SQUIRE SANDERS | LEGAL COUNSEL WORLDWIDE

$23,420,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

Closing: December 2, 2009

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Closing: December 2, 2009

CLOSING DOCUMENT INDEX

TERMS USED HEREIN

County	-	Pima County, Arizona
Bond Counsel	-	Squire, Sanders & Dempsey L.L.P.
Underwriter	-	Citigroup Capital Markets Inc.
Bond Registrar and Paying Agent	-	U.S. Bank National Association
Depository Trustee		U.S. Bank National Association
Financial Advisor	-	RBC Capital Markets Corporation

		Item No.
I.	COUNTY PROCEEDINGS AND RELATED DOCUMENTS:	
1.	Certified copy of Resolution No. 2009-234, passed, adopted and approved by the Board of Supervisors (the "Board") of the County on September 15, 2009, ordering the sale of the Bonds	1
2.	Preliminary Official Statement, dated November 6, 2009, including a Notice Inviting Proposals for the Purchase of Street and Highway Revenue Bonds	2
3.	Certified copy of Resolution No. 2009-302, passed, adopted and approved by the Board on November 17, 2009, authorizing the issuance and sale of the Bonds	3
4.	Official Statement, dated November 17, 2009	4
5.	Depository Trust Agreement, dated as of December 1, 2009, between the County and the Depository Trustee	5
6.	Bond Registrar, Transfer Agent and Paying Agent Agreement dated as of December 1, 2009, between the County and the Registrar	6
7.	Continuing Disclosure Undertaking, dated December 2, 2009	7
8.	Blanket Issuer Letter of Representations executed by the County and acknowledged and accepted by The Depository Trust Company	8

		Item No.
II.	VERIFICATION REPORT	
1.	Report of Grant Thornton LLP, dated December 2, 2009, regarding the sufficiency of the Depository Trust and the yield on the Bonds and the Government Obligations	9
III.	CERTIFICATES	
1.	General Certificate of the County	10
	Exhibit A: Notices and Agendas of Board Meetings	
2.	Tax Compliance Certificate	11
	Attachment A: Definitions Attachment A-1: Rebate Instructions Attachment B: Underwriter's Certificate	
3.	Certificate of Depository Trustee, Registrar and Paying Agent	12
	Exhibit A: Assistant Secretary's Certificate as to Signature Authority	
4.	Certificate as to Satisfaction of Debt Service Coverage Requirements	13
5.	Certificate of Director of Finance and Risk Management	14
IV.	RECEIPTS	
1.	County Treasurer's Receipt for Bond Proceeds	15
2.	Depository Trustee's Receipt for Funds and Securities	16
3.	Underwriter's Receipt for the Bonds	17
V.	LEGAL OPINIONS	
1.	Opinion of Bond Counsel	18
VI.	MISCELLANEOUS	
1.	IRS Form 8038-G	19
2.	Report of Bond and Security Issuance Pursuant to Arizona Revised Statutes Section 35-501(B)	20

		Item No.
3.	Specimen Bonds	21
4.	Rating Letters	22
5.	Closing Memorandum, with Debt Retirement Schedule	23
6.	Confirmation for United States Treasury Securities	24

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 Corporation	1
Squire, Sanders & Dempsey L.L.P.	1
Citigroup Capital Markets Inc.	1
U.S. Bank National Association	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. 2009-234

(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 15th *day of* September, 2009, *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* 25th *day of* November, 2009.

Lori Godoshian
Clerk

RESOLUTION NO. 2009- 234

A RESOLUTION OF THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA ORDERING THE SALE OF NOT TO EXCEED $28,000,000 PRINCIPAL AMOUNT OF PIMA COUNTY, ARIZONA, STREET AND HIGHWAY REVENUE BONDS.

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

Section 1. Pima County, Arizona, Street and Highway Revenue Bonds, in the principal amount of not to exceed $28,000,000 (the "Bonds") of Pima County, Arizona (the "County") are hereby ordered to be sold in one or more series in accordance with the Notice Inviting Bids for the Purchase of Street and Highway Revenue Bonds (the "Notice Inviting Bids") in substantially the form attached hereto as Exhibit A. A portion of such Bonds, in a principal amount determined by the Director of Finance of the County or his designee, may be issued for the purpose of refunding certain previously issued street and highway revenue bonds of the County, with the remainder issued for the purposes authorized pursuant to a special bond election held in and for the County on November 4, 1997.

Section 2. The Bonds shall be sold only through an on-line bidding process. Unconditional bids must be submitted electronically as described in the Notice Inviting Bids. Electronic bids for the purchase of the Bonds will be received through the facilities of PARITY® at the office of the Director of Finance of the County, as described in Exhibit A, until the sale date and time specified therein, provided that the sale date and time for the Bonds will be postponed to a later date and time if, on the business day before the sale date, the Director of Finance of the County or his designee shall cause to be filed in the office of the Director of Finance his written statement that, in his opinion, the County would obtain a more favorable true interest cost for the Bonds by delaying the receipt of bids for the Bonds until a later date and time. The opinion of the Director of Finance of the County or his designee expressed in any such statement shall be conclusive for all purposes with respect to the receipt and opening of bids. If the receipt of electronic bids is postponed, notice of such postponement and of the rescheduled date and time for the receipt of bids shall be given in the manner determined by the Director of Finance of the County or his designee.

Electronic bids will be announced immediately after the deadline for submission of bids in the office of the Director of Finance. The Board of Supervisors will award the Bonds to the bidder whose bid results in the lowest true interest cost to the County, taking into account any premium offered to be paid for the Bonds, or will reject all bids.

Section 3. The Clerk of the Board of Supervisors is hereby authorized and directed to cause the Notice Inviting Bids to be completed, executed and transmitted to RBC Capital Markets Corporation, Financial Advisor to the County, and circulated so as to be made known to potential bidders for the Bonds.

PASSED, ADOPTED AND APPROVED, by the Board of Supervisors of Pima County, Arizona, on September 15, 2009.

PIMA COUNTY, ARIZONA

By:_____
Chairman, Board of Supervisors

SEP 15 2009

ATTEST:

By:_____
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE, SANDERS & DEMPSEY L.L.P.,
Bond Counsel

By:_____
Timothy E. Pickrell

496881

EXHIBIT A

NOTICE INVITING BIDS FOR THE PURCHASE OF STREET AND HIGHWAY REVENUE BONDS

$_____
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

NOTICE IS HEREBY GIVEN that unconditional bids will be received to and including the hour of 9:30 a.m., _____ Time (__.__.T.), on _____, 2009, only through the facilities of PARITY® ("PARITY") by Pima County, Arizona (the "County"), for the purchase of all, but not less than all, of $_____ aggregate principal amount of its Street and Highway User Revenue Bonds, Series 2009 (the "Street and Highway Revenue Bonds"), unless the County acting through the Director of Finance of the County or his designee postpones receipt of bids to a later date and time. A determination to postpone the sale date will be made and announced by _____ a.m., __.__.T. on the business day preceding the scheduled sale date. Submission of bids is further discussed below. The Board of Supervisors of the County (the "Board of Supervisors") will meet on that date to consider the bids received and award the Street and Highway Revenue Bonds to the bidder offering the best bid or reject all bids.

TIME FOR RECEIPT OF BIDS: Bids will be received to and including the hour of 9:30 a.m., __.__.T. The time maintained by PARITY shall constitute the official time.

ELECTRONIC BIDDING PROCEDURES: Bids may be submitted only through the facilities of PARITY. Bids must be submitted on the Official Bid Form that resides on the PARITY system, without alteration or interlineations. Subscription to the Thomson Financial Municipal Group's BIDCOMP Competitive Bidding System is required in order to submit a bid. The County will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. The County is using PARITY as a communications media, and not as the County's agent, to conduct electronic bidding for the Street and Highway Revenue Bonds.

All bids made through the facilities of PARITY shall be deemed irrevocable offers to purchase the Street and Highway Revenue Bonds on the terms provided in this Notice Inviting Bids for the Purchase of Street and Highway Revenue Bonds ("this Notice") and shall be binding upon the bidder. Neither the County nor RBC Capital Markets Corporation (the "Financial Advisor"), the County's Financial Advisor, shall be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY, the use of such facilities being the sole risk of the prospective buyer.

If any provision of this Notice conflicts with information provided by PARITY as the approved provider of electronic bidding services, this Notice shall control. Further information about PARITY, including any fee charged, may be obtained from BIDCOMP/PARITY, 1395 Broadway, 2nd Floor, New York, New York, 10018, Attention: Customer Support (212) 849-5021.

For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the County, as described under "AWARD AND DELIVERY" herein. All electronic bids shall be deemed to incorporate the provisions of this Notice and the Official Bid Form.

THE STREET AND HIGHWAY REVENUE BONDS: The Street and Highway Revenue Bonds will be dated the date of initial delivery thereof, and will bear interest from such date to the maturity or earlier redemption of each of the Street and Highway Revenue Bonds at a rate or rates none of which may exceed twelve percent (12%) per annum, payable on July 1, 2010, and semiannually thereafter on January 1 and July 1 of each year during the term of each of the Street and Highway Revenue Bonds. The Street and Highway Revenue Bonds are to mature on July 1 in the years and in the amounts as follows:

Due July 1	Principal Amount	Due July 1	Principal Amount

PURPOSE: The Street and Highway Revenue Bonds are being issued pursuant to the Constitution and laws of the State of Arizona, including Chapter 2, Article 12 of Title 11 of the Arizona Revised Statutes, and all amendments thereto, and under the provisions of a resolution adopted by the Board of Supervisors on September 15, 2009 and a resolution to be adopted by the Board of Supervisors on the sale date (collectively, the "Resolution"), and are being issued for the purpose of (1) refunding certain street and highway revenue bonds previously issued by the County, (2) providing funds for improvements to County streets and highways and (3) paying costs relating to the issuance of the Street and Highway Revenue Bonds.

OPTIONAL REDEMPTION: The Street and Highway Revenue Bonds maturing on or before July 1, 20_____ are not subject to call for redemption prior to their respective maturity dates. The Street and Highway Revenue 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 Street and Highway Revenue Bond called for redemption, plus accrued interest to the date fixed for redemption, without premium.

NOTICE OF REDEMPTION: Notice of redemption will be given by mail to the registered owners of the Street and Highway Revenue Bonds at the address shown on the bond register maintained by the bond registrar not less than thirty (30) days nor more than sixty (60) days prior to the specified redemption date.

BOOK ENTRY ONLY SYSTEM: The Street and Highway Revenue 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 Street and Highway Revenue Bonds. One fully registered Street

and Highway Revenue 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.

So long as the book entry only system is in effect, beneficial ownership interests in the Street and Highway Revenue 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 Street and Highway Revenue Bonds will not receive certificates representing their interests in the Street and Highway Revenue Bonds and will not be deemed to be registered owners under the Resolution.

So long as the book entry only system is in operation, principal of and interest on the Street and Highway Revenue Bonds will be payable by U.S Bank National Association, as bond registrar and paying agent, to Cede & Co., as nominee of DTC which organization consequently bears sole responsibility for remitting such principal and interest to the DTC participants for subsequent credit or disbursement to the beneficial owners of the Street and Highway Revenue Bonds.

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 Street and Highway Revenue Bonds and the County does not select another qualified securities depository, the County is required to deliver to DTC for redistribution to beneficial owners of the Street and Highway Revenue Bonds one or more bond certificates 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.

CUSIP NUMBERS: It is anticipated that CUSIP numbers will be assigned to the Street and Highway Revenue Bonds, but no failure to assign such numbers to any Street and Highway Revenue Bonds, nor any error with respect thereto, shall constitute cause for failure or refusal by the winning bidder to accept and pay for the Street and Highway Revenue Bonds in accordance with the terms of the sale. No CUSIP number shall be deemed to be a part of any Street and Highway Revenue Bond or of the contract evidenced thereby. The CUSIP Service Bureau charge for the assignment of CUSIP numbers shall be paid by the winning bidder of the Street and Highway Revenue Bonds.

INTEREST RATES AND OFFERING PRICES: Bids for the purchase of the Street and Highway Revenue Bonds must state the rate or rates of interest to be paid. All Street and Highway Revenue Bonds of the same maturity must bear the same rate of interest. The difference between the highest interest rate bid for any maturity and the lowest interest rate bid for any other maturity shall not exceed _____ percent (_____%) per annum. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. Interest rates must be expressed in multiples of one-eighth (1/8th) or one-twentieth (1/20th) of one percent (1%). No bid will be considered for less than par on the Street and Highway Revenue Bonds.

Any interest rate bid which would result in an interest payment amount having fractional cents will be deemed a waiver of the right to payment of such fractional cents. No fractional cents will be paid or accumulated for payment on any Street and Highway Revenue Bond.

SECURITY: Principal of and interest on the Street and Highway Revenue Bonds are payable solely from the net revenues derived from taxes, fees charges and other monies collected by the State of Arizona and returned to the County pursuant to Title 28, Chapter 18, Article 2 of the Arizona Revised Statutes on a parity with the County's outstanding Street and Highway Revenue Bonds, Series 2002, Series 2003, Series 2005, Series 2007 and Series 2008, and obligations hereafter issued on a parity therewith as provided in the Resolution. The Street and Highway Revenue Bonds shall not constitute a debt or obligation of the County within the meaning of any constitutional or statutory debt limitation, nor shall payment of the Street and Highway Revenue Bonds or interest or redemption premiums thereon be enforceable out of any funds other than the revenues pledged to such payment nor shall any Bond Owner have the right to compel any exercise of the taxing power of the County to make such payment.

BOND INSURANCE: Each bidder may, in making its bid, assume, as a premise, either that the payment of principal of and interest on the Street and Highway Revenue Bonds will be insured at the bidder's expense, or that the Street and Highway Revenue Bonds will not be insured, and shall indicate on the bid form the premise on which its bid is based. If the accepted bid is based on an assumption that such a policy will be issued, the successful bidder shall cause the policy to be issued at the bidder's expense.

FORM OF BID AND GOOD FAITH DEPOSIT: The prescribed form of bid for the Street and Highway Revenue Bonds will be available on the PARITY system and all bids must be submitted on that form. Bids shall be accompanied by a deposit in the amount of $_____, which is equal to two percent (2%) of the par amount of the Street and Highway Bonds (the "Deposit"), in the form of any of the following: (i) a certified or cashier's check payable to the County, or (ii) a wire transfer to the County, or (iii) a financial surety bond (a "Financial Surety Bond") which guarantees such bidder's bid, delivered to the County prior to the time bids will be opened. Each bidder shall be solely responsible for the timely delivery of their Deposit whether by check, wire transfer or Financial Surety Bond. Neither the County nor the Financial Advisor have any liability for delays in the transmission of the Deposit.

Any Deposit made by certified or cashier's check should be made payable to the County and delivered to Office of the Director of Finance, 6th Floor, Pima County Administration Building, 130 West Congress Avenue, Tucson, Arizona 85701

Any Deposit sent via wire transfer should be sent to the County according to the following instructions: Bank of America, N.A., 201 East Washington Street, Phoenix, Arizona 85004, Routing Number: 026009593; Account number: 457014061332: Reference: Name of Bidder – PC Street Bonds 2009.

Contemporaneously with such wire transfer, the bidder shall send an e-mail to the County Treasurer's Office (email address: Cash.Management@pima.gov), the County's Finance and Risk Management Department (email addresses: Paul.Guerrero@pima.gov and Michelle.Campagne@pima.gov) and to the Financial Advisor (email address: kurt.freund@rbccm.com), including the following information; (i) indication that a wire transfer has been made, (ii) the amount of the wire transfer, (iii) the issue to which it applies, (iv) Federal reference number, if available, and (v) the return wire instructions if such bidder is not awarded the Street and Highway Revenue Bonds.

Any Deposit made by the successful bidder by check or wire transfer will be retained by the County following the award of the Street and Highway Revenue Bonds. Any Deposit made by check or wire transfer by an unsuccessful bidder will be returned to such bidder following County action relative to an award of the Street and Highway Revenue Bonds.

If a Financial Surety Bond is used, it must be from an insurance company licensed to issue such a bond in the State of Arizona and pre-approved by the County. Such Financial Surety Bond must be submitted to the County prior to the opening of bids. The Financial Surety Bond must identify each bidder whose bid is guaranteed by such Financial Surety Bond. If the Street and Highway Revenue Bonds are awarded to a bidder using a Financial Surety Bond, then that bidder is required to submit its Deposit to the County in the form of a certified or cashier's check or wire transfer as instructed by the Financial Advisor not later than ____ A.M., _____ _____ Time on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the County to satisfy the Deposit requirement.

The Deposit received from the winning bidder, the amount of which will be deducted at settlement, will be deposited by the County and no interest will accrue to the winning bidder. In the event the winning bidder fails to comply with the accepted bid, said amount will be retained by the County.

The Financial Advisor to the County has reserved the right to bid on the Street and Highway Revenue Bonds.

RIGHT OF REJECTION: The County reserves the right, in its discretion, to reject any and all bids received and to waive any irregularity or informality in the bids, except that the time for receiving bids shall be of the essence.

AWARD AND DELIVERY: Unless all bids are rejected, the Street and Highway Revenue Bonds will be awarded to the bidder whose bid results in the lowest true interest cost to the County. The true interest cost will be determined by computing the discount rate which, when used with semiannual compounding to determine the present value of the principal and interest payments as of the dated date of the Street and Highway Revenue Bonds, produces an amount equal to the purchase price. Delivery of the Street and Highway Revenue Bonds will be made to the winning bidder upon payment in immediately available funds in Tucson, Arizona, or, at the winning bidder's request and expense, at any other place mutually agreeable to both the County and the winning bidder.

NOTICE REGARDING STATE CONTRACTS: Arizona law requires that every contract to which the State, its political subdivisions or any of the departments or agencies of the State or its political subdivisions, including the County, is a party include notice that such contract is subject to cancellation, within three (3) years after its execution, by the State, or the political subdivision, including the County, 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, or the political subdivision, including the County, 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.

LEGAL OPINION: The Street and Highway Revenue Bonds are sold with the understanding that the County will furnish the winning bidder with the approving opinion of Squire, Sanders & Dempsey L.L.P. Said attorneys have been retained by the County as Bond Counsel and in such capacity are to render their opinion only upon the legality of the Street and Highway Revenue Bonds under Arizona law and on the exclusion of the interest on the Street and Highway Revenue Bonds from the gross income of the owners of the Street and Highway Revenue Bonds for federal and state of Arizona income tax purposes. Fees of Bond Counsel will be paid from the Street and Highway Revenue Bond proceeds.

TAX EXEMPT STATUS: The Internal Revenue Code of 1986, as amended (the "Code") prescribes a number of qualifications and conditions which apply to the Street and Highway Revenue Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Street and Highway Revenue Bond proceeds and the facilities financed therewith and certain other matters. The County has covenanted to comply with all requirements of the Code that must be satisfied in order for the interest on the Street and Highway Revenue Bonds to be excludable from gross income. Failure to comply with certain of such covenants could cause interest on the Street and Highway Revenue Bonds to become includable in gross income retroactive to the date of issuance of the Street and Highway Revenue Bonds.

Subject to the condition that the County comply with the above-referenced covenants, under present law, in the opinion of Bond Counsel, the Street and Highway Revenue Bonds are not "private activity bonds" under the Code, and interest on the Street and Highway Revenue Bonds will not be includable in gross income of the owners thereof for federal or Arizona income tax purposes, and will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations. [Although a portion of the interest on certain tax-exempt obligations earned by certain corporations may be included in the calculation of adjusted gross earnings for purposes of federal corporate alternative minimum tax, interest on certain tax-exempt obligations issued in 2009 and 2010, including the Street and Highway Revenue Bonds, is excluded from that calculation.]

Ownership of the Street and Highway Revenue Bonds may result in collateral federal income tax consequences to certain taxpayers. Prospective purchasers of the Street and Highway Revenue Bonds should consult their tax advisors as to applicability of any such collateral consequences. Bond counsel will express no opinion regarding these consequences.

CERTIFICATE TO BE DELIVERED BY SUCCESSFUL BIDDER: Simultaneously with or before delivery of the Street and Highway Revenue Bonds, the successful bidder shall furnish to the County a certificate acceptable to Bond Counsel to the effect that (i) all of the Street and Highway Revenue Bonds have been the subject of an initial bona fide offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at the prices shown on such certificate, (ii) at the time they agreed to purchase the Street and Highway Revenue Bonds, based upon their assessment of the then prevailing market conditions, they reasonably expected that all Street and Highway Revenue Bonds would be initially sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of the underwriters or wholesalers) at the prices shown on such certificate, and (iii) the prices shown on such certificate

for each of the Street and Highway Revenue Bonds were the fair market value of such Street and Highway Revenue Bonds as of the sale date.

