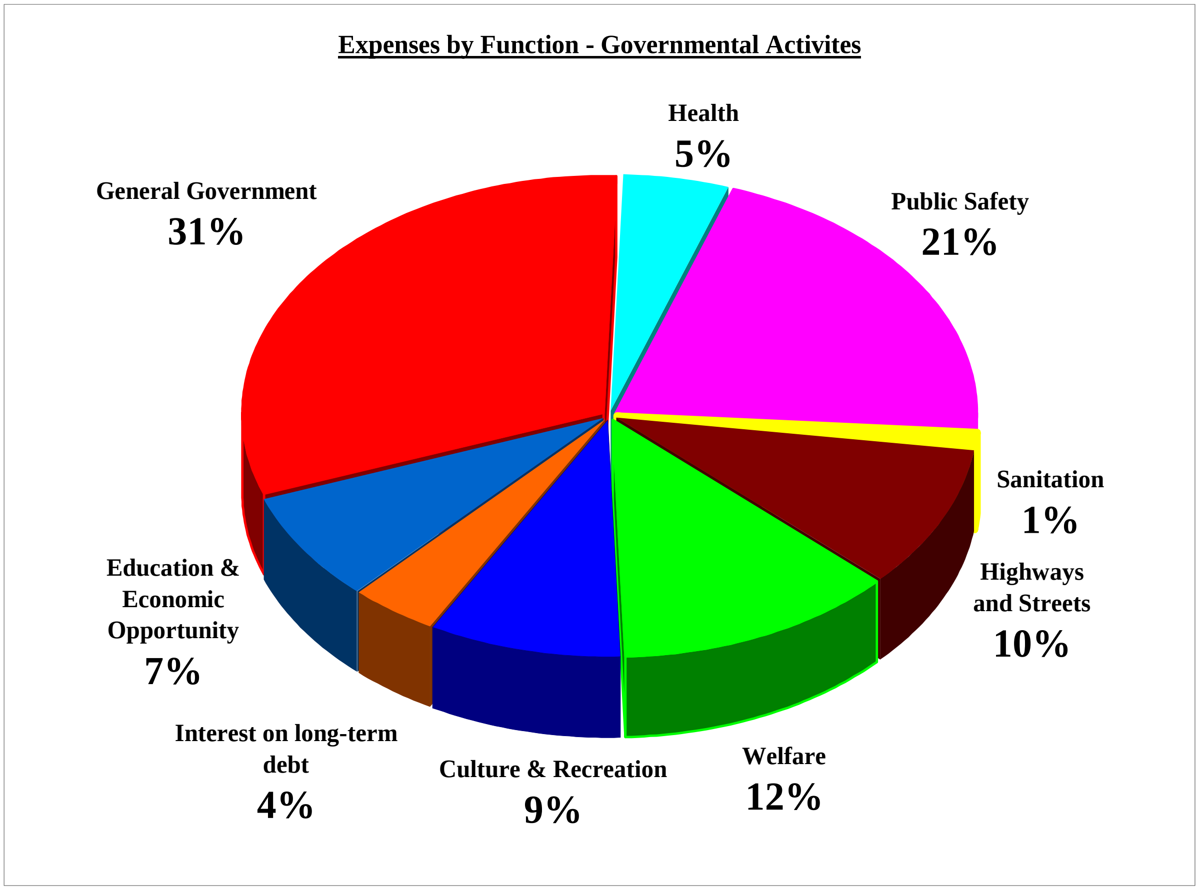
- The $10,560 reduction in expenses for Highways and Streets resulted primarily from the county-wide reductions in spending implemented within the fiscal year.

- The $28,406 decrease in Welfare is related to refunds of approximately $11,368 received from the Arizona Long-Term Care System (ALTCS) and $4,573 from the Arizona Health Care Cost Containment System (AHCCCS).

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 80% of the County's revenues.



The chart below presents expenses by function, as a percentage to total expenses by function for governmental activities:



Each expense by function as a proportion to total expenses by function for governmental activities also 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.

<u>Business-type activities</u>

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. Change in net assets for business-type activities added $33,191, or 19.2%, to the County's $172,926 change in total net assets for the year ended June 30, 2010. The following table shows changes in net assets for business-type activities:

Table 3

Business-type Activities Schedule of Changes in Net Assets For the Years Ended June 30, 2010 and 2009				
			Variance	
	2010	2009	Amount	Percent
Program revenues:				
Charges for services	$ 340,936	$ 328,600	$ 12,336	3.8%
Operating grants and contributions	4,421	4,626	(205)	-4.4%
Capital grants and contributions	9,319	14,916	(5,597)	-37.5%
Total program revenues	354,676	348,142	6,534	1.9%
General revenues:				
Investment earnings	1,236	2,025	(789)	-39.0%
Other general revenues	2,884	2,394	490	20.5%
Total general revenues	4,120	4,419	(299)	-6.8%
Total revenues	358,796	352,561	6,235	1.8%
Expenses:				
Regional Wastewater Reclamation	110,618	105,139	5,479	5.2%
Pima Health System & Services	204,619	224,959	(20,340)	-9.0%
Development Services	7,924	9,992	(2,068)	-20.7%
Parking Garages	1,906	1,696	210	12.4%
Total expenses	325,067	341,786	(16,719)	-4.9%
Excess before contributions and transfers	33,729	10,775	22,954	213.0%
Transfers in (out)	(538)	(4,005)	3,467	-86.6%
Change in net assets	33,191	6,770	26,421	390.3%
Beginning net assets	604,393	597,623	6,770	1.1%
Ending net assets	$ 637,584	$ 604,393	$ 33,191	5.5%

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

- The $12,336 increase in charges for services is mainly attributable to two 12.75% increases in the Regional Wastewater Reclamation (RWR) user fee volume rate on July 1, 2009 and January 1, 2010, and an 18% increase in the monthly standard service fee.

- $3,964 of the increased $5,479 expenses from last year for Regional Wastewater Reclamation is due to increased depreciation expense from significant amounts of equipment capitalized at the end of last fiscal year.

- Expenses for Pima Health System & Services decreased by $20,340 mainly due to a $16,054 decrease for medical claims.

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. The County early implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (see Note 1, Summary of Significant Accounting Policies). As such, a comparative discussion of fund balance classifications between this year and last year, given the different basis of reporting, would not be meaningful.

<u>Governmental funds</u>

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

<u>Major Governmental Funds</u>

General Fund
The General Fund is the chief operating fund of the County. At June 30, 2010, total fund balance of the General Fund was $81,541.

The net change in fund balance for the General Fund was $41,375. Revenues increased by $24,844 and reflects the increase of $22,692 for property taxes due to higher assessed property valuations that were partially offset by lower tax rates. A decrease in expenditures of $35,915 was reported within the General Fund for the fiscal year as a result of a decrease in AHCCCS contributions and cost cutting measures implemented.

The excess of revenues over expenditures was $63,178, which is further decreased by net operating transfers out of $22,007.

Budget to Actual Comparison for the General Fund
Overall, actual revenues were more than budgeted revenues by $5,949 and actual expenditures were less than budgeted expenditures by $68,405. No variances between the budget to actual amounts were significant enough to affect the County's ability to provide future services.

Capital Projects Fund
The net change in fund balance for the Capital Projects Fund was a decrease of $703. Revenues increased by $6,318, offset by increased expenditures in capital outlay of $15,972. The increase in capital outlay was largely due to increased expenditures for the Regional Public Safety Communications Systems and the County's financial enterprise system.

The fund reported a $125,219 deficiency of revenues under expenditures that was offset by $125,000 proceeds from the issuance of bonds, resulting in a net change in the fund balance of $703 for the Capital Projects Fund.

Debt Service Fund
The fund accounts for the accumulation of resources for and the payment of principal and interest of the general long-term debt. At June 30, 2010, the net change in fund balance was $7,026. Last year, there was a change in funding dates which provided the debt service fund with a significant amount of cash on June 30th. The County returned to a June 30th funding date in fiscal year 2009-10.

Revenue increased by $12,153 mainly from the tax levy and growth in property valuations. Expenditures, mainly as a result of decreased principal payments, decreased $12,999 from last fiscal year.

Overview of all governmental funds

At June 30, 2010, the County's governmental funds reported combined fund balances of $346,270, an increase of $54,023 from the prior year. Approximately 19.6% of the combined fund balances, or $67,817, constitutes unassigned fund balance, which is available to meet the County's current and future needs.

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

Table 4

Governmental Funds
Revenues Classified by Source
For the Years Ended June 30, 2010 and 2009

	2010		2009		Variance	
	Amount	Percent	Amount	Percent	Amount	Percent
Taxes	$ 423,443	51.6%	$ 396,241	50.4%	$ 27,202	6.9%
Special assessments	536	0.1%	441	0.1%	95	21.5%
Licenses and permits	7,791	1.0%	6,989	0.9%	802	11.5%
Intergovernmental	296,004	36.2%	292,236	37.2%	3,768	1.3%
Charges for services	60,376	7.4%	55,346	7.0%	5,030	9.1%
Fines and forfeits	8,443	1.0%	6,283	0.8%	2,160	34.4%
Interest	4,612	0.6%	5,335	0.7%	(723)	-13.6%
Miscellaneous	17,442	2.1%	22,414	2.9%	(4,972)	-22.2%
Total revenues	$ 818,647	100.0%	$ 785,285	100.0%	$ 33,362	4.2%

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

- Taxes - Increased property tax revenue resulted from higher property valuations that were partially offset by a decrease in the primary tax rate.
- The increase in charges for services results from the General Fund, primarily due to increases from indirect cost recovery of $3 million and from photo traffic enforcement of approximately $1.1 million.
- The most significant item affecting the decrease in miscellaneous is from rents and royalties, which decreased approximately $2,169.

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

Table 5

Governmental Funds
Expenditures by Function
For the Years Ended June 30, 2010 and 2009

Government Function	2010 Amount	2010 Percent	2009 Amount	2009 Percent	Variance Amount	Variance Percent
General government	$ 221,144	24.8%	$ 222,309	24.0%	$ (1,165)	-0.5%
Public safety	136,744	15.3%	144,617	15.6%	(7,873)	-5.4%
Highways and streets	34,274	3.8%	38,132	4.1%	(3,858)	-10.1%
Sanitation	5,637	0.6%	6,666	0.7%	(1,029)	-15.4%
Health	32,737	3.7%	31,626	3.4%	1,111	3.5%
Welfare	87,089	9.8%	115,481	12.5%	(28,392)	-24.6%
Culture and recreation	50,198	5.6%	51,657	5.6%	(1,459)	-2.8%
Education and economic opportunity	48,402	5.4%	42,299	4.6%	6,103	14.4%
Capital outlay	162,306	18.2%	146,334	15.8%	15,972	10.9%
Debt service:						
- Principal	87,307	9.8%	100,384	10.8%	(13,077)	-13.0%
- Interest	26,414	3.0%	26,849	2.9%	(435)	-1.6%
- Miscellaneous	433	0.0%	24	0.0%	409	1704.2%
Total expenditures	$ 892,685	100.0%	$ 926,378	100.0%	$ (33,693)	-3.6%

Total expenditures in governmental funds decreased during fiscal year 2009-10 by $33,693 due primarily from the net decrease in AHCCCS mandatory contributions discussed previously.

Proprietary funds

The County's proprietary fund functions are contained in the enterprise and internal service funds. The enterprise funds of the County are PHS&S, Regional Wastewater Reclamation, Development Services and Parking Garages. These business-type activities are accounted for in a similar fashion to private-sector businesses, and the costs for services provided are expected to be covered either fully or in part by current revenues generated, which include fees charged to external users.

The internal service funds consist of the Self-Insurance Trust Fund and multiple smaller funds consisting of Fleet Services, Print Shop, and Wireless/Telecom. The change in net assets for all Internal Service Funds was $4,679, a decrease of $406 from the prior year.

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

Table 6

Enterprise Funds Schedule of Revenues, Expenses and Changes in Net Assets For the Years Ended June 30, 2010 and 2009			Variance	
	2010	2009	Amount	Percent
Operating revenues:				
Net patient services	$ 203,067	$ 213,986	$ (10,919)	-5.1%
Charges for services	120,149	96,310	23,839	24.8%
Other	2,882	2,414	468	19.4%
Total net operating revenues	326,098	312,710	13,388	4.3%
Operating expenses:				
Employee compensation	67,724	72,681	(4,957)	-6.8%
Medical claims	161,230	177,284	(16,054)	-9.1%
Operating supplies & services	8,791	9,534	(743)	-7.8%
Utilities	5,765	7,347	(1,582)	-21.5%
Sludge and refuse disposal	1,502	1,485	17	1.1%
Repair and maintenance	6,760	5,989	771	12.9%
General and administrative	19,432	20,500	(1,068)	-5.2%
Consultants and professional services	7,568	8,668	(1,100)	-12.7%
Depreciation and amortization	31,543	27,689	3,854	13.9%
Total operating expenses	310,315	331,177	(20,862)	-6.3%
Operating gain (loss)	15,783	(18,467)	34,250	-185.5%
Nonoperating revenues (expenses):				
Intergovernmental revenue	6,412	4,626	1,786	38.6%
Invesment earnings	1,257	2,039	(782)	-38.4%
Sewer connection fees	17,705	18,284	(579)	-3.2%
Interest expense	(8,738)	(6,060)	(2,678)	44.2%
Loss on disposal of capital assets	(2,259)	(341)	(1,918)	562.5%
Amortization of deferred charges	(263)	(227)	(36)	15.9%
Premium tax	(4,117)	(4,403)	286	-6.5%
Total nonoperating revenues	9,997	13,918	(3,921)	-28.2%
Income (loss) before contributions and transfers	25,780	(4,549)	30,329	-666.7%
Capital contributions	7,319	14,916	(7,597)	-50.9%
Transfers in	26,001	25,570	431	1.7%
Transfers (out)	(26,539)	(29,575)	3,036	-10.3%
Change in net assets	$ 32,561	$ 6,362	$ 26,199	411.8%

The increase in revenues, in addition to a decrease in expenses, contributed to the change from an operating loss last year to an operating gain for all enterprise funds this year. RWR contributed approximately two-thirds, or $10,435, to the $15,783 in operating gain for all enterprise funds.

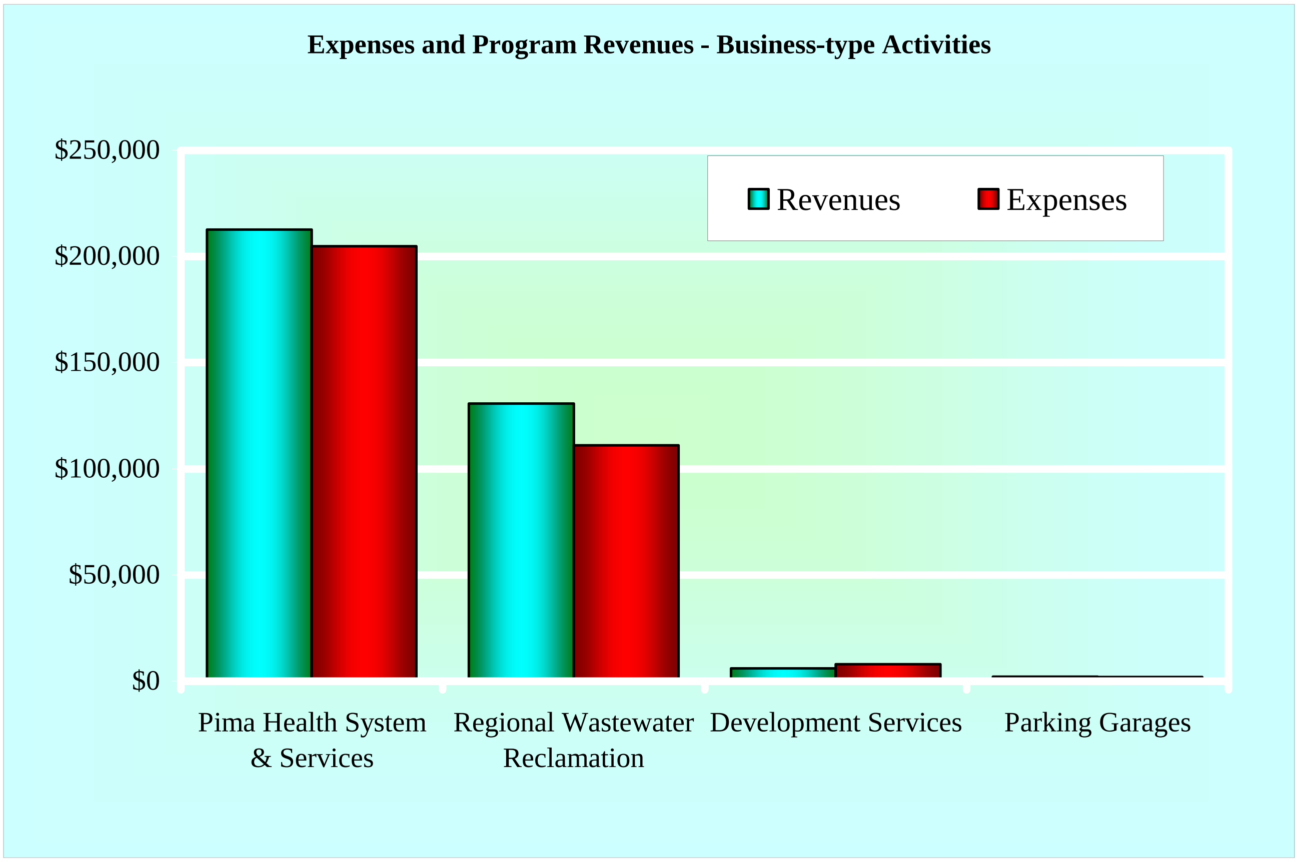
RWR's charges for services increased mainly as a result of increased user fee volume rates and the monthly standard service fee. Its utilities expense decreased as a result of lower natural gas charges.

At Pima Health System & Services, total operating expenses decreased by approximately $19,719 mainly due to a decrease in medical claims resulting from the loss of the Ambulatory contract with AHCCCS.

Nonoperating revenues contributing to an increased income before contributions and transfers include $2,000 received from the stimulus funds (American Recovery and Reinvestment Act) passed through the Water Infrastructure Financing Authority (WIFA) for RWR.

Of the decrease in capital contributions, approximately $7,000 is due to the continued lack of construction activities.

The chart below presents the revenues and expenses for business-type activities:



Capital Assets and Debt Administration

Capital Assets

The County's total investment in capital assets as of June 30, 2010 amounted to $2,443,607 (net of accumulated depreciation), an increase of 6.3% (or $143,716). Of this amount, $107,888 (75.1%) came from governmental activities and $35,828 (24.9%) came from business-type activities. The County's investment in capital assets consists of land, buildings, sewage conveyance systems, infrastructure, equipment and construction in progress.

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

Table 7

Governmental and Business-type Activities
Capital Assets
For the Years Ended June 30, 2010 and 2009

	Governmental Activities		Business-type Activities		Total	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
Land	$ 433,098	$ 384,368	$ 15,178	$ 13,595	$ 448,276	$ 397,963
Construction in progress	176,749	103,106	92,178	43,208	268,927	146,314
Buildings and improvements	381,800	380,798	217,321	228,198	599,121	608,996
Infrastructure	600,634	614,951	398,495	399,094	999,129	1,014,045
Equipment	42,381	43,551	85,773	89,022	128,154	132,573
Total	$ 1,634,662	$ 1,526,774	$ 808,945	$ 773,117	$ 2,443,607	$ 2,299,891

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

Governmental activities

- Land acquisitions increased $48,730, or 12.7%. Open space purchases include $10,843 for Rocking K Holdings, $3,732 Clyne Ranch, and $8,386 for a partial purchase of Sopori Ranch east of Arivaca. $3,486 was spent on the Black Wash Watercourse (Ryan Ranch/Snyder Hill). In addition, $2,430 in land parcels were donated to the County. $9,343 also were donated towards roadway projects.

- Construction in progress increased $73,643 or 71.4% compared to last fiscal year. Current cost of major projects still in progress include
  - $12,146 for the new Psychiatric Hospital
  - $4,589 for Justice Court/Municipal Court building complex
  - $5,895 for the Regional Public Safety Communications System
  - $5,082 for upgrading the County's financial enterprise system
  - $6,812 La Cholla Blvd I-10 River Road Project
  - $12,006 I-19 NB Frontage Rd Canoa to Continental
  - $5,553 for Sunrise Dr (Craycroft to Kolb)
  - $5,834 La Canada Dr (Ina to Calle Concordia)

- Buildings and improvements activities increased by $1,002 mainly due to the completion of the Pima County Animal Care Center.

Business-type activities

- Construction in progress increased approximately $48,970, or 113.3%, mainly due to Regional Optimization Master Planning (ROMP) activities.

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 page 57-58.

Long-term Debt

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

Table 8

Long-Term Debt For the Years Ended June 30, 2010 and 2009		
	2010	**2009**
Bonds issued (at face value):		
General Obligation	$113,535	$75,000
Street and Highway Revenue	23,420	
Sewer Revenue		18,940
Sewer System Revenue Obligations	165,000	
Certificate of Participation (COPs)	20,000	34,400
Water Infrastructure Financing Authority Loan Payable	10,002 *	
Total	$ 331,957	$ 128,340

*$2,000 of the $10,002 loan was the amount received from the American Recovery and Reinvestment Act grant passed through WIFA.

$113,535 General Obligation Bonds and $23,420 Street and Highway Revenue Bonds were issued during the fiscal year. $165,000 Sewer System Revenue Obligations and $20,000 Certificates of Participation were also issued during the fiscal year. General Obligations bonds were issued to finance projects for new facilities, open space acquisitions and for emergency communication systems, while proceeds from Street and Highway Revenue bonds were used for various roadway projects.

Monies from the Sewer System Revenue Obligations will 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 Ina Road and Roger Road Wastewater Reclamation Facilities. The Certificates of Participation Series issued will finance the replacement computer enterprise system. The new enterprise system will serve the County with finance, budget, procurement, human resources, and material management systems.

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

Table 9

Credit Ratings						
	Moody's Investors Service		**Standard & Poor's**		**Fitch Ratings**	
	Rating	**Date**	**Rating**	**Date**	**Rating**	**Date**
Certificate of Participation (COPs)	Aa3	May-2010	A+	Oct-2009	AA-	May-2010
General Obligation	Aa2	May-2010	AA-	Oct-2009	AA	May-2010
Street and Highway Revenue	Aa3	May-2010	AA	Oct-2009	AA	May-2010
Sewer Revenue Obligations	n/a	May-2010	A	May-2010	AA-	May-2010

The State constitution limits the amount of general obligation debt a governmental entity may issue to 6% of its net assessed valuation without voter approval. However, Pima County has voter approval for general obligation debt up to 15%. The current debt limitation for Pima County is $1,479,147, 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 61-69.

Economic Factors and Next Year's Budget

As the national and state and local economies remain in recession, the County has recognized several issues and has reacted and planned accordingly within Adopted Budget for fiscal year 2010-11. Some of the notable topics include:

Property taxes

The Primary Net Assessed Value of the County for fiscal year 2010-11 decreased $46 million or .51% from fiscal year 2009-10. The market value of existing property decreased by more than 2%, but was partially offset by an increase of 1.7% as a result of new construction added to the tax base. The contraction of the property tax base is expected to continue until fiscal year 2014-15.

State shared revenues

State shared funding sources in the areas of sales tax, vehicle license tax, and highway user revenues have decreased more than $36.7 million from their peak in fiscal year 2006-07. The state also terminated the County Assistance lottery funding of $250 thousand and the vehicle license tax which experienced an 11% decrease is projected to remain flat in fiscal year 2010-11.

Health insurance costs

As the cost of health insurance continues to escalate, Pima County has been proactive in attempting to manage its' health insurance premium cost paid per employee. Cost increases associated with County employee health insurance have escalated at near record amounts in the last two years. While the amount of the increase is capped by contract with United Healthcare, the County's insurance provider, these rate caps still represent significant premium increases. The health insurance plan options being developed for fiscal year 2010-11 will still require an additional contribution of $2.7 million from the County.

University Physician Healthcare Hospital

In 2004, the Board of Supervisors approved a lease with University Physicians Healthcare (UPH) for the operation of a hospital in place of the formerly County owned and operated Kino Community Hospital. Under the terms of the lease, the County would make payments to UPH totaling $127 million over 10 years. The scheduled payment for fiscal year 2010-11 is $6.5 million; however, to address an operating deficit at the hospital, the County Administrator recommended that an additional $13.4 million be appropriated to the Budget Stabilization Fund to be used as needed. Any use of these funds will be subject to review and approval by the Board of Supervisors.

American Recovery and Reinvestment Act (ARRA)

Since signing of the American Recovery and Reinvestment Act on February 17, 2009, the County has been awarded approximately $73,016 in ARRA grants. Significant grants awarded to the County include approximately $15,750 towards health, $8,640 million towards transportation, $5,970 towards workforce training, $4,470 for criminal justice and public safety, and $3,370 for emergency food and shelter/community services. Several County departments are still awaiting a final decision on outstanding ARRA grant requests.

Request for Information

This financial report is designed to provide a general overview of the County's finances. Any questions concerning the information provided in this report or requests for additional financial information should be addressed to the Finance and Risk Management Department, 130 W. Congress, 6th Floor, Tucson, AZ, 85701.