CERTIFICATES TO BE DELIVERED BY COUNTY: Representatives of the County will deliver certificates to the effect that (i) no litigation is pending affecting the issuance and sale of the Street and Highway Revenue Bonds and (ii) to their best knowledge, information and belief, the information contained in the Official Statement relating to the Street and Highway Revenue Bonds is true and correct in all material respects. The County will also deliver a tax compliance certificate covering its reasonable expectations concerning use of the proceeds of the Street and Highway Revenue Bonds and related matters.

PRELIMINARY OFFICIAL STATEMENT DEEMED FINAL; FINAL OFFICIAL STATEMENT: The County deems the Preliminary Official Statement provided in connection with the sale of the Street and Highway Revenue Bonds to be final as of its date except for the omission of offering prices, selling compensation, delivery dates, terms to be specified in the winning bidder's bid, ratings, other terms depending on such matters and the identity of the winning bidder.

The winning bidder must provide the County, within twenty-four (24) hours after the award of the Street and Highway Revenue Bonds, with all necessary offering price information, selling compensation information, all other terms of the sale which are depending on such matters and any underwriter information, all as may be necessary to complete the final Official Statement.

Within seven (7) business days after the award of the Street and Highway Revenue Bonds, the County will provide the winning bidder with up to two hundred (200) copies of the final Official Statement at no cost. Additional copies of the final Official Statement may be obtained from the County at the winning bidder's expense. The final Official Statement will be in substantially the same form as the Preliminary Official Statement with such additions, deletions or revisions as the County deems necessary.

CONTINUING DISCLOSURE: The County will enter into a continuing disclosure undertaking with respect to the Street and Highway Revenue Bonds, which undertaking will be described in the Official Statement.

ADDITIONAL INFORMATION: Copies of the Preliminary Official Statement relating to the Street and Highway Revenue Bonds will be furnished to any bidder upon request made to RBC Capital Markets Corporation, 2398 East Camelback Road, Suite 700, Phoenix, Arizona 85016, Financial Advisor to the County, telephone number (602) 381-5368.

PIMA COUNTY, ARIZONA

/s/ Lori Godoshian
Clerk, Board of Supervisors

MATURITY DATES, PRINCIPAL AMOUNTS AND BOND YEAR LIFE

$_____
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

Maturity Dates (July 1)	Principal Amounts	Bond Years	Cumulative Bond Years

Average Bond Life: _____ Years

496881

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

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 6, 2009

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

In the opinion of Squire, Sanders & Dempsey L.L.P., 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.

$23,420,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

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

The Street and Highway Revenue Bonds, Series 2009 (the "Bonds") are being issued by Pima County, Arizona (the "County") in accordance with applicable State of Arizona law. The Bonds are issued in the form of fully registered bonds in denominations of $5,000 and integral multiples thereof and will bear interest from the date of the Bonds to the date of maturity or prior redemption of each of the Bonds. Interest on the Bonds is payable semiannually on each January 1 and July 1 (each an "Interest Payment Date"), commencing July 1, 2010. Interest will be paid on each Interest Payment Date by check mailed by the paying agent to each registered owner of the Bonds at the address shown on the registration books (the "Bond Register") 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, or by wire transfer upon two days prior written request delivered to the paying agent specifying a wire transfer address in the continental United States by any registered owner owning an aggregate principal amount of at least $1,000,000. Principal of the Bonds will be payable at the designated corporate trust office of U.S. Bank National Association, or any successor thereto, as registrar and paying agent.

The Bonds are subject to redemption prior to their stated maturities as described herein.

The Bonds are being issued (i) to make various street and highway improvements within the County, (ii) to refund in advance of maturity portions of certain outstanding street and highway revenue bonds of the County, and (iii) to pay costs related to the issuance of the Bonds. Principal of and interest on the Bonds is payable solely from taxes, fees, charges and other moneys collected by the State of Arizona and returned to the County for street and highway purposes pursuant to Title 28, chapter 18, Article 2, Arizona Revised Statutes, on a parity with the outstanding street and highway revenue bonds of the County and any additional street and highway revenue bonds hereafter issued as provided herein. See "SECURITY AND SOURCES OF PAYMENT" and "PLAN OF REFUNDING" herein.

The Bonds do not constitute a debt, general obligation or pledge of the full faith and credit of the County nor is the County obligated to levy or collect any form of ad valorem taxes with respect to the Bonds.

The County initially intends to utilize the book-entry-only system of The Depository Trust Company ("DTC"), although the County and DTC each reserve the right to discontinue that system at any time. Utilization of the book-entry-only system will affect the method and timing of payment and the method of transfer of beneficial interests in the Bonds. So long as the book-entry-only system is in effect, the County will issue a single fully-registered bond for each maturity registered in the name of Cede & Co., as nominee of DTC, and will make all payments of principal and interest to Cede & Co. DTC will be responsible for distributing the principal and interest payments to its direct and indirect participants which will, in turn, be responsible for distribution to the purchasers of beneficial interests in the Bonds pursuant to this offering (the "Beneficial Owners"). So long as the book-entry-only system is in effect and Cede & Co., as nominee of DTC, is the registered owner of the Bonds, all references herein to owners of the Bonds and provisions for consents by owners of the Bonds will refer to and be solicited from Cede & Co. and not the Beneficial Owners.

Maturity Schedule

Due July 1	Principal Amount	Interest Rate	Yield	Due July 1	Principal Amount	Interest Rate	Yield
2013	$1,200,000			2019	$2,480,000		
2014	1,185,000			2020	2,575,000		
2015	1,165,000			2021	2,680,000		
2016	1,140,000			2022	2,790,000		
2017	1,150,000			2023	2,900,000		
2018	1,140,000			2024	3,015,000		

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 are advised to read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds are offered when, as and if issued by the County subject to the approving opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, as to validity and tax exemption. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about December 2, 2009.*

November__, 2009

SALE DATE AND TIME: NOVEMBER 17, 2009, 9:30 A.M., MOUNTAIN STANDARD TIME

*Preliminary, subject to change.

PIMA COUNTY, ARIZONA
BOARD OF SUPERVISORS

Richard Elías, *Chairman*

Sharon Bronson

Ann Day

Ray Carroll

Ramón Valadez

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

FINANCIAL ADVISOR

RBC Capital Markets Corporation
Phoenix, Arizona

BOND COUNSEL

Squire, Sanders & Dempsey L.L.P.
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.

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.

TABLE OF CONTENTS

	Page
INTRODUCTORY STATEMENT	1
THE BONDS	1
Authorization and Use of Funds	1
General Description	1
Redemption	2
Notice of Redemption	2
Book-Entry-Only System	2
Registration and Transfer	4
SECURITY AND SOURCE OF PAYMENT	4
General	4
Additional Bonds	4
Amendment of Bond Resolution	5
Defeasance	5
PLAN OF REFUNDING	5
MATHEMATICAL VERIFICATION	6
STREET AND HIGHWAY REVENUES	6
Highway User Tax Revenues	6
Distribution of Highway User Tax Revenues	7
Street and Highway Revenues Received by the County	9
STREET AND HIGHWAY REVENUE BONDED DEBT OUTSTANDING	10
STREET AND HIGHWAY REVENUE BOND DEBT SERVICE REQUIREMENTS AND DEBT SERVICE COVERAGE	10
LEGAL MATTERS	11
TAX MATTERS	11
Original Issue Discount and Original Issue Premium	12
LITIGATION	13
RATINGS	13
CONTINUING SECONDARY MARKET DISCLOSURE	13
FINANCIAL STATEMENTS	14
FINANCIAL ADVISOR	14
ADDITIONAL INFORMATION	14
CONCLUDING STATEMENT	14

Appendix A — Pima County, Arizona
General Economic and Demographic Information

Appendix B — Pima County, Arizona
Financial Information

Appendix C — Form of Opinion of Bond Counsel

Appendix D — Excerpts from Pima County, Arizona
Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2008

Appendix E — Continuing Disclosure Undertaking

$23,420,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

INTRODUCTORY STATEMENT

This Official Statement, including the cover page and the Appendices hereto, has been prepared by Pima County, Arizona (the "County") in connection with the original issuance and sale by the County of its Street and Highway Revenue Bonds, Series 2009 (the "Bonds") identified on the cover page hereof.

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.

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 11, Chapter 2, Article 12, Arizona Revised Statutes, and under the provisions of a resolution ordering the sale of Bonds adopted by the Board of Supervisors of Pima County, Arizona (the "Board") on September 15, 2009, and an authorizing Resolution adopted by the Board on the date of sale (the "Bond Resolution"). The Bonds are to be issued for the purpose of (i) making certain street and highway improvements within the County; (ii) refunding in advance of maturity portions of certain outstanding street and highway revenue bonds of the County, and (iii) paying costs related to the issuance of the Bonds.

The Bonds offered herein (other than those issued for refunding purposes) represent a portion of the $350,000,000 authorization approved at a special bond election held in the County on November 4, 1997. After the issuance of the Bonds, the County will have $107,800,000* principal amount of authorized but unissued street and highway revenue 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 denominations of $5,000 or any integral multiple thereof. The Bonds will bear interest from their dated date, payable semiannually on January 1 and July 1 (each an "Interest Payment Date"), commencing July 1, 2010.

*Preliminary, subject to change.

Interest will be paid on each Interest Payment Date by check mailed to each registered owner of the Bonds at the address shown on the registration books (the "Bond Register") maintained by the bond registrar 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"), or by wire transfer upon two days prior written request delivered to the paying agent specifying a wire transfer address in the continental United States by any registered owner owning an aggregate principal amount of Bonds of at least $1,000,000, and the principal of the Bonds will be payable at maturity upon surrender of the Bonds to the designated corporate trust office of U.S. Bank National Association, as the bond registrar and paying agent (the "Bond Registrar" or the "Paying Agent", as applicable).

Redemption

The Bonds maturing on or before July 1, 2019 are not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after July 1, 2020 are subject to redemption on any date on or after July 1, 2019 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

Notice of redemption of any Bond 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.

Book-Entry-Only System

THE INFORMATION PROVIDED UNDER THIS SUBHEADING "BOOK-ENTRY-ONLY SYSTEM" HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE COUNTY, BOND COUNSEL, OR THE FINANCIAL ADVISOR 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 Bond Resolution. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

Principal, interest and redemption payments on the Bonds will be made by the 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 Paying Agent, on payable dates 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 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 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 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 WILL HAVE RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (2) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE BONDS UNDER THE BOND RESOLUTION; (3) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; (4) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE BONDS; (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF BONDS; OR (6) ANY OTHER MATTERS.

So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, references herein to "Owner" or registered owners 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 Paying Agent to DTC only.

Registration and Transfer

The Bonds will be transferable only upon the Bond Register maintained by the Bond Registrar and only upon surrender of the Bond or Bonds to be transferred to the Bond Registrar with an appropriate instrument of transfer executed by the transferor.

SECURITY AND SOURCE OF PAYMENT

General

Both principal of and interest on the Bonds are payable from an irrevocable lien on and first pledge of all revenues received by the County from taxes, fees, charges and other moneys collected by the State of Arizona (the "State") and returned to the County for street and highway purposes pursuant to Title 28, Chapter 18, Article 2, Arizona Revised Statutes (the "Street and Highway Revenues"). See "STREET AND HIGHWAY REVENUES" herein. The Bonds are secured by Street and Highway Revenues on a parity with the $137,290,000* aggregate principal amount of outstanding street and highway revenue bonds of the County and any additional street and highway revenue bonds hereafter issued on a parity therewith. See "Additional Bonds" below and Appendix B – Pima County Financial Information – Street and Highway Revenue Bonded Debt Outstanding."

The Bonds are limited obligations of the County secured only by the Street and Highway Revenues and do not constitute a debt of the County within the meaning of any constitutional, charter or statutory provisions. The owners of the Bonds shall have no right to compel the exercise of the taxing power of the County to pay principal of or interest on the Bonds.

Additional Bonds

Statutory Requirements. Arizona Revised Statutes Section 11-378 presently requires that in order for the County to issue additional bonds payable from Street and Highway Revenues, the County must have received Street

*Preliminary, subject to change.

and Highway Revenues in the year preceding the issuance of the additional bonds in an amount equal to at least one and one-half times the highest annual principal and interest requirements thereafter to come due on all such bonds to be outstanding following the issuance of the additional bonds, provided that if the Street and Highway Revenues received in the preceding year do not equal at least two times the highest annual principal and interest requirements, the proposed bonds must bear a rating at the time of issuance of "A" or better by at least one nationally recognized credit rating service, taking into account any credit enhancement facility in effect with respect to such bonds.

Bond Resolution Requirements. The Bond Resolution provides that additional bonds payable from Street and Highway Revenues may be issued if (i) the Street and Highway Revenues received by the County in the twelve-month period immediately preceding the issuance of such additional bonds equals not less than two times the maximum annual debt service on all such bonds outstanding and on such additional bonds to be issued, (ii) the payments required to be made into the bond fund for such bonds are current and (iii) no obligation payable from the bond fund for such bonds is in default as to either principal or interest.

The County will have $107,800,000* in authorized but unissued street and highway revenue bond authorization available after the issuance of the Bonds, that may only be issued subject to meeting the requirements outlined above. Additional bonds may be authorized at future elections.

Amendment of Bond Resolution

The County may modify the Bond Resolution without the consent of or notice to owners of the Bonds for one or more of the following purposes: (i) to cure any ambiguity, formal defect or omission or inconsistency; (ii) to grant to the owners of Bonds additional rights, remedies, powers or authority; (iii) to secure additional revenues or provide additional security or reserves; (iv) to comply with state or federal securities laws; (v) to preserve the exclusion of the interest on Bonds from gross income; (vi) to make other changes which do not materially adversely affect the interests of owners of Bonds; (vii) to provide for the refunding or advance refunding of any Bonds; and (viii) to provide for the issuance of Parity Bonds as permitted by the provisions of the Bond Resolution.

Other amendments to the Bond Resolution may be made with the consent of the owners of not less than a majority in principal amount of the Bonds and parity bonds then outstanding, but no such amendment may (i) extend the stated maturity of or time for paying interest on any Bond or reduce the principal amount of or the redemption premium or rate of interest payable on any Bond, without the consent of the owner of such Bond; (ii) prefer or give a priority to any Bond over any other Bond, without the consent of the owner of each Bond then outstanding not receiving such preference or priority; (iii) reduce the principal amount of Bonds which is required to authorize such amendment, without the consent of the owners of all Bonds then outstanding; or (iv) reduce the redemption price of any Bond upon optional redemption or reduce any period of time prior to commencement of any optional redemption period, without the consent of the owner of such Bond.

Defeasance

Under the Bond Resolution, payment of all or any part of the Bonds may be provided for by the irrevocable deposit with a trustee of moneys or U.S. Government Obligations or both, which, with the maturing principal of and interest on such U.S. Government Obligations, if any, will be sufficient, as evidenced by a certificate of an accountant, to pay when due the principal or redemption price of and interest on such Bonds. Any Bonds so provided for will no longer be considered to be outstanding under the Bond Resolution, and the owners of such Bonds shall thereafter be entitled to payment only from the amounts and obligations deposited with the trustee.

PLAN OF REFUNDING*

A portion of the net proceeds of the Bonds will be placed in a trust account (the "Depository Trust") with U.S. Bank National Association, as depository trustee (the "Depository Trustee") and will be used to acquire U.S. Government Obligations, the maturing principal of and interest income with respect to which are calculated to be sufficient to pay, when due, the principal of, premium on, and interest on the Bonds Being Refunded, as follows:

*Preliminary, subject to change.

Issue (Dated Date)	Street and Highway Revenue Bonds	Original Principal Amount	Maturity Date to be Refunded	Principal Amount Being Refunded	Redemption Dates	Redemption Premium on Bonds Being Refunded
1/1/02	Series 2002	$6,060,000	7/1/10	$2,400,000	1/1/10	0.0%
1/1/02	Series 2002	6,345,000	7/1/11	2,900,000	1/1/10	0.0
1/1/02	Series 2002	6,650,000	7/1/12	3,000,000	1/1/10	0.0

Upon such deposit, the Bonds Being Refunded will no longer be considered to be outstanding under the Bond Resolution. See "SECURITY AND SOURCE OF PAYMENT – Defeasance" and "MATHEMATICAL VERIFICATION."

MATHEMATICAL VERIFICATION

Concurrently with the delivery of and payment for the Bonds, Grant Thornton, LLP, a firm of independent certified public accountants, will deliver to the County its verification report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of computations prepared by RBC Capital Markets Corporation, in its capacity as Financial Advisor (the "Financial Advisor"), relating to (a) the sufficiency of the anticipated receipts from the Government Obligations, together with the initial cash deposit, to pay, when redeemed, the principal, interest and applicable premiums on the Bonds Being Refunded and (b) the "yield" on the Government Obligations and the Bonds.

The report of Grant Thornton, LLP will state that the scope of its engagement was limited to verifying the mathematical accuracy of the computations contained in schedules provided to it by the Financial Advisor and that it has no obligation to update its report because of events occurring, or data or information coming to its attention, subsequent to the date of its report.

STREET AND HIGHWAY REVENUES

The Bonds are issued pursuant to the Constitution and laws of the State, including, specifically, Title 11, Chapter 2, Article 12, of the Arizona Revised Statutes, and all amendments thereto (the "Act"), and the Bond Resolution.

Under the provisions of the Act, a county may, with voter approval, borrow money and issue bonds for the purposes of improving, constructing, reconstructing, acquiring rights-of-way for or maintaining streets and highways of the county. Principal of and interest on bonds issued for such purposes are secured by a pledge of and lien on such county's Street and Highway Revenues.

The following is a summary of the County's Street and Highway Revenue sources. Such summary does not purport to be a complete description of the revenue sources and, accordingly, is qualified by reference to the Arizona Revised Statutes regarding these sources of revenue.

Highway User Tax Revenues

The Highway User Tax Revenues (as described below) are derived from and distributed pursuant to a highway and transportation financing program established by the State Legislature for the benefit of the State, counties within the State, including the County, and incorporated cities and towns within the State. The Highway User Tax Revenues are held until distributed in the State Highway User Revenue Fund (the "Highway Revenue Fund"). Highway User Tax Revenues include a number of sources of revenue. The principal sources and the manner in which they are distributed are described below.

Highway User Tax Revenues currently include the following taxes, fees and charges paid to the motor vehicle division of the Arizona Department of Transportation ("ADOT")and deposited into the Arizona Highway User Revenue Fund: (i) motor vehicle fuel taxes and fuel use taxes, (ii) motor vehicle registration fees, (iii) motor

carrier fees, (iv) a portion of motor vehicle license (in lieu) taxes, and (v) motor vehicle operators' license fees and miscellaneous fees and revenues. These revenue sources are further described below.

Motor Vehicle Fuel Tax Revenues. Motor vehicle fuel taxes consist of motor vehicle fuel (gasoline) taxes and motor vehicle use fuel (primarily diesel) taxes. Every distributor of gasoline is required to pay a fuel license tax for each gallon of gasoline imported into or refined in the State. These are excise taxes imposed primarily upon diesel fuel used in the propulsion of motor vehicles on the public highways of the State. The motor vehicle fuel (gasoline) tax is currently assessed at the rate of $0.18 per gallon, and the use fuel (primarily diesel) tax is assessed at $0.18 for vehicles under 26,001 pounds and other qualifying vehicles and $0.26 per gallon for all other vehicles. The motor vehicle fuel gasoline tax is collected by ADOT from licensed suppliers for each gallon of gasoline possessed, used or consumed in the State and the use fuel tax is collected by ADOT from the supplier or paid by the user for the use of the highways in this State and remitted to ADOT.

Motor Vehicle Registration Fee Revenues. Motor vehicles are required to be registered in the State on a staggered monthly registration schedule. The fee for passenger vehicles and non-commercial pickup trucks is $8 and for motorcycles the fee is $9, of which $1 is paid to the motorcycle safety fund. The fee for commercial motor vehicles, including trucks, buses and taxis, is $12, plus a graduated registration fee based upon the declared gross weight of the motor vehicle. Commercial motor vehicles that operate in several states may instead pay fees which are prorated based on the ratio of operating mileage in the State to the total fleet operating mileage in all states. Each motor vehicle registration fee is deposited in the Arizona Highway User Revenue Fund.

Motor Vehicle License (In Lieu) Tax Revenues. The motor vehicle license (in lieu) taxes are based upon the value of the vehicle (according to a statutory formula) and are collected with the vehicle registration fees. These license taxes are distributed as follows: (i) 44.99% to the Arizona Highway User Revenue Fund, (ii) 24.59% to the general fund of the county where the motor vehicle is registered, (iii) 24.59% to the cities and towns of the county where the motor vehicle is registered, and (iv) 5.83% to the Local Transportation Assistance Fund for transit and transportation purposes. The above distribution percentages are blended since the tax rates vary between new and renewal vehicles. Only the portion of the motor vehicle license (in lieu) taxes deposited into the Arizona Highway User Revenue Fund constitutes Highway User Revenues.