Basic Financial Statements

PIMA COUNTY, ARIZONA
Statement of Net Assets
June 30, 2010
(in thousands)

Exhibit A - 1

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and cash equivalents	$ 437,837	$ 52,868	$ 490,705	$ 728
Property taxes receivable (net)	16,188		16,188	
Interest receivable	830	105	935	
Internal balances	12	(12)		
Due from other governments	67,476	885	68,361	
Accounts receivable (net)	3,060	20,677	23,737	45
Inventories	1,941	3,784	5,725	24
Prepaids	3,961	442	4,403	
Special assessments receivable	537		537	
Other assets	2,840	4,936	7,776	4
Restricted assets:				
Cash and cash equivalents	579	209,884	210,463	1,800
Loans receivable	1,253		1,253	
Capital assets not being depreciated:				
Land	433,098	15,178	448,276	
Construction in progress	176,749	92,178	268,927	
Capital assets being depreciated (net):				
Buildings and improvements	381,800	217,321	599,121	1,793
Sewage conveyance system		398,495	398,495	
Equipment	42,381	85,773	128,154	678
Infrastructure	600,634		600,634	
Total assets	2,171,176	1,102,514	3,273,690	5,072
Liabilities				
Accounts payable	52,298	14,768	67,066	247
Accrued medical and healthcare claims		20,173	20,173	
Interest payable	6	1,456	1,462	
Contract retentions	3,014		3,014	
Employee compensation	42,843	6,931	49,774	
Due to other governments	625	2,394	3,019	
Deposits and rebates	683		683	21
Deferred revenues	6,588	1,620	8,208	
Noncurrent liabilities:				
Due within one year	84,584	16,477	101,061	21
Due in more than one year	629,664	401,111	1,030,775	9
Total liabilities	820,305	464,930	1,285,235	298
Net Assets				
Invested in capital assets, net of related debt	1,048,821	550,540	1,599,361	2,471
Restricted for:				
Facilities, justice, library, tax stabilization and community development	64,991		64,991	
Highways and streets	25,749		25,749	
Debt service		13,454	13,454	
Capital projects	57,939	11,623	69,562	
Regional wastewater		16,110	16,110	
Healthcare	3,405	15,943	19,348	
Unrestricted	149,966	29,914	179,880	2,303
Total net assets	$ 1,350,871	$ 637,584	$ 1,988,455	$ 4,774

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2010
(in thousands)

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary government:				
Governmental activities:				
General government	$ 218,504	$ 31,050	$ 33,682	$ 601
Public safety	145,697	10,218	8,843	1,442
Highways and streets	68,691	5,317	53,193	57,899
Sanitation	6,669	3,378	1,043	
Health	33,086	11,003	10,930	
Welfare	87,107		2,934	
Culture and recreation	61,642	2,532	751	4,053
Education and economic opportunity	52,023	749	31,464	1,825
Amortization - unallocated	428			
Interest on long-term debt	26,403			
Total governmental activities	700,250	64,247	142,840	65,820
Business-type activities:				
Regional Wastewater Reclamation	110,618	127,889	54	9,319
Pima Health System & Services	204,619	205,176	4,358	
Development Services	7,924	5,886	9	
Parking Garages	1,906	1,985		
Total business-type activities	325,067	340,936	4,421	9,319
Total primary government	$ 1,025,317	$ 405,183	$ 147,261	$ 75,139
Component units:				
Sports & Tourism Authority	$ 87		$ 5	
Southwestern Fair Commission	5,067	$ 5,371	120	
Total component units	$ 5,154	$ 5,371	$ 125	

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 assets

Net assets at beginning of year

Net assets at end of year

See accompanying notes to financial statements

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets — Primary Government — Governmental Activities	Business-type Activities	Total	Component Units
Primary government:				
Governmental activities:				
General government	$ (153,171)		$ (153,171)	
Public safety	(125,194)		(125,194)	
Highways and streets	47,718		47,718	
Sanitation	(2,248)		(2,248)	
Health	(11,153)		(11,153)	
Welfare	(84,173)		(84,173)	
Culture and recreation	(54,306)		(54,306)	
Education and economic opportunity	(17,985)		(17,985)	
Amortization - unallocated	(428)		(428)	
Interest on long-term debt	(26,403)		(26,403)	
Total governmental activities	(427,343)		(427,343)	
Business-type activities:				
Regional Wastewater Reclamation		$ 26,644	26,644	
Pima Health System & Services		4,915	4,915	
Development Services		(2,029)	(2,029)	
Parking Garages		79	79	
Total business-type activities		29,609	29,609	
Total primary government	(427,343)	29,609	(397,734)	
Component units:				
Sports & Tourism Authority				$ (82)
Southwestern Fair Commission				424
Total component units				$ 342
General revenues:				
Property taxes, levied for general purposes	297,562		297,562	
Property taxes, levied for regional flood control district	23,374		23,374	
Property taxes, levied for library district	25,968		25,968	
Property taxes, levied for debt service	69,597		69,597	
Hotel/motel taxes, levied for sports facility and tourism	5,688		5,688	
Other taxes, levied for stadium district	1,515		1,515	
Unrestricted share of state sales tax	84,767		84,767	
Unrestricted share of state vehicle license tax	24,203		24,203	
Grants and contributions not restricted to specific programs	4,081		4,081	
Interest and penalties on delinquent taxes	7,940		7,940	
Investment earnings	5,266	1,236	6,502	
Miscellaneous	16,579	2,884	19,463	286
Transfers	538	(538)		
Total general revenues and transfers	567,078	3,582	570,660	286
Change in net assets	139,735	33,191	172,926	628
Net assets at beginning of year	1,211,136	604,393	1,815,529	4,146
Net assets at end of year	$ 1,350,871	$ 637,584	$ 1,988,455	$ 4,774

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Balance Sheet - Governmental Funds
June 30, 2010
(in thousands)

Exhibit A - 3

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 89,785	$ 139,181	$ 40,314	$ 95,894	$ 365,174
Property taxes receivable (net)	11,342		2,802	2,044	16,188
Interest receivable	396	72	150	131	749
Due from other funds	3,289	519		2,059	5,867
Due from other governments	25,490	17,536	9	24,328	67,363
Accounts receivable	1,419	30		1,596	3,045
Inventory				1,557	1,557
Prepaid expenditures	2,949	18		296	3,263
Special assessments receivable				537	537
Loan receivable	1,140			113	1,253
Other assets				952	952
Restricted cash equivalents		534		45	579
Total assets	$ 135,810	$ 157,890	$ 43,275	$ 129,552	$ 466,527
Liabilities and fund balances					
Liabilities:					
Accounts payable	$ 24,256	$ 15,826	$ 1	$ 10,559	$ 50,642
Interest payable	2	3		1	6
Contract retentions		3,014			3,014
Employee compensation	9,717	24		3,905	13,646
Due to other funds	1,796	382		2,945	5,123
Due to other governments				625	625
Deposits and rebates	149	534			683
Deferred revenues	18,349	11,947	2,406	13,816	46,518
Total liabilities	54,269	31,730	2,407	31,851	120,257
Fund balances:					
Nonspendable	4,089	18		2,011	6,118
Restricted	522	124,830		82,957	208,309
Committed		1,487		15,305	16,792
Assigned	3,093	52	40,868	3,221	47,234
Unassigned	73,837	(227)		(5,793)	67,817
Total fund balances	81,541	126,160	40,868	97,701	346,270
Total liabilities and fund balances	$ 135,810	$ 157,890	$ 43,275	$ 129,552	$ 466,527

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 4

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2010
(in thousands)

Fund balances - total governmental funds		$ 346,270
Amounts reported for governmental activities in the Statement of Net Assets 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	$ 2,359,016	
Less accumulated depreciation	(742,505)	1,616,511
Some liabilities and their associated issuance costs are not due and payable in the current period and therefore are not reported in the governmental funds		
Bonds payable	(562,487)	
Certificates of participation payable	(72,638)	
Loans and leases payable	(19,386)	
Unamortized deferred issuance costs reported as other assets	1,888	(652,623)
Some compensated absences are not due and payable shortly after June 30, 2010, and therefore are not reported in the governmental funds		
Employee compensation		(28,487)
Some liabilities are not due and payable shortly after June 30, 2010, and therefore are not reported in the governmental funds		
Landfill liability	(19,624)	
Pollution remediation liability	(1,735)	(21,359)
Deferred revenue in governmental funds is susceptible to full accrual on the government-wide statements		39,930
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets		50,629
Net assets of governmental activities		$ 1,350,871

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 5

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010
(in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	$ 304,441		$ 69,325	$ 49,677	$ 423,443
Special assessments				536	536
Licenses and permits	2,738			5,053	7,791
Intergovernmental	128,927	$ 31,106	78	135,893	296,004
Charges for services	40,356	4,380		15,640	60,376
Fines and forfeits	7,011			1,432	8,443
Investment earnings	1,198	1,170	936	1,308	4,612
Miscellaneous	4,868	431		12,143	17,442
Total revenues	489,539	37,087	70,339	221,682	818,647
Expenditures:					
Current:					
General government	184,606			36,538	221,144
Public safety	117,378			19,366	136,744
Highways and streets				34,274	34,274
Sanitation				5,637	5,637
Health	2,702			30,035	32,737
Welfare	87,089				87,089
Culture and recreation	14,671			35,527	50,198
Education and economic opportunity	13,996			34,406	48,402
Capital outlay		162,306			162,306
Debt service - principal	3,635		83,565	107	87,307
- interest	2,281		24,097	36	26,414
- miscellaneous	3		430		433
Total expenditures	426,361	162,306	108,092	195,926	892,685
Excess (deficiency) of revenues over (under) expenditures	63,178	(125,219)	(37,753)	25,756	(74,038)
Other financing sources (uses):					
Premium on bonds			1,909		1,909
Proceeds from refunding debt			31,955		31,955
Payments to escrow agent			(32,361)		(32,361)
Face amount of long-term debt		125,000			125,000
Proceeds from sale of capital assets	204	815		99	1,118
Transfers in	8,439	23,147	43,276	23,938	98,800
Transfers (out)	(30,446)	(24,446)		(43,463)	(98,355)
Total other financing sources	(21,803)	124,516	44,779	(19,426)	128,066
Net change in fund balances	41,375	(703)	7,026	6,330	54,028
Fund balances at beginning of year	40,166	126,863	33,842	91,376	292,247
Change in reserve for inventory				4	4
Change in reserve for prepaids				(9)	(9)
Fund balances at end of year	$ 81,541	$ 126,160	$ 40,868	$ 97,701	$ 346,270

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 6

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, 2010
(in thousands)

Net change in fund balances - total governmental funds		$ 54,028
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	$ 146,492	
Less current year depreciation	(55,710)	90,782
Transfers of capital assets between governmental activities and proprietary funds or internal service funds are not reported in the governmental funds but are recognized in the statement of activities		293
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds but increases long-term liabilities in the statement of net assets. Repayment of the principal of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items		
Face amount of long-term debt	(125,000)	
Premium on bonds	(1,909)	
Proceeds on refunding bonds	(31,955)	
Debt service - principal payments	87,307	
Payments to escrow agent	32,361	
Deferred issuance costs	412	
Amortization expense	(428)	(39,212)
Some revenues reported in the statement of activities do not represent the collection of current financial resources and therefore are not reported as revenues in the governmental funds.		
Donations of capital assets	22,789	
Property tax revenues	998	
Other	11,689	35,476
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	(549)	
Change in landfill liability	(295)	
Pollution remediation liability	(268)	
Net book value of capital asset disposals	(4,564)	
Change in reservation of fund balances	(5)	(5,681)
Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the net expense of the internal service funds is reported with governmental activities		4,049
Change in net assets of governmental activities		$ 139,735

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 7

Statement of Net Assets - Proprietary Funds
June 30, 2010
(in thousands)

	Business-type Activities Enterprise Funds				
	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	$ 35,325	$ 11,261	$ 6,282	$ 52,868	$ 72,663
Restricted cash and cash equivalents		181,910		181,910	
Interest receivable	41	59	5	105	81
Due from other funds	10	2	26	38	287
Due from other governments	862		23	885	113
Accounts receivable (net)	4,152	16,187	338	20,677	15
Inventory	81	3,703		3,784	384
Prepaid expense	237	151	54	442	698
Total current assets	40,708	213,273	6,728	260,709	74,241
Noncurrent assets:					
Restricted cash and cash equivalents		27,974		27,974	
Capital assets:					
Land and other improvements		13,410	1,768	15,178	592
Buildings and improvements	901	354,253	12,927	368,081	614
Sewage conveyance system		632,633		632,633	
Equipment	1,422	103,429	1,326	106,177	33,695
Less accumulated depreciation	(1,605)	(393,951)	(9,746)	(405,302)	(16,924)
Construction in progress		92,178		92,178	174
Total capital assets (net of accumulated depreciation)	718	801,952	6,275	808,945	18,151
Deferred financing costs		4,936		4,936	
Total noncurrent assets	718	834,862	6,275	841,855	18,151
Total assets	41,426	1,048,135	13,003	1,102,564	92,392
Liabilities					
Current liabilities:					
Accounts payable	414	14,063	291	14,768	1,656
Accrued medical and health care claims	20,173			20,173	
Employee compensation	2,271	3,951	709	6,931	710
Interest payable	2	1,454		1,456	
Due to other funds	843	111	32	986	83
Due to other governments	1,566	708	120	2,394	
Deferred revenues	11	1,609		1,620	-
Current portion of sewer revenue bonds		8,425		8,425	
Current portion of wastewater loans payable		8,052		8,052	
Current portion reported but unpaid losses					3,906
Current portion incurred but not reported losses					2,923
Total current liabilities	25,280	38,373	1,152	64,805	9,278
Noncurrent liabilities:					
Contracts and notes		6,305		6,305	
Sewer revenue bonds and obligations payable		336,648		336,648	
Wastewater loans payable		58,158		58,158	
Reported but unpaid losses					17,959
Incurred but not reported losses					13,590
Total noncurrent liabilities		401,111		401,111	31,549
Total liabilities	25,280	439,484	1,152	465,916	40,827
Net assets					
Invested in capital assets, net of related debt	718	543,547	6,275	550,540	18,151
Restricted for:					
Debt service		13,454		13,454	
Capital projects		11,623		11,623	
Regional wastewater		16,110		16,110	
Healthcare	15,943			15,943	
Unrestricted	(515)	23,917	5,576	28,978	33,414
Total net assets	$ 16,146	$ 608,651	$ 11,851	636,648	$ 51,565

Some amounts reported for business-type activities in the Statement of Net Assets are different because certain internal service fund assets and liabilities are included with business-type activities.	936
Net assets of business-type activities	$ 637,584

PIMA COUNTY, ARIZONA

Exhibit A - 8

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2010
(in thousands)

	Business-type Activities Enterprise Funds				
	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Operating revenues:					
Net patient services	$ 203,067			$ 203,067	
Charges for services	2,109	$ 110,155	$ 7,885	120,149	$ 39,295
Other	2,655	73	154	2,882	1,734
Total net operating revenues	207,831	110,228	8,039	326,098	41,029
Operating expenses:					
Employee compensation	28,532	32,961	6,231	67,724	6,447
Medical claims	161,230			161,230	
Operating supplies and services	773	7,927	91	8,791	5,309
Utilities	435	5,064	266	5,765	993
Sludge and refuse disposal		1,502		1,502	
Repair and maintenance	295	6,021	444	6,760	3,596
Incurred losses					9,893
Insurance premiums					4,739
General and administrative	7,686	9,398	2,348	19,432	3,052
Consultants and professional services	1,474	6,044	50	7,568	305
Depreciation	244	30,876	423	31,543	2,659
Total operating expenses	200,669	99,793	9,853	310,315	36,993
Operating income (loss)	7,162	10,435	(1,814)	15,783	4,036
Nonoperating revenues (expenses):					
Intergovernmental revenue	4,358	2,054		6,412	35
Investment earnings	506	688	63	1,257	837
Sewer connection fees		17,705		17,705	
Interest expense	(13)	(8,725)		(8,738)	
Gain/(loss) on disposal of capital assets	1	(2,260)		(2,259)	(161)
Amortization of deferred charges		(263)		(263)	
Premium tax	(4,117)			(4,117)	
Total nonoperating revenues	735	9,199	63	9,997	711
Income (loss) before contributions and transfers	7,897	19,634	(1,751)	25,780	4,747
Capital contributions		7,319		7,319	132
Transfers in	256	22,445	3,300	26,001	16
Transfers (out)	(1,256)	(23,928)	(1,355)	(26,539)	(216)
Change in net assets	6,897	25,470	194	32,561	4,679
Net assets at beginning of year	9,249	583,181	11,657	604,087	46,886
Net assets at end of year	$ 16,146	$ 608,651	$ 11,851	636,648	$ 51,565

Some amounts reported for business-type activities in the Statement of Activities are different because a portion of the net expense of certain internal service funds is reported with business-type activities.	630
Change in net assets of business-type activities	$ 33,191

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 9

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010
(in thousands)

	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Cash flows from operating activities:					
Cash received from other funds for goods and services provided	$ 161		$ 27	$ 188	$ 39,295
Cash received from customers for goods and services provided	206,552	$ 107,636	7,598	321,786	
Cash received from miscellaneous operations	2,656	73	100	2,829	1,778
Cash payments to suppliers for goods and services	(164,859)	(27,238)	(1,534)	(193,631)	(14,198)
Cash payments to other funds for goods and services	(5,453)	(8,902)	(2,850)	(17,205)	(4,031)
Cash payments for incurred losses					(8,509)
Cash payments to employees for services	(28,573)	(32,990)	(5,114)	(66,677)	(5,937)
Net cash provided by (used for) operating activities	10,484	38,579	(1,773)	47,290	8,398
Cash flows from noncapital financing activities:					
Interest paid on short-term credit	(15)			(15)	
Cash transfers in from other funds	256		2,000	2,256	
Cash transfers out to other funds	(1,256)	(1,200)	(30)	(2,486)	(216)
Loans with other funds	(170)	(23)	6	(187)	223
Premium Tax	(4,117)			(4,117)	
Intergovernmental revenues	4,533	54		4,587	35
Net cash provided by (used for) noncapital financing activities	(769)	(1,169)	1,976	38	42
Cash flows from capital and related financing activities:					
Proceeds from issuance of bonds and loans		173,002		173,002	
Principal paid on bonds and loans		(23,087)		(23,087)	
Interest paid on bonds and loans		(1,160)		(1,160)	
Sewer connection fees		17,278		17,278	
Proceeds from sale or transfer of capital assets	1	24	1	26	90
Proceeds from intergovernmental contract		1,719		1,719	
Purchase of capital assets	(207)	(58,852)		(59,059)	(1,350)
Net cash provided by (used for) capital and related financing activities	(206)	108,924	1	108,719	(1,260)
Cash flows from investing activities:					
Interest received on cash and investments	582	870	83	1,535	923
Net cash provided by investing activities	582	870	83	1,535	923
Net increase in cash and cash equivalents	10,091	147,204	287	157,582	8,103
Cash and cash equivalents at beginning of year	25,234	73,941	5,995	105,170	64,560
Cash and cash equivalents at end of year	$ 35,325	$ 221,145	$ 6,282	$ 262,752	$ 72,663

(Continued)

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010
(in thousands)

Exhibit A - 9.1

(continued)

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Operating income (loss)	$ 7,162	$ 10,435	$ (1,814)	$ 15,783	$ 4,036
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	244	30,876	423	31,543	2,659
Changes in assets and liabilities:					
Decrease (increase) in assets:					
Accounts receivable	3,603	(2,519)	(318)	766	(9)
Due from other governments	3		(23)	(20)	53
Inventory and other assets	8	(68)		(60)	17
Prepaid expenses	(226)	125	12	(89)	247
Increase (decrease) in liabilities:					
Accounts payable	1,832	(949)	(65)	818	18
Due to other governments	(2,077)	708	49	(1,320)	
Reported but unpaid losses					(2,670)
Incurred but not reported losses					4,054
Other current liabilities	(65)	(29)	(37)	(131)	(7)
Net cash provided by (used for) operating activities	$ 10,484	$ 38,579	$ (1,773)	$ 47,290	$ 8,398

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2010:

Regional Wastewater Reclamation Enterprise Fund received contributed developer-built conveyance systems with estimated fair values totaling $6,613, other capital assets totaling $1,774 were received from other governments and $9 from outside entities. These contributions were recorded as an increase in capital assets and capital contributions.

Regional Wastewater Reclamation Enterprise Fund recorded a Board of Supervisor approved connection fee credit agreement of $1,358. This credit was recorded as an increase to deferred revenue and a decrease to capital contributions.

Regional Wastewater Reclamation Enterprise Fund disposed of capital assets with a net book value of $2,284.

Regional Wastewater Reclamation Enterprise Fund retired expired Sewer Credit Agreements totaling $280. This transaction was recorded as a decrease to deferred revenue and an increase in capital contributions.

Regional Wastewater Reclamation Enterprise Fund received capital assets with a net book value of $5 from the County's general government.

Regional Wastewater Reclamation Enterprise Fund transferred to other enterprise funds the capital assets with a net book value of $9.

Other Enterprise Funds retired capital assets with a book value of $1.

Other Enterprise Funds transferred capital assets with a net book value of $25: $4 to the County's general government, $16 to the Internal Services Fund and $5 to the Regional Wastewater Reclamation Enterprise Fund.

Internal Service Funds transferred in capital assets with a net book value of $16, received capital contributions with a value of $132 and sold capital assets with a net book value of $251.

PIMA COUNTY, ARIZONA
Statement of Fiduciary Net Assets - Fiduciary Funds
June 30, 2010
(in thousands)

	Investment Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	$ 321,965	$ 74,490
Interest receivable	216	
Total assets	322,181	$ 74,490
Liabilities		
Employee compensation		$ 3,067
Due to other governments		51,182
Deposits and rebates		20,241
Total liabilities		$ 74,490
Net Assets		
Held in trust for pool participants	$ 322,181	

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2010
(in thousands)

	Investment Trust Funds
Additions	
Contributions from participants	$ 2,597,653
Total contributions	2,597,653
Investment earnings	2,527
Total investment earnings	2,527
Total additions	2,600,180
Deductions	
Distributions to participants	2,550,184
Total deductions	2,550,184
Change in net assets	49,996
Net assets held in trust July 1, 2009	272,185
Net assets held in trust June 30, 2010	$ 322,181

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 12

Combining Statement of Net Assets
Component Units
June 30, 2010
(in thousands)

	Sports & Tourism Authority	Southwestern Fair Commission	Total Component Units
ASSETS			
Cash and cash equivalents	$ 27	$ 701	$ 728
Accounts receivable (net)	41	4	45
Inventories		24	24
Other assets	4		4
Restricted assets:			
Cash and cash equivalents		1,800	1,800
Capital assets (net):			
Buildings and improvements		1,793	1,793
Equipment		678	678
Total assets	72	5,000	5,072
LIABILITIES			
Accounts payable		247	247
Deposits and rebates		21	21
Noncurrent liabilities:			
Due within one year:			
Contracts and notes		21	21
Due in more than one year:			
Contracts and notes		9	9
Total liabilities		298	298
NET ASSETS			
Invested in capital assets, net of related debt		2,471	2,471
Unrestricted	72	2,231	2,303
Total net assets	$ 72	$ 4,702	$ 4,774

See accompanying notes to financial statements

Exhibit A - 13

PIMA COUNTY, ARIZONA
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2010
(in thousands)

	Program Revenues			Net (Expense) Revenue		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**S&TA**	**SFC**	**Total**
Sports & Tourism Authority						
Operations	$ 87		$ 5	$ (82)		$ (82)
Total Sports & Tourism Authority (S&TA)	87		5	(82)		(82)
Southwestern Fair Commission (SFC)						
Operations	5,067	$ 5,371	120		$ 424	424
Total SFC	5,067	5,371	120		424	424
Total component units	$ 5,154	$ 5,371	$ 125	(82)	424	342
General revenues:						
Miscellaneous				154	132	286
Total general revenues				154	132	286
Change in net assets				72	556	628
Net assets at beginning of year					4,146	4,146
Net assets at end of year				$ 72	$ 4,702	$ 4,774

See accompanying notes to financial statements

Note 1: Summary of Significant Accounting Policies

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

During the year ended June 30, 2010, the County adopted early implementation of the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 establishes criteria for classifying governmental fund balances into specifically defined classifications to make the nature and extent of the constraints placed on fund balance more transparent. The classifications are as follows: Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance and Unassigned Fund Balance.

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

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

The Pima County Library District was established in 1986 when legislation allowed full taxing authority and the ability to enter into agreements with other jurisdictions for the provision of library services. The 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.

The Southwestern Fair Commission, Inc. (SFC) is a nonprofit corporation, which manages and maintains the fairgrounds owned by the County and conducts an annual fair and other events at the fairgrounds. The Commission's members are appointed and can be removed at any time by the Pima County Board of Supervisors. Based on these factors, and because SFC does not provide services entirely, or almost entirely to

Note 1: Summary of Significant Accounting Policies (continued)

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.

The Pima County Sports and Tourism Authority (S&TA) is a nonprofit municipal corporation established to promote professional and amateur sports events and other suitable activities for the benefit of the public and to increase opportunities for amateur youth sports in Pima County. S&TA members are appointed and can be removed at any time by the Board of Directors. Based on these factors, and because S&TA does not provide services entirely, or almost entirely to the County, but rather to the general citizenry, S&TA is reported as a separate component unit (discrete presentation) in these financial statements. Complete financial statements for S&TA can be obtained from the Pima County Department of Finance and Risk Management located at 130 West Congress Street, Tucson, Arizona 85701.

Related Organization:

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

B. Basis of Accounting

Primary government:

The government-wide, proprietary funds and fiduciary funds financial statements are presented using the economic resources measurement focus and the accrual basis of accounting with the exception of agency funds, which have no measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

The County may fund certain programs by a combination of restricted, committed, assigned and/or unassigned (general) revenues. When program expenses are incurred and there are restricted, committed, assigned and/or unassigned net assets available to finance the program, the County applies restricted, committed and/or assigned revenues before using unassigned (general) revenues.

Note 1: Summary of Significant Accounting Policies (continued)

The County's business-type activities and enterprise funds follow FASB Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The County has chosen the option not to follow FASB statements and interpretations issued after November 30, 1989.

Discretely presented component units:

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

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

C. Basis of Presentation

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

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

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

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

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes, are reported as general revenues. The net effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double counting of internal activities.

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

Proprietary funds are financed mainly by fees and charges received from users of the services provided by the funds' operations. Proprietary funds distinguish operating revenues and expenses from non-operating items.

Note 1: Summary of Significant Accounting Policies (continued)

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County reports the following major governmental funds:

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

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

The **Debt Service Fund** accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

The County reports the following major enterprise funds:

Pima Health System and Services (**PHS&S**) provides payment for health care services including inpatient hospital care and outpatient clinical care for medical and psychiatric problems, indigent health care under the Arizona Health Care Cost Containment System (AHCCCS), an alternative to Medicaid, home health services and long-term nursing care.

Regional Wastewater Reclamation (**RWR**) accounts for the management and operation of wastewater treatment and water pollution control programs.

The County reports the following fund types:

Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governmental units, on a cost-reimbursement basis. These funds account for fleet maintenance and operation, insurance, graphic services and telecommunications services.

Investment Trust Funds account for assets held by the County Treasurer in an external investment pool and individual investment accounts for the benefit of outside jurisdictions.

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

D. Cash and Investments

Primary government:

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

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

Note 1: Summary of Significant Accounting Policies (continued)

Discretely presented component units:

SFC's cash and cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less. Restricted cash consists of non-negotiable certificates of deposit with maturities greater than three months and less than one year.

S&TA considers all highly liquid investments purchased with a maturity of three months or less to be cash and cash equivalents.

E. Inventories and Prepaids

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

Inventories of the Transportation Department are recorded as assets when purchased and as expenditures when used. Amounts on hand at year-end are shown on the balance sheet as an asset and are offset by a fund balance reserve to indicate that they do not constitute "available spendable resources". Inventories in Transportation arealued at lower of cost or market, cost being determined using the moving average method.

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

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

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

Inventories of the Internal Service Funds are valued at lower of cost or market, cost being determined using the moving average method.

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

(in thousands)

Note 1: Summary of Significant Accounting Policies (continued)

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	All	N/A	N/A
Land improvements (Reported in buildings and building improvements)	All	Straight Line	20 - 30 Years
Buildings and improvements	$100	Straight Line	10 - 50 Years
Equipment	$5	Straight Line	4 - 25 Years
Fleet service vehicles (Reported in equipment)	$5	Units of Production based on number of hours or miles	5 - 15 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 units:

SFC capital assets are reported at actual cost. Depreciation is provided by the straight-line method over the assets' estimated useful life, which range from 5 to 40 years.

S&TA had no capital assets to report on June 30, 2010.

H. Investment Earnings

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

I. Compensated Absences

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

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

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

Note 2 – Fund Balance Classifications

The categories for fund balance are nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balances are those items that cannot be spent because of their form or because resources must remain intact. Restricted fund balances are those that have an externally enforceable limit on their usage through legislation or limitations imposed by creditors, grantors or laws and regulations of other governments.

Committed fund balances are self imposed limitations set prior to the year end closing. The Pima County Board of Supervisors is the highest level of decision making authority. Imposed limitations on the use of funds must be approved by the Board of Supervisors at a regular supervisory meeting. Any modifications and/or rescissions must also be approved by the board.

Assigned fund balances are limitations resulting from the intended use of funds. The Pima County Board of Supervisors and/or its representative, the County Administrator, can authorize the constraints for the specific purpose. Modifications or rescissions of the constraints can also be removed by the same action that limited the funds.

(in thousands)

Note 2 – Fund Balance Classifications (continued)

The table below details the fund balance categories and classifications:

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	CAFR Total
Fund balances:					
Nonspendable:					
Inventory				$ 1,557	$ 1,557
Prepaid expenses	$ 2,949	$ 18		296	3,263
Loan receivable	1,140			113	1,253
Permanent fund principal				45	45
Total nonspendable	4,089	18		2,011	6,118
Restricted for:					
Capital Projects					
Streets and highways		34,766			34,766
Other		83,123			83,123
Judicial activities				21,470	21,470
Flood Control District		6,341		9,507	15,848
Health				4,663	4,663
Law enforcement				3,192	3,192
Library District		477		17,450	17,927
Parks and recreation				108	108
School reserve				900	900
Social services		123		1,560	1,683
Streets and highways				20,762	20,762
Tire fund				1,300	1,300
Other purposes	522			2,045	2,567
Total restricted	522	124,830		82,957	208,309
Committed to:					
Sports promotion (Stadium)		641		4,431	5,072
Other purposes		846		10,874	11,720
Total committed		1,487		15,305	16,792
Assigned to:					
Debt service reserve			$ 40,868		40,868
Judicial activities	82			17	99
Health				138	138
Parks and recreation		48		1,074	1,122
Landfill				1,058	1,058
School Reserve				934	934
Other purposes	3,011	4			3,015
Total assigned	3,093	52	40,868	3,221	47,234
Unassigned:	73,837	(227)		(5,793)	67,817
Total fund balances	$ 81,541	$ 126,160	$ 40,868	$ 97,701	$ 346,270

Note 3: Cash and Investments

Primary Government

The County's cash and investment policies are governed by State statutes and by bond covenants. The County Treasurer is authorized to invest public monies in the State Treasurer's Investment Pool; interest bearing savings accounts, certificates of deposit and repurchase agreements in eligible depositories; bonds or other obligations issued or guaranteed by the United States government or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds; specified commercial paper, bonds, debentures, and notes issued by corporations organized and doing business in the United States; and bonds or other evidences of indebtedness of the State of Arizona or any of its counties, cities, towns, or school districts as specified by statute. In addition, the County Treasurer may invest trust funds in fixed income securities of corporations doing business in the United States.

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

1. Commercial paper must be rated P1 by Moody's Investors Service or A1 or better by Standard and Poor's rating service.

2. Corporate bonds, debentures and notes must be rated A or better by Moody's Investors Service or Standard and Poor's rating service.

3. Fixed income securities must carry one of the two highest ratings by Moody's Investors Service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk—Statutes require collateral for demand deposits, certificates of deposit and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

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

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

Foreign currency risk—Statutes do not allow foreign investments.

Deposits—At June 30, 2010, the carrying amount of the County's deposits was $73,309 and the bank balance was $48,271.

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, 2010, $2,174 of the County's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments—At June 30, 2010, the County's investments consisted of $264,385 invested in marketable securities and $759,875 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.

(in thousands)

Note 3: Cash and Investments (continued)

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, 2010, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
Commercial paper	A1/P1	S&P / Moody's	$ 24,339
Corporate bonds	A/A3	S&P / Moody's	93,170
Federal Farm Credit Bank	AAA/Aaa	S&P / Moody's	18,312
Federal Home Loan Bank	AAA/Aaa	S&P / Moody's	10,203
Fannie Mae (Federal National Mortgage Association)	AAA/Aaa	S&P / Moody's	14,882
Freddie Mac (Federal Home Loan Mortgage Corp)	AAA/Aaa	S&P / Moody's	19,627
Money market mutual fund	AAAm/Aaa	S&P / Moody's	11,201
State Treasurer Investment Pool 5	AAAf	S&P	557,612
State Treasurer Investment Pool 500	Unrated		25,226
State Treasurer Investment Pool 7	Unrated		177,037
Total			$ 951,609

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 $1,024,260 of investments, $253,184, consisting of the commercial paper, corporate bonds, Federal Farm Credit Bank, Federal Home Loan Bank, Fannie Mae and Freddie Mac discount notes 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, 2010 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.

(in thousands)

Note 3: Cash and Investments (continued)

As of June 30, 2010, the County had the following investments:

Investment Type	Amount	Weighted Average Maturity (Years)
State Treasurer Investment Pool 5	$ 557,612	0.06
State Treasurer Investment Pool 500	25,226	4.45
State Treasurer Investment Pool 7	177,037	0.08
Commercial paper	24,339	0.13
Corporate bonds	93,170	1.31
Federal Farm Credit Bank	18,312	0.60
Federal Home Loan Bank	10,203	0.12
Fannie Mae (Federal National Mortgage Association)	14,882	0.61
Freddie Mac (Federal Home Loan Mortgage Corp)	19,627	0.40
U.S. Treasury	72,651	2.56
Money market mutual fund	11,201	0.10
Total	$1,024,260	

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

	Cash on Hand	Amount of Deposits	Amount of Investments	Total
Cash, deposits and investments:	$ 54	$ 73,309	$1,024,260	$1,097,623

	Governmental Activities	Business-type Activities	Investment Trust Funds	Agency Funds	Totals
Statement of Net Assets:					
Cash and cash equivalents	$ 437,837	$ 52,868	$ 321,965	$ 74,490	$ 887,160
Restricted cash and cash equivalents	579	209,884			210,463
Total	$ 438,416	$ 262,752	$ 321,965	$ 74,490	$1,097,623

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

(in thousands)

Note 3: Cash and Investments (continued)

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

	Principal	Interest Rates	Maturities	Fair Value
Commercial paper	$24,350	0.2-0.4%	07/10-12/10	$ 24,339
Corporate bonds	89,951	0.5-7.3%	07/10-05/14	93,170
Federal Farm Credit Bank	17,500	5.0-5.4%	09/10-07/11	18,312
Federal Home Loan Bank	10,000	4.1%	08/10	10,203
Fannie Mae (Federal National Mortgage Association)	14,625	2.9-3.4%	10/10-05/11	14,882
Freddie Mac (Federal Home Loan Mortgage Corp)	19,200	3.3-4.1%	10/10-02/11	19,627
U.S. Treasury	69,490	0.9-4.8%	09/10-07/14	72,651
State Treasurer Investment Pool 5	299,862	N/A	N/A	299,862
Deposits	54,931	N/A	N/A	54,931
Interest Receivable	216	N/A	N/A	216
Total assets				$608,193

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

Statement of Net Assets	
Assets held in trust for:	
Internal participants	$ 463,049
External participants	145,144
Total assets	608,193
Total liabilities	0
Total net assets held in trust	$ 608,193
Statement of Changes in Net Assets	
Total additions	$ 7,465,711
Total deductions	(7,385,912)
Net increase	79,799
Net assets held in trust:	
July 1, 2009	528,394
June 30, 2010	$ 608,193

Discretely Presented Component Units

Southwestern Fair Commission—At June 30, 2010, the commission's cash and cash equivalents consisted of deposits with financial institutions. Of the total balance, $264 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Sports & Tourism Authority—At June 30, 2010, the S&TA's cash and cash equivalents of $27 consisted of deposits with financial institutions.

(in thousands)

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	$ 279	$ 6,667		$ 12,595		$ 19,541
State of Arizona:						
Taxes and shared revenues	18,106	220		8,462		26,788
Grants and contributions				1,799	$ 4	1,803
Refunds and discounts	4,573					4,573
City of Tucson:						
Reimbursement for services	2,288	7	$ 9	597	101	3,002
Other governments:						
Reimbursement for services	244	10,642		875	8	11,769
Total due from other governments fund based statements	$25,490	$ 17,536	$ 9	$ 24,328	$ 113	$ 67,476

Business-type activities:

	Pima Health System & Services	Other Business-type Activities	Business-type Activities Total
Federal government:			
Reimbursement for services		$ 9	$ 9
State of Arizona:			
Reimbursement for services	$ 722		722
Grants and contributions	140		140
Other local governments:			
Reimbursements for services		14	14
Total due from other governments fund based statements	$ 862	$ 23	$ 885

(in thousands)

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2010, was as follows:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 384,368	$ 48,731	$ (1)	$ 433,098
Construction in progress	103,106	98,926	(25,283)	176,749
Total capital assets not being depreciated	487,474	147,657	(25,284)	609,847
Capital assets being depreciated:				
Buildings and improvements	525,914	14,285	(537)	539,662
Infrastructure	1,108,315	24,830	(4,444)	1,128,701
Equipment	110,666	9,810	(4,595)	115,881
Total capital assets being depreciated	1,744,895	48,925	(9,576)	1,784,244
Less accumulated depreciation for:				
Buildings and improvements	(145,116)	(13,060)	314	(157,862)
Infrastructure	(493,364)	(35,089)	386	(528,067)
Equipment	(67,115)	(10,448)	4,063	(73,500)
Total accumulated depreciation	(705,595)	(58,597)	4,763	(759,429)
Total capital assets, being depreciated, net	1,039,300	(9,672)	(4,813)	1,024,815
Governmental activities capital assets, net	$ 1,526,774	$ 137,985	$ (30,097)	$ 1,634,662

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 13,595	$ 1,583		$ 15,178
Construction in progress	43,208	57,677	$ (8,707)	92,178
Total capital assets not being depreciated	56,803	59,260	(8,707)	107,356
Capital assets being depreciated:				
Buildings and improvements	367,275	1,792	(986)	368,081
Infrastructure	621,077	11,569	(13)	632,633
Equipment	102,699	5,818	(2,340)	106,177
Total capital assets being depreciated	1,091,051	19,179	(3,339)	1,106,891
Less accumulated depreciation for:				
Buildings and improvements	(139,077)	(12,073)	390	(150,760)
Infrastructure	(221,983)	(12,162)	7	(234,138)
Equipment	(13,677)	(7,399)	672	(20,404)
Total accumulated depreciation	(374,737)	(31,634)	1,069	(405,302)
Total capital assets, being depreciated, net	716,314	(12,455)	(2,270)	701,589
Business-type activities capital assets, net	$ 773,117	$ 46,805	$ (10,977)	$ 808,945

(in thousands)

Note 5: Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:		
General government	$	7,368
Public safety		11,003
Highway and streets		29,950
Sanitation		159
Health		559
Welfare		17
Culture and recreation		5,867
Education and economic opportunity		787
Internal service funds		2,659
Total governmental activities depreciation expense	$	58,369
Business-type activities:		
Pima Health System & Services	$	244
Parking Garages		216
Regional Wastewater Reclamation		30,876
Development Services		207
Total business-type activities depreciation expense	$	31,543

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Discretely presented component units:				
Southwestern Fair Commission (SFC):				
Capital assets being depreciated:				
Buildings and improvements	$ 4,330	$ 158		$ 4,488
Equipment	2,190	143	$ (5)	2,328
Total capital assets being depreciated	6,520	301	(5)	6,816
Less accumulated depreciation for:				
Buildings and improvements	(2,552)	(143)		(2,695)
Equipment	(1,520)	(135)	5	(1,650)
Total accumulated depreciation	(4,072)	(278)	5	(4,345)
Total capital assets being depreciated, net	2,448	23		2,471
SFC capital assets, net	$ 2,448	$ 23		$ 2,471

(in thousands)

Note 6: Claims, Judgments and Risk Management

Risk Management and Claims Liability

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; medical malpractice; environmental claims; and natural disasters. Claims against the County are accounted for in the Self Insurance Trust Fund (the Fund), an internal service fund. Annually, an actuarial evaluation is performed to determine the County's anticipated losses except for environmental, unemployment and dental losses. Environmental losses are based on reported claims and the County risk manager's knowledge and experience. Unemployment and dental losses are based on claims that have been submitted but not yet paid by the Fund. Losses accounted for include reported and paid, reported but unpaid, and incurred but not reported. All liabilities of the Fund except for environmental, unemployment and dental losses are reported at their present value using an expected future investment yield assumption of four percent.

The Fund is liable for any single general or automobile liability claim up to $2,000,000 per occurrence, and workers' compensation claim up to $750,000 per occurrence or any medical malpractice claims in aggregate up to $5,000,000 in any policy year. The County purchases commercial insurance for claims in excess of coverage provided by the Fund and for some other risks of loss. Settled claims have not exceeded insurance coverage in any of the last three fiscal years.

Payment of unemployment and dental 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 Fund. With the exception of environmental, dental, 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 dental and unemployment losses are based on actual claims paid.

The claims liability of $38,378 reported in the Fund at June 30, 2010, is based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The ultimate cost of claims includes incremental claim adjustment expenses that have been allocated to specific claims, as well as salvage and subrogation. No other claim adjustment expenses have been included.

	2010	2009
Claims liabilities - beginning	$ 36,994	$ 31,205
Current-year claims and changes in estimates	9,893	12,600
Claims payment	(8,509)	(6,811)
Claims liabilities balance - ending	$ 38,378	$ 36,994

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.

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

Pollution Remediation

The County has estimated and reported an environmental liability of $1,735 in the government-wide financial statements for governmental activities (in noncurrent liabilities). Remediation efforts are currently underway at two County sites.

At the Administration West building, 150 West Congress Street, the first floor is undergoing demolition and asbestos abatement efforts. The remediation process is scheduled to be completed in the first quarter of FY 2010-11.

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.

In communication with the Arizona Department of Environmental Quality, the County has begun remediation efforts that will include a groundwater pump-and-treat system.

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 wells, and/or changes in the estimated extent of contamination.

There are no estimated recoveries at this time.

(in thousands)

Note 7: Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2010.

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due within 1 year
Governmental activities:					
General obligation bonds	$ 386,845	$ 113,535	$ 82,385	$ 417,995	$ 40,245
Plus unamortized deferred amount	1,187	1,290	211	2,266	253
Total general obligation bonds	388,032	114,825	82,596	420,261	40,498
Flood control bonds	725		725		
Transportation revenue bonds	139,565	23,420	21,045	141,940	10,530
Plus unamortized deferred amount	118	207	39	286	35
Total transportation revenue bonds	139,683	23,627	21,084	142,226	10,565
Certificates of participation	71,930	20,000	21,610	70,320	23,425
Plus unamortized deferred amount	2,624	412	718	2,318	743
Total certificates of participation	74,554	20,412	22,328	72,638	24,168
Capital leases payable:					
Jail capital lease	22,715		2,025	20,690	2,125
Less unamortized deferred amount	(1,531)		(191)	(1,340)	(191)
Other capital leases	143		107	36	36
Total capital leases	21,327		1,941	19,386	1,970
Reported but unpaid losses (Note 6)	24,535	5,839	8,509	21,865	3,906
Incurred but not reported losses (Note 6)	12,459	4,054		16,513	2,923
Landfill closure and post-closure care costs (Note 9)	19,329	295		19,624	
Pollution remediation (Note 6)	1,467	268		1,735	554
Total governmental activities long-term liabilities	$ 682,111	$ 169,320	$ 137,183	$ 714,248	$ 84,584

(in thousands)

Note 7: Long-Term Liabilities (continued)

	Balance July 1, 2009	Additions		Reductions	Balance June 30, 2010	Due within 1 year
Business-type activities:						
Sewer revenue bonds	$ 183,880			$ 16,770	$ 167,110	$ 8,425
Less unamortized deferred amount	(491)			(316)	(175)	
Total revenue bonds payable	183,389			16,454	166,935	8,425
Sewer revenue obligations		$ 165,000			165,000	
Plus unamortized deferred amount		13,211		73	13,138	
Total revenue obligations payable		178,211		73	178,138	
Regional Wastewater Reclamation (RWR) loans payable	64,597	8,002	*	6,316	66,283	8,052
Less unamortized deferred amount	(108)			(35)	(73)	
Total loans payable	64,489	8,002		6,281	66,210	8,052
Contracts and notes	6,481	2,547		2,723	6,305	
Total business-type activities long-term liabilities	$ 254,359	$ 188,760		$ 25,531	$ 417,588	$ 16,477

* At June 30, 2010, Regional Wastewater Reclamation has drawn down the total loan amount of $10,002 from the 2009 Water Infrastructure Financing Authority (WIFA) loan. Of this amount $2,000 was a forgivable principal amount from the American Recovery and Reinvestment Act (ARRA) grant.

GENERAL OBLIGATION BONDS OUTSTANDING

Governmental Activities

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

General obligation bonds payable at June 30, 2010, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, $13,940 from the May 20, 1997, $169,982 from the May 18, 2004, and $29,634 from the May 16, 2006 bond elections remain unissued.

The following table presents amounts outstanding by issue.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2010
Series of 2002	$ 20,000	4.25	2011	$ 1,000
Series of 2003	50,000	4.00 - 4.25%	2011-17	26,850
Series of 2004	65,000	3.00 - 5.00%	2011-19	40,200
Series of 2005	65,000	3.50 - 5.00%	2011-20	42,750
Series of 2007	95,000	3.00 - 4.50%	2011-21	73,675
Series of 2008	100,000	3.00 - 4.00%	2011-22	78,500
Series of 2009	75,000	3.00 - 4.13%	2011-23	49,000
Series of 2009A	90,000	3.00 - 4.00%	2011-24	83,100
Series of 2009A Refunding	23,535	3.00 - 3.50%	2011-16	22,920
G.O. bonds outstanding				417,995
Plus unamortized deferred amount:				2,266
		Total G.O. bonds outstanding		$ 420,261

(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2010.

Year Ending June 30,	Principal	Interest
2011	$ 40,245	$ 16,174
2012	34,055	14,637
2013	34,025	13,358
2014	32,465	12,051
2015	31,690	10,711
2016 - 2020	163,485	34,357
2021 - 2024	82,030	6,637
Total	$ 417,995	$ 107,925

REFUNDED GENERAL OBLIGATION BONDS

In 2010, the County defeased $23,120 of General Obligation Bonds, Series 1998, 2000 and 2002, by issuing $23,535 of General Obligation Bonds that have an average life of 3.58 years and an interest rate of 2.964%. This refunding transaction resulted in an economic gain of $880, and a reduction in debt service payments of $993. 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. Also, the refunded bond debt is not included in the County's financial statements because as of June 30, 2010, the County had transferred cash to its paying agent to pay off the bonds. The Series 1998 and 2000 Bonds were legally defeased during the fiscal year, while the Series 2002 Bonds remain defeased in substance at the amount disclosed below.

Issue	Outstanding June 30, 2010
2002 General Obligation Refunded Bonds	$ 4,126

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, $107,718 from the November 4, 1997 bond election remains unissued.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2010
Series of 2002	$ 55,000	4.25 - 4.38%	2011-12	$ 7,095
Series of 2003	35,000	3.75 - 4.38%	2011-18	22,960
Series of 2005	51,200	3.50 - 5.00%	2011-20	44,300
Series of 2007	21,000	3.25 - 4.75%	2011-22	19,465
Series of 2008	25,000	3.00 - 4.50%	2011-22	24,700
Series of 2009	15,000	3.00 - 4.00%	2011-24	15,000
Series of 2009 Refunding	8,420	3.00 - 4.00%	2011-24	8,420
Transportation bonds outstanding				141,940
Plus unamortized deferred amount:				286
Total transportation bonds outstanding				$ 142,226

(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details transportation bond debt service requirements to maturity at June 30, 2010.

Year Ending June 30,	Principal	Interest
2011	$ 10,530	$ 5,709
2012	11,015	5,244
2013	11,170	4,785
2014	11,600	4,354
2015	12,055	3,906
2016 - 2020	64,035	11,767
2021 - 2024	21,535	1,734
Total	$ 141,940	$ 37,499

Pima County has pledged future highway user revenues, net of specified operating expenses, to repay $141,940 in transportation revenue bonds issued between 2002 and 2010. 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 2024. Annual principal and interest payments on the bonds are expected to require approximately 90 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $179,439. Principal and interest paid for bonds in the current year and total customer net revenues were $16,272 and $20,233, respectively.

REFUNDED TRANSPORTATION BONDS

In 2010, the County defeased $8,300 of Transportation Bonds, Series 2002, by issuing $8,420 of Transportation Bonds that have an average life of 9.08 years and an interest rate of 3.542%. The proceeds of the new bonds were placed in an irrevocable trust to provide for legal defeasance of the refunded debt on January 1, 2010. This refunding transaction was performed primarily to restructure outstanding debt in order to align projected future revenues with corresponding debt service requirements. As a result, there was an increase in debt service payments of $2,541, whose present value benefits the County with an economic gain of $6.

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 June 26, 2008, the County issued Certificates of Participation Series 2008 for $50,000 to finance capital costs for public infrastructure of the County, including expansion and upgrades to the County's sewer treatment system and major road corridors. On June 10, 2009, the County issued Certificates of Participation Series 2009 for $34,400 to finance capital costs for public infrastructure of the County, including expansion and upgrades to the County's sewer treatment system. 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

(in thousands)

Note 7: Long-Term Liabilities (continued)

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.

The following schedule details outstanding Certificates of Participation payable at June 30, 2010.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2010
Series of 2007A	$ 28,765	4.00 - 5.00%	2011-22	$ 25,920
Series of 2008	50,000	5.00%	2011	10,000
Series of 2009	34,400	4.00%	2011-12	14,400
Series of 2010	20,000	2.00 - 5.25%	2011-19	20,000
Certificates of participation outstanding				70,320
Plus unamortized deferred amount:				2,318
Total certificates of participation outstanding				$ 72,638

The following schedule details debt service requirements to maturity for the County's Certificates of Participation payable at June 30, 2010.

Year Ending June 30,	Principal	Interest
2011	$ 23,425	$ 3,296
2012	8,165	2,052
2013	3,875	1,766
2014	4,020	1,627
2015	4,170	1,472
2016 - 2020	21,255	4,230
2021 - 2022	5,410	409
Total	$ 70,320	$ 14,852

CAPITAL LEASES

Governmental Activities

On February 1, 1997, the County entered into an agreement to sell certain jail facilities and then lease them back for a 15-year term. The jail facilities were sold for $34,500, and the proceeds were used to finance the construction of the baseball stadium. On September 1, 1999 and October 1, 2003, Pima County amended the capital lease agreement between U.S. Bank Trust National Association and Pima County. The amendments extended the lease term to 2014 and 2018 respectively, increased the range of interest rates and increased the County's obligation under the lease agreement. The County has also entered into capital leases for computer equipment. The outstanding balance as of June 30, 2010, for these leases totaled $36. The net book value of assets acquired through capital leases consists of $17,303 of buildings and $9 of equipment.

(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details capital lease debt service requirements to maturity at June 30, 2010.

Governmental Activities:

	Buildings		Equipment	
Year Ending June 30,	Principal	Interest	Principal	Interest
2011	$ 2,125	$ 879	$ 36	$ 1
2012	2,230	774		
2013	2,780	647		
2014	2,485	511		
2015	2,605	399		
2016 - 2018	8,465	536		
	$ 20,690	$ 3,746	$ 36	$ 1

SEWER REVENUE BONDS AND LOANS

Business-type Activities

(Payments made from user charges received in the Regional Wastewater Reclamation Department Enterprise Fund)

Pima County sewer revenue bonds, as presented below, were issued to provide monies to construct improvements to the County's Regional Wastewater Reclamation system. As of June 30, 2010, the County has issued the total amount originally authorized from the May 18, 2004 bond election.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2010
Series of 1998	$ 29,185	4.00 - 4.50%	2011-15	$ 8,640
Series of 2001 Refunding	19,440	4.25 - 5.38%	2011-15	10,125
Series of 2004 Refunding	25,770	4.60 - 5.50%	2011-15	14,085
Series of 2007	50,000	3.75 - 5.00%	2011-26	42,450
Series of 2008	75,000	4.00 - 5.00%	2011-23	73,680
Series of 2009	18,940	3.25 - 4.25%	2011-24	18,130
Sewer revenue bonds outstanding				167,110
Less unamortized deferred amount:				(175)
Total sewer revenue bonds outstanding				$ 166,935

The following schedule details sewer revenue bond debt service requirements to maturity at June 30, 2010.

Year Ending June 30,	Principal	Interest
2011	$ 8,425	$ 7,145
2012	8,795	6,776
2013	10,405	6,381
2014	12,030	5,916
2015	12,590	5,377
2016 - 2020	59,210	19,367
2021 - 2025	51,925	5,983
2026	3,730	149
Total	$ 167,110	$ 57,094

(in thousands)

Note 7: Long-Term Liabilities (continued)

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 Ina Road and Roger Road Wastewater Reclamation Facilities.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2010
Series of 2010	$ 165,000	2.50 - 5.00%	2014-25	$ 165,000
Sewer revenue obligations outstanding				165,000
Plus unamortized deferred amount:				13,138
Total sewer revenue obligations outstanding				$ 178,138

The following schedule details sewer revenue obligation debt service requirements to maturity at June 30, 2010.