Motor Carrier Fee Revenues. The motor carrier fee is imposed on commercial motor vehicles, whether common, contract or private carriers, with a gross weight in excess of 12,000 pounds. The motor carrier fee increases as the declared gross vehicle weight of the vehicle increases. All motor carrier fee revenues are deposited to the Arizona Highway User Revenue Fund.

Motor Vehicle Operators' License Fees and Miscellaneous Fees and Revenues. The balance of the Arizona Highway User Revenue Fund revenues includes motor vehicle operators' license fees and miscellaneous fees and revenues. The miscellaneous fees and revenues include certificates of title fees, oversize permit fees, inquiry fees, investment income on moneys held in the Arizona Highway User Revenue Fund, certain fines, penalties and other miscellaneous fees.

Distribution of Highway User Tax Revenues

After certain statutory annual allocations are made, including $10,000,000 to the State Department of Public Safety and $1,000,000 to the State's Economic Strength Project Fund, all remaining Highway User Tax Revenues are allocated under the following statutory formula: ADOT receives 50.5%, counties 19%, cities of over 300,000 population 3% and all incorporated cities and towns 27.5%. The monies distributed to counties are allocated among the counties in the State and distributed on a monthly basis, as follows: (i) 72% of the funds are distributed among the counties in proportion to the sale and consumption of fuel within each county during the month preceding the distribution at issue; and (ii) the remainder is distributed among the counties based on the proportionate population within the unincorporated areas of each county.

Receipt of monies under this distribution formula is subject to certain adjustments, reporting requirements and limitations including a requirement that the County comply with the procedural guidelines established by ADOT and the standards established by the Technical Advisory Committee of ADOT when submitting ADOT required data

and information concerning the status of transportation systems. The County has covenanted in the Bond Resolution to comply with these provisions of the law and also to meet certain local revenue spending requirements.

The Arizona statutes provide the Highway User Tax Revenues may only be used for purposes prescribed in the State Constitution, and that cities and counties may not use Highway User Tax Revenues for the enforcement of traffic laws or the administration of traffic safety programs. If the Auditor General of Arizona reports to the State Treasurer after conducting a performance audit that a city or county has not used an amount of Highway User Tax Revenues as prescribed by law, the State Treasurer shall withhold its Highway User Tax Revenues until such city or county presents evidence satisfactory to the Auditor General showing that it has spent for such prescribed purposes at least a like amount from other general revenue sources.

Since 1981 the Arizona Legislature has on several occasions enacted legislation to fund the State's transportation needs. (In both 1981 and 1985, comprehensive transportation finance programs were enacted that significantly increased transportation funding in the State and put into place many of the current funding mechanisms.) The Arizona Legislature has previously altered and may in the future alter (1) the type and/or rate of the taxes, fees and charges which are deposited into the State Highway User Revenue Fund or (2) the allocation formulas for such moneys. The authority of the State Legislature to make such changes in the allocation of moneys deposited into the State Highway User Revenue Fund is subject to the requirement of the Arizona Constitution that the majority of the items comprising the Highway User Tax Revenues may only be used for highway-related purposes including, but not limited to, paying debt service on bonds issued for such purposes by the State and political subdivisions such as the County. In addition, the Arizona Supreme Court has indicated that the State Legislature may not reduce revenues to any recipient who has issued street and highway user revenue bonds in such a manner which impairs the recipient's ability to meet debt service requirements on such bonds.

The State is expected to experience State General Fund deficits for fiscal years 2009-10 and 2010-11 and possibly future years, primarily due to lower-than-projected revenues. The State Legislature and the Governor will need to address these State General Fund deficits during the legislative sessions. Although no specific proposals have been enacted, legislative plans to eliminate such deficits in prior years have considered proposals making one-time transfers from the Highway User Revenue Fund to the State General Fund for reimbursement of prior Department of Public Safety costs, and transferring funding responsibility for certain costs of ADOT's Motor Vehicle Division from the State Highway Fund to the Highway User Revenue Fund. These and other proposals may be considered in the future. Unless and until any such proposals are enacted into law, the impact on the Highway User Revenue Fund and the amounts to be received by the County cannot be determined.

The following tables indicate for the periods shown the amount of Highway User Tax Revenues collected by the State and the number of motor vehicle registrations and gallons of motor vehicle fuel taxed within the State and the County.

STATE OF ARIZONA
HIGHWAY USER TAX REVENUES
(000's)

Fiscal Year	Gasoline & Use Fuel Revenues	Registration & In Lieu Taxes	Motor Carrier Tax	License Fees & Other	Total Highway User Tax Revenues
2008-09	$630,743	$525,063	$40,483	$52,294	$1,248,583
2007-08	700,395	547,951	40,177	55,953	1,344,477
2006-07	707,984	571,285	45,226	57,979	1,382,474
2005-06	702,541	532,669	40,504	55,911	1,331,625
2004-05	675,652	482,354	37,980	49,567	1,245,553
2003-04	642,533	458,900	34,617	43,510	1,179,561

Source: Arizona Department of Transportation, Administrative Services Division.

MOTOR VEHICLE REGISTRATIONS

Fiscal Year	State of Arizona Total Number of Vehicle Registrations	State of Arizona Percentage Change	Pima County Total Number of Vehicle Registrations	Pima County Percentage Change
2008-09	6,692,834	(0.6%)	925,549	0.2%
2007-08	6,733,610	1.9%	923,271	1.9%
2006-07	6,608,726	4.6%	905,793	6.1%
2005-06	6,318,402	6.3%	853,928	3.4%
2004-05	5,945,131	17.0%	825,806	12.5%
2003-04	5,079,849	4.9%	733,810	4.2%

Source: Arizona Department of Transportation, Motor Vehicle Division.

GALLONS OF MOTOR VEHICLE FUEL TAXED (a)

Fiscal Year	State of Arizona Total Gallons Taxed	State of Arizona Percentage Change	Pima County Total Gallons Taxed	Pima County Percentage Change
2008-09	3,412,251,057	(7.81%)	474,186,783	(5.99%)
2007-08	3,701,285,984	0.18%	504,415,135	2.70%
2006-07	3,694,579,366	2.62%	491,154,154	(3.84%)
2005-06	3,600,184,049	1.22%	510,772,029	(0.79%)
2004-05	3,556,759,467	3.69%	514,834,562	1.00%
2003-04	3,430,332,569	2.48%	509,735,935	(0.74%)

(a) Includes both gasoline and use fuel gallonage.

Source: Arizona Department of Transportation, Motor Vehicle Division.

Street and Highway Revenues Received by the County

The following table sets forth the annual Street and Highway Revenues received by the County during the most recent five-year period.

PIMA COUNTY
STREET AND HIGHWAY REVENUES

Fiscal Year	Street & Highway Revenue Receipts
2008-09	$53,906,177 (a)
2007-08	57,847,328
2006-07	58,637,775
2005-06	56,936,526
2004-05	53,878,131
2003-04	51,334,009

(a) Figures shown for fiscal year 2008-09 are preliminary unaudited numbers which are subject to change.

Source: Pima County, Finance and Risk Management Department.

STREET AND HIGHWAY REVENUE BONDED DEBT OUTSTANDING

The following chart indicates the outstanding street and highway bonds of the County that will be outstanding after the issuance of the Bonds.

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	$ 19,055,000
1-15-03	35,000,000	Street & Highway Improvements	7-1-04/18	25,325,000
5-01-05	51,200,000	Street & Highway Improvements	7-1-09/20	47,810,000
1-01-07	21,000,000	Street & Highway Improvements	7-1-09/22	20,250,000
2-15-08	25,000,000	Street & Highway Improvements	7-1-09/22	24,850,000
Total Street and Highway Revenue Bonds Outstanding				$137,290,000
Less: The Bonds Being Refunded				(8,300,000*)
Plus: The Bonds Offered Herein				23,420,000
Total Street and Highway Revenue Bonds to be Outstanding				$152,410,000*

STREET AND HIGHWAY REVENUE BOND DEBT SERVICE REQUIREMENTS AND DEBT SERVICE COVERAGE

The following chart indicates the street and highway bond debt service requirements of the County that will be outstanding after the issuance of the Bonds.

Fiscal Year	Street & Highway Revenues Pledged (1)	Outstanding Debt Service (2)	The Bonds		Total Debt Service Requirements*	Debt Service Coverage (1)(4)
			Principal	Interest (3)		
2008-09	$53,906,177					
2009-10		$15,764,969		$536,941	$16,301,910	3.31
2010-11		15,366,400		924,875	16,291,275	3.31
2011-12		15,386,563		924,875	16,311,438	3.30
2012-13		13,882,288	$1,200,000	924,875	16,007,163	3.37
2013-14		13,932,425	1,185,000	882,875	16,000,300	
2014-15		13,994,950	1,165,000	841,400	16,001,350	
2015-16		14,068,388	1,140,000	794,800	16,003,188	
2016-17		14,103,988	1,150,000	749,200	16,003,188	
2017-18		14,158,550	1,140,000	703,200	16,001,750	
2018-19		10,737,088	2,480,000	657,600	13,874,688	
2019-20		10,836,588	2,575,000	558,400	13,969,988	
2020-21		5,327,700	2,680,000	455,400	8,463,100	
2021-22		5,395,338	2,790,000	348,200	8,533,538	
2022-23			2,900,000	236,600	3,136,600	
2023-24			3,015,000	120,600	3,135,600	

(1) As reported by the Arizona Department of Transportation and the County for fiscal year 2008-09.
(2) Net of the Bonds Being Refunded.
(3) The first interest payment date is July 1, 2010.
(4) Pursuant to the Bond Resolution in order for the County to issue parity bonds, the Street and Highway Revenues received for the year immediately preceding the issuance of such Bonds must be equal to at least two times the highest annual debt service requirement on all outstanding parity bonds, including the Bonds and the bonds proposed to be issued. The debt service coverage shown reflects the calculations of this requirement. See "SECURITY AND SOURCE OF PAYMENT – Additional Bonds" herein.

*Preliminary, subject to change.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds by the County are subject to the approving opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel to the County. Copies of such opinion will be available at the time of delivery of the Bonds. The form of opinion is included as Appendix C to this Official Statement. Fees of Bond Counsel will be paid from Bond proceeds.

TAX MATTERS

In the opinion of Squire, Sanders & Dempsey L.L.P., 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 prices 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 legislation affecting the exemption of bonds or interest thereon for purposes of State of Arizona taxation may be considered by the Arizona 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 clarification of the Code or of Arizona law after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value of the Bonds.

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 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 beneficial owners regarding the tax status of interest on the Bonds 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 prices for the Bonds.

Original Issue Discount and Original Issue Premium

Certain of the Bonds ("Discount Bonds") as indicated on the cover 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 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 accrues 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 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. The County will deliver a certificate to that effect at the time of the original delivery of the Bonds.

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

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 each organization and any desired explanation of the significance of such ratings should be obtained from Fitch at One State Street Plaza, New York, New York 10004 or from S&P at 55 Water Street, New York, New York, 10041. 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.

The County has not requested Moody's Investors Service ("Moody's") to issue a rating on the Bonds. However, the County understands that Moody's has issued an is currently maintaining a rating of "A1" on previously issued and outstanding street and highway revenue bonds of the County.

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, 2010 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events, if material (the "Notices of Material Events"). The Annual Reports and Notices of Material Events will be filed with the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access system ("EMMA") as described in Appendix E - "CONTINUING DISCLOSURE UNDERTAKING." The specific nature of the information to be contained in the Annual Reports and the Notices of Material Events is set forth in Appendix E - "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 mailing

the Annual Reports and the Notices of Material Events to the MSRB. 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 D of this Official Statement are excerpts of the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008. 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.

FINANCIAL ADVISOR

RBC Capital Markets Corporation serves as the Financial Advisor to the County in connection with the issuance of the Bonds. The fees for Financial Advisor are contingent upon the issuance, sale and delivery of the Bonds.

ADDITIONAL INFORMATION

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

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

APPENDIX A

PIMA COUNTY, ARIZONA
General Economic and Demographic Information

General Information

Pima County, Arizona (the "County") is located in the southern portion of the State of Arizona ("Arizona" or the "State"), with a section of its southern boundary bordering Mexico. The boundaries of the County encompass an area of approximately 9,184 square miles. Organized in 1864 by the Arizona Territorial Legislature as one of the State's four original counties, the County is today the second most populous county in Arizona with an estimated 2008 population of 1,014,023. Approximately 54% 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
2008 Estimate (a)	1,014,023	543,959	6,629,455
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

(a) Population estimate as of July 1, 2008.

Source: U.S. Department of Commerce, Bureau of the Census; Arizona Department of Commerce, Population Statistics.

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 Department from 1976 to 1979; and as the 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 362,700 persons were employed, on average (not including the agricultural industry), in the County as of July 2009. The following table presents the County's average annual total employment by industry for the periods indicated:

TABLE 2

Pima County
Average Annual Employment
Number of Persons Employed 2004-2009

Industry	2004	2005	2006	2007	2008	2009 (a)
Goods Producing						
Natural Resources and Mining	1,300	1,400	1,600	1,800	1,900	1,500
Construction	24,000	25,700	27,900	26,400	22,600	16,700
Manufacturing	28,400	28,300	28,100	27,500	27,300	26,300
Service Producing						
Trade, Transportation and Utilities	57,900	59,600	62,700	63,900	61,800	57,600
Information	7,600	7,200	6,800	6,000	5,100	4,400
Financial Activities	15,900	16,500	17,600	17,800	17,200	16,700
Professional and Business Services	43,400	45,900	49,700	52,300	51,700	48,100
Education and Health Services	47,800	50,500	52,600	54,200	57,100	57,700
Leisure and Hospitality	39,100	39,800	40,600	39,800	40,000	39,200
Other Services	14,700	14,700	15,800	15,500	15,700	14,700
Government	76,900	77,100	76,300	77,900	80,600	79,800
Total Wage & Salary Employment	357,000	366,700	379,700	383,100	381,000	362,700

(a) Year-to-date average as of July 2009.

Source: Arizona Department of Commerce.

The average unemployment rate for the County as of July 2009 was 8.6%. The average annual unemployment rate for 2008 and 2007 was 5.1% and 3.7%, respectively. The table below shows comparative unemployment rates for the County, the State and the United States for the periods indicated.

TABLE 3

Pima County
Comparative Employment Statistics

	Pima County		Unemployment Rate		
Calendar Year	Average Employment	Average Unemployment	Pima County	Arizona	U.S.
2009 (a)	444,398	41,734	8.6%	9.2%	8.8%
2008	454,122	24,565	5.1%	5.5%	5.8%
2007	442,498	16,774	3.7%	3.8%	4.6%
2006	431,585	17,773	4.0%	4.1%	4.6%
2005	419,846	19,519	4.4%	4.6%	5.1%
2004	417,753	20,278	4.6%	5.0%	5.5%

(a) As of July 2009.

Source: Arizona Department of Commerce.

The following table indicates the major employers in southern Arizona, which includes Pima County, as reported in March, 2009.

TABLE 4

Southern Arizona
Major Employers

Company	Type of Business	Approximate Number of Full-Time Equivalents
Raytheon Missile Systems	Missile Manufacturing	11,539
University of Arizona	Education	10,575
State of Arizona	Government	9,329
Davis-Monthan Air Force Base	Military	7,509
Tucson Unified School District	Education	7,227
Wal-Mart Stores Inc.	Retail	6,715
U.S. Army Intelligence Center & Fort Huachuca	Military	6,463
Pima County	Government	6,235
Freeport-McMoRan Copper & Gold Inc.	Mining	5,987
City of Tucson	Government	5,635
Carondelet Health Network	Health Care	4,570
Tohono O'Odham Nation	Tribal Government	4,553
University Medical Center Corp.	Health Care	3,552
U.S. Border Patrol	Government	3,468
TMC HealthCare	Health Care	3,184
Asarco LLC	Mining	2,575
Corrections Corp. of America	Detention Centers	2,468
Pinal County	Government	2,450
Citi	Financial Services	2,400
Sunnyside Unified School District	Education	2,358

Source: *The Star 200 Directory*, published by *The Arizona Daily Star* (March 2009).

Non-Governmental Employment

Average overall wage and salary employment in the County, excluding government employment, increased in each of the calendar years from 2004 through 2008. For calendar year 2009 through July, average employment across all categories with the exception of education and health services declined compared to average employment levels in calendar year 2008. Overall, the decrease in average non-governmental employment in the County fell by approximately 17,500 jobs, or approximately 5.8%, with non-governmental employment levels on average returning to pre-2006 employment levels. The most significant decline for this period occurred in construction employment which decreased by 26.1% between calendar year 2008 and mid-year calendar 2009.

The average annual employment in service-providing categories as of July 2009 was 238,400. 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 above, Health Care and Education were a dominating force in the service-providing industry.

Government

Government employment plays an important role in the County with Federal, State and local government employees numbering approximately 79,800 as of July 2009. This sector expanded from 2004 to 2008, but has shown a slight decline on average in calendar year 2009. 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 the above table). 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 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 as of July 2009 was 26,300, representing 7.2% of the County's total wage and salary employment base. Manufacturing employment during 2008 and 2007 averaged 27,300 and 27,500, 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 2009 Employment
Raytheon Missile Systems	Missile Manufacturing	11,539
IBM	Business & Technology Products	1,432
Northrop Grumman Corp.	Military Aircraft Modification	1,000
Ventana Medical Systems Inc.	Medical Equipment	788
Honeywell Aerospace	Aircraft Electronic Systems	754
Texas Instruments	Operation Amplifiers	620
Bombardier Aerospace	Aircraft Maintenance	591
B/E Aerospace	Aircraft Passenger Cabin Interior Products	387
NewTec	Manufacturing and Research	340
Universal Avionics Systems Corp.	Avionics Systems	260

Source: *The Star 200 Directory*, published by *The Arizona Daily Star* (March 2009).

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 757 convention bookings with 264,988 convention delegates visited the Tucson area in fiscal year 2007-08, the most recent year for which data was available. In the Tucson area, the Bureau estimates that there are 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 Monument, Mission San Xavier del Bac, Mount Lemmon, Sabino Canyon, Biosphere 2, and numerous resorts and golf courses. In addition, the Tucson metropolitan area is the home of spring training for Major League Baseball's Arizona Diamondbacks and Colorado Rockies.

According to the Arizona Hospitality Research & Resource Center, nearly $1.9 billion was spent by tourists in the County in 2008, a slight decrease from estimated tourism-related expenditures in calendar year 2007. It is expected, given the condition of global and domestic economies, that tourism-related expenditures will continue to decrease in 2009. These figures 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 between 2003 and 2008.

Total Tourist Expenditures
($ in millions)

Year	Pima County	State of Arizona
2009 (a)	$1,203	$ 7,790
2008	1,896	12,788
2007	1,979	13,383
2006	1,530	10,440
2005	1,440	9,680
2004	1,280	8,520

(a) Through August, 2009.

Source: Arizona Hospitality Research & Resources Center.

Education

The University of Arizona (the "University") provides approximately 10,575 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 2008 were estimated at 38,057 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 2008-09 was estimated at 71,070 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. Retail sales have continued to decrease during 2009 and through July are 12.60% lower than the comparable period in 2008.

TABLE 6

Pima County Retail Sales (a)

Year	Amount	% Change
2009 (b)	$3,932,587,764	N/A
2008	7,263,583,414	(7.14%)
2007	7,822,497,932	1.05%
2006	7,740,869,293	7.49%
2005	7,201,701,654	9.21%
2004	6,594,312,765	6.08%

(a) Excludes food and gasoline sales.
(b) Through July 2009.

Source: Arizona Department of Revenue.

Financial Institutions

The Federal Deposit Insurance Corporation (FDIC) collects deposit balances for commercial and savings banks as of June 30 of each year. The following table illustrates the summary of bank deposits of all FDIC-insured institutions within the County for the past five fiscal years. As of June 30, 2008, there were 22 institutions with 194 offices in the County, with a deposit balance of $11,215 million.

TABLE 7

Pima County
Bank Deposits

Year	Amount
2008	$11,215,000,000
2007	11,643,000,000
2006	11,151,000,000
2005	10,250,000,000
2004	8,941,000,000

Source: Federal Deposit Insurance Corporation.

Mining

According to the Arizona Mining Association, Arizona leads the nation in copper production, accounting for 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 1,900 in 2008, 1,800 in 2007 and 1,600 in 2006.