Year Ending June 30,	Principal	Interest
2011		$ 8,339
2012		8,026
2013		8,026
2014	$ 2,000	8,026
2015	2,000	7,946
2016 - 2020	64,255	35,013
2021 - 2025	96,745	14,983
Total	$ 165,000	$ 90,359

In prior years, the Regional Wastewater Reclamation Enterprise Fund entered into loan agreements (1996 to provide funds for the defeasance of prior sewer revenue bonds, and 1997, 2000, and 2004 which were 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, 2010
1996 Loans payable	$ 11,313	3.19%	2010-12	$ 4,285
1997 Loans payable	7,500	2.95%	2010-11	1,295
2000 Loans payable	61,180	2.20%	2010-16	35,324
2004 Loans payable	19,967	1.81%	2010-24	17,377
2009 Loans payable	8,002	0.96%	2010-24	8,002
Loans payable				66,283
Less unamortized deferred amount:				(73)
Total loans payable				$ 66,210

(in thousands)

Note 7: Long-Term Liabilities (continued)

The following schedule details loans payable debt service requirements to maturity at June 30, 2010.

Year Ending June 30,	Principal	Interest
2011	$ 8,052	$ 2,139
2012	8,349	1,847
2013	7,406	1,566
2014	6,514	1,318
2015	6,766	1,082
2016 - 2020	19,453	2,553
2021 - 2024	9,743	759
Total	$ 66,283	$ 11,264

Pima County has pledged future user charges, net of specified operating expenses, to repay $167,110 in sewer revenue bonds issued between 1998 and 2009, $66,283 in sewer revenue loans issued between 1996 and 2009, and $165,000 in sewer revenue obligations issued in 2010. 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 2025-26. Annual principal and interest payments on the bonds and obligations are expected to require approximately 26 percent of net revenues. The annual principal and interest payments on the loans are expected to require approximately 24 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $224,204. Total principal and interest remaining to be paid on the loans is $77,547. Total principal and interest remaining to be paid on the obligations is $255,359. Principal and interest paid for bonds, loans and obligations in the current year and total customer net revenues were $27,988, $8,540 and $63,317, respectively.

CONTRACTS AND NOTES

Business-type Activities

(Payments made from restricted assets in the Regional Wastewater Reclamation Enterprise Fund)

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

(in thousands)

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, 2010, is as follows:

Net assessed valuation		$ 9,860,981
Debt Limit (15% of net assessed valuation):		1,479,147
Less amount of debt applicable to debt limit:		
General obligation bonds outstanding	$ 417,995	
Less fund balance in debt service fund available for payment of general obligation bond principal	(11,396)	406,599
Legal debt margin available		$ 1,072,548

Note 8: Short-term Debt

Line of Credit

The County maintains a revolving line of credit with Bank of America National Trust and Savings Association to meet its short-term cash needs. At June 30, 2010, the County had an outstanding balance of $0. Advances on the line of credit are payable on demand. The credit line is secured by the County's general taxing authority.

	July 1, 2009 Balance	Draws	Repayments	June 30, 2010 Balance
Line of credit	$0	$ 30,450	$ 30,450	$0

Note 9: 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 $19,624 reported as landfill closure and post-closure care long-term liability within the governmental

(in thousands)

Note 9: Landfill Liabilities (continued)

activities represents the cumulative amount reported to date, based on the percentage used of each landfill's total estimated capacity. The County will recognize the remaining estimated cost of closure and post-closure care of $6,059 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, 2010; actual costs may change due to inflation, changes in technology, or changes in regulations.

Landfill Site	Capacity Used June 30, 2010	Estimated Remaining Service Life
Ajo *	68%	41 Years
Sahuarita	47%	30 Years
Tangerine	92%	8 Years

*Arizona Department of Environmental Quality (ADEQ) approved the Ajo Landfill Type IV Permit Modification package on February 16, 2010 effectively increasing the permitted airspace and the remaining service life of the facility. The expansion involves a 2.77-acre lateral expansion and a 6-foot vertical expansion.

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

According to state and federal laws and regulations, the County must comply with the local government financial test requirements that 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 $10,277 when closure occurs and plans to fund the costs with proceeds of general obligation bonds and with solid waste tipping fees. At this time, there is no closure date available.

Note 10: Retirement Plans

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).** 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.

(in thousands)

Note 10: Retirement Plans (continued)

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 Pima County Sheriff's public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The **PSPRS**, acting as a common investment and administrative agent, is governed by a five-member board, known as The Fund Manager, and 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 employees of the State of Arizona's Departments of Corrections and Juvenile Corrections, and County employees whose primary duties require direct inmate contact. The **CORP** is governed by the Fund Manager of **PSPRS** and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

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

ASRS	**PSPRS and CORP**
3300 N. Central Ave	3010 East Camelback Road
Phoenix, AZ 85012	Suite 200
(602) 240-2000 or	Phoenix, AZ 85016-4416
(800) 621-3778	(602) 255-5575

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, 2010, active ASRS members were required by statute to contribute at the actuarially determined rate of 9.4 percent (9.0 percent for retirement and 0.40 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, 2010 the County contributed 9.4 percent (8.34 percent for retirement, .66 percent for health insurance premium, and 0.40 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2009 the County contributed 9.4 percent (7.99 percent for retirement, .96 percent for health insurance premium, and 0.45 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2008 the County contributed 9.60 percent (8.05 percent for retirement, 1.05 percent for health insurance premium, and 0.50 percent for long-term disability) of the members' annual covered payroll.

(in thousands)

Note 10: Retirement Plans (continued)

	ASRS Retirement Fund	Health Benefit Supplement Fund	Long-term Disability Fund
Year ended June 30,			
2010	$ 20,234	$ 1,601	$ 970
2009	$ 20,127	$ 2,418	$ 1,259
2008	$ 20,981	$ 2,737	$ 1,303

Agent plans

For the year ended June 30, 2010, active **PSPRS** members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 24.24 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 4.00 percent. The health insurance premium portion of the contribution was set at 1.83 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 9.38 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.30 percent of covered payroll.

Actuarial methods and assumptions

The contribution requirements for the year ended June 30, 2010 were established by the June 30, 2008 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 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 that are 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 all plans and related benefits (unless noted), and the actuarial methods and assumptions used to establish the fiscal year 2010 contribution requirements, are as follows:

(in thousands)

Note 10: Retirement Plans (continued)

	PSPRS	CORP
Actuarial valuation date	June 30, 2008	June 30, 2008
Actuarial cost method	Projected unit credit	Projected unit credit
Actuarial Assumptions:		
Investment rate of return	8.50%	8.50%
Projected salary increases	5.50% - 8.50%	5.50% - 8.50%
includes inflation at	5.00%	5.00%
Amortization method	Level percentage closed for unfunded actuarial accrued liability, open for excess	Level percentage closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	28 Years for unfunded actuarial accrued liability, 20 years for excess	28 Years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	Smoothed market value	Smoothed market value

Annual Pension and OPEB Cost

The County's pension/OPEB cost for the PSPRS and CORP agent plans for the year ended June 30, 2010, and related information follows:

	PSPRS		CORP	
	Pension	Health Insurance	Pension	Health Insurance
Annual pension/OPEB cost	$ 8,761	$ 591	$ 1,943	$ 232
Contibutions made	$ 8,912	$ 440	$ 1,993	$ 182

Trend Information

Annual pension cost information for the current and 2 preceding years follows for the PSPRS and CORP agent plans. Annual OPEB cost information for FY 2010, FY 2009 and FY 2008 is as follows.

(in thousands)

Note 10: Retirement Plans (continued)

Plan	Year Ended June 30	Annual Pension/ OPEB Cost	Percentage of Annual Cost Contributed	Net Pension/ OPEB Obligation
PSPRS				
Pension	2010	$ 8,761	100%	
Health insurance	2010	$ 591	74.5%	$ 151
Pension	2009	$ 8,268	100%	
Health insurance	2009	$ 627	73.8%	$ 164
Pension	2008	$ 6,923	100%	
Health insurance	2008	$ 565	79%	$ 121
CORP				
Pension	2010	$ 1,943	100%	
Health insurance	2010	$ 232	78.8%	$ 49
Pension	2009	$ 2,162	100%	
Health insurance	2009	$ 236	77.1%	$ 54
Pension	2008	$ 1,513	100%	
Health insurance	2008	$ 247	66%	$ 84

Funded Status

The funded status of the plans, as of the most recent valuation date June 30, 2010, 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.

	PSPRS		**CORP**	
	Pension	**Health Insurance**	**Pension**	**Health Insurance**
Actuarial accrued liability	$ 220,865	$ 7,040	$ 64,614	$ 3,092
Actuarial value of assets	$ 145,388	0	$ 50,077	0
Unfunded actuarial accrued liability (funding excess)	$ 75,477	$ 7,040	$ 14,537	$ 3,092
Funded ratio	65.8 %	0 %	77.5 %	0 %
Covered payroll	$ 31,302	$ 31,302	$ 19,885	$ 19,885
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	241.1 %	22.5 %	73.1 %	15.5 %

(in thousands)

Note 10: Retirement Plans (continued)

	PSPRS	CORP
Actuarial valuation date	June 30, 2010	June 30, 2010
Actuarial cost method	Projected unit credit	Projected unit credit
Actuarial Assumptions:		
Investment rate of return	8.50%	8.50%
Projected salary increases	5.50% - 8.50%	5.50% - 8.50%
includes inflation at	5.50%	5.50%
Amortization method	Level percentage-of-pay closed	Level percentage-of-pay closed
Remaining amortization period	26 Years for unfunded actuarial accrued liability, 20 years for excess	26 Years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year Smoothed market value	7 year Smoothed market value

Note 11: 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	PHS & Services	RWR	Other Enterprise	Internal Services	Total
General		20	2,389	839	19	2	20	3,289
Capital Projects	401		4		83	30	1	519
Other Governmental	1,384	362	262	4			47	2,059
Pima Health System & Services	9						1	10
RWR	2							2
Other Enterprise			3		9		14	26
Internal Services			287					287
Total	1,796	382	2,945	843	111	32	83	6,192

(in thousands)

Note 11: Interfund Transactions (continued)

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	Other Governmental	PHS & Services	RWR	Other Enterprise	Internal Services	Total
General			$ 7,183	$ 1,256				$ 8,439
Capital Projects	$ 4,539		17,214		$ 4	$ 1,330	$ 60	23,147
Debt Service		$ 584	18,901		23,635		156	43,276
Other Governmental	22,351	1,422	165					23,938
Pima Health System & Services	256							256
RWR		22,440				5		22,445
Other Enterprise	3,300							3,300
Internal Service						16		16
Total	$ 30,446	$ 24,446	$ 43,463	$ 1,256	$ 23,639	$ 1,351	$ 216	$ 124,817

The table above does not include transfers of capital assets from the proprietary funds to the governmental activities because these are not reported in the governmental funds. The following proprietary funds transferred capital assets with Governmental Activities:

	Transfer from	Transfer to
$ 289	RWR	Governmental activities
4	Other enterprise funds	Governmental activities
$ 293		

Note 12: Construction and Other Significant Commitments

At June 30, 2010, Pima County had the following major contractual commitments related to Facilities Management, General Government, Natural Resources, Parks & Recreation, Pima Health Systems and Services, Regional Wastewater Reclamation and Transportation.

Facilities Management

At June 30, 2010, the Pima County Facilities Management Department had contractual commitments related to service contracts of $40,154. Funding for these expenditures will be provided from general fund revenues.

Note 12: Construction and Other Significant Commitments (continued)

General Government

At June 30, 2010, Pima County had contractual commitments related to service contracts for Elections of $2,285, Environmental Quality of $9,116, Finance and Risk Management of $23,332, Fleet Services of $8,421, Human Resources of $56,040, Institutional Health of $72,580 and Sheriff of $58,166. Funding for these expenditures will be provided from general fund revenues. Real Property had contractual commitments related to land acquisitions of $4,944, for which the funding of these expenditures will be provided by general obligation bonds.

Natural Resources, Parks and Recreation

At June 30, 2010, Pima County had contractual commitments related to construction contracts for Natural Resources, Parks and Recreation of $16,836. Funding for these expenditures will be provided from general obligation bonds.

Pima Health Systems & Services

At June 30, 2010, Pima County had contractual commitments related to service contracts for Pima Health Systems & Services of $127,816. Funding for these expenditures will be primarily provided from federal and state funding sources.

Regional Wastewater Reclamation

At June 30, 2010, the Regional Wastewater Reclamation Enterprise fund had construction contractual commitments of $48,708 and other contractual commitments related to service contracts of $2,376. Funding for these expenditures will be primarily from Sewer Revenue Bonds and related fees.

Transportation

At June 30, 2010, the Pima County Transportation Department had construction contractual commitments of $38,140 and other contractual commitments related to service contracts of $311. Funding for these expenditures will be primarily provided from Transportation Revenue Bonds and Highway User Tax Revenue, the primary source of revenue for the Transportation Department.

Note 13: Stewardship, Compliance, and Accountability (Deficit Fund Balances)

The Special Districts Fund (non-major governmental fund) had a deficit fund balance at June 30, 2010, of $487. This deficit can be eliminated in the future through normal operations.

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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 Standard & Poor's highest rating: AAA. 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 and www.dtc.org.

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 Trust Agreement. 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 Trustee 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 TRUST AGREEMENT; (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 for 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.

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: Ramon Valadez
Chairman, Board of Supervisors

By: C. Huckelberry
County Administrator

$75,000,000
Pima County, Arizona
General Obligation Bonds
Series 2011

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT AGREEMENT

This Bond Registrar, Transfer Agent and Paying Agent Agreement, dated as of May 1, 2011 (the "Agreement"), between Pima County, Arizona (the "County"), and U.S. Bank National Association (the "Registrar"):

WITNESSETH

WHEREAS, the County proposes to issue its General Obligation Bonds, Series 2011, in the aggregate principal amount of $75,000,000 (the "Bonds"); and

WHEREAS, the Bonds will be issued in fully registered form; and

WHEREAS, the County desires to employ a bond registrar, a transfer agent and a paying agent to administer the registration, transfer and payment of the Bonds; and

WHEREAS, the County desires to enter into an agreement with the Registrar for services as bond registrar, transfer agent and paying agent with respect to the Bonds; and

WHEREAS, the Registrar is willing to act as bond registrar, transfer agent and paying agent with respect to the Bonds,

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

Section 1. The Registrar is hereby requested to provide the following services:

(a) Bond registrar services, which shall include, but not be limited to:

(1) initial authentication of the Bonds;

(2) maintenance of registration books sufficient to comply with Section 149(a) of the Internal Revenue Code of 1986, as amended (the "Code");

(3) prompt recording of transfers of ownership and exchanges of the Bonds as such transfers and exchanges occur;

(4) protection against double or overissuance of the Bonds;

(5) authentication of the Bonds prepared for delivery to transferees of original purchasers or subsequent owners, or to owners of the Bonds upon any exchange, of the Bonds;

(6) informing the County of the need for additional printings of the Bonds as needed; and

(7) providing the County access to specimens of the signatures of the persons authorized from time to time to authenticate the Bonds.

(b) Transfer agent services, which shall include, but not be limited to:

(1) receipt and verification of all Bonds tendered for transfer or exchange;

(2) preparation of new Bonds for delivery to transferees or owners wishing to exchange Bonds and delivery of the same;

(3) destruction of Bonds submitted for transfer or exchange; and

(4) provision of necessary information for recordation in the registration books relating to the Bonds.

(c) Paying agent services, which shall include, but not be limited to:

(1) provision of a billing to the Treasurer of the County (the "Treasurer") and the County's Finance Director at least thirty (30) days prior to each principal and interest payment date with respect to the Bonds setting forth the amount of principal and interest due on the Bonds on such payment date;

(2) preparation, execution and mailing, by first class mail, of checks representing (or, to the extent requested in writing by an owner of $1,000,000 or more in aggregate principal amount of the Bonds not less than ten (10) days prior to an interest payment date, transmission by wire transfer to a bank or trust company in the continental United States of America) interest payments due on the Bonds to each registered owner of the Bonds on or prior to each scheduled interest payment date;

(3) verification of all matured Bonds upon their surrender for final payment;

(4) payment of all principal due on the Bonds upon proper surrender thereof to the Registrar or, if so requested in writing by any owner of $1,000,000 or more in aggregate principal amount of the Bonds, and if provision for surrender of the Bonds satisfactory to the Registrar has

been made, by wire transfer to a bank or trust company in the continental United States, in the manner provided for therein;

(5) preparation of semiannual reconciliations following each interest payment date showing all principal and interest paid with respect to the Bonds during the preceding six-month period and providing copies thereof to the Treasurer, the County's Finance Director and the Arizona Department of Revenue (the "Department"); and

(6) taking inventory of all canceled checks, or microfilm proof of such checks, showing interest payments on the Bonds.

Section 2. Upon written request of the County, the Registrar will cause its authorized officer(s) to authenticate the Bonds in an aggregate original principal amount not to exceed $75,000,000 at any time except for replacement Bonds.

Section 3. The Registrar shall exchange Bonds of the same aggregate original principal amount, maturity date and interest rate, if any, and of any authorized denomination upon presentation and surrender of such Bonds at the principal corporate trust office of the Registrar together with a request for exchange signed by the registered owner thereof or by a person legally empowered to do so in a form satisfactory to the Registrar.

Section 4. The Registrar shall charge the registered owners of the Bonds that are transferred or exchanged for all of the fees, taxes and costs of such transfer or exchange.

Section 5. With respect to Bonds which are mutilated, lost or destroyed, the Registrar 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 holder'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 Registrar and the Treasurer of evidence satisfactory to the Registrar and the Treasurer that such Bond was lost or destroyed, and furnishing the Registrar and the County with a sufficient indemnity bond as provided in Arizona Revised Statutes, Section 47-8405.

Section 6. The record date (the "Record Date") for the Bonds shall be the close of business of the Registrar on the 15th day, or if such day is a Saturday, Sunday or holiday, on the next preceding business day, of the month preceding each 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 payable to and mailed to the registered owner shown on the registration books for the Bonds maintained by the Registrar as of the close of business on the Record Date.

Section 7. The County will transfer, or cause to be transferred, immediately available funds to the Registrar no later than one (1) business day prior to the date on which the principal, interest, and premium payments, if any, are due on the Bonds. All moneys held by the Registrar as paying agent shall be held in trust for the benefit of the holders of the Bonds.

Section 8. The Bonds shall bear interest at the rates described in Exhibit A attached hereto payable on January 1, 2012, and semiannually thereafter on July 1 and January 1 each year during the term of the Bonds by check drawn on the Registrar and mailed, by first class mail, on or prior to each interest payment date, to the registered owner of the Bonds at the address shown on the registration books of the Registrar on the Record Date, or, as and subject to the conditions provided in Section 1(c) hereof, by wire transfer.

Section 9. The Bonds mature on July 1 in the years and in the amounts as described in Exhibit A attached hereto. Principal of the Bonds, at maturity or on any redemption prior to maturity, will be payable upon presentation and surrender of the Bonds at the principal corporate trust office of the Registrar or, as and subject to the conditions provided in Section 1(c) hereof, by wire transfer. A copy of any redemption notices sent by the Registrar with respect to the Bonds shall also be provided to the Treasurer.

Section 10. In the event any check for payment of interest on a Bond is returned to the Registrar 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 funds sufficient to pay such interest or principal due upon such Bond shall have been made available to the Registrar for the benefit of the owner thereof, it shall be the duty of the Registrar 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 Registrar's obligation to hold such funds shall continue for two (2) years and six (6) months 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 Registrar shall surrender such unclaimed funds so held to the Treasurer, whereupon any claim of whatever nature by the owner of such Bond arising under such Bond shall be made upon the Treasurer and shall be subject to the provisions of applicable law.

Section 11. The Registrar shall secure or collateralize the funds on deposit at the Registrar pursuant to this Agreement in the manner provided in Arizona Revised Statutes ("A.R.S.") § 35-323.

Section 12. The Registrar will comply with the seventy-two (72) hour turnaround time required by Securities and Exchange Commission Rule 17(A) (d) - (2) under the Securities and Exchange Act of 1934, as amended, with respect to routine transfer items.

Section 13. Fees for the Registrar's services with respect to the registration, authentication, delivery and payment of the Bonds shall be paid as set forth on Exhibit B attached hereto. Extraordinary out-of-pocket expenses shall be paid by the County as incurred by the Registrar.

Section 14. The Registrar shall make such reports relating to the issuance of the Bonds as the Department requires pursuant to A.R.S. §§ 35-501 and 35-502, or any successor statutes thereto, and shall notify the Department in the manner provided in Section 1(c)(5) hereof of the retirement of any Bonds and of all payments of interest thereon.

Section 15. The Registrar's records relating to the Bonds shall be kept in compliance with the requirements of Section 103 of the Code, and any regulations promulgated thereunder, such standards as have been or may be issued from time to time by the Securities and Exchange Commission or the Municipal Securities Rulemaking Board of the United States, and any other securities industry standard as the County may reasonably direct from time to time. In lieu of destruction and immediately prior to the date the Registrar would destroy any Bondholder or Bond payment records maintained by the Registrar pursuant to this Agreement, such records shall be provided to the Treasurer.

Section 16. The County or its duly authorized agents may examine the records relating to the Bonds at the office of the Registrar where such records are kept at reasonable times as agreed upon with the Registrar and such records shall be subject to audit from time to time at the request of the County. On request, the Registrar will furnish the County with a list of the names, addresses and other information concerning the registered owners of the Bonds.

Section 17. The Registrar shall indemnify and hold harmless the County, the Treasurer, and all boards, commissions, officials, officers and employees of the County, individually and collectively, from the Registrar's negligence or misconduct in the performance of any of its duties hereunder. Similarly, the County shall, to the extent permitted by law, indemnify and hold harmless the Registrar, its officers, directors, employees, and agents, individually and collectively, from the County's negligence or misconduct in the performance of any of its duties hereunder.

Section 18. When the Registrar deems it necessary or reasonable, it may apply to a law firm or attorney approved by the County for instructions or advice with respect to the Bonds. All fees incurred in obtaining such counsel shall be added to the fees, costs and expenses to be paid to the Registrar pursuant hereto.

Section 19. By signature of its authorized officer below, the Registrar hereby acknowledges receipt of copies of (a) the resolution of the County authorizing the issuance of the Bonds, (b) the receipt of the Treasurer acknowledging payment of the entire principal amount of the Bonds and any interest due thereon, (c) the opinion of Squire, Sanders & Dempsey (US) LLP as Bond Counsel to the County, and (d) the debt service payment schedule relating to the Bonds.

Section 20. The County and the Registrar each reserve the right to terminate any individual service set forth in this Agreement, or all of the services set forth in this Agreement, upon sixty (60) days prior written notice to the other party hereto.

Section 21. In the event the Registrar resigns or is replaced, the County reserves the right to appoint a successor bond registrar, transfer agent and/or paying agent hereunder. In such event, the provisions of this Agreement with respect to payment for expenses hereunder by the County shall remain in full force and effect, but the Treasurer shall then be authorized to use the funds designated for such payment to pay any fees and expenses of any bond registrar, transfer agent and/or paying agent chosen to replace the Registrar or to reimburse the County if the Treasurer acts as bond registrar, transfer agent and/or paying agent. In the event that any corporation or association (i) into which the Registrar may be converted or merged (ii), with which the Registrar may or any successor to it may be consolidated, or (iii) to which the

Registrar may sell or transfer all or substantially all of its corporate trust business, or any corporation or association resulting from such conversion, merger, consolidations, sale or transfer, ipso facto, shall be and become successor Registrar without the execution or filing of any paper or any further act on the part of any of the parties hereto, and that corporation or association shall be vested further as was its predecessor.

Section 22. This Agreement shall commence on the date first written above and shall continue until the date that the last payment due under the Bonds has been made.

Section 23. This Agreement contains 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, or assignment of any rights hereunder, shall be binding unless in writing and signed by a duly authorized representative of all parties hereto.

Section 24. If any provision of this Agreement 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 of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision.

Section 25. Any request, demand, authorization, direction, notice, consent, waiver, statement or other document provided or permitted to be given or furnished to the County or the Registrar shall be mailed or delivered to the County or the Registrar, respectively, at the addresses shown herein, or such other address as may have been given by one party to the other by fifteen (15) days written notice.

If to the County:	Pima County, Arizona 130 West Congress Street Tucson, Arizona 85701 Attention: County Administrator
If to the Treasurer:	Pima County Treasurer's Office 115 North Church Ave. Tucson, Arizona 85701
If to the Registrar:	U.S. Bank National Association Corporate Trust Services 101 North First Avenue, Suite 1600 Phoenix, Arizona 85003

Section 26. Arizona law requires that every contract to which the State of Arizona, its political subdivisions or any of the departments or agencies of the State or its political subdivisions is a party include notice that such contract is subject to cancellation, within three (3) years after its execution, by the State, political subdivision, department or agency which is a

party to such contract if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, political subdivision, department or agency is, at any time while the contract is in effect, an employee of any other party to the contract or an agent or consultant of any other party to the contract with respect to the subject matter of the contract.

Section 27. To the extent applicable under A.R.S. § 41-4401, the Registrar, including its subcontractors who work on this Agreement, warrants compliance with all federal immigration laws and regulations that relate to its employees and compliance with the E-verify requirements under A.R.S. § 23-214(A). The breach by the Registrar of the foregoing shall be deemed a material breach of this Agreement and may result in the termination of this Agreement by the County. The County retains the legal right to randomly inspect the papers and records of the Registrar to ensure that the Registrar is complying with the above-mentioned warranty. The Registrar shall keep such papers and records open for random inspection by the County during normal business hours. The Registrar shall cooperate with the random inspections by the County including granting the County entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

Section 28. Pursuant to A.R.S. §§ 35-391.06 and 35-393.06, the Registrar certifies that it does not have a scrutinized business operation in Sudan or Iran. For the purpose of this Section the term "scrutinized business operations" shall have the meanings set forth in A.R.S. §§ 35-391 and 35-393, as applicable. If the County determines that the Registrar submitted a false certification, the County may impose remedies as provided by law including terminating this Agreement.

Section 29. This Agreement may be executed in multiple counterparts, all of which shall constitute one and the same Agreement and each of which shall be deemed an original.

Section 30. This Agreement shall be governed by the laws of the State of Arizona.