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 8

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

Year	Receipts
2008	$71,209,000
2007	73,400,000
2006	78,083,000
2005	84,452,000
2004	80,103,000

Source: *Arizona Agricultural Statistics,* September 2009.

Building Permits

The following tables were compiled from *Arizona Construction Report*, a publication of Arizona Real Estate Center, L. William Seidman Research Institute, College of Business, Arizona State University. The Center obtains its data from county and municipal divisions which issue such permits. 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.

The information provided through March 2009 in each of the following tables is the most current data available. The County's expectation is that the value of building permits and number of new housing starts for 2009 will continue to show declines from prior years.

TABLE 9

Pima County
Value of Building Permits

Year	Residential	Commercial	Industrial	Other	Total
2009 (a)	$ 80,536,000	$ 26,899,000	$ 9,882,000	$ 19,934,000	$ 137,251,000
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
2005	2,180,381,000	315,946,000	8,546,000	150,686,000	2,655,559,000
2004	1,680,800,000	284,275,000	16,206,000	117,220,000	2,098,501,000

(a) Through March 2009.

Source: Arizona Real Estate Center, ASU Polytechnic Campus, Arizona State University.

TABLE 10

Pima County
New Housing Starts

Year	Total Housing Units Permitted
2009 (a)	440
2008	3,207
2007	4,629
2006	9,082
2005	12,272
2004	11,452

(a) Through March 2009.

Source: Arizona Real Estate Center, ASU Polytechnic Campus, Arizona State University.

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. Pima 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. Pima County has been implementing the policies of the Comprehensive Plan since its adoption.

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 2008-09 fiscal year was $489,886,802. The County's expenditures for the 2008-09 fiscal year were under the limit. The County's preliminary 2009-10 fiscal year expenditure limitation is $506,866,953.

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 2005-06 through 2009-10 for each class of property are set forth below.

Property Tax Assessment Ratios
2005-06 through 2009-10

Classification (a)	2005-06	2006-07	2007-08	2008-09	2009-10
Mining, Utility, Commercial and Industrial (b)(c)	25%	24.5%	24%	23%	22%
Agriculture and Vacant Land (c)	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 (d)	21%	22%	21%	20%	18%

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

(b) The first $65,013 of full cash value of commercial, industrial and agricultural personal property is exempt from tax for fiscal year 2008-09. This amount is indexed annually for inflation. Any portion of the full cash value in excess of those amounts will be assessed at 22% or 16% as applicable.

(c) Effective January 1, 2009, the assessment ratio for Mining, Utility, Commercial and Industrial property was decreased to 22%. Additionally, this rate will be decreased by one percent annually through 2010, resulting in an assessment ratio of 20% after December 31, 2010.

(d) 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.

It cannot be determined what impact any deterioration of the financial condition of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of or the secondary market for the Bonds. No representatives of the County, Bond Counsel or the Financial Advisor have undertaken any independent investigation of the operations and financial condition of any taxpayer, nor have they assumed responsibility for the same.

Property Valuations

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

Valuations for Fiscal Year 2009-10

Estimated Actual Valuation (a)	$80,653,625,457
Net Secondary Assessed Valuation	9,860,980,900
Net Primary Assessed Valuation	8,985,711,830

(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 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
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%
2005-06	6,050,950,040	47,971,147,096	12.61%

(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
2009-10	$4,030,242,132	3.46%	$9,860,980,900	2.77%	$86,525,272,506(a)	0.50%
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	31.96%
2006-07	3,016,230,759	10.77%	6,869,955,457	13.54%	54,436,547,031	11.25%
2005-06	2,722,915,853	6.44%	6,050,950,040	7.67%	48,931,946,145	10.05%

(a) Represents the preliminary net secondary assessed value for the State of Arizona as of April 2009.

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)	Estimated 2009-10 Net Secondary Assessed Valuation	As Percent of County's 2009-10 Net Secondary Assessed Valuation
Phelps Dodge Sierrita Inc	$198,694,143	2.01%
Unisource Energy Corp	158,763,946	1.61%
Qwest Communications Corp	74,646,105	0.76%
Southwest Gas Corp	64,774,986	0.66%
Asarco Inc	63,572,110	0.64%
Arizona Portland Cement Co	27,560,619	0.28%
Trico Electric Co-op Inc	21,029,473	0.21%
Asarco LLC	20,042,002	0.20%
Starr Pass Resort Development LLC	19,383,738	0.20%
DND Neffson Co	18,887,463	0.19%
	$667,354,585	6.76%

(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, its Financial Advisor or its Bond 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 real and secured personal property tax collection of the County for the current and past five 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
2008-09	$322,901,974	$309,375,563	95.81%	$313,600,852	97.12%
2007-08	305,699,225	294,220,625	96.25	304,294,342	99.54
2006-07	283,253,437	273,299,741	96.49	282,546,958	99.75
2005-06	267,378,750	258,490,790	96.68	266,959,580	99.84
2004-05	252,420,350	244,086,254	96.70	252,261,721	99.94
2003-04	234,061,821	225,451,189	96.32	233,195,861	99.63

(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 August 31, 2009 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
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
2005-06	4.0720	1.3891	5.4611
2004-05	4.0720	1.4247	5.4967

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 assuming the issuance of the hereinafter defined Series 2009A Bonds.

Net Secondary Assessed Valuation (FY 2009-10)	**$9,860,980,900**
15% Constitutional Limitation	1,479,147,135
Net Direct General Obligation Bonds Outstanding	471,090,000*
Unused 15% Limitation	$1,008,057,135*

*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 General Obligation Bonds, Series 2009A being issued concurrently with the Bonds under a separate Official Statement (the "Series 2009A Bonds").

Date of Issue	Original Amount	Original Purpose	Maturity Dates	Average Int. Rates	Remaining Balance Outstanding
05-01-98	$42,420,000	Various Improvements	7-1-99/13	4.620%	$ 9,425,000
10-01-99	50,000,000	Various Improvements	7-1-00/10	5.040%	3,115,000
08-01-00	50,000,000	Various Improvements	7-1-01/14	4.760%	15,000,000
01-01-02	20,000,000	Various Improvements	7-1-02/16	4.000%	6,000,000
01-15-03	50,000,000	Various Improvements	7-1-03/17	3.900%	30,350,000
06-01-04	65,000,000	Various Improvements	7-1-05/19	4.207%	43,740,000
05-01-05	65,000,000	Various Improvements	7-1-06/20	4.016%	46,080,000
01-01-07	95,000,000	Various Improvements	7-1-07/21	4.028%	78,965,000
02-15-08	100,000,000	Various Improvements	7-1-08/22	3.934%	82,000,000
04-22-09	75,000,000	Various Improvements	7-1-09/23	3.913%	66,000,000
Total General Obligation Bonded Debt Outstanding					$380,675,000
Less: The Bonds Being Refunded (a)					(23,120,000*)
Plus: The Series 2009A Bonds (a)					113,535,000
Total General Obligation Bonded Debt to be Outstanding					$471,090,000*

(a) Being offered under a separate Official Statement simultaneously with the Bonds.

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 Series 2009A Bonds being issued concurrently with the Bonds under a separate Official Statement.

Fiscal Year June 30	Existing General Obligation Bonded Debt Outstanding		Series 2009A Bonds		Total Debt Service Requirement
	Principal	Interest	Principal	Interest (a)	
2010	$45,580,000	$14,476,286	$ 7,515,000	$2,193,150	$69,764,436
2011	29,720,000	12,566,256	10,525,000	3,627,375	56,438,631
2012	22,815,000	11,345,306	11,240,000	3,416,875	48,817,181
2013	22,720,000	10,403,806	11,305,000	3,079,675	47,508,481
2014	23,400,000	9,435,406	9,065,000	2,740,525	44,640,931
2015	25,815,000	8,413,181	5,875,000	2,468,575	42,571,756
2016	26,805,000	7,319,813	5,615,000	2,292,325	42,032,138
2017	27,940,000	6,204,806	5,685,000	2,095,800	41,925,606
2018	25,160,000	5,062,606	5,915,000	1,868,400	38,006,006
2019	28,035,000	4,102,594	6,150,000	1,631,800	39,919,394
2020	25,785,000	3,044,256	6,395,000	1,385,800	36,610,056
2021	21,595,000	2,124,856	6,650,000	1,130,000	31,499,856
2022	22,500,000	1,299,506	6,920,000	864,000	31,583,506
2023	9,685,000	399,506	7,195,000	587,200	17,866,706
2024			7,485,000	299,400	7,784,400

(a) The first interest payment date on the Series 2009A Bonds is July 1, 2010. Interest is assumed at an average annual rate of 3.75%.

*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	2009-10 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(g)	Portion Applicable to the County		Combined Tax Rate Per $100 Assessed Valuation (e)
			Percent	Net Debt Amount	
State of Arizona	$86,525,272,506 (f)	None	100%	None	$0.0000
Pima County	**9,860,980,900**	**$471,090,000**	**100%**	**$471,090,000**	**4.7588 (b)**
Pima County Flood Control District (c)	8,885,189,956	None	100%	None	0.2635
Elementary School Districts	431,664,134	1,470,000	100%	1,470,000	2.1342 (d)
Unified School Districts	9,412,479,218	546,430,000	100%	546,430,000	5.5006 (d)
Cities and Towns	5,513,702,551	254,075,610	100%	254,075,610	0.6840 (d)
Pima County Community College District	9,860,980,900	27,335,000	100%	27,335,000	1.0770
Total				**$1,300,400,610**	

Jurisdiction	2009-10 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(g)	Combined Tax Rate Per $100 Assessed Valuation (e)
State of Arizona	$86,525,272,506 (f)	None	None
Pima County	9,860,980,900	$471,090,000	$4.7588 (b)
Pima County Flood Control District (c)	8,885,189,956	None	0.2635
Pima County Community College District	9,860,980,900	27,335,000	1.0770
Elementary School Districts:			
San Fernando ESD #35	1,124,531	None	4.5954
Empire ESD #37	7,522,610	None	2.9383
Continental ESD #39	375,805,866	1,470,000	1.6122
Redington ESD #44	1,542,334	None	7.6340
Altar Valley ESD #51	45,668,793	None	6.0506
Unified School Districts:			
Tucson USD #1	3,975,386,598	292,045,000	6.0701
Marana USD #6	948,760,083	45,050,000	4.9286
Flowing Wells USD #8	242,759,039	17,330,000	6.1239
Amphitheater USD #10	1,758,160,730	75,705,000	4.6112
Sunnyside USD #12	521,691,615	24,490,000	7.0899
Tanque Verde USD #13	238,860,720	1,160,000	3.1837
Ajo USD #15	19,487,983	None	4.3158
Catalina Foothills USD #16	720,102,657	28,215,000	4.9970
Vail USD #20	523,748,498	38,085,000	5.2016
Sahuarita USD #30	462,349,957	24,350,000	5.4230
Indian Oasis USD #40	1,171,338	None	0.0000
Cities and Towns:			
City of Tucson	4,030,242,132	254,075,610	0.9344
City of South Tucson	27,636,918	None	0.2035
Town of Marana	533,455,685	None	0.0000
Town of Oro Valley	695,244,213	None	0.0000
Town of Sahuarita	227,123,603	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 1, 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 $0.3306, the $0.2643 tax rate of the Free Library District, the $0.1000 tax rate of the Central Arizona Project and the $0.0406 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 preliminary net secondary assessed value for the State of Arizona as of April 2009.

(g) The following table lists general obligation bonds authorized but unissued for the County and jurisdictions within the County after the issuance of the Series 2009A Bonds.

Jurisdiction (h)	Authorized But Unissued General Obligation Bonds
Pima County	$213,681,000*
Tucson Unified School District No. 1	74,000,000
City of Tucson	None**

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

(h) 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 2009-10	
	Per Capita Net Debt (Pop. @ 1,014,023) (a)	**Secondary Assessed Valuation ($9,860,980,900)**	**Est. Actual Valuation ($80,653,625,457)**
Net Direct General Obligation Bonded Debt ($471,090,000)	$464.57	4.77%	0.58%
Net Direct and Overlapping General Obligation Bonded Debt ($1,300,400,610)	$1,282.42	13.18%	1.61%

(a) Source: U.S. Department of Commerce, Bureau of the Census; Arizona Department of Commerce, Population Statistics, July 2008.
(b) Reflects the Net General Obligation Bonds Outstanding after the issuance of the Series 2009A Bonds.

Street and Highway Revenue Bonded Debt Outstanding

The following chart indicates the outstanding street and highway bonds of the County that will be outstanding after the issuance of the Bonds.

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	$ 19,055,000
1-15-03	35,000,000	Street & Highway Improvements	7-1-04/18	25,325,000
5-01-05	51,200,000	Street & Highway Improvements	7-1-09/20	47,810,000
1-01-07	21,000,000	Street & Highway Improvements	7-1-09/22	20,250,000
2-15-08	25,000,000	Street & Highway Improvements	7-1-09/22	24,850,000
Total Street and Highway Revenue Bonded Debt Outstanding				$137,290,000
Less: The Bonds Being Refunded				(8,300,000*)
Plus: The Bonds Offered Herein				23,420,000
Total Street and Highway Revenue Bonds to be Outstanding				$152,410,000*

*Preliminary, subject to change.

Sewer Revenue Debt Outstanding

The following chart lists the outstanding sewer revenue bonds 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	$ 4,284,485
08-06-97	7,500,000	Sewer Improvements (a)	7-1-00/11	1,295,069
05-01-98	29,185,000	Sewer Improvements	7-1-99/15	11,055,000
10-27-00	61,180,286	Sewer Improvements (a)(b)	7-1-02-16	35,323,967
04-01-01	19,440,000	Refunding	7-1-02/15	11,415,000
05-01-04	25,770,000	Refunding	7-1-05/15	15,660,000
05-11-04	19,967,331	Sewer Improvements (a)(c)	7-1-05/24	17,376,433
01-01-07	50,000,000	Sewer Improvements	7-1-07/26	44,160,000
05-01-08	75,000,000	Sewer Improvements	7-1-09/23	74,780,000
05-06-09	18,940,000	Sewer Improvements	7-1-10/24	18,940,000
10-09-09	10,002,383	Sewer Improvements (a)	7-1-10/24	8,002,383
Total Sewer Revenue Bonds Outstanding				$242,292,337

(a) Represents funds borrowed under separate Loan Agreements with the Water Infrastructure Finance Authority of Arizona ("WIFA").
(b) On October 27, 2000, the County entered into certain Loan Agreements with WIFA totaling $40,000,000. In December 2001, the County amended those Loan Agreements and added an additional $21,180,286.
(c) May 11, 2004, the County entered into certain Loan Agreements with WIFA totaling $18,015,219. In September 2005, the County amended those Loan Agreements and added an additional $1,952,112.

Lease, Lease-Purchase and Purchase Agreements

The County has various lease purchase 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	**2005-06**	**2006-07**	**2007-08**	**2008-09**
Clerk of Superior Court	$31	$ 82	$82	$131
Juvenile Court				
Public Works Building				
Sheriff	42	21	0	0
Fiscal Year Total	$74	$103	$82	$131

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	18,715,000
05-01-07	30,320,000	New Money	7-1-08/22	27,530,000
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
Certificates of Participation Outstanding				$74,645,000
Plus: Series 2009A Certificates (a)				20,000,000
Total Certificates of Participation to be Outstanding				$94,645,000

(a) The Series 2009A Certificates of Participation are scheduled to be offered under a separate Official Statement in December, 2009.

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 E.

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 currently offers 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. Participating retirees must 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 is not reporting any OPEB liability because, to the degree GASB 45 might apply, the County has determined that any OPEB liability would not be material.

Management Commentary on Financial Condition

The County's revenues for Fiscal Year 2009-10 are expected to be near the budgeted amounts. As of September 2009, however, the County is projecting a decrease in State-shared sales revenues of approximately $4 million, or five percent. The State of Arizona is facing a budget deficit for Fiscal Year 2009-10, currently estimated at between approximately $1.5 billion and $2.0 billion, because of lower than expected revenues. Depending on State revenue receipts, additional measures may be enacted by the Legislature for Fiscal Year 2009-10. In past years when the State was facing budget difficulties, the State has shifted some of its costs to local jurisdictions either by charging cities, towns and counties additional mandatory payments or by reducing the share of State-shared revenues distributed to the cities, towns and counties. The County cannot determine whether any such provisions will be enacted or how they may affect the County or its financial position. The County is required by statute to adopt a balanced budget each year and has implemented cost-cutting measures for the 2009-10 fiscal year that are designed to address any additional reduction in State-shared revenues and any potential increased cost shifting from

the State to cities, towns and counties. The County has budgeted for an ending General Fund balance for Fiscal Year 2009-10 of at least five percent of annual General Fund revenues.

In 2004, the County closed the County-operated Kino Community Hospital and leased the hospital ground and buildings to University Physicians Healthcare (UPH), a private nonprofit corporation, which opened a privately owned and operated hospital on the site. The original lease agreement between the County and UPH required $127 million of fees to be paid to UPH by the County over the first 10 years of the lease, in decreasing amounts, for the transition to a new hospital. At the request of UPH, the County amended its contract with UPH to accelerate, but not increase, the payments required by the lease. UPH is continuing efforts to make the hospital financially self sufficient. To date, the County has paid UPH $120.5 million of the total $127 million pledged and is scheduled to pay $6.5 million in Fiscal Year 2010-11. UPH has requested the County to provide additional long-term funding for its operations and has requested an additional $30 million in funding per year. In the County's fiscal year 2009-10 budget, the County has set aside $15 million, in addition to the $10 million already paid for this fiscal year, for a total of $25 million should the County Board decide to increase funding. The County Board has not taken action on this matter. Any future decision by the County to alter the agreement with UPH would be made with full consideration of the impact it would have on other operations of the County and the need for the County to continue to maintain a balanced budget.

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

	Actual				Estimated Actual
	2004-05	2005-06	2006-07	2007-08	2008-09 (b)
Revenues by Source:					
Taxes	$300,972	$321,474	$348,700	$381,862	$396,240
Special Assessments	244	215	521	556	441
Licenses and Permits	7,265	7,452	7,132	7,710	6,989
Intergovernmental	278,414	291,059	303,392	312,634	292,236
Charges for Services	53,568	63,582	63,508	58,890	55,346
Fines and Forfeits	5,967	6,014	6,550	6,480	6,283
Interest Income	5,181	11,379	13,988	14,218	5,334
Miscellaneous	14,806	13,165	17,544	21,752	22,512
Total Revenues	666,417	714,340	761,335	804,102	785,381
Expenditures by Fund:					
General	372,899	402,811	421,486	460,537	462,276
Special Revenues	160,407	170,562	199,498	218,307	196,677
Debt Service	56,274	66,963	69,689	76,764	121,090
Capital Projects	127,632	121,007	202,659	139,539	146,334
Total Expenditures	717,212	761,343	893,332	895,147	926,377
Excess of Revenues Over (Under) Expenditures	(50,795)	(47,003)	(131,997)	(91,045)	(140,996)
Other Financing Sources (Uses):					
Premium on bonds	0	0	1,429	1,964	676
Proceeds of Long-Term Debt	116,450	4,836	146,320	175,000	109,400
Proceeds of Refunding Bonds	0	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0	0
Gain on Investment	0	3	0	312	0
Operating Transfers In (Out)	3,046	3,685	(599)	714	4,866
Capital Leases	0	231	0	0	0
Sale of General Fixed Assets	27	416	1,426	27	779
Total Other Financing Sources (Uses)	119,523	9,171	148,576	178,017	115,721
Extraordinary item:					
Loss From State Treasurer's Local Government Investment Pool	0	0	0		0
Net Change in Fund Balance	68,728	(37,832)	16,579	86,972	(25,275)
Beginning Fund Balance, as restated	182,894	252,007	214,292	230,660	317,577
Changes in Reserve for Inventory	398	(188)	(209)	(55)	(55)
Changes in Reserve for Prepaids	(13)	11	(2)	0	0
Ending Fund Balance	$252,007	$213,998	$230,660	$317,577	$292,247

Source: Pima County Finance and Risk Management Department.

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

(b) Data for fiscal year 2008-09 is based on unaudited data and as such is subject to change.

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

	Actual				Estimated Actual
	2004-05	2005-06	2006-07	2007-08	2008-09 (b)
General					
Reserved	$ 4,056	$ 5,152	$ 8,889	$ 5,415	$ 4,363
Unreserved	33,171	46,423	48,671	35,438	35,803
Designated	0	0	0	29,536	0
	37,227	**51,575**	**57,560**	**70,389**	**40,166**
Special Revenue					
Reserved	2,742	5,111	5,933	4,699	5,255
Unreserved	54,232	64,961	69,773	77,451	81,196
Designated	0	1,044	0	0	4,925
	56,974	**71,116**	**75,706**	**82,150**	**91,376**
Debt Service					
Reserved	10,004	6,673	7,946	12,395	33,842
Unreserved	152	162	0	0	0
	10,156	**6,835**	**7,946**	**12,395**	**33,842**
Capital Projects					
Reserved	0	0	120	0	42
Unreserved	147,650	84,472	89,328	152,643	126,821
	147,650	**84,472**	**89,448**	**152,643**	**126,863**
Total Fund Balance	$252,007	$213,998	$230,660	$317,577	$292,247

Source: Pima County Finance and Risk Management Department.