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

U.S. BANK NATIONAL ASSOCIATION
as Registrar

By:______________________________
Brenda D. Black
Vice President

PIMA COUNTY, ARIZONA

By:______________________________
Ramón Valadez
Chairman, Board of Supervisors

ATTEST:

By:______________________________
Lori Godoshian
Clerk of the Board of Supervisors

APPROVED AS TO FORM:

SQUIRE, SANDERS & DEMPSEY (US) LLP
Bond Counsel

By:______________________________
Timothy E. Pickrell

[Signature page of Bond Registrar Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

U.S. BANK NATIONAL ASSOCIATION
as Registrar

By:______________________________
Brenda D. Black
Vice President

PIMA COUNTY, ARIZONA

By: Ramón Valadez
Ramón Valadez
Chairman, Board of Supervisors

ATTEST:

By: Lori Godoshian
Lori Godoshian
Clerk of the Board of Supervisors

APPROVED AS TO FORM:

SQUIRE, SANDERS & DEMPSEY (US) LLP
Bond Counsel

By: Timothy E. Pickrell
Timothy E. Pickrell

[Signature page of Bond Registrar Agreement]

571856

EXHIBIT A

$75,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2011

Maturity Date (July 1)	Principal Amount	Interest Rate
2012	$22,925,000	1.500%
2013	5,000,000	2.000%
2014	960,000	2.500%
2014	1,930,000	3.000%
2015	2,975,000	3.000%
2016	325,000	2.250%
2016	2,740,000	3.000%
2017	3,155,000	3.000%
2018	3,250,000	4.000%
2019	2,930,000	3.000%
2019	450,000	4.000%
2020	3,485,000	5.000%
2021	3,655,000	5.000%
2022	3,840,000	5.000%
2023	4,030,000	5.000%
2024	4,235,000	5.000%
2025	4,445,000	5.000%
2026	4,670,000	5.000%

EXHIBIT B

Registrar and Paying Agent Fee Schedule

usbank. Five Star Service Guaranteed

U.S. Bank Customer Confidential

Schedule of Fees for Services as Paying Agent/Registrar/Transfer Agent For Pima County, Arizona General Obligation Bonds Series 2011

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.	$200.00
CTS04110	**Paying Agent / Registrar / Transfer Agent** Annual fee for the standard transfer agent, registrar, and paying agent services associated with the administration of the account. Administration fees are payable in advance.	$300.00
	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: April 27, 2011

$75,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2011

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 $75,000,000 General Obligation Bonds, Series 2011 (the "Bonds"), being issued pursuant to a resolution adopted by the Board of Supervisors of the County on April 5, 2011 (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 at 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 May 3, 2011.

4. Annual Information Disclosure. Subject to Section 8 of this Undertaking, the County shall disseminate its Annual Information and its Audited Financial Statement, 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: Tom Burke

Thomas Burke
Finance and Risk Management Director

Dated: May 25, 2011

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," (v) in the table under the heading "Lease, Lease-Purchase and Purchase Agreements" and (vi) 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, 2012. 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: [signature]

<u>SCHEDULE A</u>

SAMPLE OFFERING DOCUMENT LANGUAGE
<u>DESCRIBING BOOK-ENTRY-ONLY ISSUANCE</u>

(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.

$75,000,000
Pima County, Arizona
General Obligation Bonds
Series 2011

GENERAL CERTIFICATE OF THE COUNTY

The undersigned, Chairman (the "Chairman") and 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 $75,000,000 aggregate principal amount of Pima County, Arizona, General Obligation Bonds, Series 2011 (the "Bonds"), issued by the County pursuant to Resolution No. 2011-51, passed, adopted and approved by the Board of Supervisors of the County on April 5, 2011 (the "Resolution"), authorizing and providing for the issuance and sale of the Bonds:

1. They are the duly elected or appointed, qualified and acting Chairman 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 April 5, 2011, 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 Chairman 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 April 5, 2011.

3. The persons named below were on April 5, 2011, and, are on the date hereof, the duly elected, qualified and acting members and incumbents of the office of the County set opposite their respective names:

Name	Office
Ramón Valadez	Chairman and Supervisor
Sharon Bronson	Supervisor
Ray Carroll	Supervisor
Ann Day	Supervisor
Richard Elías	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 Chairman 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 May 1, 2011 (the "Bond

Registrar and Paying Agent Agreement"), between the County and U.S. Bank National Association (the "Registrar"), the Bond Purchase Agreement, dated as of May 3, 2011 (the "Purchase Agreement") between the County and RBC Capital Markets, LLC (the "Underwriter"), the Continuing Disclosure Undertaking, dated May 25, 2011 (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 Chairman and the Clerk hereby authorize, ratify and adopt the facsimile signatures of the Chairman and the Clerk executing and attesting, respectively, the Bonds in the aggregate principal amount of $75,000,000 issued under the Resolution in the form of fully-registered bonds without coupons, in the denomination of $5,000, or integral multiples thereof and bearing interest from the date of the Bonds to the maturity or earlier redemption of each of the Bonds, as follows:

Maturity Date (July 1)	Principal Amount	Interest Rate
2012	$22,925,000	1.500%
2013	5,000,000	2.000%
2014	960,000	2.500%
2014	1,930,000	3.000%
2015	2,975,000	3.000%
2016	325,000	2.250%
2016	2,740,000	3.000%
2017	3,155,000	3.000%
2018	3,250,000	4.000%
2019	2,930,000	3.000%
2019	450,000	4.000%
2020	3,485,000	5.000%
2021	3,655,000	5.000%
2022	3,840,000	5.000%
2023	4,030,000	5.000%
2024	4,235,000	5.000%
2025	4,445,000	5.000%
2026	4,670,000	5.000%

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 have (a) a material adverse effect upon the financial condition, assets, properties or operations of the County, or (b) a material adverse effect on the transactions contemplated by the Official Statement, dated May 3, 2011 (the "Official Statement"), prepared and distributed in connection with the offer and sale of the Bonds, or (c) 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. U.S. Bank National Association, as 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 $78,275,476.35 representing $75,000,000.00 principal amount thereof, plus a net reoffering premium of $3,725,476.35, and less Underwriter's discount of $450,000.00. The Treasurer will deposit and apply the proceeds of the sale of the Bonds as provided in Section 5 of the Resolution.

11. To the best knowledge, information and belief of the undersigned, (a) the description and statements contained in the Official Statement were as of the date of the Official Statement, and are on the date hereof, true, correct and complete in all material respects and do not contain any untrue statement of a material fact or omit to state any material fact which should be included therein for the purposes for which the Official Statement are to be used or which is necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, (b) since the date of the Official Statement, there has been no

material adverse change in the powers, properties, results of operations or financial position of the County, other than as set forth in or contemplated by the Official Statement, and (c) since the date of the Official Statement, the County has not entered into any transaction or incurred any liability which will materially adversely affect the ability of the County to carry out and perform its obligations pursuant to the Resolution.

12. The County is currently in compliance with its reporting requirements pursuant to all prior Continuing Disclosure Undertakings.

13. 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.

14. 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 $492,995,000.

15. The County will use the proceeds of the Bonds 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 and/or May 16, 2006.

16. 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.

[Remainder of page left blank intentionally]

Dated: May 25, 2011

PIMA COUNTY, ARIZONA

By: Ramón Valadez
Ramón Valadez
Chairman, Board of Supervisors

By: Lori Godoshian
Lori Godoshian
Clerk, Board of Supervisors

[Signature page of General Certificate of the County]

NOTES/ACTION

ADDENDUM

Pima County Board of Supervisors' Meeting

130 W. Congress St., Hearing Room, 1st Fl.

April 5, 2011 9:00 a.m.

1. **PRESENTATION/PROCLAMATION**

Presentation of a proclamation to Melanie Nelson, Clara Dupnik and Marjorie Hrabe, proclaiming the month of April 2011, to be:

"PIMA COUNTY INTERFAITH COUNCIL MONTH"

... **EXECUTIVE SESSIONS**

A. Pursuant to A.R.S. §38-431.03(A) (3) and (4), for legal advice and direction regarding settlement of the following cases in the Arizona Tax Court:

1. 5151 East, L.L.C. v. Pima County, Arizona Tax Court Case No. TX2009-000900, Tax Parcel Nos. 141-22-004T, 132-13-034C*, 119-01-102A* and 132-13-0330*. The parcels with * have split and are now Tax Parcel Nos. 132-13-0660, 0680, 0690, 0750, 0760 and 0770.

2. TPS Tucson Airport Property, L.P. v. Pima County, Arizona Tax Court Case No. TX2010-000539, Tax Parcel No. 140-42-080C.

3. CHH Tucson Partnership, L.P. v. Pima County, Arizona Tax Court Case No. TX2009-000307, Tax Parcel No. 220-13-0150.

B. Pursuant to A.R.S. §38-431.03(A) (3) and (4), for legal advice and direction regarding approval of a tax appeal settlement in the following matters:

1. Zumbusch Family Living Trust, et al. v. Pima County, Arizona Tax Court Case No. ST2010-000665, Tax Parcel No. 219-10-0940.

2. Douglas Alec McDougall, et al. v. Pima County, Arizona Tax Court Case No. ST2010-000677, Tax Parcel No. 218-40-2110.

BOARD OF SUPERVISORS SITTING IN REGULAR SESSION

2. **BOARD OF SUPERVISORS**

Approval of the Board of Supervisors' Meeting Schedule for the period of May through August, 2011.

3. **COUNTY ADMINISTRATOR**

Staff recommends approval of a $3,000.00 sponsorship from the Board Contingency Fund for Tucson's Birthday Planners in support of "Happy Birthday Tucson 2011."

4. **CONTRACTS AND AWARDS**

A. **Facilities Management**

1. AECOM Technical Services, Inc., Amendment No. 5, to provide architectural and engineering design services for the Superior Court 8th floor remodel, extend contract term to 7/14/12 and amend scope of work, General Fund, contract amount $13,900.00 (15-13-A-141923-0409)

B. **Pima Health System**

2. Cambiare, L.L.C., Amendment No. 2, to provide technical, financial and regulatory assistance needed for the transition to Bridgeway Health Solutions, L.L.C., extend contract term to 1/31/12 and amend scope of work, PHCS Enterprise Fund, contract amount $163,125.00 (07-15-C-143638-1210)

C. **Procurement-Award**

3. Most Qualified: Award of Contract, Requisition No. 1303031, in the annual amount of $465,696.00 to the highest ranked/most qualified respondent, Cox Arizona Telcom, L.L.C. (Headquarters: Phoenix, AZ) for E-Rate Priority One telecommunications and internet connections. Contract is for a one-year term and includes four one-year renewal periods. Funding Source: General Fund. Administring Department: Information Technology.

D. **Transportation**

4. RESOLUTION NO. 2011- **55**, approving an Intergovernmental Agreement with the Regional Transportation Authority, to provide for the design and construction of the Houghton Road: Irvington to Valencia Road Improvement Project, 1997 Bond Fund, contract amount $7,500,000.00 (01-04-R-143892-0411)

POSTED: Levels A & B, 1st & 5th Floors, Pima County Administration Bldg.
DATE POSTED: 4/1/11
TIME POSTED: 11:00 a.m.

PIMA COUNTY BOARD OF SUPERVISORS' MEETING AGENDA

April 5, 2011

BOARD MEMBERS

Ramón Valadez
Chairman
District 2

Sharon Bronson
Vice Chair
District 3

Raymond Carroll
District 4

Ann Day
District 1

Richard Elías
District 5

HEARING ROOM COURTESY

Please turn off cell phones/pagers or place in silent mode.

MEETING LOCATION

Pima County Administration Building
130 W. Congress St., 1st Floor
Board of Supervisors' Hearing Room
Tucson, AZ 85701

AGENDA/ADDENDUM INFORMATION

- Within 24 hours of each scheduled meeting, Agendas/Addendums are available in the Clerk of the Board's Office, 130 W. Congress St., 5th Fl., Tucson, AZ 85701, Mon-Fri, 8 to 5.
- Website: **www.pima.gov**
  For online meeting schedules, agendas, addendums and associated reference material.

LIVE BROADCAST

- *Cablecast Channel* Comcast .... 96; Cox....... 12
- *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 and indicate the relevant agenda item and/or description.

Place Speaker Card in labeled basket located on the dais. When the Chairman announces your name, step forward to the podium, speak into the microphone and state your name and affiliation (if applicable).

The Chairman reserves the right to ensure all testimony is pertinent or non-repetitive so the matter will be handled fairly and expeditiously. Any questions pertaining to the meeting can be directed to Lori Godoshian, Clerk of the Board.

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) 740-8449 or the TDD line at (520) 740-3579 for these services at least three (3) business days prior to the Board Meeting.

AGENDA

Pima County Board of Supervisors' Meeting
130 W. Congress St., Hearing Room, 1st Fl.
April 5, 2011 9:00 a.m.

1. **ROLL CALL**

2. **INVOCATION**

   To be offered by Pastor Luis Rodriguez, New Life Church of God.

3. **PLEDGE OF ALLEGIANCE**

4. **PAUSE 4 PAWS**

5. **PRESENTATIONS/PROCLAMATIONS**

   A. Presentation of a proclamation to Jay Young, Southwest Housing Council, proclaiming the month of April 2011, to be:

   "FAIR HOUSING MONTH"

   B. Presentation of a proclamation to Nancy Emtage, Chair of the Animal Care Advisory Committee and representing the Animal Welfare Coalition, proclaiming the month of April 2011, to be:

   "PREVENTION OF CRUELTY TO ANIMALS MONTH IN PIMA COUNTY"

   and the day of April 5, 2011, to be:

   "SAFE HARBOR DAY FOR THE PETS OF PIMA COUNTY"

   C. Presentation of a proclamation to Sister Esther Sharif and Imam Sidney Sharif, proclaiming April 16, 2011, to be:

   "ISLAMIC INMATES CORRECTIONS ASSOCIATION OF AMERICA DAY"

... **EXECUTIVE SESSION**

Call to the Public (for Executive Session item only)

Public discussion and action may occur on the executive session item listed below during the regularly scheduled meeting.

Pursuant to A.R.S. §38-431.03(A) (3), for legal advice regarding the request for a temporary Extension of Premises/Patio Permit for Scott A. Busse, Territorial, 3727 S. Palo Verde Road, Tucson, Arizona.

BOARD OF SUPERVISORS SITTING AS OTHER BOARDS

... **FLOOD CONTROL DISTRICT BOARD**

Staff requests approval of the Riparian Habitat Mitigation Plan for placement of a manufactured home on property located at 7523 N. Shaky Rock Trail. (District 3)

BOARD OF SUPERVISORS SITTING IN REGULAR SESSION

6. **CONSENT CALENDAR:** For consideration and approval

   A. **CALL TO THE PUBLIC (for Consent Calendar items only)**

   B. **APPROVAL OF CONSENT CALENDAR**

7. **FINANCE AND RISK MANAGEMENT**

RESOLUTION NO. 2011 - **51**, of the Pima County Board of Supervisors, providing for the issuance and sale of Pima County, Arizona, General Obligation Bonds, Series 2011 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.

8. **HEALTH DEPARTMENT**

RESOLUTION NO. 2011 - **52**, of the Pima County Board of Supervisors, approving the submittal of a grant proposal with the State of Arizona Governor's Office of Highway Safety for the provision of car seats under the Occupant Protection Program, in the amount of $17,102.00.

9. **SHERIFF'S DEPARTMENT**

RESOLUTION NO. 2011 - **53**, of the Pima County Board of Supervisors, approving and authorizing submission of a grant proposal to the Governor's Office of Highway Safety for DUI enforcement and equipment, in the amount of $562,779.00.

*** HEARINGS ***

10. **COUNTY ADMINISTRATOR**

Bond Ordinance Amendments

A. ORDINANCE NO. 2011 - **19**, of the Board of Supervisors of Pima County, Arizona, relating to General Obligation and Sewer Revenue Bond Projects. Amending Ordinance No. 1997-35 Bond Implementation Plan, May 20, 1997 Special Election (as amended by Ordinance No. 1998-58, Ordinance No. 2001-111, Ordinance No. 2004-15, Ordinance No. 2005-91, Ordinance No. 2006-19, Ordinance No. 2006-82, Ordinance No. 2007-32, Ordinance No. 2007-94, Ordinance No. 2008-24, Ordinance No.2008-107, Ordinance No. 2009-90, Ordinance No. 2010-23 and Ordinance No. 2010-64) for the purpose of amending implementation periods for certain bond projects and authorizing the use of additional other funds to finance certain projects.

B. ORDINANCE NO. 2011 - **20**, of the Board of Supervisors of Pima County, Arizona, relating to Highway User Revenue Fund Revenue Bond Projects. Amending Ordinance No. 1997-80 Bond Implementation Plan, November 4, 1997 Special Election (as amended by Ordinance No. 1998-59, Ordinance No. 2001-112, Ordinance No. 2004-118, Ordinance No. 2005-90, Ordinance No. 2006-20, Ordinance No. 2006-83, Ordinance No. 2007-93, Ordinance No. 2009-39, Ordinance No. 2009-91, Ordinance No. 2010-22 and Ordinance No. 2010-62) for the purpose of reallocating bond funds, amending the scope of certain projects, amending implementation periods for certain bond projects and authorizing the use of additional other funds to finance certain bond projects.

C. ORDINANCE NO. 2011 - **21**, of the Board of Supervisors of Pima County, Arizona, relating to General Obligation and

Sewer Revenue Bond Projects. Amending Ordinance No. 2004-18 Bond Implementation Plan, May 18, 2004 Special Election (as amended by Ordinance No. 2005-92, Ordinance No. 2006-21, Ordinance No. 2006-84, Ordinance No. 2007-33, Ordinance No. 2007-95, Ordinance No. 2008-25, Ordinance No. 2008–106, Ordinance No. 2009-40, Ordinance No. 2009-92, Ordinance No. 2010-24, Ordinance No. 2010-63 and Ordinance No. 2010-70) for the purpose of amending the scope of certain projects, amending implementation periods for certain bond projects, and authorizing the use of additional other funds to finance certain projects.

D. ORDINANCE NO. 2011 - **22**, of the Board of Supervisors of Pima County, Arizona, relating to General Obligation Bond Projects. Amending Ordinance No. 2006-29 Bond Implementation Plan, May 16, 2006 Special Election (as amended by Ordinance No. 2009-93) for the purpose of amending the scope and implementation periods for certain projects.

FRANCHISES/LICENSES/PERMITS

UNFINISHED BUSINESS (3/15/11)

11. **Extension of Premises/Patio Permits**

. Scott A. Busse, Territorial, 3727 S. Palo Verde Road, Tucson, Temporary Extension of Premises for May 1, 7, 8, 14, 15, 21, 22, 28, 29, June 4, 5, 11, 12, 18, 19, 25, 26, July 2, 3, 9, 10, 16, 17, 23, 24, 30, 31, August 6, 7, 13, 14, 20, 21, 27 and 28, 2011.

NEW BUSINESS

Agent Change/Acquisition of Control/Restructure

*(**Clerk's Note**: See Sheriff's Report.)

*12. 11-01-0024, Mark Winston Burroughs, Cione's Italiano, 13190 E. Colossal Cave Road, No. 160, Vail, Agent Change and Acquisition of Control.

Liquor License

*(**Clerk's Note**: See Sheriff's Report.)

*13. 11-07-9068, Carlos O. Gonzalez, Branding Iron North Bar and Grill, 2660 W. Ruthrauff Road, Tucson, Series 6, Bar, Person Transfer.

Fireworks Permit

14. Debbie Johnson, Caterpillar, Inc., 5000 W. Caterpillar Trail, Green Valley, April 12, 2011, at approximately 8:30 p.m.

DEVELOPMENT SERVICES

Rezoning

15. Co9-10-07, STEELE – SARTILLION AVENUE (AJO) REZONING
Request of M.A. and Judy Steele, for a rezoning of approximately 0.24 acre from CR-4 (Mixed-Dwelling Type) to CMH-2 (County Manufactured and Mobile Home) on property located on the southwest corner of Sartillion Avenue and Dorsey Street, approximately 230 feet west of Ajo-Gila Bend Highway (N. Second Avenue). The proposed rezoning conforms to the Pima County Comprehensive Plan, Co7-00-20. On motion, the Planning and Zoning Commission voted 9-0 (Commissioner Neeley was absent) to recommend **APPROVAL,** subject to standard and special conditions. Staff recommends **APPROVAL,** subject to standard and special conditions. (District 3)

Rezoning Time Extension

16. Co9-05-16, PULSIFER TR - VALENCIA ROAD REZONING
Request of Michael Marks, MJM Consulting, representing Diamondback Properties and Investments, L.L.C., for a five year time extension for the above referenced rezoning from GR-1 (Rural Residential) to CR-4 (Mixed-Dwelling Type) for approximately 9.34 acres. The rezoning was conditionally approved by the Board of Supervisors on March 21, 2006. The Board adopted Ordinance No. 2007-44 memorializing the rezoning on May 15, 2007. The rezoning will expire on March 21, 2011. The site is located on the north side of Valencia Road, approximately 675 feet east of Mark Road. Staff recommends **APPROVAL**, subject to modified standard and special conditions. (District 3)

TRANSPORTATION

17. **Traffic Ordinance**

ORDINANCE NO. 2011 - **23**, of the Board of Supervisors, regulating the turning of vehicles on Orange Grove Road in Pima County, Arizona. Staff recommends **APPROVAL**. (District 1)

NOTES/ACTION

18. **Traffic Resolution**

RESOLUTION NO. 2011 - __54__, of the Board of Supervisors, permanently closing Giaconda Way 50 ft. west of Via Ponte in Pima County, Arizona. Staff recommends **APPROVAL**. (District 1)

19. **CALL TO THE PUBLIC**

20. **ADJOURNMENT**

POSTED: Levels A & B, 1st & 5th Floors, Pima County Administration Bldg.

DATE POSTED: 3/30/11

TIME POSTED: 5:00 p.m.

CONSENT CALENDAR

APRIL 5, 2011

CONSENT CALENDAR, APRIL 5, 2011

1. CONTRACTS AND AWARDS

A. Community Development and Neighborhood Conservation

1. RESOLUTION NO. 2011 - 49, approving an Intergovernmental Agreement with the Why Fire District, to provide for fire safety equipment to improve rescue operations, CDBG Grant Fund, contract amount $10,000.00 (01-70-W-143833-1010)

2 Arizona Department of Commerce Energy, Amendment No. 1, to provide weatherization services for the Low Income Assistance Program through Southwest Gas, HUD Grant Fund, contract amount $2,040.00 revenue (02-70-A-143063-0710)

B. Community Services, Employment and Training

3. Chris Nybakken, d.b.a. The Nybakken Group, L.L.C., Amendment No. 3, to provide development of services for special need participants, extend contract term to 3/31/12 and amend scope of work, State Grant Fund, contract amount $22,000.00 (07-67-N-140798-0408)

4. The Salvation Army, Amendment No. 1, to provide workforce development and support services for the CASA Program and amend scope of work, no cost (07-69-S-143080-0510)

C. Finance and Risk Management

5. RBC Dain Rauscher, Inc., Amendment No. 4, to provide financial advisor services and extend contract term to 8/31/11, no cost (07-09-R-139372-0906)

6. Squire, Sanders & Dempsey, L.L.P., to provide bond counsel services, Various Bond Funds, contract amount $300,000.00 (07-09-S-143857-0211)

D. **Health Department**

7. Pima County Community College District, Amendment No. 1, to provide for the education and training of health sciences students at Posada del Sol Healthcare Center and amend scope of work, no cost (07-55-P-143277-1010)

E. **Information Technology**

8. New Cingular Wireless, P.C.S., L.L.C., Amendment No. 3, to provide a Non-Exclusive Right-of-Way Use License Agreement for cellular communication facilities and add a new location at McDonald Park, General Fund, contract amount $29,653.79 revenue (12-14-A-142715-0900)

F. **Institutional Health**

9. University Physicians Healthcare, Amendment No. 7, to provide a Lease Agreement and revise the design and placement of the heliport, no cost (04-65-U-134151-0604)

G. **Natural Resources, Parks and Recreation**

10. Tucson Audubon Society, Amendment No. 3, to provide for the operation of a nature shop at the Roy P. Drachman Agua Caliente Regional Park and extend contract term to 1/31/13, no cost (11-05-T-135921-0205)

11. United Community Health Center - Maria Auxiliadora, Inc., Amendment No. 1, to provide a Lease Agreement and tenant improvements of the Amado Clinic and amend contractual language, no cost (04-05-U-143086-0710)

H. **Pima Health System**

12. Apodaca Enterprises, L.L.C., d.b.a. Aguilera Home, Amendment No. 5, to provide assisted living home services and reflect name and ownership change, no cost (07-15-K-140110-0907)

13. Sher-Lan, L.L.C., d.b.a. Elder Care & More II, Amendment No. 6, to provide assisted living home services and amend contractual language, PHCS Enterprise Fund, contract amount $50,000.00 (07-15-S-140111-0907)

14. House of Prayer, Inc., Amendment No. 5, to provide assisted living home services and amend contractual language, PHCS Enterprise Fund, contract amount $50,000.00 (07-15-H-140139-0907)

15. Catalina Village Assisted Living, L.P., Amendment No. 8, to provide assisted living center services and amend contractual language, no cost (18-15-C-140510-1007)

16. Supported Living Systems, Inc., Amendment No. 4, to provide behavioral health services, extend contract term to 3/31/12 and amend contractual language, no cost (18-15-S-140688-0408)

17. Arizona Community Physicians, P.C., Amendment No. 1, to provide primary care physician and specialty services, extend contract term to 3/31/12 and amend contractual language, no cost (18-15-A-142895-0410)

I. **Procurement**

18. AECOM Technical Services, Inc., Amendment No. 6, to provide architectural services for the Pima County Justice Court/Tucson City Court Complex and amend contractual language, 2004 Bond Fund, contract amount $103,545.00 (15-13-D-137105-0805) Facilities Management

19. Cannon Parkin, Inc., d.b.a. Cannon Design, Amendment No. 10, to provide architectural and engineering services for the new psychiatric hospital/urgent care center and amend scope of work, 2004 and 2006 Bond Funds, contract amount $24,165.00 (15-13-C-138445-0806) Facilities Management

Awards

20. Award of Contract for Requisition No. 1101303 and authority to proceed into negotiations with WSM Architects, Inc. (Headquarters: Tucson, AZ), having submitted the highest scoring proposal for architectural and engineering design services for the Pima County Fleet Services Facility. Total cost is not to exceed $1,000,000.00. The contract is for a 12 month period and may be extended for project completion. In the event a fee agreement cannot be reached with the recommended firm, staff requests authorization to proceed to negotiations with the next highest ranked firms in the following order until a contract is executed: GLHN Architects and Engineers, Inc. (Headquarters: Tucson, AZ) and Poster Frost Mirto, Inc. (Headquarters: Tucson, AZ). Funding Source: Internal Services Fund. Administering Department: Facilities Management.

21. Low Bid: Award of Contract, Requisition No. 1101654, in the amount of $1,096,781.00 to the lowest responsive bidder, R.E. Lee Mechanical Contracting, Inc. (Headquarters: Tucson, AZ) for the Central Plant Retrocommissioning. The contract is for a nine month period and may be extended for project completion. Funding Source: Energy Efficiency and Conservation Block Grant- American Recovery and Reinvestment Act 2009. Administering Department: Facilities Management.

22. Cooperative Procurement: Award of Contract, Requisition No. 1101809, in the annual amount of $1,000,000.00 for software, computer equipment, peripherals, and related services to NetApp's Value Added Reseller (VAR) Custom Storage, Inc. (Headquarters: Scottsdale, AZ). Contract is for a one year term and includes four one year renewal periods. The award includes the authority for the Procurement Director to approve future amendments/renewals without further action by the Board of Supervisors for reasons other than increases in funding. Funding Source: General Fund. Administering Department: Information Technology.

23. Low Bid: Award of Contract, Requisition No. 1101632, in the amount of $344,000.00 for traffic paint to Ennis Paint, Inc., (Headquarters: Dallas, Texas). Contract is for a one year term and includes four one year renewal periods. Funding Sources: Transportation Special Revenue Fund. Administering Department: Transportation.

J. **Real Property**

24. La Paloma Property Owners Association, Inc., to provide a License Agreement to encroach for landscaping maintenance, General Fund, contract amount $61,500.00/2 year term (12-04-L-143858-0411) Transportation

25. Tucson Airport Authority, to provide a Lease Agreement for the Ryan Field Transfer Station, Solid Waste Fund, contract amount $19,575.00 / 5 year term (04-03-T-143875-0110) Environmental Services / Solid Waste

K. **Sheriff**

26. Arizona Department of Homeland Security, Amendment No. 2, to provide equipment under the Urban Area Security Initiative (UASI) and extend contract term to 6/1/11, no cost (01-11-A-142431-1009)

2. **ELECTIONS DEPARTMENT**

Pursuant to A.R.S. §16-821B, approval of Precinct Committeemen appointments:

APPOINTMENTS	PRECINCT	PARTY
Uhlich, Karin E.	070	DEM
McLeod, Roderick J.	227	DEM
Loscheider, Courtney R.	231	DEM
Salter, Kristian H.	270	DEM
Winger, Elodie V.	280	DEM
Kriss, Joseph	313	DEM
Dyckman, Rachel M.	318	DEM
Soto, Alexandria	343	DEM
Holt, Jo M.	360	DEM
Samuels, Robert M.	402	DEM
Johnson, Amy M.	414	DEM
Litsky, Sean D.	053	REP
Rawson, Jennifer M.	181	REP
Beatty, William H.	220	REP

Leith, Maureen M.	241	REP
Brearcliffe, Sean E.	242	REP
Jones, Lisbeth A.	252	REP
Donnelly, Laura D.	299	REP
Guthrie, David K.	382	REP
Guthrie, Rebecca D.	382	REP

3. **BOARDS, COMMISSIONS AND/OR COMMITTEES**

A. **Metropolitan Education Commission**

Appointment of Gina Macaluso, Member-at-Large, to replace Jo Riester. Term Expiration: 12/31/14. (Commission recommendation)

B. **Outside Agency Citizens Review Committee**

Appointment of Hope Green to replace Pam Mosley. No term expiration. (District 3)

4 **SPECIAL EVENT LIQUOR LICENSES APPROVED PURSUANT TO RESOLUTION NO. 2002-273**

A. John S. Brell, Santa Catalina Catholic Parish, 14380 N. Oracle Road, Tucson, March 17, 2011.

B. Meredith Erin Bode, Humane Society of Southern Arizona, Tucson Country Club, 2950 N. Camino Principal, Tucson, April 29, 2011.

C. Holly J. Thompson, Special Olympics Arizona, Player's Pub, 16024 N. Oracle Road, Tucson, April 16, 2011.

D. Linda K. Lohse, Diaper Bank of Southern Arizona, Westin La Paloma, 3800 E. Sunrise Drive, Tucson, May 20, 2011.

E. Sean David Young, Parent Aid Child Abuse Prevention Center, Tucson Chinese Cultural Center, 1288 W. River Road, Tucson, April 30, 2011.

F. Gabriel Heath Mendez, Rotary Club of San Manuel, Player's Pub, 16024 N. Oracle Road, Tucson, April 9, 2011.

G. Deborah L. Jassem, Tohono Chul Park, 7366 N. Paseo Del Norte, Tucson, March 27, April 3, 17 and May 1, 2011.

FINANCE AND RISK MANAGEMENT

5. **Duplicate Warrant – For Ratification**

Gail Eaton $ 2,082.28

6. **RECORDER**

Pursuant to Resolution No. 1993-200, ratification of the Document Storage and Retrieval Fund for the month of January, 2011.

7. **REAL PROPERTY**

Sale of Land Under Treasurer's Deed - Tax Parcel No. 116-19-181B

A. RESOLUTION NO. 2011 - 50, of the Pima County Board of Supervisors, authorizing the sale of land held by the State under a Treasurer's Deed to Jeffrey M. Grubic and Deborah Dale, highest bidder, for a portion of Lot 36 of Section 11, T14S, R13E, G&SRM. Sale price: $37,050.00; administrative fee: $500.00; total $37,550.00 revenue. (District 5)

B. Quit Claim Deed to Jeffrey M. Grubic and Deborah Dale, to convey all rights and title of a portion of Lot 36 of Section 11, T14S, R13E, G&SRM. (District 5)

8. **PROCLAMATION**

Proclaiming May 1, 2011 through May 7, 2011, to be:

"Youth Week in Pima County"

9. **RATIFY AND/OR APPROVE**

Minutes: February 8, 2011

Zoning Enforcement Board of Appeals Minutes of February 15, 2011

Warrants: March, 2011

TAX COMPLIANCE CERTIFICATE
OF ISSUER

Pertaining to

$75,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2011

Dated as of May 25, 2011

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 April 5, 2011 (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 portions of the Issuer's Interest Account and Redemption Funds that are properly allocable to the Issue.

"Instructions" means the Rebate Instructions attached hereto as Attachment A-1.

"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 and May 16, 2006, and includes interest on the Issue for up to three years from the Issuance Date or, if later, one year after the date the Project is placed in service, all of which are governmental purposes for purposes of the Code.

"Underwriter" means RBC Capital Markets, LLC.

1.30. References. 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 Project and (B) pay Issuance Costs.

2.30. Dates. The Sale Date is May 3, 2011 and the Issuance Date is May 25, 2011. The final maturity date of the Issue is July 1, 2026.

2.40. Issue Price. The Issue Price is set forth in Attachment B and is computed as follows:

Par amount	$75,000,000.00
Net original issue premium	3,725,476.35
Pre-Issuance Accrued Interest	0.00
Issue Price	$78,725,476.35

2.50. Sale Proceeds, Net Proceeds and Net Sale Proceeds. The Sale Proceeds, Net Proceeds and Net Sale Proceeds are as follows:

Issue Price	$78,725,476.35
Pre-Issuance Accrued Interest	(0.00)
Sale Proceeds	$78,725,476.35
Deposit to Reserve Fund	(0.00)
Net Proceeds	$78,725,476.35
Minor Portion	(100,000.00)
Net Sale Proceeds	$78,625,476.35

2.60. Disposition of Sale Proceeds. The Sale Proceeds will be applied as follows:

To pay costs of the Project and Issuance Costs	$75,067,000.00
To pay Underwriter's Discount	450,000.00
Deposit to the Bond Fund	3,208,476.35
Total Sale Proceeds	$78,725,476.35

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 3.70.

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. 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. 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, no obligations other than those comprising the Issue are a part of 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 and Original Issue Premium. There is no Pre-Issuance Accrued Interest. $1,471,852.50 representing premium received on the Issue, will be deposited in the Bond Fund and, together with the investment earnings thereon, will be used to pay interest due on the Issue on January 1, 2012, which is within one year from the Issuance Date, such period being the Temporary Period for those amounts. $1,736,623.85 representing premium received on the Issue, will be deposited in the Bond Fund, will not be invested in Higher Yielding Investments and, together with the investment earnings thereon, will be used to pay interest due on the Issue on July 1, 2012 and a portion of interest due on the Issue on January 1, 2013.

(B) Underwriter's Discount. Sale Proceeds in the amount of $450,000.00 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.

(C) Payment of Issuance Costs and Project Costs. Sale Proceeds of the Issue in the amount of $75,067,000 will be used to pay Issuance Costs and a portion of the costs of the Project. Sale Proceeds in the amount of $177,000 will be used to pay Issuance Costs other than Underwriter compensation within 13 months from the Issuance Date, such period being the Temporary Period for that amount. The remainder of $74,890,000 will be used for costs of the Project and 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 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 on the Project; and

(c) Completion of the Project and the allocation of the Net Sale Proceeds to expenditures with respect to the Project will proceed with due diligence.

Any Sale Proceeds 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.

No Sale Proceeds are being used to reimburse the Issuer for costs related to the Project incurred prior to the date hereof.

3.20. Investment Proceeds. Any Investment Proceeds will be used to pay costs of the Project and may be invested in Higher Yielding Investments during the Temporary Period identified in 3.10(C)(1) 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. Amounts deposited from time to time in the Bond Fund, which is a Bona Fide Debt Service 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, except as discussed in 3.10(A).

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. 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.

3.60. 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, and costs, other than those already described, that do not exceed 5% of the Sale Proceeds and that are directly related to Capital Expenditures financed, 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.

3.70. Minor Portion. The Minor Portion of $100,000.00 may be invested in Higher Yielding Investments.

3.80. No Other Replacement Proceeds. That portion of the Issue that is to be used to finance 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.

IV. REBATE MATTERS

4.10. Issuer Obligation Regarding Rebate. In accordance 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 obligation 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 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).

(D) The Issuer does not intend to sell or otherwise dispose of the 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 part of the Project financed by the Issue, the Issuer reasonably expects that:

(1) Dispositions of such tangible personal property, if any, will be in the ordinary course of an established governmental program;

(2) 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;

(3) The fair market value of such property on the date of disposition will not be greater than 25% of its cost;

(4) The property will no longer be suitable for its governmental purposes on the date of disposition; and

(5) The amounts received from any disposition of such property are required to, and will be, deposited in the Issuer's General Fund 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.

5.20. Issue Not Federally Guaranteed. The Issue is not Federally Guaranteed.

5.30. 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.

5.40. Hedge Contracts. The Issuer has not entered into, and does not reasonably expect to enter into, any Hedge with respect to the Issue, or any portion thereof. The Issuer acknowledges that entering into a Hedge with respect to the Issue, or any portion thereof, may change the Yield and that Bond Counsel should be contacted prior to entering into any Hedge with respect to the Issue in order to determine whether payments/receipts pursuant to the Hedge are to be taken into account in computing the Yield on the Issue.

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. 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.

(C) Documentation evidencing the use of the 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.

5.70. 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.

5.80. Responsibility of Officer.

(A) The officer signing this Certificate is one of the officers of the Issuer responsible for issuing the Issue.

(B) In making the representations in this Certificate, the Issuer relies in part on the representations of the Underwriter as set forth in the Underwriter's Certificate attached hereto as Attachment B. To the best of the knowledge, information, and belief of the undersigned, all expectations stated in this Certificate and in Attachment B 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 Attachment B. The certifications and representations made in this Certificate and in Attachment B are intended to be relied upon as certifications described in Treasury 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 Attachment B 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 or have occurred.

[Remainder of page left blank intentionally]

The date of this Certificate is May 25, 2011.

PIMA COUNTY, ARIZONA

By: ______________________________

Thomas Burke
Finance and Risk Management Director

[Signature page of Tax Compliance Certificate]

List of Attachments

Attachment A – Definitions for Tax Compliance Certificate

Attachment A-1 – Rebate Instructions

Attachment B – Underwriter's Certificate

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.

"Advance Refunding Issue" means any Refunding Issue that is not a Current Refunding Issue.

"Advance Refunding Portion" means that portion of a Multipurpose Issue that constitutes a separate governmental purpose and that would be treated as an Advance Refunding Issue if it had been issued as a separate issue.

"Available Construction Proceeds" means an amount equal to (a) the sum of (i) the Issue Price of an issue, (ii) Investment Proceeds on that Issue Price, (iii) earnings on any reasonably required reserve or replacement fund allocable to the issue not funded from the Issue Price, and (iv) Investment Proceeds and earnings on (ii) and (iii), (b) reduced by the portions, if any, of the Issue Price of the issue (i) attributable to Pre-Issuance Accrued Interest and earnings thereon, (ii) allocable to the underwriter's discount, (iii) used to pay other Issuance Costs of the issue, and (iv) deposited in a reasonably required reserve or replacement fund allocable to the issue. "Available Construction Proceeds" does not include Investment Proceeds or earnings on a reasonably required reserve or replacement fund allocable to the issue for any period after the earlier of (a) the close of the 2-year period that begins on the Issuance Date or (b) the date the construction of the project financed by the issue is substantially completed, provided, however, that such Investment Proceeds or earnings shall be excluded from "Available Construction Proceeds" if the Issuer has timely elected such exclusion. If an issue is a Multipurpose Issue that includes a New Money Portion that is a Construction Issue, this definition shall be applied by substituting "New Money Portion" for "issue" each place the latter term appears. If an issue or the New Money Portion of a Multipurpose Issue, as applicable, is not a Construction Issue, and the Issuer makes the bifurcation election under Regulations §1.148-7(j)(1) and Section 148(f)(4)(C)(v) to treat the issue or the New Money Portion as two separate issues consisting of the Construction Portion and the

Nonconstruction Portion, this definition shall be applied by substituting "Construction Portion" for "issue" each place the latter term appears.

"Available Project Proceeds" means "available project proceeds" as defined in Section 54A(e)(4), being (A) the excess of (i) Sale Proceeds, over (ii) Issuance Costs paid with Proceeds (to the extent that such Issuance Costs do not exceed 2% of Sale Proceeds), plus (B) Proceeds actually or constructively received from any investment of such excess.

"Bifurcated Issue" means a New Money Issue or the New Money Portion of a Multipurpose Issue that the Issuer, pursuant to Section 148(f)(4)(C)(v) and Regulations §1.148-7(j), has elected in its Tax Compliance Certificate to bifurcate into a Construction Portion, which finances 100% of the Construction Expenditures, and a Nonconstruction Portion.

"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 Counsel's Opinion" or **"Opinion of Bond Counsel"** means an opinion or opinions of a nationally recognized bond counsel firm whose opinion is given with respect to the Issue when issued, or its successors or other nationally recognized bond counsel appointed by the Issuer.

"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.

"Build America Bond" means any obligation described in Section 54AA(d)(1), including, where applicable, any Recovery Zone Economic Development Bond.

"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 Investment Proceeds of an 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 six months from the date of deposit in the Commingled Fund, using any reasonable accounting assumptions.

"Computation Date" means each date on which the Rebate Amount for an issue is required to be computed under Regulations §1.148-3(e). In the case of a Fixed Yield Issue, the first Computation Date shall not be later than five years after the Issuance Date of the issue. Subsequent Computation Dates shall be not later than five years after the immediately preceding Computation Date for which an installment payment of the Rebate Amount was paid. In the case of a Variable Yield Issue, the first Computation Date shall be the last day of any Bond Year irrevocably selected by the Issuer ending on or before the fifth anniversary of the Issuance Date of such issue and subsequent Computation Dates shall be the last day of each Bond Year thereafter or each fifth Bond Year thereafter, whichever is irrevocably selected by the Issuer after the first date on which any portion of the Rebate Amount is required to be paid to the United States. The final Computation Date is the date an issue is retired.

"Computational Base" means the amount of Gross Proceeds the Issuer or Conduit Borrower reasonably expects, as of the date a Guaranteed Investment Contract is required, to be deposited in that Guaranteed Investment Contract over its term.

"Conduit Borrower" means the obligor on a purpose investment.

"Conduit Financing Issue" means an issue the Proceeds of which are reasonably expected to be used to finance one or more Conduit Loans.

"Conduit Loan" means a purpose investment acquired by the Issuer with Proceeds of a Conduit Financing Issue, thereby effecting a loan to the Conduit Borrower.

"Construction Expenditures" means Capital Expenditures allocable to the cost of real property (including the construction or making of improvements to real property, but excluding acquisitions of interests in land or other existing real property) or constructed personal property within the meaning of Regulations §1.148-7(g).

"Construction Issue" means an issue at least 75% of the Available Construction Proceeds of which are to be used for Construction Expenditures with respect to property that is, or upon completion will be, owned by a Governmental Unit or a 501(c)(3) Organization. If an issue is a Multipurpose Issue that includes a New Money Portion, this definition shall be applied by substituting "New Money Portion" for "Construction Issue" each place the latter term appears. If an election under Section 148(f)(4)(C)(v) and Regulations §1.148-7(j) is made to bifurcate an issue or the New Money Portion of a Multipurpose Issue, this definition shall be applied by substituting "Construction Portion" for "Construction Issue" each place the latter term appears.

"Construction Portion" means that portion of an issue or the New Money Portion of a Multipurpose Issue at least 75% of the Available Construction Proceeds of which are to be used for Construction Expenditures with respect to property that is, or upon completion will be, owned by a Governmental Unit or a 501(c)(3) Organization and that finances 100% of the Construction Expenditures.

"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.

"Excess Gross Proceeds" means all Gross Proceeds of an Advance Refunding Issue that exceed an amount equal to 1% of the Sale Proceeds of such Advance Refunding Issue, other than Gross Proceeds allocable to: (a) payment of Debt Service on the Refunded Bonds; (b) payment of Pre-Issuance Accrued Interest on the Advance Refunding Issue and interest on the Advance Refunding Issue that accrues for a period up to the completion date of any capital project financed by the Prior Issue, plus one year; (c) a reasonably required reserve or replacement fund for the Advance Refunding Issue or Investment Proceeds of such fund; (d) payment of Issuance Costs of the Advance Refunding Issue; (e) payment of administrative costs allocable to repaying the Refunded Bonds, carrying and repaying the Advance Refunding Issue, or investments of the Advance Refunding Issue; (f) Transferred Proceeds allocable to expenditures for the governmental purpose of the Prior Issue (treating for this purpose all unspent Proceeds of the Prior Issue properly allocable to the Refunded Bonds as of the Issuance Date of the Advance Refunding Issue as Transferred Proceeds); (g) interest on purpose investments; (h) Replacement Proceeds in a sinking fund for the Advance Refunding Issue; and (i) fees for a Qualified Guarantee for the Advance Refunding Issue or the Prior Issue. If an Issue is a Multipurpose Issue that includes an Advance Refunding Portion, this definition shall be applied by substituting "Advance Refunding Portion" for "Advance Refunding Issue" each place the latter term appears.

"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.

"Future Value" means the value of a Payment or Receipt at the end of a period determined using the economic accrual method as the value of that Payment or Receipt when it is paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over the period at a rate equal to the Yield on the applicable issue, using the same compounding interval and financial conventions that were used to compute that Yield.

"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.

"Guaranteed Investment Contract" means any Nonpurpose Investment that has specifically negotiated withdrawal or retirement provisions and a specifically negotiated interest rate and any agreement to supply investments on two or more future dates (*e.g.*, a forward supply contract).

"Gross Proceeds" means Proceeds and Replacement Proceeds of an issue.

"Hedge" means a contract entered into by the Issuer or the Conduit Borrower primarily to modify the Issuer's or the Conduit Borrower's risk of interest rate changes with respect to an obligation (*e.g.*, an interest rate swap, an interest rate cap, a futures contract, a forward contract or an option).

"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 is more than one-eighth of one percentage point (.00125) higher than the Yield on the 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.

"Nonconstruction Portion" means that portion of a New Money Issue or of the New Money Portion other than the Construction 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.

"Payment" means payments actually or constructively made to acquire Nonpurpose Investments, as specified in Regulations §1.148-3(d)(1)(i) through (v).

"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.

"Private Security or Payments" means (i) any interest in property used or to be used for a Private Business Use, or in payments in respect of such property, that directly or indirectly secures any payment of principal of, or interest on, an issue, or (ii) payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a Private Business Use from which payments of principal of, or interest on, an issue are directly or indirectly derived, all as determined and measured in accordance with Treasury Regulations Section 1.141-4.

"Proceeds" means any Sale Proceeds, Investment Proceeds and Transferred Proceeds of an issue. "Proceeds" does not include Replacement Proceeds.

"Qualified Administrative Costs" means the reasonable, direct administrative costs, other than carrying costs, of purchasing or selling Nonpurpose Investments such as separately stated brokerage or selling commissions. Qualified Administrative Costs do not include 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. In general, Qualified Administrative Costs are not reasonable unless they are comparable to administrative costs that would be charged for the same investment or a reasonably comparable investment if acquired with a source of funds other than Gross Proceeds of Tax-Exempt Obligations.

"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).

"Reasonable Retainage" means an amount, with respect to an issue, not to exceed 5% of the Net Sale Proceeds of the issue, that is retained for reasonable business purposes relating to the property financed with Proceeds of the issue. For example, Reasonable Retainage may include a retention to ensure or promote compliance with a construction contract in circumstances in which the retained amount is not yet payable, or in which the Issuer reasonably determines that a dispute exists regarding completion or payment.

"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.

"Rebate Analyst" means an independent individual, firm or entity experienced in the computation of the Rebate Amount pursuant to Section 148(f).

"Receipt" means amounts actually or constructively received from Nonpurpose Investments as specified in Regulations §1.148-3(d)(2)(i) through (iii).

"Recovery Zone Economic Development Bond" means any Build America Bond described in Section 1400U-2(b)(1).

"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 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 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 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 Capital Expenditures paid prior to the Issuance Date of such issue 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, (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 and (d) satisfies the following requirements: except for Preliminary Expenditures, (i) the Issuer adopted an official intent for the Capital Expenditure that satisfies Regulations §1.150-2(e) prior to, or within 60 days after, payment of the Capital Expenditure, and (ii) the allocation in reimbursement of that Capital Expenditure 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 three 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 evidence 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), reduced by the credit, if any, allowed by Section 6431, 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.

ATTACHMENT A-1
to
Tax Compliance Certificate of Issuer
Pertaining to

$75,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2011

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 and 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 for any Bond Year in which the gross earnings on such Fund for such Year are less than $100,000 because 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 5 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 want Squire, Sanders & Dempsey (US) LLP to do the computations, please feel free to contact the Squire, Sanders &

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

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Dempsey (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.

only the 6-Month Spending Exception. The New Money Portion is eligible to use any of the three Spending Exceptions.

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 6 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 6 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 6 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. <u>2-YEAR SPENDING EXCEPTION FOR CERTAIN CONSTRUCTION ISSUES</u>.

(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 6 months;

(2) at least 45% within 1 year;

(3) at least 75% within 18 months; and

(4) 100% within 2 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 2 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 2 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 3 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 3 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 semi-annual 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 1-1/2% 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 5 years after the Issuance Date. Each subsequent Computation Date shall end 5 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 payments 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.

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.

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.

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 arms-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.

(A) 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.

(B) 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; and

(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.

(C) 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; and

(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 which 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) $35,000, 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 $99,000, 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.

SQUIRE, SANDERS & DEMPSEY (US) LLP

May 25, 2011

Attachment B
to Tax Compliance Certificate of Issuer

Pertaining to

$75,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2011

Dated: May 25, 2011

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 among the Issuer and the Underwriter, dated May 3, 2011, and at least 10% of the principal amount of each maturity initially was sold or was reasonably expected to be sold (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 $78,725,476.35.

(2) **Information Return**. To the extent that we provided the Issuer and Squire, Sanders & Dempsey (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 special counsel. For purposes of the Information Return required by Section 149(e) of the Code to be filed in connection with the Issue:

- The Initial Offering Price of the entire Issue is $78,725,476.35.
- The weighted average maturity of the Issue is 6.6843 years.
- The Yield on the Issue is 3.2212%. 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) and computed with the adjustments stated in paragraph (4).
- The Underwriter's discount is $450,000.
- The CUSIP Number assigned to the final maturity of the Issue is 721663VP4.

(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 2022 through 2026 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, pursuant to Treasury Regulations §1.148-4(b)(3), 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 Internal Revenue Code of 1986, as amended (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 Internal Revenue Code of 1986, as amended.

Dated: May 25, 2011.

RBC CAPITAL MARKETS, LLC

By: ____________________

Title: Managing Director

$75,000,000
Pima County, Arizona
General Obligation Bonds
Series 2011

CERTIFICATE OF 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 May 1, 2011 (the "Bond Registrar and Paying Agent Agreement"), between Pima County, Arizona (the "County") and the Bank, entered into in connection with the $75,000,000 Pima County, Arizona, General Obligation Bonds, Series 2011 (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 offices of Bond Registrar and Paying Agent pursuant to the Bond Registrar and Paying Agent Agreement, and will comply with the requirements of such agreements, 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 documents.

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
Brenda D. Black	Vice President	B Black

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: May 25, 2011

U.S. BANK NATIONAL ASSOCIATION

By: ______________________

Its: Vice President

[Signature page of Certificate of Registrar and Paying Agent]

EXHIBIT A

ASSISTANT SECRETARY'S CERTIFICATE AS TO SIGNATURE AUTHORITY usbank. Five Star Service Guaranteed

U.S. BANK NATIONAL ASSOCIATION
ASSISTANT SECRETARY CERTIFICATE

I, Cara L. Seeley, 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.

Brad Stevenson	Vice President	Mary J. Ambriz-Reyes	Vice President
Brenda D. Black	Vice President	Keith N. Henselen	Asst.Vice President
Robert L. Von Hess	Vice President		

IN WITNESS WHEREOF, I have set my hand this 19th day of November, 2008.

(No corporate seal)

Cara L. Seeley

Cara L. Seeley, Assistant Secretary

$75,000,000

PIMA COUNTY, ARIZONA

GENERAL OBLIGATION BONDS

SERIES 2011

ASSESSOR'S CERTIFICATE

I, the undersigned, hereby certify that the total secondary assessed valuation of all the taxable property within Pima County, Arizona, derived by applying the applicable percentages specified in Title 42, Chapter 15, Article 1, Arizona Revised Statues, to the full cash value of the property, as shown on the most recent assessment roll for State and County taxes as of the third Monday in August, 2010 (which value shall not include the in-lieu value of the Salt River Project or the property of other tax-exempt entities), is **$9,342,561,193.**

DATED: May 25, 2011

BILL STAPLES
PIMA COUNTY ASSESSOR

$75,000,000
Pima County, Arizona
General Obligation Bonds
Series 2011

CERTIFICATE OF DIRECTOR OF FINANCE AND RISK MANAGEMENT

The undersigned Director of Finance and Risk Management of Pima County, Arizona (the "County"), does hereby certify or direct, as applicable, as follows with respect to the issuance of the above-described Bonds (the "Bonds"), authorized by Resolution No. 2011-51, adopted by the Board of Supervisors of the County on April 5, 2011 (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. Premium received from the sale of the Bonds that is not being used to pay cost of issuance of the Bonds shall be deposited in the Interest Account in an amount of $3,208,476.35.