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

(b) Data for fiscal year 2008-09 is based on unaudited data and as such is subject to change.

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

	Actual				Estimated Actual
	2004-05	2005-06	2006-07	2007-08	2008-09
Revenues by Source:					
Taxes	$225,959	$242,948	$252,350	$268,493	$281,749
Licenses and Permits	2,350	2,536	2,795	2,971	2,747
Intergovernmental	125,203	143,982	152,271	148,158	131,966
Charges for Services	24,905	27,102	33,604	32,307	35,330
Fines and Forfeits	5,035	5,786	5,526	5,020	4,720
Interest Income	1357	2,491	3,321	3,343	1,084
Miscellaneous	4,435	4,935	6,828	8,314	7,099
Total Revenues	389,244	429,780	456,695	468,606	464,695
Expenditures:					
Current					
General Government	160,378	168,394	181,329	192,839	184,434
Public Safety	84,694	96,687	106,825	118,623	121,704
Sanitation	0	0	0	0	0
Health	2,189	2,401	2,526	2,906	2,767
Welfare	96,996	102,496	96,684	106,502	115,481
Culture & Recreation	11,236	13,104	14,694	16,325	15,580
Education & Econ. Opport.	14,637	16,682	16,407	17,418	16,368
Debt Service:					
Principal	1,440	1,750	1,785	3,115	3,510
Interest	1,324	1,292	1,230	2,805	2,426
Miscellaneous	5	5	6	4	6
Total Expenditures	372,899	402,811	421,486	460,537	462,276
Excess of Revenues Over (Under) Expenditures	16,345	26,969	35,209	8,069	2,419
Other Financing Sources (Uses):					
Proceeds of Long-Term Debt	0	0	0	0	0
Sale of General Fixed Assets	8	22	0	0	371
Operating Transfers In (Out)	(11,822)	(12,643)	(29,224)	4,760	(33,013)
Total Other Financing Sources (Uses):	(11,814)	(12,621)	(29,224)	4,760	(32,642)
Extraordinary item:					
Loss from State Treasurer's Local Government Investment Pool	0	0	0	0	0
Net Change in Fund Balance	4,531	14,348	5,985	12,829	(30,223)
Beginning Fund Balance, as restated	32,696	37,227	51,575	57,560	70,389
Ending Fund Balance	$37,227	$51,575	$57,560	$70,389	$40,166

Source: Pima County Finance and Risk Management Department.

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

(b) Data for fiscal year 2008-09 is based on unaudited data and as such is subject to change.

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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 $23,420,000 aggregate principal amount of bonds designated the Pima County, Arizona, Street and Highway Revenue Bonds, Series 2009 (the "Bonds"). The Bonds are issued pursuant to Title 11, Chapter 2, Article 12 of the Arizona Revised Statutes, and under the provisions of an authorizing resolution adopted by the Board of Supervisors of the County on November 17, 2009 (the "Bond Resolution") and the report of Grant Thornton, LLP, verifying the calculations of the yield of the Bonds and the yield on and adequacy of the obligations purchased with a portion of the proceeds of the Bonds and deposited into trust to provide for the payment of the bonds being refunded 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 are valid, legal and binding special obligations of the County which, together with other bonds issued on a parity therewith and subject to bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion, are to be paid solely from, and secured by a pledge of Pledged Revenues (as defined in the Bond Resolution), consisting of revenues derived by the County from taxes, fees, charges and other monies collected by the State of Arizona and returned to the County for street and highway purposes pursuant to law. Such pledge is authorized by law. The Bonds and the payment of principal thereof and interest thereon are not secured by an obligation or pledge of any moneys raised by taxation other than the Pledged Revenues, and the Bonds do not represent or constitute a general obligation or a pledge of the full faith and credit of the County or the State of Arizona. The County has pledged, in the Bond Resolution, to comply with any requirements imposed by law for eligibility to receive its share of such funds.

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. 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.

Under the Code, interest on the Bonds is not excluded from the calculation of a corporation's adjusted current earning for purposes of the corporate alternative minimum tax, so that a portion of the interest on the Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. Interest on the Bonds may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States and to a tax imposed on excess net passive income of certain S corporations.

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

EXCERPTS FROM
PIMA COUNTY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2008

The following are excerpts from the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008 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, 2008. These are the most recent audited financial statements available to the County. These financial statements are not current and may not represent the current financial position of the County.

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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of
Pima County, Arizona

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain departments, two major funds, and the component unit, which account for the following percentages of the assets, liabilities, revenues, and expenses or expenditures of the opinion units affected:

Opinion Unit/Department	Assets	Liabilities	Revenues	Expenses/ Expenditures
Government-Wide Statements				
Governmental Activities:				
Stadium District	0.09%	0.04%	0.42%	0.42%
School Reserve Fund	0.15%	0.05%	0.51%	0.51%
Self Insurance Trust	2.39%	4.19%	0.25%	0.11%
Business-Type Activities:				
Regional Wastewater Reclamation Department	92.16%	86.05%	24.82%	25.67%
Pima Health System & Services	6.17%	13.34%	67.45%	70.59%
Development Services	0.67%	0.48%	2.19%	3.56%
Self Insurance Trust	0.00%	0.00%	0.00%	0.06%
Component Unit—Southwestern Fair Commission	100.00%	100.00%	100.00%	100.00%

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Opinion Unit/Department	Assets	Liabilities	Revenues	Expenses/ Expenditures
Fund Statements				
Major Funds:				
Regional Wastewater Reclamation Department	100.00%	100.00%	100.00%	100.00%
Pima Health System & Services	100.00%	100.00%	100.00%	100.00%
Aggregate Remaining Fund Information:				
Stadium District	0.28%	0.19%	0.96%	0.92%
School Reserve Fund	0.46%	0.26%	1.16%	1.13%
Development Services	1.41%	0.98%	2.69%	4.24%
Self Insurance Trust	7.28%	21.25%	5.91%	5.25%

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

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of June 30, 2008, 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 (GASB) Statement Nos. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions;* 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues;* 49, *Accounting and Financial Reporting for Pollution Remediation Obligations;* and 50, *Pension Disclosures (an amendment of GASB Statements No. 25 and No. 27),* for the year ended June 30, 2008, which represent changes in accounting principles.

The Management's Discussion and Analysis on pages 13 through 29, the Budgetary Comparison Schedules on pages 79 and 80, and the Schedule of Retirement Plans' Funding Progress on pages 81 and 82 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Debbie Davenport
Auditor General

December 19, 2008

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Management's Discussion and Analysis

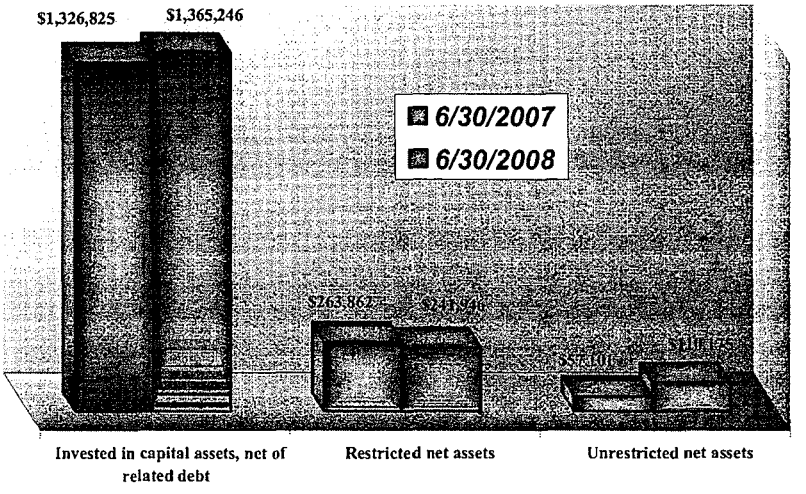
Management's Discussion & Analysis

This section of Pima County's comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the year ended June 30, 2008, 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, 2008, the County's combined assets exceeded combined liabilities (*net* assets) by $1,717,367, an increase of 4.2% from the prior year. Of this amount, $110,175 is available for general government expenses (*unrestricted net assets)*, $241,946 is restricted for specific purposes (*restricted net assets)*, and $1,365,246 is invested in capital assets, net of related debt and accumulated depreciation.

Comparative Composition of Pima County Net Assets



- Of the total fund balances of the County's governmental funds, total fund balance increased $86,917 to $317,577, with $295,068 of this amount available for expenditure. The amount available for expenditure is comprised of $64,974 for the General Fund, $152,643 for the Capital Projects Fund and $77,451 for the County's other governmental funds.

- The General Fund unreserved, undesignated fund balance decreased $13,233 from the previous year to $35,438. This balance represents approximately 7.7% of the County's General fund expenditures and 4.0% of total governmental funds expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or 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.

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

The government-wide financial statements can be found on pages 31 - 33 of this report.

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

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

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

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

The governmental fund financial statements can be found on pages 34 - 37 of this report.

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

The proprietary fund financial statements can be found on pages 38 - 41 of this report.

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

The fiduciary fund financial statements can be found on pages 42 - 43 of this report.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 44 -78 of this report.

Required Supplementary Information (RSI) is presented concerning the County's General Fund budgetary schedule and the Schedule of Retirement Plans' funding progress. Required supplementary information can be found on pages 79 - 82 of this report.

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 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as a useful indicator of a government's financial position over time. County assets exceeded liabilities by $1,717,367 at June 30, 2008. 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, 2008

	Governmental Activities Fiscal Year		Business-type Activities Fiscal Year		Total Fiscal Year	
	2007-2008	2006-2007*	2007-2008	2006-2007*	2007-2008	2006-2007*
Current and other assets	$ 460,995	$ 369,780	$ 189,217	$ 153,227	$ 650,212	$ 523,007
Capital assets:						
Land, buildings, equipment, infrastructure & other	1,413,881	1,335,344	714,548	645,602	2,128,429	1,980,946
Total assets	1,874,876	1,705,124	903,765	798,829	2,778,641	2,503,953
Current and other liabilities	87,975	90,562	63,919	51,327	151,894	141,889
Long-term liabilities	667,157	538,529	242,223	175,747	909,380	714,276
Total liabilities	755,132	629,091	306,142	227,074	1,061,274	856,165
Net assets :						
Invested in capital assets, net of related debt	882,424	850,582	482,822	476,243	1,365,246	1,326,825
Restricted	183,542	179,195	58,404	84,667	241,946	263,862
Unrestricted	53,778	46,256	56,397	10,845	110,175	57,101
Total net assets	$ 1,119,744	$ 1,076,033	$ 597,623	$ 571,755	$ 1,717,367	$ 1,647,788

*As restated - See Note 2 in notes to the financial statements

The largest portion of the County's net assets reflects its investment in capital assets (i.e. land, buildings, infrastructure and equipment), less any related outstanding debt used to acquire those assets. As of June 30, 2008, investment in capital assets totaled $1,365,246, comprising approximately 79.5% 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 $38,421 increase in capital assets, net of related debt, is primarily due to the significant amount of capital project activity that has been completed and capitalized over the past year. Although the County's investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets represent resources that are subject to external restrictions on how they may be used. As of June 30, 2008, restricted net assets totaled $241,946 and comprised approximately 14.1% of total net assets. This represents a $21,916 decrease in restricted net assets from the $263,862 balance of fiscal year 2006-07.

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, 2008, unrestricted net assets totaled $110,175 and comprised approximately 6.4% of total net assets.

Governmental activities

The change in net assets for governmental activities was $43,711, an increase of $3,907 from the prior year. 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, 2008 and 2007

	Fiscal Year		Variance	
	2007-2008	2006-2007*	Amount	Percent
Program revenues:				
Charges for services	$ 64,010	$ 66,898	$ (2,888)	-4.3%
Operating grants and contributions	144,479	139,324	5,155	3.7%
Capital grants and contributions	48,672	15,085	33,587	222.7%
Total program revenues	257,161	221,307	35,854	16.2%
General revenues:				
Property taxes	377,809	343,525	34,284	10.0%
State-shared taxes	130,337	133,952	(3,615)	-2.7%
Investment earnings	16,326	16,439	(113)	-0.7%
Other general revenues	39,657	41,525	(1,868)	-4.5%
Total general revenues	564,129	535,441	28,688	5.4%
Total revenues	821,290	756,748	64,542	8.5%
Expenses:				
General government	239,398	223,266	16,132	7.2%
Public safety	165,715	148,831	16,884	11.3%
Highways and streets	88,488	92,985	(4,497)	-4.8%
Sanitation	9,658	9,623	35	0.4%
Health	36,977	33,800	3,177	9.4%
Welfare	106,546	97,154	9,392	9.7%
Culture and recreation	60,616	55,482	5,134	9.3%
Education and economic opportunity	47,296	42,483	4,813	11.3%
Amortization	138	168	(30)	-17.9%
Interest on long-term debt	22,860	18,924	3,936	20.8%
Total expenses	777,692	722,716	54,976	7.6%
Excess before contributions and transfers	43,598	34,032	9,566	28.1%
Contributions		5,051	(5,051)	-100.0%
Transfers in	113	721	(608)	-84.3%
Change in net assets	43,711	39,804	3,907	9.8%
Ending net assets (as restated)	$ 1,119,744	$ 1,076,033	$ 43,711	4.2%

*As restated - See Note 2 in notes to the financial statements

Key elements of the change in net assets from governmental activities include:

- Revenue from capital grants and contributions increased by $33,587. $23,597 of the increase is due to a change in reporting from fiscal year 2006-07, from "Contributions", a general revenue, to "Capital grants and contributions", a program revenue. The $23,597 change was comprised of $14,708 received from developers for roadways and $8,889 in land contributions. In addition, there was a $4,701 increase in Regional Transportation Authority (RTA) funding, a $1,982 increase in outside contributions to Transportation capital improvement projects for utility infrastructure relocation and a $1,392 increase from the Pima Association of Governments (PAG) HURF funds to repay the HELP loan on a roadway project.

- Property taxes increased by $34,284 as a result of an increase in property valuations for primary and secondary taxes that was partially offset by a decrease in the primary tax rate.

- General government expenses increased by $16,132, of which $11,510 were increases in the General Fund that reflect a 45% increase in personal services, 30% increases in utilities and repair & maintenance, and a 25% increase due to the state-wide Qwest property lawsuit settlement. In addition, there was $3,013 of other postemployment benefits (OPEB) expenses not reported in the prior fiscal year.

- Public Safety expenses increased by $16,884 due to a $14,578 increase within the General Fund as a result of a $9,000 increase in personal services for the Sheriff's department and the addition of $2,047 for OPEB expenses not reported in the prior fiscal year.

- Welfare expenses increased by $9,392 due to an increase in the payments to University Physicians, Inc. from approximately $14,800 to $25,000.

Business-type activities

Business-type activities added $25,868, or 37.2%, of the County's $69,579 change in total net assets for the year ended June 30, 2008. 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, 2008 and 2007

	Fiscal Year		Variance	
	2007-2008	2006-2007*	Amount	Percent
Program revenues:				
Charges for services	$ 409,140	$ 376,195	$ 32,945	8.8%
Operating grants and contributions	4,806	5,174	(368)	-7.1%
Capital grants and contributions	22,952	803	22,149	2758.3%
Total program revenues	436,898	382,172	54,726	14.3%
General revenues:				
Investment earnings	6,721	5,510	1,211	22.0%
Other general revenues	1,286	1,522	(236)	-15.5%
Total general revenues	8,007	7,032	975	13.9%
Total revenues	444,905	389,204	55,701	14.3%
Expenses:				
Wastewater Management	106,803	98,222	8,581	8.7%
Pima Health System & Services	295,494	261,859	33,635	12.8%
Development Services	14,750	15,400	(650)	-4.2%
Parking Garages	1,877	1,579	298	18.9%
Total expenses	418,924	377,060	41,864	11.1%
Excess before contributions and transfers	25,981	12,144	13,837	113.9%
Contributions		25,217	(25,217)	-100.0%
Transfers in (out)	(113)	(721)	608	84.3%
Change in net assets	25,868	36,640	(10,772)	-29.4%
Ending net assets (as restated)	$ 597,623	$ 571,755	$ 25,868	4.5%

*As restated - See Note 2 in notes to financial statements

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

- Charges for services revenue increased by $32,945 due primarily to a $30,712 increase in capitation revenue associated with the AHCCCS/ALTCS program for Pima Health System & Services fund. Both the contractual rate and number of members increased for both programs for fiscal year 2007-08 compared to the prior year. This increase was partially offset by a decrease in revenue for Development Services due to a decline in the number of permits issued.

- Capital grants and contributions increased by $22,149 as a result of a change in reporting from the prior year. In fiscal year 2006-07, outside contributions of assets were reported as "Contributions", a general revenue. In the current fiscal year, contributions of $22,910 are reported under "Capital grants and contributions", a program revenue.

- Investment earnings increased by 22%, or $1,211, due to higher cash balances generated from capitation revenue within Pima Health System & Services. Capitation revenue is advanced prior to the payment of related expenses during the fiscal year.

- Expenses for Regional Wastewater Reclamation Department increased by $8,581 due primarily to increased costs for operations, such as employee compensation ($4,846), general and administrative ($2,707) and consultants and professional services ($2,371).

- Expenses for Pima Health System & Services increased by $33,635 due to higher expenses for medical claims that were based on increased member enrollment and rates paid to providers for both the AHCCCS and ALTCS programs.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental funds

The County's general government functions are accounted for in the General, Special Revenue, Debt Service, and Capital Project funds. Included in these funds are special districts governed by the Board of Supervisors (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, 2008, unreserved, undesignated fund balance of the general fund was $35,438 while total fund balance was $70,389. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved, undesignated fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 7.7% of total General Fund expenditures, while total fund balance represents 15.3% of that same amount.

Total fund balance for the General Fund increased $12,829 compared to the prior fiscal year. Revenue increased by $11,911 and reflects the following changes:

- An increase of $16,143 for property taxes was primarily due to higher assessed property valuations that were partially offset by lower tax rates.

- Intergovernmental revenue declined by $4,113 as a result of decreases of $3,000 in State Sales Tax and $789 in Hotel/Motel Tax revenues.

- Charges for services declined by $1,297, as the prior year reported a one-time receipt of $1,235 for the RTA special election.

Expenditures increased by $39,051 as a result of the following changes:

- $11,510 for general government expenditures due to higher personal services reflecting increased rates for salaries and retirement contributions, increased utility costs based on occupation of newly-added County facilities such as the Abrams Public Health Center, higher costs for motor pool charges due to the rising cost of fuel and the settlement of the state-wide Qwest property tax lawsuit.

- $11,798 for public safety expenditures that also reflect higher costs for personal services related to salaries, medical/dental and retirement benefits costs and increased motor pool costs associated with the higher cost of fuel.

- $9,818 for welfare expenditures related to increased payments to University Physicians, Inc. and their management of the Kino Campus.

The excess of revenues over expenditures was $8,069, which is further increased by net operating transfers in of $4,760. During fiscal year 2007-08, funds to be used for the repayment of the 2008 COPs issue were transferred into the General Fund.

Budget to Actual Comparison for the General Fund

Overall, actual revenues were less than budgeted revenues by $611 and actual expenditures were less than budgeted expenditures by $28,233. No variances between the budget to actual amounts were significant enough to affect the County's ability to provide future services.

Capital Projects Fund

Total fund balance for the Capital Projects Fund increased $63,195 compared to the prior fiscal year. Revenue increased by $4,821 and reflects the following changes:

- Intergovernmental revenue increased by $5,996 due to the construction on a larger number of RTA-funded roadway projects and also because of funding from the City of Tucson for utility relocation work on several roadway projects.

- Charges for services revenue is predominately a reflection of developer fees collected for a number of benefit areas. Fiscal year 2007-08 marks the second straight year that this revenue source has declined, dropping $3,578 during the year, as home construction activity continues to be depressed, especially for the Mountain View, San Xavier and Avra Valley benefit areas.

- Miscellaneous revenue increased $2,904 due to the following changes:

    - $237 from the Tucson Unified School District for the Arroyo Chico Detention Basin project to alleviate flooding problems along the High School Wash.

    - $300 from the Continental Family Medical Center for the Continental Health Clinic project for building construction.

    - $768 from Kinder Morgan for the Thomas Jay Park Improvements project to compensate for environmental impact resulting from construction of a new oil pipeline.