2. The balance of the proceeds received from the sale of the Bonds, $74,890,000.00 (representing $75,000,000.00 principal amount of the Bonds less amounts reserved to pay a portion of the costs of issuance of the Bonds) shall be set aside and used for the purposes and amounts shown on Exhibit A attached hereto, subject to the reserved right of the Board of Supervisors under Arizona Revised Statutes Section 35-456 to modify this determination).

[Signature page to follow]

Dated: May 25, 2011

PIMA COUNTY, ARIZONA

By: ______________________________
Thomas Burke
Director of Finance and Risk Management

EXHIBIT A

Election	Ballot Question and Purpose	Amount
1997	Question 2: Public Safety, Law Enforcement and Superior Courts	$0.00
	Question 3: Parks	1,181,682.78
	Question 4: Sonoran Desert Open Space and Historic Preservation	120,893.00
	Question 5: Public Health, Safety, Recreational and Cultural Facilities	185,121.15
	Question 6: Flood Control Improvements	1,467,100.00
	Question 7: Solid Waste Improvements	501,013.00
	Total 1997 Purposes:	3,455,809.93
2004	Question 1: Sonoran Desert Open Space and Habitat Protection; Prevention of Urban Encroachment of Davis Monthan Air Force Base	3,547,909.14
	Question 2: Public Health and Community Facilities	8,087,931.10
	Question 3: Pubic Safety and Justice Facilities	35,548,779.47
	Question 4: Parks and Recreational Facilities	17,684,358.71
	Question 5: River Parks and Flood Control Improvements	3,217,631.65
	Total 2004 Purposes:	68,086,610.07
2006	Question 3: Psychiatric Urgent Care Facilities	3,457,580.00
	Question 4: Psychiatric Inpatient Hospital Facilities	0.00
	Total 2006 Purposes:	3,457,580.00
	Total:	$75,000,000.00

$75,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2011

CERTIFICATE OF THE COUNTY
RESPONSIVE TO THE BOND PURCHASE AGREEMENT

Responsive to the Bond Purchase Agreement, dated May 3, 2011 (the "Purchase Contract"), between Pima County, Arizona (the "Issuer") 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 Issuer 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 Issuer is pending or threatened in any court or administrative body nor is there a basis for litigation 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 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;

3. The Bond Resolution has been duly adopted by the Issuer, are in full force and effect and have not been modified, amended or repealed;

4. The financial statements of the Issuer included in the Official Statement were true, correct and complete as of June 30, 2010, 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, 2010, 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

6. 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 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: May 25, 2011

PIMA COUNTY, ARIZONA

By: ______________________________

Thomas Burke
Finance and Risk Management Director

[Signature page of Certificate of the County Responsive to the Bond Purchase Agreement]

$75,000,000
Pima County, Arizona
General Obligation Bonds
Series 2011

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 of $75,000,000 in aggregate principal amount of Pima County, Arizona General Obligation Bonds, Series 2011 (the "Bonds"), issued by the County pursuant to Resolution No. 2011-51, passed, adopted and approved by the Board of Supervisors of the County on April 5, 2011 (the "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 $78,275,476.35, 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) $75,067,000.00 will be set aside in the account established by the Resolution for such proceeds of the Bonds to be used for projects to be financed with such proceeds and to pay issuance costs;

(b) $3,208,476.35 will be deposited into the Interest Account established by the Resolution.

Dated: May 25, 2011.

PIMA COUNTY, ARIZONA

Beth Ford, County Treasurer

By: Beth Ford

[Signature page of County Treasurer's Receipt for Bond Proceeds]

$75,000,000
Pima County, Arizona
General Obligation Bonds
Series 2011

UNDERWRITER'S RECEIPT FOR BONDS

Receipt of the Pima County, Arizona General Obligation Bonds, Series 2011 (the "Bonds"), in the aggregate principal amount of $75,000,000 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 May 25, 2011, are in denominations of $5,000 or integral multiples thereof, mature on July 1, in the years 2012 through 2026, and bear interest at the rate per annum from the date of the Bonds to the maturity of each Bond as follows:

Maturity Date (July 1)	Principal Amount	Interest Rate
2012	$22,925,000	1.500%
2013	5,000,000	2.000
2014	960,000	2.500
2014	1,930,000	3.000
2015	2,975,000	3.000
2016	325,000	2.250
2016	2,740,000	3.000
2017	3,155,000	3.000
2018	3,250,000	4.000
2019	2,930,000	3.000
2019	450,000	4.000
2020	3,485,000	5.000
2021	3,655,000	5.000
2022	3,840,000	5.000
2023	4,030,000	5.000
2024	4,235,000	5.000
2025	4,445,000	5.000
2026	4,670,000	5.000

Dated: May 25, 2011

RBC CAPITAL MARKETS, LLC

By: Kurt Freund
Name: Kurt Freund
Its: Managing Director

571888.3

SQUIRE, SANDERS & DEMPSEY (US) LLP
1 E. Washington St., Suite 2700
Phoenix, AZ 85004
Office: +1.602.528.4000
Fax: +1.602.253.8129

SQUIRE SANDERS | LEGAL COUNSEL WORLDWIDE

May 25, 2011

Pima County, Arizona
Tucson, Arizona

Ladies and Gentlemen:

We have examined the transcript of proceedings (the "Transcript") relating to the issuance by Pima County, Arizona (the "County") of its $75,000,000 aggregate principal amount of bonds designated the Pima County, Arizona, General Obligation Bonds, Series 2011 (the "Bonds"). 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 April 5, 2011 (the "Bond Resolution"). The documents in the Transcript include a certified copy of the Bond Resolution. All capitalized terms not defined herein shall have the meanings set forth in the Bond Resolution. We have also examined a conformed copy of a Bond.

Based on this examination, we are of the opinion that, under existing law:

1. The Bonds constitute valid and legal general obligations of the County, and the principal of and interest on the Bonds, unless paid from other sources and subject to bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion, 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. 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 treated as an item of tax preference for purposes of the 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 giving the foregoing opinion with respect to the treatment of the interest on the Bonds under the tax laws, we have assumed and relied upon compliance with the covenants of the County and the accuracy, which we have not independently verified, of the representations and certifications of the County, contained in the Transcript. The accuracy of those representations and certifications, and the County's compliance with those covenants, may be necessary for the interest on the Bonds to be and to remain excluded from gross income for federal income tax purposes and for certain of the other tax effects stated above. Failure to comply with certain of those covenants subsequent to issuance of the Bonds could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

The opinions expressed in this letter are based on the law in effect on the date hereof and may be affected by actions taken or omitted or events occurring after the date hereof, and we assume no obligations to revise or supplement this opinion should such law be changed by legislative action, judicial decision, or otherwise, or to determine or to inform any person whether any such actions are taken or omitted or any such events occur.

Respectfully submitted,

Squire, Sanders & Dempsey (US) LLP

SQUIRE, SANDERS & DEMPSEY (US) LLP
1 E. Washington St., Suite 2700
Phoenix, AZ 85004
Office: +1.602.528.4000
Fax: +1.602.253.8129

SQUIRE SANDERS | LEGAL COUNSEL WORLDWIDE

May 25, 2011

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 "Issuer") and not as counsel to any other person in connection with the issuance by the Issuer of its $75,000,000 Pima County, Arizona, General Obligation Bonds, Series 2011 (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(i)(5) of the Bond Purchase Agreement, dated May 3, 2011 (the "Purchase Agreement"), between the Issuer 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 "Issuer 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 on 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 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 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 Issuer Documents and all

documents required thereunder to be executed and delivered by the Issuer, (b) to sell, issue and deliver the Bonds to the Underwriter as provided in the Purchase Agreement 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.

2. By all necessary official action of the Issuer, 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.

3. 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.

4. 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 subject to the qualification that the enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights and except that the availability of equitable remedies is subject to the discretion of the court before which any proceedings may be brought.

5. The distribution of the Preliminary Official Statement and the Official Statement has been duly authorized by the Issuer.

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, execution and delivery of, or the performance by the Issuer of its obligations under, the Bonds or the Issuer Documents 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 front 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 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.

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 Issuer and (iii) the correctness of the legal conclusions contained in the legal opinion letters of counsel to the Issuer delivered in connection with this matter.

The rights of the parties under the Issuer Documents and Bond Resolution and the enforceability of the Issuer 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, Sanders & Dempsey (US) LLP

OFFICE OF THE
Pima County Attorney
Civil Division
32 N. STONE
SUITE 2100
Tucson, Arizona 85701-1412
(520) 740-5750
FAX (520) 620-6556

Barbara LaWall
PIMA COUNTY ATTORNEY

May 25, 2011

RBC Capital Markets, LLC
Phoenix, Arizona

U.S. Bank National Association, as Registrar and Paying Agent
Phoenix, Arizona

Squire, Sanders & Dempsey (US) LLP
Phoenix, Arizona

This opinion is rendered pursuant to Section 6(i)(7) of the Bond Purchase Agreement, dated May 3, 2011 (the "Bond Purchase Agreement"), between Pima County, Arizona (the "Issuer") and RBC Capital Markets, LLC, as underwriter, and is given in connection with the issuance by the Issuer of its $75,000,000 General Obligation Bonds, Series 2011 (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 Issuer 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, to the best of my knowledge, there is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or 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 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 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, 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.

3. The adoption of the Bond Resolution and the execution and delivery of the Issuer Documents and compliance by the Issuer with the provisions thereof, under the circumstances contemplated 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.

4. The information contained in the Official Statement under the caption "LITIGATION" is true and correct in all material respects.

5. Based on our 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, we 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 need be expressed).

Very truly yours,

Regina L. Nassen
Deputy County Attorney

May 25, 2011

RBC Capital Markets, LLC
2398 East Camelback Road, Suite 700
Phoenix, Arizona 85016

Re: Pima County, Arizona General Obligation Bonds, Series 2011

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 May 3, 2011 (the "Official Statement"), relating to the Bonds as well as the Resolution (as such term is defined in the Official Statement). In addition, we have examined 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 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, 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 "D" and "E" to, 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

Form **8038-G** (Rev. May 2010) 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
3 Number and street (or P.O. box if mail is not delivered to street address): 130 West Congress, 6th Floor; Room/suite:	4 Report number (For IRS Use Only): 3
5 City, town, or post office, state, and ZIP code: Tucson, Arizona 85701	6 Date of issue: 5/25/2011
7 Name of issue: General Obligation Bonds, Series 2011	8 CUSIP number: 721663 VP4
9 Name and title of officer of the issuer or other person whom the IRS may call for more information: Thomas E. Burke, Finance and Risk Management Director	10 Telephone number of officer or other person: (520) 740-3030

Part II Type of Issue (enter the issue price) See 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	78,725,476	35
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	July 1, 2026	$ 78,725,476.35	$ 75,000,000.00	6.6843 years	3.2212 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22		
23	Issue price of entire issue (enter amount from line 21, column (b))			23	78,725,476	35
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	627,000 00			
25	Proceeds used for credit enhancement	25				
26	Proceeds allocated to reasonably required reserve or replacement fund	26				
27	Proceeds used to currently refund prior issues	27				
28	Proceeds used to advance refund prior issues	28				
29	Total (add lines 24 through 28)			29	627,000	00
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	78,098,476	35

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 ▶ ______ years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded ▶ ______ years
33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ▶ ______
34 Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)

571889

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) . . .	35	N/A
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions) . . .	36a	N/A
b	Enter the final maturity date of the GIC ▶ ______		
37	Pooled financings: **a** Proceeds of this issue that are to be used to make loans to other governmental units . . .	37a	N/A

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ ______ and the date of the issue ▶ ______

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box . . . . ▶ ☐

39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box . . . ▶ ☐

40 If the issuer has identified a hedge, check box . . . ▶ ☐

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.

Tom Burke — May 25, 2011 — Thomas E. Burke, Finance & Risk Mngt Director

Signature of issuer's authorized representative — Date — Type or print name and title

Paid Preparer's Use Only

Preparer's signature	Robert [signature]	Date 5-25-2011	Check if self-employed ☐	Preparer's SSN or PTIN P01064240
Firm's name (or yours if self-employed), address, and ZIP code	Squire, Sanders & Dempsey (US) LLP		EIN 34	0648199
	127 Public Square, 4900 Key Tower, Cleveland, OH 44114		Phone no.	(216) 479-8676

SQUIRE SANDERS | LEGAL COUNSEL WORLDWIDE

SQUIRE, SANDERS & DEMPSEY (US) LLP

1 E. Washington St., Suite 2700
Phoenix, AZ 85004

Office: +1.602.528.4000
Fax: +1.602.253.8129

Direct: +1.602.528.4031
tpickrell@ssd.com

May 25, 2011

Via Certified Mail

Internal Revenue Service Center
Ogden, Utah 84201

Re: Pima County, Arizona
General Obligation Bonds, Series 2011

Ladies and Gentlemen:

On behalf of Pima County, Arizona, enclosed is Form 8038-G, Information Return for Tax-Exempt Governmental Obligations.

Sincerely,

Timothy E. Pickrell

TEP:mte

Enclosure

Certified Number 7007 2680 0000 9191 2325

AFFIDAVIT OF MAILING

STATE OF ARIZONA)
) ss:
County of Maricopa)

I, Timothy E. Pickrell, being first duly sworn upon my oath, depose and say that I delivered to the United States Postal Service on the 25th day of May, 2011, an envelope containing a Form 8038-G, Information Return for Tax-Exempt Governmental Obligations, with respect to the Pima County, Arizona $75,000,000 General Obligation Bonds, Series 2011, postage prepaid, certified mail (Certified Number 7007 2680 0000 9191 2325), addressed as follows:

Internal Revenue Service Center
Ogden, Utah 84201

Timothy E. Pickrell

SUBSCRIBED AND SWORN to before me this 25th day of May, 2011.

Jean Reynolds
Notary Public

My Commission Expires:

August 15, 2012

JEAN E REYNOLDS
Notary Public—Arizona
Maricopa County
Expires on 08/15/2012

579799.2

7007 2680 0000 9191 2325

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

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OFFICIAL USE

Postage	$ 1.08
Certified Fee	2.85
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 3.93

Postmark Here

PHOENIX AZ 85026 MAY 25 2011 USPS

Sent To

Street, Apt. No.; or PO Box No.

City, State

Internal Revenue Service Center
Ogden, UT 84201

PS Form 3800, August 2006 — See Reverse for Instructions

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 2011	
3. Dated Date: 5/25/2011 Closing Date: 5/25/2011	4. Par amount: $75,000,000
5. Overall Interest rate (TIC-OR ~~NIC~~): 3.5038%	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: $492,995,000	9. Total amount outstanding of senior or subordinate bonds: $-0-
10. Original issue price: Attach Schedule 1 a. Par Amount (Principal Amount) $75,000,000.00	11. Total limitations (Constitutional or Statutory) on the type of bonds/securities issued: For general obligation Bonds: 15% a. Secondary net assessed value: $9,342,561,193
b. Original Issue Discount (-) ($23,000.50)	
c. Premium Amount (+) $3,748,476.85	b. Debt limit percentage: 15%
d. Original Issue Price (=) $78,725,476.35	c. Total debt limit: $1,401,384,179
e. Underwriter Compensation (Discount) (-) ($450,000.00)	12. Available debt limit: $908,389,179
f. Net Proceeds (=) $78,275,476.35	13. Total amount authorized: $893,230,000
14. Remaining authorized amount: $ 138,681,000	15. If voter authorized, Election dates: May 20, 1997 ($256,980,000), May 18, 2004 ($582,250,000) and May 16, 2006 ($54,000,000)

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.

Tom Burke
Signature

May 25, 2011
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) 740-3030

Trustee name, address and phone number

Brenda D. Black, 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 2011

Par Amount: $75,000,000 Date Closed May 25, 2011

Maturity Date (July 1)	Par Amount (Principal Amount) 10a	Coupon Rate	Yield	Original Issue Price	Premium or Discount 10b or 10c
2012	$ 22,925,000	1.500%	0.600%	$23,150,811.25	$225,811.25
2013	5,000,000	2.000	0.920	5,112,000.00	112,000.00
2014	960,000	2.500	1.290	995,174.40	35,174.40
2014	1,930,000	3.000	1.290	2,029,954.70	99,954.70
2015	2,975,000	3.000	1.690	3,128,718.25	153,718.25
2016	325,000	2.250	2.060	327,970.50	2,970.50
2016	2,740,000	3.000	2.060	2,864,039.80	124,039.80
2017	3,155,000	3.000	2.430	3,256,338.60	101,338.60
2018	3,250,000	4.000	2.810	3,497,292.50	247,292.50
2019	2,930,000	3.000	3.110	2,906,999.50	(23,000.50)
2019	450,000	4.000	3.110	478,471.50	28,471.50
2020	3,485,000	5.000	3.350	3,932,717.95	447,717.95
2021	3,655,000	5.000	3.510	4,114,616.25	459,616.25
2022	3,840,000	5.000	3.690*	4,260,787.20	420,787.20
2023	4,030,000	5.000	3.860*	4,411,076.80	381,076.80
2024	4,235,000	5.000	4.030*	4,572,910.65	337,910.65
2025	4,445,000	5.000	4.170*	4,746,371.00	301,371.00
2026	4,670,000	5.000	4.290*	4,939,225.50	269,225.50
Total	$75,000,000	N/A	N/A	$78,725,476.35	$3,725,476.35
10e Underwriter's Discount and/or Placement Agent Fee, if any				$450,000.00	
10f Net Proceeds (as shown on issuance form)				$78,275,476.35	

*Yield calculated to July 1, 2021, the first optional call date.

ATTACHMENT TO
REPORT OF BOND AND SECURITY ISSUANCE

Name of Issue: PIMA COUNTY, ARIZONA GENERAL OBLIGATION BONDS SERIES 2011

COSTS OF ISSUANCE

Bond Counsel	$ 85,792.50
Fitch Ratings	30,000.00
Standard & Poor's	26,760.00
Bond Registrar/Paying Agent	500.00
Official Statement Printing	5,000.00
Miscellaneous	28,947.50
Total	$177,000.00

BOND DEBT SERVICE

$75,000,000
PIMA COUNTY, ARIZONA
General Obligation Bonds, Series 2011
FINAL

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
01/01/2012			1,471,852.50	1,471,852.50	
07/01/2012	22,925,000	1.500%	1,226,543.75	24,151,543.75	25,623,396.25
01/01/2013			1,054,606.25	1,054,606.25	
07/01/2013	5,000,000	2.000%	1,054,606.25	6,054,606.25	7,109,212.50
01/01/2014			1,004,606.25	1,004,606.25	
07/01/2014	2,890,000	**	1,004,606.25	3,894,606.25	4,899,212.50
01/01/2015			963,656.25	963,656.25	
07/01/2015	2,975,000	3.000%	963,656.25	3,938,656.25	4,902,312.50
01/01/2016			919,031.25	919,031.25	
07/01/2016	3,065,000	**	919,031.25	3,984,031.25	4,903,062.50
01/01/2017			874,275.00	874,275.00	
07/01/2017	3,155,000	3.000%	874,275.00	4,029,275.00	4,903,550.00
01/01/2018			826,950.00	826,950.00	
07/01/2018	3,250,000	4.000%	826,950.00	4,076,950.00	4,903,900.00
01/01/2019			761,950.00	761,950.00	
07/01/2019	3,380,000	**	761,950.00	4,141,950.00	4,903,900.00
01/01/2020			709,000.00	709,000.00	
07/01/2020	3,485,000	5.000%	709,000.00	4,194,000.00	4,903,000.00
01/01/2021			621,875.00	621,875.00	
07/01/2021	3,655,000	5.000%	621,875.00	4,276,875.00	4,898,750.00
01/01/2022			530,500.00	530,500.00	
07/01/2022	3,840,000	5.000%	530,500.00	4,370,500.00	4,901,000.00
01/01/2023			434,500.00	434,500.00	
07/01/2023	4,030,000	5.000%	434,500.00	4,464,500.00	4,899,000.00
01/01/2024			333,750.00	333,750.00	
07/01/2024	4,235,000	5.000%	333,750.00	4,568,750.00	4,902,500.00
01/01/2025			227,875.00	227,875.00	
07/01/2025	4,445,000	5.000%	227,875.00	4,672,875.00	4,900,750.00
01/01/2026			116,750.00	116,750.00	
07/01/2026	4,670,000	5.000%	116,750.00	4,786,750.00	4,903,500.00
	75,000,000		21,457,046.25	96,457,046.25	96,457,046.25

Form **8038-G** (Rev. May 2010) 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
3 Number and street (or P.O. box if mail is not delivered to street address): 130 West Congress, 6th Floor — Room/suite:	4 Report number (For IRS Use Only): 3
5 City, town, or post office, state, and ZIP code: Tucson, Arizona 85701	6 Date of issue: 5/25/2011
7 Name of issue: General Obligation Bonds, Series 2011	8 CUSIP number: 721663 VP4
9 Name and title of officer of the issuer or other person whom the IRS may call for more information: Thomas E. Burke, Finance and Risk Management Director	10 Telephone number of officer or other person: (520) 740-3030

Part II Type of Issue (enter the issue price) See instructions and attach schedule

Line	Description	Box	Amount	Cents
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	78,725,476	35
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	July 1, 2026	$ 78,725,476.35	$ 75,000,000.00	6.6843 years	3.2212 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

Line	Description	Box	Amount	Cents	Box	Amount	Cents
22	Proceeds used for accrued interest				22		
23	Issue price of entire issue (enter amount from line 21, column (b))				23	78,725,476	35
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	627,000	00			
25	Proceeds used for credit enhancement	25					
26	Proceeds allocated to reasonably required reserve or replacement fund	26					
27	Proceeds used to currently refund prior issues	27					
28	Proceeds used to advance refund prior issues	28					
29	Total (add lines 24 through 28)				29	627,000	00
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)				30	78,098,476	35

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 ▶ ______ years

32 Enter the remaining weighted average maturity of the bonds to be advance refunded ▶ ______ years

33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ▶ ______

34 Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 63773S Form **8038-G** (Rev. 5-2010)

571889

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) . . .	35	N/A
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions) . . .	36a	N/A
b	Enter the final maturity date of the GIC ▶ ________		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units . . .	37a	N/A

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ ________ and the date of the issue ▶ ________

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box . . . . ▶ ☐

39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box . . . ▶ ☐

40 If the issuer has identified a hedge, check box . . . ▶ ☐

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.

▶ Tom Burke May 25, 2011 ▶ Thomas E. Burke, Finance & Risk Mngt Director

Signature of issuer's authorized representative Date Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ Robert [signature]	Date 5-25-2011	Check if self-employed ☐	Preparer's SSN or PTIN P01064240
Firm's name (or yours if self-employed), address, and ZIP code ▶ Squire, Sanders & Dempsey (US) LLP		EIN 34	0648199
127 Public Square, 4900 Key Tower, Cleveland, OH 44114		Phone no.	(216) 479-8676

OFFICIAL STATEMENT

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

In the opinion of Squire, Sanders & Dempsey (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.

$75,000,000
PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2011

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

The $75,000,000 principal amount of General Obligation Bonds, Series 2011 (the "Bonds") being issued by Pima County, Arizona (the "County") will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. 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 (each an "Interest Payment Date"), commencing January 1, 2012 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, 2021. See "THE BONDS – Redemption" 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.

Maturity Schedule

Due July 1	Principal Amount	Interest Rate	Yield	Due July 1	Principal Amount	Interest Rate	Yield
2012	$22,925,000	1.50%	0.60%	2018	$3,250,000	4.00%	2.81%
2013	5,000,000	2.00%	0.92%				
				2019	2,930,000	3.00%	3.11%
2014	960,000	2.50%	1.29%	2019	450,000	4.00%	3.11%
2014	1,930,000	3.00%	1.29%				
				2020	3,485,000	5.00%	3.35%
2015	2,975,000	3.00%	1.69%	2021	3,655,000	5.00%	3.51%
				2022	3,840,000	5.00%	3.69%*
2016	325,000	2.25%	2.06%	2023	4,030,000	5.00%	3.86%*
2016	2,740,000	3.00%	2.06%	2024	4,235,000	5.00%	4.03%*
				2025	4,445,000	5.00%	4.17%*
2017	3,155,000	3.00%	2.43%	2026	4,670,000	5.005	4.29%*

*Yield calculated to July 1, 2021, the first optional call date.

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, Sanders & Dempsey (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 May 25, 2011.

RBC CAPITAL MARKETS

May 3, 2011

SQUIRE SANDERS | LEGAL COUNSEL WORLDWIDE

SQUIRE, SANDERS & DEMPSEY (US) LLP

1 E. Washington St., Suite 2700
Phoenix, AZ 85004

Office: +1.602.528.4000
Fax: +1.602.253.8129

Direct: +1.602.528.4031
tpickrell@ssd.com

May 25, 2011

Via Certified Mail
Return Receipt Requested

Arizona Department of Revenue
Attention: OERA, 9th Floor
1600 W. Monroe
Phoenix, AZ 85007

Re: $75,000,000 Pima County, Arizona
General Obligation Bonds, Series 2011

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.

Sincerely,

Timothy E. Pickrell

TEP:mte
Enclosures

Certified No. 7007 2680 0000 9191 2318

579806.2

AFFIDAVIT OF MAILING

STATE OF ARIZONA)
) ss:
County of Maricopa)

I, Timothy E. Pickrell, being first duly sworn upon my oath, depose and say that I delivered to the United States Postal Service on the 25th day of May, 2011, an envelope containing the Report of Bond and Security Issuance Pursuant to A.R.S. §35-501B, with respect to $75,000,000 Pima County, Arizona General Obligation Bonds, Series 2011, postage prepaid, certified mail (Certified Number 7000 2680 0000 9191 2318), return receipt requested, addressed as follows:

Arizona Department of Revenue
Attention: OERA, 9th Floor
1600 W. Monroe
Phoenix, AZ 85007

Timothy E. Pickrell

SUBSCRIBED AND SWORN to before me this 25th day of May, 2011.

Notary Public

My Commission Expires:

August 15, 2012

JEAN E REYNOLDS
Notary Public—Arizona
Maricopa County
Expires on 08/15/2012

7007 2680 0000 9191 2318

U.S. Postal Service™
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For delivery information visit our website at www.usps.com®

OFFICIAL USE

Postage	$ 3.28
Certified Fee	2.85
Return Receipt Fee (Endorsement Required)	2.30
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 8.43

Postmark Here

USPS MAY 25 2011 PHOENIX AZ 85026

Sent To

Street, Apt. No.; or PO Box No. Arizona Department of Revenue
Attention: OERA, 9th Floor
1600 W. Monroe
City, State, ZIP+4 Phoenix, AZ 85007

PS Form 3800, August 2006 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Arizona Department of Revenue
Attention: OERA, 9th Floor
1600 W. Monroe
Phoenix, AZ 85007

COMPLETE THIS SECTION ON DELIVERY

A. Signature Arizona Dept of Revenue
X MAY 26 2011 ☐ Agent ☐ Addressee

B. Received by *(Printed Name)* C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? *(Extra Fee)* ☐ Yes

2. Article Number *(Transfer from service label)* 7007 2680 0000 9191 2318

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

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 2011

Number: R-1 Denomination: $22,925,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
1.500%	July 1, 2012	May 25, 2011	721663 VF6

Registered Owner: CEDE & CO.