    - $1,705 from several companies, such as Tucson Electric Power Co., Southwest Gas, Comcast and Cox Communications, for utility relocation work on several roadway projects.

Capital project expenditures decreased by $63,120 in fiscal year 2007-08 compared to the prior year. The following events identify significant portions of the decrease:

- Building acquisitions decreased significantly relative to the prior year, as the Bank of America building ($25,000) and new emergency communications center ($6,258) were acquired last fiscal year.

- Acquisitions under the Open Space Preservation program decreased by $8,201. In fiscal year 2006-07, significant open space acquisitions totaled $18,768, compared to the following acquisitions totaling $9,920 that occurred in the current fiscal year:

    - Brown property for $4,614

    - Cochie Canyon property for $2,929

    - Tang property for $2,377

- Spending on park improvement projects declined by $5,283 due to the completion of the Flowing Wells Community Center, Curtis Park improvements, Brandi Fenton Park improvements and Picture Rocks Pool.

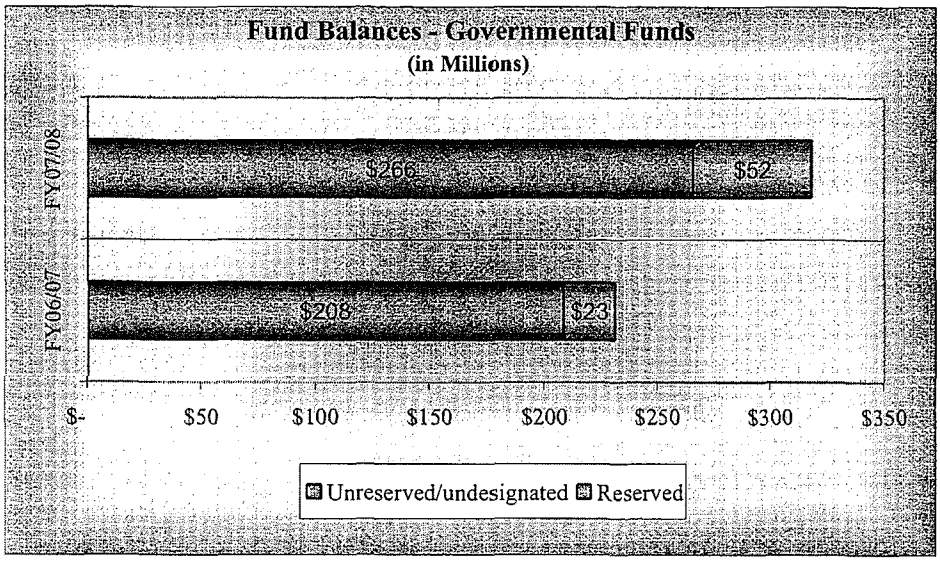
- The Sahuarita landfill expansion project was completed last fiscal year with spending of $6,356 and minimal costs in the current year.

- Spending in the Transportation program decreased by $17,614 due to the completion of several projects last fiscal year. In fiscal year 2006-07, there were 12 roadway projects that expended more than $1,000 compared to 5 in the current year.

The deficiency of revenues under expenditures was $105,698. Other financing sources during the year were the issuance of general obligation bonds of $100,000, transportation bonds of $25,000, and certificates of participation of $50,000, resulting in a net change in fund balance for the Capital Projects Fund of $63,195.

Overview of all governmental funds

At June 30, 2008, the County's governmental funds reported combined fund balances of $317,577, an increase of $86,917 from the prior year. Approximately 84% of the combined fund balances, or $265,532, constitutes unreserved and undesignated fund balance, which is available to meet the County's current and future needs.



The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has been committed to the following:

- $29,536 for debt service specifically for the 2008 Certificates of Participation (COPs)
- $12,395 for debt service on various bond and other debt instruments
- $5,985 to reflect inventories and prepaid amounts
- $2,766 for specified programs
- $1,264 to reflect a loan receivable
- $99 for capital repairs and refurbishments

Revenues for governmental functions totaled approximately $804,102 in fiscal year 2007-08, which represents an increase of $42,767 (5.6%) from the previous year.

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

Table 4
Governmental Funds
Revenues Classified by Source

	Fiscal Year					
	2007-2008		2006-2007		Variance	
	Amount	Percent	Amount	Percent	Amount	Percent
Revenues by source:						
Taxes	$ 381,862	47.5%	$ 348,700	45.8%	$ 33,162	9.5%
Special assessments	556	0.1%	521	0.1%	35	6.7%
Licenses and permits	7,710	0.9%	7,132	0.9%	578	8.1%
Intergovernmental	312,634	38.9%	303,392	39.9%	9,242	3.1%
Charges for services	58,890	7.3%	63,508	8.3%	(4,618)	-7.3%
Fines and forfeits	6,480	0.8%	6,550	0.9%	(70)	-1.1%
Interest	14,218	1.8%	13,988	1.8%	230	1.6%
Miscellaneous	21,752	2.7%	17,544	2.3%	4,208	24.0%
Total revenues	$ 804,102	100.0%	$ 761,335	100.0%	$ 42,767	5.6%

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

- Taxes Revenues from property taxes increased $33,162 reflecting higher primary tax revenues of $16,143 and secondary tax revenues of $17,019. Increased property tax revenue resulted from higher property valuations that were partially offset by a decrease in the primary tax rate.
- Intergovernmental The $9,242 increase in intergovernmental revenue was due primarily to a $5,996 increase within the Capital Projects Fund previously discussed. In addition, there was a $4,804 increase in grant funding reimbursements for pass-through expenditures in Sheriff Department grants, $1,500 for the Homeland Security grant and $757 from the Arizona DPS Border Crimes grants.
- Charges for services The $4,618 decrease in charges for services revenue resulted from a drop in permits issued and no revenue from RTA for special elections, as previously discussed, for both the General and Capital Projects Funds. In addition, there was a $1,812 decrease in contributions compared to the prior year. However, the Solid Waste Fund reported an increase of $1,096 due to the re-opening of the Sahuarita landfill to commercial traffic.

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

Table 5
Governmental Funds
Expenditures by Function

Government Function	Fiscal Year 2007-2008 Amount	Percent	2006-2007 Amount	Percent	Variance Amount	Percent
General government	$ 237,640	26.6%	$ 222,434	24.9%	$ 15,206	6.8%
Public safety	149,475	16.7%	132,930	14.9%	16,545	12.4%
Highways and streets	43,741	4.9%	42,683	4.8%	1,058	2.5%
Sanitation	8,310	0.9%	6,766	0.8%	1,544	22.8%
Health	34,352	3.8%	32,311	3.6%	2,041	6.3%
Welfare	106,607	11.9%	97,168	10.9%	9,439	9.7%
Culture and recreation	50,509	5.7%	45,197	5.1%	5,312	11.8%
Education and economic opportunity	42,286	4.7%	38,474	4.3%	3,812	9.9%
Capital outlay	139,539	15.6%	202,659	22.7%	(63,120)	-31.1%
Debt service:						
- Principal	59,719	6.7%	53,733	5.9%	5,986	11.1%
- Interest	22,639	2.5%	18,965	2.1%	3,674	19.4%
- Miscellaneous	330	0.0%	12	0.0%	318	2650.0%
Total expenditures	$ 895,147	100.0%	$ 893,332	100.0%	$ 1,815	0.2%

Total expenditures in governmental funds increased during fiscal year 2007-08 by $1,815.

- General government expenditures increased by $15,206. Of this amount, 75.7% occurred within the General Fund, which has been previously discussed. Within the Recorder's office, there was an increase of $1,958 due to the conversion from a PC-based to a mainframe system for document storage and retrieval. In addition, the County Attorney's anti-racketeering program had increased costs of $424.

- Public safety expenditures increased by $16,545 primarily due to a $9,000 increase in personal services for the Sheriff's Department that was based on a $1,100 increase in step pay, range adjustments and new positions, a $2,400 pay increase for commissioned & corrections officers, an $1,800 pay increase for civilian positions and a $1,500 and $650 increase in retirement contributions and medical/dental insurance costs, respectively. In addition, there was a $2,000 increase in motor pool charges over last fiscal year.

- Welfare expenditures increased by $9,439 for payments to University Physicians, Inc., as previously discussed under the General Fund section.

- Capital outlay expenditures decreased by $63,120 as previously discussed under the Capital Projects Fund section.

- Debt service principal and interest costs increased $5,986 and $3,674, respectively. The most significant changes were as a result of the issuance of general obligation bonds with increases in both principal and interest of $4,535 and $1,832, respectively.

Proprietary funds

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

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

Table 6
Enterprise Funds
Schedule of Revenues, Expenses and Changes in Net Assets
For the Fiscal Years ended June 30, 2008 and 2007

	Fiscal Year		Variance	
	2007-2008	2006-2007	Amount	Percent
Operating revenues:				
Net patient services	$ 289,651	$ 255,275	$ 34,376	13.5%
Charges for services	87,770	84,106	3,664	4.4%
Other	1,302	1,526	(224)	-14.7%
Total net operating revenues	378,723	340,907	37,816	11.1%
Operating expenses:				
Employee compensation	85,298	77,627	7,671	9.9%
Medical claims	237,926	208,122	29,804	14.3%
Operating supplies & services	10,078	11,140	(1,062)	-9.5%
Utilities	7,737	7,253	484	6.7%
Sludge and refuse disposal	1,602	1,649	(47)	-2.9%
Repair and maintenance	4,498	6,441	(1,943)	-30.2%
General and administrative	22,466	18,761	3,705	19.8%
Consultants and professional services	11,911	9,649	2,262	23.4%
Depreciation and amortization	25,288	23,844	1,444	6.1%
Total operating expenses	406,804	364,486	42,318	11.6%
Operating loss	(28,081)	(23,579)	(4,502)	-19.1%
Nonoperating revenues (expenses):				
Intergovernmental revenue	5,514	12,029	(6,515)	-54.2%
Invesment earnings	6,822	5,556	1,266	22.8%
Sewer connection fees	31,037	30,757	280	0.9%
Interst expense	(6,653)	(6,540)	(113)	-1.7%
Loss on disposal of capital assets	(534)	(1,601)	1,067	66.7%
Amortization of deferred charges	(136)	(109)	(27)	-24.8%
Premium tax	(5,893)	(5,091)	(802)	-15.8%
Total nonoperating revenues	30,157	35,001	(4,844)	-13.8%
Income (loss) before contributions and transfers	2,076	11,422	(9,346)	-81.8%
Capital contributions	23,510	25,217	(1,707)	-6.8%
Transfers in	9,545	17	9,528	56047.1%
Transfers (out)	(10,259)	(738)	(9,521)	-1290.1%
Change in net assets	$ 24,872	$ 35,918	$ (11,046)	-30.8%

While net operating revenues for the County's Enterprise Funds increased $37,816, operating expenses increased $42,318, resulting in an operating loss of $28,081, an operating loss increase of $4,502 from the prior year. The operating loss was due to reported losses of $25,454 by the Regional Wastewater Reclamation Department, $5,720 by Development Services and $161 by Parking Garages, offset by operating income reported by Pima Health System and Services of $3,254.

Key activity within the enterprise funds for fiscal year 2007-08 includes the following:

- Net patient services revenues increased by $34,376 from fiscal year 2006-07. This is attributable to increased membership enrollment and rates for Pima Health System and Services, which generated increases in capitation revenues.

- Employee compensation expenses increased by $7,671 from fiscal year 2006-07, due to an increase of $4,846 for Regional Wastewater Reclamation Department and $2,419 for Pima Health System & Services. Both increases were primarily due to the Board of Supervisors' approved salary and retirement rate increases, as well as the introduction of the OPEB liability not previously reported.

- Medical claims expense increased by $29,804 due to an increase in the vendor rates and member enrollment for both the AHCCCS and ALTCS programs within Pima Health System and Services during the fiscal year.

- General and administrative expenses increased $3,705, due primarily to sewer relocation projects undertaken by the City of Tucson of $1,285 and to the cost-sharing agreement with the Transportation department for various sewer relocation projects of $964.

- Intergovernmental revenue decreased $6,515, as no revenues were received in the current year from Regional Wastewater Reclamation Department projects completed last fiscal year (i.e. Federal Prison Sewer System).

- Transfers in and out reflect the movement of 2008 COPs funding into and System Development Funding (SDF) out of the Regional Wastewater Reclamation Department. In addition, there was a budgeted transfer out of the Development Services Fund for a building remodel project that was cancelled. These funds, less expenses already incurred, were transferred back into the fund.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2008 amounted to $2,128,429 (net of accumulated depreciation), an increase of 7.5%. Of the $147,483 increase in net capital assets, $78,537 (53.3%) came from governmental activities and $68,946 (46.7%) came from business-type activities. The County's investment in capital assets consists of land, buildings, sewage conveyance systems, infrastructure, equipment and construction in progress.

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

Table 7
Governmental and Business-type Activities
Capital Assets

	Governmental Activities		Business-type Activities		Total	
	Fiscal Year		Fiscal Year		Fiscal Year	
	2007-2008	2006-2007*	2007-2008	2006-2007*	2007-2008	2006-2007*
Land	$ 303,646	$ 276,126	$ 10,596	$ 9,695	$ 314,242	$ 285,821
Construction in progress	90,098	109,307	72,060	35,637	162,158	144,944
Buildings and improvements	366,370	355,608	234,142	239,576	600,512	595,184
Sewage conveyance system			369,514	348,748	369,514	348,748
Equipment	44,655	39,560	28,236	11,946	72,891	51,506
Infrastructure	609,112	554,743			609,112	554,743
Total	$ 1,413,881	$ 1,335,344	$ 714,548	$ 645,602	$ 2,128,429	$ 1,980,946

*As restated - See Note 2 in notes to the financial statements

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

Land increased by $27,520 due primarily to the following acquisitions for governmental activities:

- $4,614 for the Brown property,
- $2,929 for the Cochie Canyon property,
- $2,377 for the Tang property,
- $967 for the Chilton property,
- $1,758 for various other open space acquisitions,
- $3,169 for land acquisition related to flood control projects,
- $2,426 for land acquisition related to transportation road projects.

In addition, the County received contributions in the form of land as follows:

- $6,332 for land under developer-contributed roadways,
- $1,239 for preservation easements on cultural resources projects,
- $864 from the City of Tucson for the Animal Shelter & Jackson Employment Center projects,
- $450 from the Town of Marana for the Library District.

Infrastructure for governmental activities increased by $54,369 due primarily to completion of the following Transportation roadway projects:

- Craycroft Rd. - River to Sunrise for $28,902,
- Valencia Rd. - Mark to Camino de la Tierra for $17,947,
- Colossal Cave Rd. - Camino Loma Alta to Vail for $8,312,
- Sunrise Dr. - Craycroft to Kolb for $6,675,
- Country Club Rd. - 36th to Irvington for $3,337.

In addition, the County received contributions from developers in the form of roadways in the amount of $14,708. Flood Control District had several drainage improvement projects that were completed during the fiscal year in the amount of $4,100.

Sewage conveyance systems increased by $20,766 due primarily to the contribution of developer-built conveyance systems for $23,667, as opposed to any significant project completion.

Construction-in-progress for governmental activities decreased by $19,209, while construction-in-progress for business-type activities increased $36,423. Construction-in-progress for governmental activities decreased due to a decline in spending for all governmental departments, primarily with Transportation and Facilities projects. In contrast, with the sale of Sewer Revenue bonds, spending within the Regional Wastewater Reclamation

Department's program significantly increased by $55,500, which was partially reduced by capitalization of completed projects for $18,600.

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 to the financial statements on pages 56-57 of this report.

Long-term Debt

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

Table 8
Long-Term Debt

	Fiscal Year	
	2007-2008	**2006-2007**
Bonds issued (at face value):		
General obligation	$ 100,000	$ 95,000
Street and highway revenue	25,000	21,000
Sewer revenue	75,000	50,000
COPs	50,000	30,320
Capital leases	312	
Total	$ 250,312	$ 196,320

During the fiscal year, the county received $100,000 in proceeds from the sale of general obligation bonds and $25,000 from the sale of transportation revenue bonds. As of June 30, 2008, $51,338 of proceeds from general obligation (GO) bonds and $9,914 from transportation revenue (HURF) bonds were unspent. The majority of the general obligation bonds were spent on projects for Facilities Management, Flood Control District, open space and parks and recreational facilities, while proceeds from transportation revenue bonds were allocated to various roadway projects.

In addition, during the fiscal year, the County sold $50,000 in certificates of participation (COPs) primarily to fund wastewater and transportation infrastructure as well as to fund County-wide capital equipment purchases.

Pima County maintains the following ratings for its bonds and COPs as of June 30, 2008:

	Moody's Investor Service	Standard and Poor's
Certificates of Participation	A1	A+
General Obligation	Aa3	AA-
Transportation	A1	AA
Sewer Revenue	A1	A+

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its net assessed valuation. The current debt limitation for Pima County is $1,233,059, 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 to the financial statements on pages 60-68 of this report.

Economic Factors and Next Year's Budget

General fund

General government revenues, excluding property tax revenues, are budgeted in fiscal year 2008-09 at $158.2 million, approximately $6.2 million less than the amount budgeted for fiscal year 2007-08. The decline of several

types of projected revenues is reflective of slowing in the local and national economies and the significant shift of expenditures from the State of Arizona to local governments. Numerous factors, including a downturn in residential construction, a decline in housing prices, problems in the credit and capital markets and rising energy prices have all contributed to the current financial condition.

As of October 31, 2008, the most current projections of general government revenues for fiscal year 2008-09 indicate an additional decrease of $11 million below the fiscal year 2008-09 budgeted revenues. After the County's adoption of the fiscal year 2008-09 budget, the State legislature shifted additional State costs to Pima County for fiscal year 2008-09. The State is experiencing a deficit estimated as of November 6, 2008 to be $1.2 billion which could result in additional cost shifts to local governments before the end of fiscal year 2008-09.

The adopted budget for fiscal year 2008-09 has expenditures for the General Fund increasing by approximately $12.6 million primarily due to the following:

- $4.8 million to fund the costs of the primary and general elections held in 2008
- $2.6 million net increase in state mandated employer contributions to the various state retirement systems; and $1.1 million net increase in the County's contribution towards the cost of non-retirement benefits
- $2.4 million increase to annualize the cost of fiscal year 2007-08 salary increases awarded to corrections and peace officers
- $2.3 million of additional funding related to detention health care costs
- $1.1 million for increased cost of fuel for vehicles and equipment

As part of its budget for fiscal year 2008-09, the County set aside $7.2 million into the Budget Stabilization Fund in order to prepare for the potential negative financial impacts of cost shifts which the State may impose on the County to balance the State's budget for fiscal year 2008-09.

Transportation

By the end of October 2009, the County is projecting that the fiscal year 2008-09 HURF and VLT revenues received by the County will decrease by $5.8 million below the amount adopted in the fiscal year 2008-09 budget. In an effort to reduce expenditures to deal with the revenue shortfall, the County has initiated cost saving measures within the Transportation department. Additionally, revenues from impact fees are substantially lower than budgeted for fiscal year 2008-09.

Development Services

Consistent with the slowdown in the housing industry for the last two fiscal years, the Development Services department is projecting further decline in housing permits and associated revenues by approximately $5 million (46% of budgeted revenues) in fiscal year 2008-09. The economic situation is not expected to improve in the near future. The County has therefore initiated major cost saving measures within the Development Services department to reduce expenditures.

Regional Wastewater System

As with other activities impacted by real estate development, the number of new connections to the County's sewer system has declined during fiscal year 2008-09 as compared to prior years. The County expects an approximate $10 million reduction in connection fees. To address this, the department is reducing expenditures within the system and requesting rate increases. The County has also requested permission to extend the time limits required by the Arizona Department of Environmental Quality for infrastructure improvements to the system.

Pima Health System and Services (PHS&S)

Effective October 1, 2008, Pima County's ambulatory services contract with the Arizona Healthcare Cost Containment System (AHCCCS) was not renewed. In response to the loss of that contract, the County reduced the budget for PHS&S by $84 million, from the recommended expenditure budget of $312 million to a final adopted budget of $228 million.

Request for Information

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

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Basic Financial Statements

PIMA COUNTY, ARIZONA
Statement of Net Assets
As of June 30, 2008
(in thousands)

Exhibit A-1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Southwestern Fair Commission
Assets				
Cash and cash equivalents	$ 376,539	$ 107,190	$ 483,729	$ 1,805
Property taxes receivable (net)	11,968		11,968	
Interest receivable	1,172	448	1,620	
Internal balances	510	(510)		
Due from other governments	49,341	959	50,300	
Accounts receivable (net)	3,492	21,263	24,755	38
Inventories	2,204	3,701	5,905	32
Prepaids	5,036	199	5,235	
Special assessments receivable	1,340		1,340	
Other assets	7,058	2,401	9,459	
Restricted assets:				
Cash and cash equivalents	1,071	53,566	54,637	
Loans receivable	1,264		1,264	
Capital assets not being depreciated:				
Land	303,646	10,596	314,242	
Construction in progress	90,098	72,060	162,158	38
Capital assets being depreciated (net):				
Buildings and improvements	366,370	234,142	600,512	1,590
Sewage conveyance system		369,514	369,514	
Equipment	44,655	28,236	72,891	594
Infrastructure	609,112		609,112	
Total assets	1,874,876	903,765	2,778,641	4,097
Liabilities				
Accounts payable	36,668	17,229	53,897	258
Accrued medical and healthcare claims		34,375	34,375	
Interest payable	13	1,270	1,283	
Contract retentions	564		564	
Employee compensation	39,060	7,565	46,625	
Due to other governments	2,053	2,072	4,125	
Deposits and rebates	1,279		1,279	21
Deferred revenues	8,338	1,408	9,746	72
Noncurrent liabilities:				
Due within one year	83,744	14,414	98,158	
Due in more than one year	583,413	227,809	811,222	
Total liabilities	755,132	306,142	1,061,274	351
Net Assets				
Invested in capital assets, net of related debt	882,424	482,822	1,365,246	2,222
Restricted for:				
Facilities, justice, library, tax stabilization and community development	71,618		71,618	
Highways and streets	17,390		17,390	
Debt service	13,612	791	14,403	
Capital projects	80,922	37,925	118,847	
Regional wastewater		5,956	5,956	
Healthcare		13,732	13,732	
Unrestricted	53,778	56,397	110,175	1,524
Total net assets	$ 1,119,744	$ 597,623	$ 1,717,367	$ 3,746

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2008
(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	$ 239,398	$ 25,502	$ 31,834	$ 370
Public safety	165,715	9,550	12,868	1,160
Highways and streets	88,488	9,316	60,202	44,898
Sanitation	9,658	5,930	1,152	
Health	36,977	9,965	12,630	
Welfare	106,546		99	
Culture and recreation	60,616	3,031	4,826	1,904
Education and economic opportunity	47,296	716	20,868	340
Amortization - unallocated	138			
Interest on long-term debt	22,860			
Total governmental activities	777,692	64,010	144,479	48,672
Business-type activities:				
Regional Wastewater Reclamation Department	106,803	106,448	83	22,880
Pima Health System & Services	295,494	291,980	4,723	72
Development Services	14,750	8,992		
Parking Garages	1,877	1,720		
Total business-type activities	418,924	409,140	4,806	22,952
Total primary government	$ 1,196,616	$ 473,150	$ 149,285	$ 71,624
Component unit:				
Southwestern Fair Commission	$ 5,144	$ 5,472	$ 120	
Total component units	$ 5,144	$ 5,472	$ 120	

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, as restated

Net assets at end of year

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Assets				
Primary Government				Component Unit
Governmental Activities	Business-type Activities	Total		Southwestern Fair Commission	Functions/Programs
					Primary government:
					Governmental activities:
$ (181,692)		$ (181,692)			General government
(142,137)		(142,137)			Public safety
25,928		25,928			Highways and streets
(2,576)		(2,576)			Sanitation
(14,382)		(14,382)			Health
(106,447)		(106,447)			Welfare
(50,855)		(50,855)			Culture and recreation
(25,372)		(25,372)			Education and economic opportunity
(138)		(138)			Amortization - unallocated
(22,860)		(22,860)			Interest on long-term debt
(520,531)		(520,531)			**Total governmental activities**
					Business-type activities:
	$ 22,608	22,608			Regional Wastewater Reclamation Department
	1,281	1,281			Pima Health System & Services
	(5,758)	(5,758)			Development Services
	(157)	(157)			Parking Garages
	17,974	17,974			**Total business-type activities**
(520,531)	17,974	(502,557)			**Total primary government**
					Component unit:
				$ 448	Southwestern Fair Commission
				448	**Total component units**
					General revenues:
263,681		263,681			Property taxes, levied for general purposes
25,468		25,468			Property taxes, levied for regional flood control district
32,564		32,564			Property taxes, levied for library district
56,096		56,096			Property taxes, levied for debt service
8,176		8,176			Hotel/motel taxes, levied for sports facility and tourism
1,952		1,952			Other taxes, levied for stadium district
103,171		103,171			Unrestricted share of state sales tax
27,166		27,166			Unrestricted share of state vehicle license tax
7,748		7,748			Grants and contributions not restricted to specific programs
6,365		6,365			Interest and penalties on delinquent taxes
16,326	6,721	23,047			Investment earnings
15,416	1,286	16,702		116	Miscellaneous
113	(113)				Transfers
564,242	7,894	572,136		116	Total general revenues and transfers
43,711	25,868	69,579		564	Change in net assets
1,076,033	571,755	1,647,788		3,182	Net assets at beginning of year, as restated
$ 1,119,744	$ 597,623	$ 1,717,367		$ 3,746	Net assets at end of year

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Balance Sheet - Governmental Funds
June 30, 2008
(in thousands)

Exhibit A-3

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 61,446	$ 167,986	$ 93,326	$ 322,758
Property taxes receivable (net)	8,070		3,898	11,968
Interest receivable	167	474	359	1,000
Due from other funds	12,031	5,650	2,568	20,249
Due from other governments	24,714	4,200	20,247	49,161
Accounts receivable	1,480	540	1,325	3,345
Inventory			1,646	1,646
Prepaid expenditures	4,151		188	4,339
Special assessments receivable			1,340	1,340
Loan receivable	1,264			1,264
Other assets	160		5,200	5,360
Restricted cash equivalents		1,071		1,071
Total assets	$ 113,483	$ 179,921	$ 130,097	$ 423,501
Liabilities and fund balances				
Liabilities:				
Accounts payable	$ 11,759	$ 11,997	$ 11,165	$ 34,921
Interest payable	2	5	6	13
Contract retentions	2	562		564
Employee compensation	8,840	46	3,330	12,216
Due to other funds	6,575	11,628	2,212	20,415
Due to other governments	58	1,206	784	2,048
Deposits and rebates	208	1,071		1,279
Deferred revenues	15,650	763	18,055	34,468
Total liabilities	43,094	27,278	35,552	105,924
Fund balances:				
Reserved for:				
Inventory			1,646	1,646
Prepaid expenditures	4,151		188	4,339
Debt service			12,395	12,395
Capital repairs and refurbishments			99	99
Specified programs			2,766	2,766
Loan receivable	1,264			1,264
Unreserved, designated for:				
Debt service	29,536			29,536
Unreserved, undesignated:				
General fund	35,438			35,438
Capital projects		152,643		152,643
Special revenue			77,451	77,451
Total fund balances	70,389	152,643	94,545	317,577
Total liabilities and fund balances	$ 113,483	$ 179,921	$ 130,097	$ 423,501

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2008
(in thousands)

Exhibit A-4

Fund balances - total governmental funds		$ 317,577
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	$ 2,033,522	
Less accumulated depreciation	(639,242)	1,394,280
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	(500,069)	
Certificates of participation payable	(81,612)	
Loans and leases payable	(24,223)	
Unamortized deferred issuance costs reported as other assets	1,698	(604,206)
Some compensated absences are not due and payable shortly after June 30, 2008, and therefore are not reported in the governmental funds		
Employee compensation		(26,958)
Some liabilities are not due and payable shortly after June 30, 2008, and are therefore not reported in the governmental funds		
Landfill liability	(18,419)	
Future postemployment health benefit liability	(8,779)	
Pollution remediation liability	(1,784)	(28,982)
Deferred revenue in governmental funds is susceptible to full accrual on the government-wide statements		26,130
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		41,903
Net assets of governmental activities		$ 1,119,744

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008
(in thousands)

Exhibit A-5

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$ 268,493		$ 113,369	$ 381,862
Special assessments			556	556
Licenses and permits	2,971		4,739	7,710
Intergovernmental	148,158	$ 17,023	147,453	312,634
Charges for services	32,307	8,839	17,744	58,890
Fines and forfeits	5,020		1,460	6,480
Investment earnings	3,343	4,812	6,063	14,218
Miscellaneous	8,314	3,167	10,271	21,752
Total revenues	468,606	33,841	301,655	804,102
Expenditures:				
Current:				
General government	192,839		44,801	237,640
Public safety	118,623		30,852	149,475
Highways and streets			43,741	43,741
Sanitation			8,310	8,310
Health	2,906		31,446	34,352
Welfare	106,502		105	106,607
Culture and recreation	16,325		34,184	50,509
Education and economic opportunity	17,418		24,868	42,286
Capital outlay		139,539		139,539
Debt service - principal	3,115		56,604	59,719
- interest	2,805		19,834	22,639
- miscellaneous	4		326	330
Total expenditures	460,537	139,539	295,071	895,147
Excess (deficiency) of revenues over (under) expenditures	8,069	(105,698)	6,584	(91,045)
Other financing sources (uses):				
Proceeds on capital leases			312	312
Premium on long-term debt		1,219	745	1,964
Face amount of long-term debt		175,000		175,000
Proceeds from sale of capital assets			27	27
Transfers in	47,854	29,160	51,392	128,406
Transfers (out)	(43,094)	(36,486)	(48,112)	(127,692)
Total other financing sources	4,760	168,893	4,364	178,017
Net change in fund balances	12,829	63,195	10,948	86,972
Fund balance at beginning of year	57,560	89,448	83,652	230,660
Change in reserve for inventory			(55)	(55)
Fund balance at end of year	$ 70,389	$ 152,643	$ 94,545	$ 317,577

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2008
(in thousands)

Exhibit A-6

Net change in fund balances - total governmental funds		$ 86,972
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	$ 105,819	
Less current year depreciation	(51,609)	54,210
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		(615)
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		
Proceeds of long-term debt	(175,312)	
Debt service - principal payments	59,719	
Premium on long-term debt	(1,964)	
Deferred issuance costs	459	
Amortization expense	(138)	(117,236)
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	23,943	
Property tax revenues	2,313	
Changes to other revenues	(135)	26,121
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		
Change in compensated absences	(2,215)	
Future postemployment health benefit liability	(8,779)	
Change in landfill liability	(1,089)	
Pollution remediation liability	(1,784)	
Net book value of capital asset disposals	(111)	
Change in reservation of fund balances	(55)	(14,033)
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		8,292
Change in net assets of governmental activities		$ 43,711

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Net Assets - Proprietary Funds
June 30, 2008
(in thousands)

Exhibit A-7

	Business-type Activities Enterprise Funds				
	Pima Health System & Services	Regional Wastewater Reclamation Department	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities-Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	$ 42,624	$ 56,850	$ 7,716	$ 107,190	$ 53,781
Restricted cash and cash equivalents		53,074		53,074	
Interest receivable	144	287	17	448	172
Due from other funds	1	1,988	2,641	4,630	1,414
Due from other governments	931	28		959	180
Accounts receivable (net)	11,390	9,860	13	21,263	147
Inventory	81	3,620		3,701	558
Prepaid expense	14	178	7	199	697
Total current assets	55,185	125,885	10,394	191,464	56,949
Noncurrent assets:					
Restricted cash and cash equivalents		492		492	
Capital assets:					
Land and other improvements		8,735	1,861	10,596	592
Buildings and improvements	694	347,847	12,927	361,468	614
Sewage conveyance system		580,096		580,096	
Equipment	1,138	35,614	1,707	38,459	33,364
Less accumulated depreciation	(1,231)	(337,729)	(9,171)	(348,131)	(14,969)
Construction in progress		72,060		72,060	
Total capital assets (net of accumulated depreciation)	601	706,623	7,324	714,548	19,601
Deferred financing costs		2,401		2,401	
Total noncurrent assets	601	709,516	7,324	717,441	19,601
Total assets	55,786	835,401	17,718	908,905	76,550
Liabilities					
Current liabilities:					
Accounts payable	864	16,010	355	17,229	1,747
Accrued medical and health care claims	34,375			34,375	
Employee compensation	3,016	3,980	1,158	8,154	771
Interest payable	5	1,265		1,270	
Due to other funds	1,087	3,943	8	5,038	840
Due to other governments	1,880	88	104	2,072	5
Deferred revenues	1	1,407		1,408	
Current portion of sewer revenue bonds		7,870		7,870	
Current portion of wastewater loans payable		5,955		5,955	
Current portion of reported but unpaid losses					3,908
Current portion of incurred but not reported losses					2,321
Total current liabilities	41,228	40,518	1,625	83,371	9,592
Noncurrent liabilities:					
Contracts and notes		5,842		5,842	
Other postemployment healthcare benefits	689	718	258	1,665	181
Sewer revenue bonds		155,831		155,831	
Regional wastewater loans payable		64,471		64,471	
Reported but unpaid losses					15,514
Incurred but not reported losses					9,462
Total noncurrent liabilities	689	226,862	258	227,809	25,157
Total liabilities	41,917	267,380	1,883	311,180	34,749
Net assets					
Invested in capital assets, net of related debt	601	474,897	7,324	482,822	19,601
Restricted for:					
Debt service		791		791	
Capital projects		37,925		37,925	
Regional wastewater		5,956		5,956	
Healthcare	13,732			13,732	
Unrestricted	(464)	48,452	8,511	56,499	22,200
Total net assets	$ 13,869	$ 568,021	$ 15,835	597,725	$ 41,801

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.	(102)
Net assets of business-type activities	$ 597,623

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2008
(in thousands)

Exhibit A-8

	Business-type Activities Enterprise Funds				
	Pima Health System & Services	Regional Wastewater Reclamation Department	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities-Internal Service Funds
Operating revenues:					
Net patient services	$ 289,651			$ 289,651	
Charges for services	2,329	$ 74,729	$ 10,712	87,770	$ 45,420
Other	987	105	210	1,302	2,207
Total net operating revenues	292,967	74,834	10,922	378,723	47,627
Operating expenses:					
Employee compensation	39,096	34,527	11,675	85,298	7,398
Medical claims	237,926			237,926	
Operating supplies and services	1,587	8,187	304	10,078	6,918
Utilities	400	6,940	397	7,737	917
Sludge and refuse disposal		1,602		1,602	
Repair and maintenance	386	3,878	234	4,498	3,967
Incurred losses					10,227
Insurance premiums					4,911
General and administrative	8,332	11,184	2,950	22,466	2,721
Consultants and professional services	1,771	9,516	624	11,911	435
Depreciation	215	24,454	619	25,288	2,759
Total operating expenses	289,713	100,288	16,803	406,804	40,253
Operating income (loss)	3,254	(25,454)	(5,881)	(28,081)	7,374
Nonoperating revenues (expenses):					
Intergovernmental revenue	4,723	791		5,514	
Investment earnings	2,402	3,760	660	6,822	2,106
Sewer connection fees		31,037		31,037	
Interest expense	(93)	(6,560)		(6,653)	
Gain/(loss) on disposal of capital assets		(539)	5	(534)	(206)
Amortization of deferred charges		(136)		(136)	
Premium tax	(5,893)			(5,893)	
Total nonoperating revenues	1,139	28,353	665	30,157	1,900
Income (loss) before contributions and transfers	4,393	2,899	(5,216)	2,076	9,274
Capital contributions	72	23,438		23,510	20
Transfers in		6,995	2,550	9,545	4,352
Transfers (out)		(7,632)	(2,627)	(10,259)	(4,358)
Change in net assets	4,465	25,700	(5,293)	24,872	9,288
Net assets at beginning of year, as restated	9,404	542,321	21,128	572,853	32,513
Net assets at end of year	$ 13,869	$ 568,021	$ 15,835	597,725	$ 41,801

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.	996
Change in net assets of business-type activities	$ 25,868

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008
(in thousands)

Exhibit A-9

	Pima Health System & Services	Regional Wastewater Reclamation Department	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	$ 257		$ 100	$ 357	$ 45,420
Cash received from customers for goods and services provided	299,344	$ 76,216	10,710	386,270	
Cash received from miscellaneous operations	987	105	224	1,316	2,183
Cash payments to suppliers for goods and services	(235,385)	(34,323)	(2,550)	(272,258)	(17,377)
Cash payments to other funds for goods and services	(4,270)	(8,869)	(3,389)	(16,528)	(3,583)
Cash payments for incurred losses					(11,879)
Cash payments to employees for services	(39,822)	(33,018)	(10,317)	(83,157)	(6,380)
Net cash provided by (used for) operating activities	21,111	111	(5,222)	16,000	8,384
Cash flows from noncapital financing activities:					
Interest paid on short-term credit	(87)			(87)	
Cash transfers out to other funds		(636)		(636)	
Loans with other funds	(62)	1,750	(2,603)	(915)	447
Premium tax	(5,893)			(5,893)	
Intergovernmental revenues	4,803	83		4,886	
Net cash provided by (used for) noncapital financing activities	(1,239)	1,197	(2,603)	(2,645)	447
Cash flows from capital and related financing activities:					
Proceeds from issuance of bonds and loans		75,000		75,000	
Principal paid on bonds and loans		(13,071)		(13,071)	
Interest paid on bonds and loans		(6,351)		(6,351)	
Sewer connection fees		30,207		30,207	
Proceeds from sale or transfer of capital assets			39	39	216
Proceeds from intergovernmental contract		1,066		1,066	
Purchase of capital assets	(118)	(67,322)		(67,440)	(4,277)
Net cash provided by (used for) capital and related financing activities	(118)	19,529	39	19,450	(4,061)
Cash flows from investing activities:					
Interest received on cash and investments	2,324	3,881	693	6,898	2,268
Net cash provided by investing activities	2,324	3,881	693	6,898	2,268
Net increase (decrease) in cash and cash equivalents	22,078	24,718	(7,093)	39,703	7,038
Cash and cash equivalents at beginning of year	20,546	85,698	14,809	121,053	46,743
Cash and cash equivalents at end of year	$ 42,624	$ 110,416	$ 7,716	$ 160,756	$ 53,781

(Continued)

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008
(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 Department	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities-Internal Service Funds
Operating income (loss)	$ 3,254	$ (25,454)	$ (5,881)	$ (28,081)	$ 7,374
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	215	24,454	619	25,288	2,759
Changes in assets and liabilities:					
Decrease (increase) in assets:					
Accounts receivable	3,662	(650)	12	3,024	64
Due from other governments	1,964	2,137		4,101	(88)
Inventory and other assets	7	(508)		(501)	(101)
Prepaid expenses	(3)	11	50	58	97
Increase (decrease) in liabilities:					
Accounts payable	8,706	(1,394)	(337)	6,975	(381)
Due to other governments	1,880	6	5	1,891	5
Reported but unpaid losses					(3,517)
Incurred but not reported losses					1,865
Other current liabilities	1,426	1,509	310	3,245	307
Net cash provided by (used for) operating activities	$ 21,111	$ 111	$ (5,222)	$ 16,000	$ 8,384

Noncash investing, capital and noncapital financing activities during the year ended June 30, 2008:

Pima Health System and Services received equipment worth $91. Of this amount, $19 was transferred from construction in progress and $72 was a capital contribution.

Pima Health System and Services disposed of capital assets with a net book value of $1.

Regional Wastewater Reclamation Department Enterprise Fund disposed of capital assets with a net book value of $539.

Regional Wastewater Reclamation Department Enterprise Fund received contributed developer-built conveyance systems with estimated fair values totaling $23,667. These contributions were recorded as increases to capital assets and capital contributions.

Regional Wastewater Reclamation Department Enterprise Fund recorded a Board of Supervisor approved connection fee credit agreement of $830. This credit was recorded as an increase to deferred revenue and a decrease to capital contributions.

Regional Wastewater Reclamation Department Enterprise Fund transferred in capital assets with a net book value of $601 from the County's general government.

Other Enterprise Funds had a gain of $5 on the disposal of capital assets with a net book value of $34.

Internal Service Funds disposed of capital assets with a net book value of $206.

Internal Service Funds transferred in capital assets with a net book value of $20 from the County's general government.

Internal Service Funds transferred out capital assets with a net book value of $6 to the County's general government.