Principal Amount: TWENTY-TWO MILLION NINE HUNDRED TWENTY-FIVE THOUSAND 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 January 1, 2012, 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 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 (as herein defined) 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 2011

Number: R-2 Denomination: $5,000,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
2.000%	July 1, 2013	May 25, 2011	721663 VG4

Registered Owner: CEDE & CO.

Principal Amount: FIVE MILLION 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 January 1, 2012, 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 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 (as herein defined) 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 2011

Number: R-3 Denomination: $960,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
2.500%	July 1, 2014	May 25, 2011	721663 VW9

Registered Owner: CEDE & CO.

Principal Amount: NINE HUNDRED SIXTY THOUSAND 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 January 1, 2012, 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 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 (as herein defined) 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.

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PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2011

Number: R-4 Denomination: $1,930,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2014	May 25, 2011	721663 VX7

Registered Owner: CEDE & CO.

Principal Amount: ONE MILLION NINE HUNDRED THIRTY THOUSAND 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 January 1, 2012, 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 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 (as herein defined) 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.

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PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2011

Number: R-5 Denomination: $2,975,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2015	May 25, 2011	721663 VQ2

Registered Owner: CEDE & CO.

Principal Amount: TWO MILLION NINE HUNDRED SEVENTY-FIVE THOUSAND 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.

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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 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 (as herein defined) 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.

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PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2011

Number: R-6 Denomination: $325,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
2.250%	July 1, 2016	May 25, 2011	721663 VH2

Registered Owner: CEDE & CO.

Principal Amount: THREE HUNDRED TWENTY-FIVE THOUSAND 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.

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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 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 (as herein defined) 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.

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PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2011

Number: R-7 | Denomination: $2,740,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2016	May 25, 2011	721663 VR0

Registered Owner: CEDE & CO.

Principal Amount: TWO MILLION SEVEN HUNDRED FORTY THOUSAND 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.

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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 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 (as herein defined) 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.

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PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2011

Number: R-8 Denomination: $3,155,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2017	May 25, 2011	721663 VS8

Registered Owner: CEDE & CO.

Principal Amount: THREE MILLION ONE HUNDRED FIFTY-FIVE THOUSAND 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.

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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 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 (as herein defined) 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.

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PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2011

Number: R-9 Denomination: $3,250,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2018	May 25, 2011	721663 VT6

Registered Owner: CEDE & CO.

Principal Amount: THREE MILLION TWO HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS

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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.

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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 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 (as herein defined) 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.

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PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2011

Number: R-10 Denomination: $2,930,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2019	May 25, 2011	721663 VU3

Registered Owner: CEDE & CO.

Principal Amount: TWO MILLION NINE HUNDRED THIRTY THOUSAND AND NO/100 DOLLARS

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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.

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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 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 (as herein defined) 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.

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PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2011

Number: R-11 Denomination: $450,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2019	May 25, 2011	721663 VY5

Registered Owner: CEDE & CO.

Principal Amount: FOUR HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS

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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.

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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 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 (as herein defined) 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.

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PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2011A

Number: R-12 Denomination: $3,485,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
5.000%	July 1, 2020	May 25, 2011	721663 VV1

Registered Owner: CEDE & CO.

Principal Amount: THREE MILLION FOUR HUNDRED EIGHTY-FIVE THOUSAND AND NO/100 DOLLARS

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PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BOND
SERIES 2011

SPECIMEN

Number: R-13 Denomination: $3,655,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
5.000%	July 1, 2021	May 25, 2011	721663 VJ8

Registered Owner: CEDE & CO.

Principal Amount: THREE MILLION SIX HUNDRED FIFTY-FIVE THOUSAND AND NO/100 DOLLARS

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Interest is payable on January 1 and July 1 of each year, commencing January 1, 2012, 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 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 (as herein defined) 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 BONDS
SERIES 2011

SPECIMEN

Number: R-14 Denomination: $3,840,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
5.000%	July 1, 2022	May 25, 2011	721663 VK5

Registered Owner: CEDE & CO.

Principal Amount: THREE MILLION EIGHT HUNDRED FORTY THOUSAND 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 January 1, 2012, 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 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 (as herein defined) 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 2011

Number: R-15 | Denomination: $4,030,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
5.000%	July 1, 2023	May 25, 2011	721663 VL3

Registered Owner: CEDE & CO.

Principal Amount: FOUR MILLION THIRTY THOUSAND 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 January 1, 2012, 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 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 (as herein defined) 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 2011

Number: R-16 Denomination: $4,235,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
5.000%	July 1, 2024	May 25, 2011	721663 VM1

Registered Owner: CEDE & CO.

Principal Amount: FOUR MILLION TWO HUNDRED THIRTY-FIVE THOUSAND 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 January 1, 2012, 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 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 (as herein defined) 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 2011

Number: R-17 Denomination: $4,445,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
5.000%	July 1, 2025	May 25, 2011	721663 VN9

Registered Owner: CEDE & CO.

Principal Amount: FOUR MILLION FOUR HUNDRED FORTY-FIVE THOUSAND 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 January 1, 2012, 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 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 (as herein defined) 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 2011

Number: R-18 Denomination: $4,670,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
5.000%	July 1, 2026	May 2[illegible], 2011	721663 VP4

Registered Owner: CEDE & CO.

Principal Amount: FOUR MILLION SIX HUNDRED SEVENTY THOUSAND 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 January 1, 2012, 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 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 (as herein defined) 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 $75,000,000 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 and May 16, 2006, pursuant to a resolution of the Board of Supervisors of the County duly adopted prior to the issuance hereof, 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 Fund" 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 a Resolution adopted by the Board of Supervisors of the County on April 5, 2011 (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, 2021 are not subject to call for redemption prior to their respective maturity dates. The bonds maturing on or after July 1, 2022 are subject to call for redemption on any date on or after July 1, 2021 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 Chairman 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

____
Chairman, Board of Supervisors

ATTEST:

____
Clerk, Board of Supervisors

AUTHENTICATION CERTIFICATE

This bond is one of the Pima County, Arizona General Obligation Bonds, Series 2011, described in the Resolution mentioned herein.

Date of Authentication: May 25, 2011

U.S. BANK NATIONAL ASSOCIATION,
as Registrar

By: ______________________________
Authorized Representative

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.

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.

FitchRatings

111 Congress Avenue, Suite 2010
Austin, TX 78701

T 512 215 3737 / 888 262 4820
www.fitchratings.com

April 18, 2011

Ms. Michelle Campagne
Division Manager
Pima County
Financial Management and Audit
130 W. Congress St., 6th Floor
Tucson, AZ 85701

Dear Ms. Campagne:

Fitch Ratings has assigned one or more ratings and/or otherwise taken rating action(s), as detailed on 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 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 rating.

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.

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. Nothing in this letter shall limit our right to publish, disseminate or license others to publish or otherwise to disseminate the ratings or the rationale for 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.

Sincerely,

Jose L. Acosta
Senior Director
U.S. Public Finance

JA/am

Enc: Notice of Rating Action
(Doc ID: 158852)

Notice of Rating Action

Bond Description	Rating Type	Action	Rating	Outlook/ Watch	Eff Date	Notes
Pima County (AZ) GO bonds ser 2011	Long Term	New Rating	AA	RO:Sta	15-Apr-2011	
Pima County (AZ) COPs ser 2008	Long Term	Affirmed	AA-	RO:Sta	15-Apr-2011	
Pima County (AZ) COPs ser 2009	Long Term	Affirmed	AA-	RO:Sta	15-Apr-2011	
Pima County (AZ) COPs ser 2010	Long Term	Affirmed	AA-	RO:Sta	15-Apr-2011	
Pima County (AZ) GO bonds ser 1998	Long Term	Affirmed	AA	RO:Sta	15-Apr-2011	
Pima County (AZ) GO bonds ser 1999	Long Term	Affirmed	AA	RO:Sta	15-Apr-2011	
Pima County (AZ) GO bonds ser 2000	Long Term	Affirmed	AA	RO:Sta	15-Apr-2011	
Pima County (AZ) GO bonds ser 2002	Long Term	Affirmed	AA	RO:Sta	15-Apr-2011	
Pima County (AZ) GO bonds ser 2003	Long Term	Affirmed	AA	RO:Sta	15-Apr-2011	
Pima County (AZ) GO bonds ser 2004	Long Term	Affirmed	AA	RO:Sta	15-Apr-2011	
Pima County (AZ) GO bonds ser 2005	Long Term	Affirmed	AA	RO:Sta	15-Apr-2011	
Pima County (AZ) GO bonds ser 2007	Long Term	Affirmed	AA	RO:Sta	15-Apr-2011	
Pima County (AZ) GO bonds ser 2008	Long Term	Affirmed	AA	RO:Sta	15-Apr-2011	
Pima County (AZ) GO bonds ser 2009	Long Term	Affirmed	AA	RO:Sta	15-Apr-2011	
Pima County (AZ) GO bonds ser 2009A	Long Term	Affirmed	AA	RO:Sta	15-Apr-2011	

Key: RO: Rating Outlook, RW: Rating Watch; Pos: Positive, Neg: Negative, Sta: Stable, Evo: Evolving

The McGraw-Hill Companies

STANDARD
&POOR'S

One Market
Steuart Tower, 15th Floor
San Francisco, CA 94105-1000
tel 415 371-5000
reference no.: 1166221

April 19, 2011

Pima County
Finance Department
130 West Congress Street, 10th Floor
Tucson, AZ 85701
Attention: Mr. Thomas Burke, Finance and Risk Management Director

Re: ***US$75,000,000 Pima County, Arizona, General Obligation Bonds, Series 2011, dated: Date of Delivery, due: July 1, 2028***

Dear Mr. Burke:

Pursuant to your request for a Standard & Poor's rating on the above-referenced obligations, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions,* have 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.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would facilitate the process. You must promptly notify us of all material changes in the financial information and the documents. Standard & Poor's may change, suspend, withdraw, or place on CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

Please send all information to:

Standard & Poor's Ratings Services
Public Finance Department
55 Water Street
New York, NY 10041-0003

Standard & Poor's is pleased to be of service to you. For more information on Standard & Poor's, please visit our website at www.standardandpoors.com. If we can be of help in any other way, please call or contact us at nypublicfinance@standardandpoors.com. Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services
a Standard & Poor's Financial Services LLC business

Standard & Poors LLC

hp
enclosures
cc: Ms. Kathryn C. Pong, Analyst
RBC Capital Markets

STANDARD
&POOR'S

Standard & Poor's Ratings Services
Terms and Conditions Applicable To Public Finance Ratings

You understand and agree that:

General. The ratings and other views of Standard & Poor's Ratings Services ("Ratings Services") are statements of opinion and not statements of fact. A rating is not a recommendation to purchase, hold, or sell any securities nor does it comment on market price, marketability, investor preference or suitability of any security. While Ratings Services bases its 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 rating outcome nor provides or will provide consulting, advisory, financial or structuring advice.

All Rating Actions in Ratings Services' Sole Discretion. Ratings Services may assign, raise, lower, suspend, place on CreditWatch, or withdraw a 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 rating or a withdrawal of a rating, or termination of this Agreement. Ratings Services will not convert a public rating to a confidential or private rating, or a private rating to a confidential rating.

Publication. Ratings Services reserves the right to use, publish, disseminate, or license others to use, publish or disseminate the rating provided hereunder and any analytical reports, including the rationale for the rating, unless you specifically request in connection with the initial rating that the rating be assigned and maintained on a confidential or private basis. If, however, a confidential or private rating or the existence of a confidential or private 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 rating as a public rating, including, without limitation, publishing the rating and any related analytical reports. Any analytical reports published by Ratings Services are not issued by or on behalf of you or at your request. Notwithstanding anything to the contrary herein, Ratings Services reserves the right to use, publish, disseminate or license others to use, publish or disseminate analytical reports with respect to public ratings that have been withdrawn, regardless of the reason for such withdrawal. Ratings Services may publish explanations of Ratings Services' ratings criteria from time to time and nothing in this Agreement shall be construed as limiting Ratings Services' ability to modify or refine its ratings criteria at any time as Ratings Services deems appropriate.

Information to be Provided by You. For so long as this agreement is in effect, in connection with the rating provided hereunder, you warrant that you will provide, or cause to be provided, as promptly as practicable, to Ratings Services all information requested by Ratings Services in accordance with its applicable published ratings criteria. The rating, and the maintenance of the rating, may be affected by Ratings Services' opinion of the information received from you or your agents or advisors. You further warrant that all information provided to Ratings Services by you or your agents or advisors regarding the rating or, if applicable, surveillance of the rating, as of the date such information is provided, (i) contains no untrue statement of material fact and does not omit a material fact necessary in order to make such information, in light of the circumstances in which it was provided, not misleading and (ii) does not infringe or violate the intellectual property rights of a third party. A material breach of the warranties in this paragraph shall constitute a material breach of this Agreement.

Confidential Information. For purposes of this Agreement, "Confidential Information" shall mean verbal or written information that you or your 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 "Proprietary and Confidential." Notwithstanding the foregoing, information disclosed by you or your agents or advisors to Ratings Services shall not be deemed to be Confidential Information, and Ratings Services shall have no obligation to treat such information as Confidential Information, if such information (i) was known by Ratings Services or its affiliates at the time of such disclosure and was not known by Ratings Services to be subject to a prohibition on disclosure, (ii) was known to the public at the time of such disclosure, (iii) becomes known to the public (other than by an act of Ratings Services or its affiliates) subsequent to such disclosure, (iv) is disclosed to Ratings Services or its affiliates by a third party subsequent to such disclosure and Ratings Services reasonably believes that such third party's disclosure to Ratings Services or its affiliates was not prohibited, (v) is developed independently by Ratings Services or its affiliates without reference to the Confidential Information, (vi) is approved in writing by you for public disclosure, or (vii) is required by law or regulation to be disclosed by Ratings Services or its affiliates. Ratings Services acknowledges that it is aware that U.S. and state securities laws impose restrictions on trading in securities when in possession of material, non-public information and has adopted securities trading policies to that effect.

Ratings Services' Use of Information. Except as otherwise provided herein, Ratings Services shall not disclose Confidential Information to third parties. Ratings Services may (i) use Confidential Information to assign, raise, lower, suspend, place on CreditWatch, or withdraw a rating, and assign or revise an Outlook, and (ii) share Confidential Information with its affiliates engaged in the ratings business who are bound by appropriate confidentiality obligations; in each case, subject to the restrictions contained herein, Ratings Services and such affiliates may publish information derived from Confidential Information. Ratings Services may also use, and share Confidential Information with any of its affiliates or agents engaged in the ratings or other financial services businesses who are bound by appropriate confidentiality obligations ("Relevant Affiliates and Agents"), for modelling, benchmarking and research purposes; in each case, subject to the restrictions herein, Ratings Services and such affiliates may publish information derived from Confidential Information. With respect to structured finance ratings not maintained on a confidential or private basis, Ratings Services may publish data aggregated from Confidential Information, excluding data that is specific to and identifies individual debtors ("Relevant Data"), and share such Confidential Information with any of its Relevant Affiliates and Agents for general market dissemination of Relevant Data; you confirm that, to the best of your knowledge, such publication would not breach any confidentiality obligations you may have toward third parties. Ratings Services will comply with all applicable U.S. and state laws, rules and regulations protecting personally-identifiable information and the privacy rights of individuals. Ratings Services acknowledges that you may be entitled to seek specific performance and injunctive or other equitable relief as a remedy for Ratings Services' disclosure of Confidential Information in violation of this Agreement. Ratings Services and its affiliates reserve the right to use, publish, disseminate, or license others to use, publish or disseminate any non-Confidential Information provided by you, your agents or advisors.

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. Ratings Services is not an "underwriter" or "seller" as those terms are defined under applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation Sections 11 and 12(a)(2) of the U.S. Securities Act of 1933. Rating Services has not performed 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 this engagement.

Office of Foreign Assets Control. As of the date of this Agreement, (a) neither you nor the issuer (if you are not the issuer) or any of your or the issuer's subsidiaries, or any director or corporate officer of any of the foregoing entities, is the subject of any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC Sanctions"), (b) neither you nor the issuer (if you are not the issuer) is 50% or more owned or controlled, directly or indirectly, by any person or entity ("parent") that is the subject of OFAC Sanctions, and (c) to the best of your knowledge, no entity 50% or more owned or controlled by a direct or indirect parent of you or the issuer (if you are not the issuer) is the subject of OFAC sanctions. For so long as this agreement is in effect, you will promptly notify Ratings Services if any of these circumstances change.

Ratings Services' Use of Confidential and Private Ratings. Ratings Services may use confidential and private ratings in its analysis of the debt issued by collateralized debt obligation (CDO) and other investment vehicles. Ratings Services may disclose a confidential or private rating as a confidential credit estimate or assessment to the managers of CDO and similar investment vehicles. Ratings Services may permit CDO managers to use and disseminate credit estimates or assessments on a limited basis and subject to various restrictions; however, Ratings Services cannot control any such use or dissemination.

Entire Agreement. Nothing in this Agreement shall prevent Ratings Services from acting in accordance with applicable laws, regulations and Ratings Services' policies as published from time to time. Subject to the prior sentence, this Agreement, including any amendment made in accordance with provisions hereof, constitutes the complete and entire agreement between the parties on all matters regarding the rating provided hereunder. The terms of this Agreement supersede any other terms and conditions relating to information provided to Ratings Services by you or your agents and advisors hereunder, including without limitation, terms and conditions found on, or applicable to, websites or other means through which you or your agents and advisors make such information available to Ratings Services, regardless if such terms and conditions are entered into before or after the date of this Agreement. Such terms and conditions shall be null and void as to Ratings Services.

Limitation on Damages. Ratings Services does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a rating or the results obtained from the use of such information. RATINGS SERVICES GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. Ratings Services, its affiliates or third party providers, or any of their officers, directors, shareholders, employees or agents shall not be liable to you, your affiliates or any person asserting claims on your behalf, directly or indirectly, for any inaccuracies, errors, or omissions, in each case regardless of cause, actions, damages (consequential, special, indirect, incidental, punitive, compensatory, exemplary or otherwise), claims, liabilities, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in any way arising out of or relating to the rating provided hereunder or the related analytic services even if advised of the possibility of such damages or other amounts except to the extent such damages or other amounts are finally determined by a court of competent jurisdiction in a proceeding in which you and Ratings Services are parties to result from gross negligence or willful misconduct of Ratings Services. In furtherance and not in limitation of the foregoing, Ratings Services will not be liable to you, your affiliates or any person asserting claims on your behalf in respect of any decisions alleged to be made by any person based on anything that may be perceived as advice or recommendations. In the event that Ratings Services is nevertheless held liable to you, your affiliates, or any person asserting claims on your behalf for monetary damages under this Agreement, in no event shall Ratings Services be liable in an aggregate amount in excess of seven times the aggregate fees paid to Ratings Services for the rating giving rise to the cause of action, up to a maximum of US$5,000,000 except to the extent such monetary damages directly result from Ratings Services' intentional wrongdoing or willful misconduct. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss, whether in contract, statute, tort (including, without limitation, negligence), or otherwise. Neither party waives any protections, privileges, or defenses it may have under law, including but not limited to, the First Amendment of the Constitution of the United States of America.

Termination of Agreement. This Agreement may be terminated by either party at any time upon written notice to the other party. Except where expressly limited to the term of this Agreement, these Terms and Conditions shall survive the termination of this Agreement.

No Third-Party Beneficiaries. Nothing in this Agreement, or the 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 the rating. No person is intended as a third party beneficiary of this Agreement or of the rating when issued.

Binding Effect. This Agreement shall be binding on, and inure to the benefit of, the parties hereto and their successors and assigns.

Severability. In the event that any term or provision of this Agreement shall be held to be invalid, void, or unenforceable, then the remainder of this Agreement shall not be affected, impaired, or invalidated, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

Amendments. This Agreement may not be amended or superseded except by a writing that specifically refers to this Agreement and is executed manually or electronically by authorized representatives of both parties.

Governing law. You irrevocably agree that this Agreement and the rating letter, for purposes of any claim against Rating Services that may be asserted by you, your affiliates or any person asserting claims on your behalf, shall be governed by the internal laws of the State of New York. You irrevocably agree that, for purposes of any claim against Rating Services that may be asserted by you, your affiliates or any person asserting claims on your behalf in any dispute arising out of or relating to this Agreement, the state courts of New York located in the County of New York or the U.S. federal court for the Southern District of New York shall be the exclusive forums for such disputes and the parties hereby consent to the personal jurisdiction of such courts. For purposes of any claim against you that Rating Services may assert in any dispute arising out of or relating to the Agreement, neither party waives its right to contest the applicable governing law or the appropriate forum, including in connection with any assertion of sovereign immunity.

RBC Capital Markets®

FINAL

SETTLEMENT, DELIVERY & CLOSING PROCEDURES

ISSUE: $75,000,000
Pima County, Arizona
General Obligation Bonds
Series 2011

BONDS DATED: May 25, 2011

INTEREST PAYMENT DATES: Interest payable semiannually on January 1 and July 1 of each year, commencing January 1, 2012.

MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES: See Exhibit A.

CLOSING: The Closing will be held telephonically on **Wednesday, May 25, 2011** at 8:00 a.m. (MST). Details for the call are as follows:

Dial-In No. 1-866-365-4406
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	$75,000,000.00
Plus: Net Premium	3,725,476.35
Less: Underwriters' Discount	(450,000.00)
Purchase Price	$78,275,476.35

FLOW OF FUNDS:

(A) On the day of closing, **RBC Capital Markets, LLC ("RBC")** will wire transfer **$78,275,476.35** to:

Bank of America, Arizona
Phoenix, Arizona
ABA #026009593
Credit to Pima County Treasurer
Account #412724156
Reference: PC GO Bonds 2011

Confirmation of the receipt of funds will be made with Cheryl Cruz at the Pima County Treasurer's Office at (520) 740-2755 or (520) 740-8826.

USES:

The amount listed under (A) above will be applied as follows:

(A) **$75,067,000.00**, representing the amount necessary to pay for construction costs and approved costs of issuance, will be held in the Project Fund.
(B) **$3,208,476.35**, representing excess net premium, will be held in the Interest Account 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

$75,000,000
PIMA COUNTY, ARIZONA
General Obligation Bonds
Series 2011

Principal and Interest Payments

Dated: 5/25/2011 **Delivery: 5/25/2011**

Date	Principal (a)	Coupon	Interest	Total Debt Service	Fiscal Year Debt Service	CUSIP # (721663)
01/01/2012			$1,471,852.50	$1,471,852.50		
07/01/2012	$22,925,000	1.50%	1,226,543.75	24,151,543.75	$25,623,396.25	VF6
01/01/2013			1,054,606.25	1,054,606.25		
07/01/2013	5,000,000	2.00%	1,054,606.25	6,054,606.25	7,109,212.50	VG4
01/01/2014			1,004,606.25	1,004,606.25		
07/01/2014	2,890,000	(b)	1,004,606.25	3,894,606.25	4,899,212.50	(b)
01/01/2015			963,656.25	963,656.25		
07/01/2015	2,975,000	3.00%	963,656.25	3,938,656.25	4,902,312.50	VQ2
01/01/2016			919,031.25	919,031.25		
07/01/2016	3,065,000	(c)	919,031.25	3,984,031.25	4,903,062.50	(c)
01/01/2017			874,275.00	874,275.00		
07/01/2017	3,155,000	3.00%	874,275.00	4,029,275.00	4,903,550.00	VS8
01/01/2018			826,950.00	826,950.00		
07/01/2018	3,250,000	4.00%	826,950.00	4,076,950.00	4,903,900.00	VT6
01/01/2019			761,950.00	761,950.00		
07/01/2019	3,380,000	(d)	761,950.00	4,141,950.00	4,903,900.00	(d)
01/01/2020			709,000.00	709,000.00		
07/01/2020	3,485,000	5.00%	709,000.00	4,194,000.00	4,903,000.00	VV1
01/01/2021			621,875.00	621,875.00		
07/01/2021	3,655,000	5.00%	621,875.00	4,276,875.00	4,898,750.00	VJ8
01/01/2022			530,500.00	530,500.00		
07/01/2022	3,840,000	5.00%	530,500.00	4,370,500.00	4,901,000.00	VK5
01/01/2023			434,500.00	434,500.00		
07/01/2023	4,030,000	5.00%	434,500.00	4,464,500.00	4,899,000.00	VL3
01/01/2024			333,750.00	333,750.00		
07/01/2024	4,235,000	5.00%	333,750.00	4,568,750.00	4,902,500.00	VM1
01/01/2025			227,875.00	227,875.00		
07/01/2025	4,445,000	5.00%	227,875.00	4,672,875.00	4,900,750.00	VN9
01/01/2026			116,750.00	116,750.00		
07/01/2026	4,670,000	5.00%	116,750.00	4,786,750.00	4,903,500.00	VP4
Total	**$75,000,000**		**$21,457,046.25**	**$96,457,046.25**	**$96,457,046.25**	

(a) The Bonds maturing on or after July 1, 2022 are subject to redemption prior to maturity on or after July 1, 2021 at Par.
(b) Represents split maturity: $960,000 at 2.50% with CUSIP No. 721663VW9 and $1,930,000 at 3.00% with CUSIP No. 721663VX7.
(c) Represents split maturity: $325,000 at 2.25% with CUSIP No. 721663VH2 and $2,740,000 at 3.00% with CUSIP No. 721663VR0.
(d) Represents split maturity: $2,930,000 at 3.00% with CUSIP No. 721663VU3 and $450,000 at 4.00% with CUSIP No. 721663VY5.

-Prepared By-
RBC Capital Markets
05/10/2011

Exhibit B

PIMA COUNTY, ARIZONA
GENERAL OBLIGATION BONDS
SERIES 2011

PRELIMINARY DISTRIBUTION LIST

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130 West Congress, 10th Floor
Tucson, AZ 85701
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Brenda Black
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e-mail: brenda.black@usbank.com

PIMA COUNTY TREASURER

Pima County Treasurer's Office
115 North Church
Tucson, AZ 85701
Fax: (520) 884-4809

Beth Ford
County Treasurer
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May 10, 2011