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Fiduciary Net Assets - Fiduciary Funds
June 30, 2008
(in thousands)

Exhibit A-10

	Investment Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	$ 314,745	$ 75,004
Interest receivable	584	
Due from other governments		1,809
Total assets	$ 315,329	$ 76,813
Liabilities		
Employee compensation		$ 4,751
Due to other governments		46,048
Deposits and rebates		26,014
Total liabilities		$ 76,813
Net Assets		
Held in trust for pool participants	$ 315,329	

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2008
(in thousands)

Exhibit A-11

	Investment Trust Funds
Additions	
Contributions from participants	$ 2,818,067
Total contributions	2,818,067
Investment earnings	12,359
Total investment earnings	12,359
Total additions	2,830,426
Deductions	
Distributions to participants	2,813,849
Total deductions	2,813,849
Change in net assets	16,577
Net assets held in trust July 1, 2007	298,752
Net assets held in trust June 30, 2008	$ 315,329

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, 2008, Pima County implemented GASB Statements, Nos. 45, 48 and 50, and early implemented GASB Statement No. 49.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions,* requires systematic measurement and recognition of other postemployment benefits' (OPEB) cost over employees' years of service and provides information about actuarial accrued liabilities associated with OPEB. Although OPEB is not required to be funded, whether and to what extent progress is being made in funding the liabilities must be disclosed. As a result of the implementation of GASB 45, the County has recorded a net OPEB obligation offset by OPEB expense in the financial statements, related to the postemployment healthcare benefit participation by County retirees and their beneficiaries in Pima County's healthcare benefit plan. Further information regarding this measurement and disclosure is available in Note 10. GASB Statement No. 50, *Pensions Disclosure (an amendment of GASB Statements No. 25 and No. 27)* requires governmental employers to present certain additional pension disclosures in the notes and additional required supplementary information.

The provisions for GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity transfers of Assets and Future Revenues* require that the County disclose pledged revenue that is committed to collateralize or secure debt. Further information is available in Note 7.

The provisions for GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* require the County to disclose current or potential detrimental effects of existing pollution. Further information is available in Note 6.

A. Reporting Entity

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

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

The Pima County Stadium District, a legally separate entity, was formed to promote and establish major league baseball spring training in Pima County. The Pima 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

Note 1: Summary of Significant Accounting Policies (continued)

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 the County, but rather to the general citizenry, SFC is reported as a separate component unit (discrete presentation) in these financial statements. Complete financial statements for SFC can be obtained from the Pima County Department of Finance and Risk Management located at 130 West Congress Street, Tucson, Arizona 85701.

Related Organization

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

B. Basis of 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,

Note 1: Summary of Significant Accounting Policies (continued)

revenues are recognized when measurable and available. The County considers all revenues reported in the government funds to be available if the revenues are collected within 30 days after year-end. Revenues that are collected after 30 days are reported as deferred revenues. The County's major revenue sources that are susceptible to accrual are property taxes, intergovernmental and charges for services. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

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

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

Discretely presented component unit:

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

C. Basis of Presentation

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

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

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

Note 1: Summary of Significant Accounting Policies (continued)

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

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

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

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

The County reports the following major governmental funds:

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

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

The County reports the following major enterprise funds:

Pima Health System and Services (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 Department (RWRD) 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.

Note 1: Summary of Significant Accounting Policies (continued)

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

D. Cash and Investments

Primary government:

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

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

Discretely presented component unit:

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

E. Inventories and Prepaids

The County accounts for its inventories in the Health and Animal Control Fund using the purchase method. Inventories of the Health and Animal Control 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.

During the current fiscal year, Transportation transitioned from the purchase method to the consumption method eliminating the need to report a change in inventory reserve. Purchases are recorded as inventory and expensed 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 are valued 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 RWRD, an enterprise fund, are valued at lower of cost or market, cost being determined using the moving average method.

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

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

Note 1: Summary of Significant Accounting Policies (continued)

F. Property Tax Calendar

The County levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

G. Capital Assets

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

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

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

Discretely presented component unit:

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

H. Investment Earnings

Investment 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.

Note 1: Summary of Significant Accounting Policies (continued)

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

Note 2: Net Asset Beginning Balances Restated

The beginning net assets for Governmental Activities were restated due to the addition of Transportation dedicated roadways and land parcels. These dedicated roadways and land parcels were not reported in prior fiscal years.

The following summarizes the restatement of net assets:

	Governmental Activities
Net assets – June 30, 2007, as previously reported	$ 999,451
Infrastructure	57,843
Land	18,739
Net assets – July 1, 2007, as restated	$ 1,076,033

In addition, due to restructuring of the Regional Wastewater Reclamation Department Enterprise Fund sewer conveyance assets, beginning net asset balances were restated as follows:

	Business-type Activities	Regional Wastewater Reclamation Department
Net assets – June 30, 2007, as previously reported	$ 572,462	$ 543,028
Sewer conveyance system	(707)	(707)
Net assets – July 1, 2007, as restated	$ 571,755	$ 542,321

Note 3: Cash and Investments

Primary Government

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

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

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

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

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

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

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

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

Foreign currency risk—Statutes do not allow foreign investments.

Deposits—At June 30, 2008, the carrying amount of the County's deposits was $16,506 and the bank balance was $36,096.

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, 2008, $3,775 of the County's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 3: Cash and Investments (continued)

Investments—At June 30, 2008, the County's investments consisted of $271,549 invested in marketable securities and $639,977 invested in the State Treasurer's Investment Pool. Cash from the County and from externally legally separate governments are pooled to purchase the investments in marketable securities and the State Treasurer's Pool. The State Board of Investment provides oversight for the State Treasurer's pools. The fair value of a participant's position in the pool approximates the value of that participant's pool shares and the participant's shares are not identified with specific investments.

Credit risk—Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The County does not have a formal investment policy with respect to credit risk.

At June 30, 2008, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
Commercial paper	A1/P1	S&P / Moody's	$ 39,929
Corporate bonds	A/A1	S&P / Moody's	84,024
Federal Farm Credit Bank	AAA/Aaa	S&P / Moody's	18,536
Federal Home Loan Bank	AAA/Aaa	S&P / Moody's	35,892
Fannie Mae (Federal National Mortgage Association)	AA-/Aa2	S&P / Moody's	25,498
Freddie Mac (Federal Home Loan Mortgage Corp)	AAA/Aaa	S&P / Moody's	19,616
U. S. Treasury money market Fund	AAA/Aaa	S&P / Moody's	3,717
Tri-party Repurchase agreement	Unrated		1,090
State Treasurer Investment Pool	Unrated		639,977
Total			$ 868,279

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 $911,526 of investments, $267,832, consisting of the commercial paper, corporate bonds, Federal Farm Credit, Federal Home Loan Bank, Fannie Mae and Freddie Mac discount notes, U.S. Treasury notes and tri-party repurchase agreement, is uninsured and held by a counterparty in the County's name in book form. An additional $3,717 in a U.S. Treasury money market fund is held by a counterparty as trustee.

Concentration of credit risk—The County has no formal policy with respect to limiting the amount the Treasurer may invest in any one issuer. The County's exposure as of June 30, 2008 is less than 5% per issuer.

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

Note 3: Cash and Investments (continued)

As of June 30, 2008, the County had the following investments:

Investment Type	Amount	Weighted Average Maturity (Years)
State Treasurer Investment Pool 5	$ 530,676	0.12
State Treasurer Investment Pool 7	109,301	0.06
Commercial paper	39,929	0.08
Corporate bonds	84,024	1.72
Federal Farm Credit Bank	18,536	2.62
Federal Home Loan Bank	35,892	1.27
Fannie Mae (Federal National Mortgage Association)	25,498	1.13
Freddie Mac (Federal Home Loan Mortgage Corp)	19,616	2.43
U.S. Treasury	43,247	2.12
U.S. Treasury money market fund	3,717	0.05
Tri-party repurchase agreement	1,090	0.00
Total	$ 911,526	

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:	$ 83	$ 16,506	$ 911,526	$928,115

	Governmental Activities	Business-type Activities	Investment Trust Funds	Agency Funds	Totals
Statement of Net Assets:					
Cash and cash equivalents	$ 376,539	$ 107,190	$ 314,745	$ 75,004	$873,478
Restricted cash and cash equivalents	1,071	53,566			54,637
Total	$ 377,610	$ 160,756	$ 314,745	$ 75,004	$928,115

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.

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	$40,000	2.1-2.4%	07/08-08/08	$ 39,929
Corporate bonds	82,433	3.4-6.3%	08/08-04/13	84,024
Federal Farm Credit Bank	17,500	5.0-5.4%	09/10-07/11	18,536
Federal Home Loan Bank	35,000	2.2-5.3%	08/08-08/10	35,892
Fannie Mae (Federal National Mortgage Association)	25,155	2.0-4.6%	07/08-05/11	25,498
Freddie Mac (Federal Home Loan Mortgage Corp)	19,200	3.3-4.1%	10/10-02/11	19,616
U.S. Treasury	42,050	2.8-4.8%	10/08-02/13	43,247
Tri-party repurchase agreement	1,090	1.7%	07/08	1,090
State Treasurer Investment Pool	359,249	N/A	N/A	359,249
Interest Receivable	522	N/A	N/A	522
Total assets				627,603
Less: Reduction to Pool's assets- warrants payable				(7,386)
Total				$ 620,217

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	$ 414,251
External Participants	205,966
Total liabilities	620,217
Total net assets held in trust	$ 620,217
Statement of Changes in Net Assets	
Total additions	$ 7,960,413
Total deductions	(7,906,718)
Net increase	53,695
Net assets held in trust:	
July 1, 2007	566,522
June 30, 2008	$ 620,217

Discretely Presented Component Unit

Southwestern Fair Commission—At June 30, 2008, the commission's cash and cash equivalents of $1,805 consisted of deposits with financial institutions. Of the total balance, $1,400 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 4: Due from Other Governments

Governmental activities:

	General Fund	Capital Projects Fund	Other Governmental Funds	Internal Service Funds	Total Governmental Activities
Federal government:					
Grants and contributions	$ 166	$ 455	$ 8,055		$ 8,676
State of Arizona:					
Taxes and shared revenues	22,800	1,327	8,415		32,542
Grants and contributions			2,491	$ 10	2,501
City of Tucson:					
Reimbursement for services	1,561	38	832		2,431
Due from other governments:					
Reimbursement for services	187	2,380	454	170	3,191
Total due from other governments fund based statements	$ 24,714	$ 4,200	$ 20,247	$ 180	$ 49,341

Business-type activities:

	Pima Health System and Services	Regional Wastewater Reclamation Department	Business-type Activities Total
Federal government:			
Grants and contributions		$ 28	$ 28
Reimbursement for services	$ 286		286
State of Arizona:			
Grants and contributions	645		645
Total due from other Governments	$ 931	$ 28	$ 959

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows:

	Balance July 1, 2007 (as restated)	Increases	Decreases	Balance June 30, 2008
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 276,126	$ 27,520		$ 303,646
Construction in progress	109,307	76,051	$ (95,260)	90,098
Total capital assets not being depreciated	385,433	103,571	(95,260)	393,744
Capital assets being depreciated:				
Buildings and improvements	476,934	22,611	(321)	499,224
Infrastructure	980,568	87,634	(321)	1,067,881
Equipment	97,436	15,483	(5,676)	107,243
Total capital assets being depreciated	1,554,938	125,728	(6,318)	1,674,348
Less accumulated depreciation for:				
Buildings and improvements	(121,326)	(11,570)	42	(132,854)
Infrastructure	(425,825)	(32,944)		(458,769)
Equipment	(57,876)	(9,854)	5,142	(62,588)
Total accumulated depreciation	(605,027)	(54,368)	5,184	(654,211)
Total capital assets being depreciated, net	949,911	71,360	(1,134)	1,020,137
Governmental activities capital assets, net	$ 1,335,344	$ 174,931	$ (96,394)	$ 1,413,881

	Balance July 1, 2007 (as restated)	Increases	Decreases	Balance June 30, 2008
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 9,695	$ 901		$ 10,596
Construction in progress	35,637	56,720	$ (20,297)	72,060
Total capital assets not being depreciated	45,332	57,621	(20,297)	82,656
Capital assets being depreciated:				
Buildings and improvements	355,260	6,415	(207)	361,468
Infrastructure	548,573	32,083	(560)	580,096
Equipment	20,252	18,984	(777)	38,459
Total capital assets being depreciated	924,085	57,482	(1,544)	980,023
Less accumulated depreciation for:				
Buildings and improvements	(115,684)	(11,726)	84	(127,326)
Infrastructure	(199,825)	(11,015)	258	(210,582)
Equipment	(8,306)	(2,547)	630	(10,223)
Total accumulated depreciation	(323,815)	(25,288)	972	(348,131)
Total capital assets being depreciated, net	600,270	32,194	(572)	631,892
Business-type activities capital assets, net	$ 645,602	$ 89,815	$ (20,869)	$ 714,548

Note 5: Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:		
General government	$	7,252
Public safety		9,654
Highway and streets		28,342
Sanitation		436
Health		672
Welfare		5
Culture and recreation		4,525
Education and economic opportunity		723
Internal service funds		2,759
Total governmental activities depreciation expense	$	54,368
Business-type activities:		
Pima Health System & Services	$	215
Parking Garages		336
Regional Wastewater Reclamation Department		24,454
Development Services		283
Total business-type activities depreciation expense	$	25,288

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
Discretely presented component units:				
Southwestern Fair Commission (SFC):				
Capital assets not being depreciated:				
Construction in progress	$ 3	$ 38	$ (3)	$ 38
Total capital assets not being depreciated	3	38	(3)	38
Capital assets being depreciated:				
Buildings and improvements	3,906	113		4,019
Equipment	1,773	233	(9)	1,997
Total capital assets being depreciated	5,679	346	(9)	6,016
Less accumulated depreciation for:				
Buildings and improvements	(2,308)	(121)		(2,429)
Equipment	(1,298)	(114)	9	(1,403)
Total accumulated depreciation	(3,606)	(235)	9	(3,832)
Total capital assets being depreciated, net	2,073	111		2,184
SFC capital assets, net	$ 2,076	$ 149	$ (3)	$ 2,222

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, any 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 $31,205 reported in the Fund at June 30, 2008, 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.

	2008	2007
Claims liability - beginning	$ 32,857	$ 35,508
Current-year claims and changes in estimates	10,227	8,118
Claims payment	(11,879)	(10,769)
Claims liability - ending	$ 31,205	$ 32,857

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

Litigation

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

Pollution Remediation - El Camino del Cerro Site

The County has estimated and reported an environmental liability of $1,784 in the government-wide financial statements for governmental activities (in noncurrent liabilities). Remediation efforts are currently underway 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 north of El Camino del Cerro Road. 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 cost of one to three pump-and-treat systems for one to two years. The estimate of one pump-and-treat system for one year was considered to be a better estimate than any other amount.

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.

Note 7: Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2008.

	Balance July 1, 2007	Additions	Reductions	Balance July 1, 2008	Due within 1 year
Governmental activities:					
General obligation bonds	$ 289,590	$100,000	$ 41,255	$ 348,335	$ 33,660
Plus unamortized deferred amount	560	714	66	1,208	99
Total general obligation bonds	290,150	100,714	41,321	349,543	33,759
Flood control bonds	1,470		745	725	725
Transportation revenue bonds	136,400	25,000	11,745	149,655	12,365
Plus unamortized deferred amount	141	31	26	146	29
Total transportation revenue bonds	136,541	25,031	11,771	149,801	12,394
Certificates of participation	30,320	50,000	1,244	79,076	21,545
Plus unamortized deferred amount	1,411	1,219	94	2,536	500
Total certificates of participation	31,731	51,219	1,338	81,612	22,045
Loans and Leases:					
Transportation loans payable	3,714		2,714	1,000	1,000
Capital leases payable:					
Jail capital lease	26,550		1,870	24,680	1,965
Less unamortized deferred amount	(1,914)		(191)	(1,723)	(191)
Other capital leases	100	312	146	266	123
Total capital leases	24,736	312	1,825	23,223	1,897
Total loans and leases	28,450	312	4,539	24,223	2,897
Reported but unpaid losses (Note 6)	22,939	8,362	11,879	19,422	3,908
Incurred but not reported losses (Note 6)	9,918	1,865		11,783	2,321
Landfill closure and post-closure care costs (Note 9)	17,330	1,089		18,419	
Pollution remediation (Note 6)		1,784		1,784	566
Future postemployment health benefit liability (Note 10)		14,147	4,302	9,845	5,129
Total governmental activities long-term liabilities	$ 538,529	$204,523	$ 75,895	$ 667,157	$ 83,744

Note 7: Long-Term Liabilities (continued)

	Balance July 1, 2007	Additions	Reductions	Balance July 1, 2008	Due within 1 year
Business-type activities:					
Sewer revenue bonds	$ 97,290	$ 75,000	$ 7,350	$ 164,940	$ 7,870
Less unamortized deferred amount	(2,934)	1,281	(414)	(1,239)	
Total revenue bonds payable	94,356	76,281	6,936	163,701	7,870
Regional Wastewater Reclamation Department (RWRD) loans payable	76,293		5,721	70,572	5,955
Less unamortized deferred amount	(182)		(36)	(146)	
Total loans payable	76,111		5,685	70,426	5,955
Contracts and notes	5,280	1,412	850	5,842	
Future postemployment health benefit liability (Note 10)		2,634	380	2,254	589
Total business-type activities long-term liabilities	$ 175,747	$ 80,327	$ 13,851	$ 242,223	$ 14,414

GENERAL OBLIGATION BONDS OUTSTANDING

Governmental Activities

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

General obligation bonds payable at June 30, 2008, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, $20,541 from the May 20, 1997, $306,096 from the May 18, 2004, and $52,044 from the May 16, 2006 bond election remain unissued. The following table presents amounts outstanding by issue.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2008
Series of 1998	$ 42,420	4.50 - 4.60%	2009-13	$ 11,720
Series of 1999	50,000	5.00 - 5.07%	2009-10	6,615
Series of 2000	50,000	4.00 - 5.00%	2009-14	18,000
Series of 2001 Refunding	17,835	5.00%	2009	375
Series of 2002	20,000	4.25 - 4.50%	2009-16	7,000
Series of 2003	50,000	3.50 - 4.25%	2009-17	33,850
Series of 2004	65,000	3.00 - 5.00%	2009-19	47,145
Series of 2005	65,000	3.50 - 5.00%	2009-20	49,265
Series of 2007	95,000	3.00 - 4.50%	2009-21	84,365
Series of 2008	100,000	3.00 - 4.00%	2009-22	90,000
G.O. bonds outstanding				348,335
Plus unamortized deferred amount:				1,208
		Total G.O. bonds outstanding		$ 349,543

Note 7: Long-Term Liabilities (continued)

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2008.

Year Ending June 30,	Principal	Interest
2009	$ 33,660	$14,351
2010	28,580	12,954
2011	26,240	11,723
2012	27,105	10,599
2013	28,005	9,424
2014 - 2018	125,330	30,038
2019 - 2022	79,415	6,778
Total	$348,335	$95,867

ADVANCED REFUNDINGS OF GENERAL OBLIGATION BONDS

In prior years, the County defeased certain General Obligation Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for these defeased bonds are not included in the County's financial statements. At June 30, 2008, the following outstanding bonds were considered defeased:

Issue	Outstanding June 30, 2008
1979 General Obligation Refunding Bonds	$ 33
Series of 1999	$ 5,785

FLOOD CONTROL REFUNDING BONDS OUTSTANDING

Governmental Activities

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

The Pima County Regional Flood Control District outstanding bonds payable at June 30, 2008 is presented below.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2008
Series 2001 Refunding	$ 4,585	4.20%	2009	$ 725

Note 7: Long-Term Liabilities (continued)

The following schedule details flood control bond debt service requirements to maturity at June 30, 2008.

Year Ending June 30,	Principal	Interest
2009	$ 725	$ 30
Total	$ 725	$ 30

TRANSPORTATION BONDS AND LOANS PAYABLE
Governmental Activities
(Payments made from street and highway revenues)

Pima County transportation revenue bonds of 1998 were issued to provide monies to construct improvements to the County's streets and highways. Of the total amount originally authorized, $122,800 from the November 4, 1997 bond election remains unissued.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2008
Series of 2002	$55,000	4.13 - 4.38%	2009-12	$ 24,855
Series of 2003	35,000	3.38 - 4.38%	2009-18	27,600
Series of 2005	51,200	3.50 - 5.00%	2009-20	51,200
Series of 2007	21,000	3.25 - 4.75%	2009-22	21,000
Series of 2008	25,000	3.00 - 4.50%	2009-22	25,000
	Transportation bonds outstanding			149,655
	Plus unamortized deferred amount:			146
	Total transportation bonds outstanding			$ 149,801

The following schedule details transportation bond debt service requirements to maturity at June 30, 2008.

Year Ending June 30,	Principal	Interest
2009	$ 12,365	$ 6,147
2010	12,870	5,652
2011	13,430	5,091
2012	14,015	4,503
2013	9,970	3,912
2014 - 2018	57,160	13,098
2019 - 2022	29,845	2,452
Total	$ 149,655	$ 40,855

Note 7: Long-Term Liabilities (continued)

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

Issue	Issue Amount	Interest Rate	Maturities	Outstanding June 30, 2008
2006 HELP Loan - Alvernon	$ 4,836	3.06%	2009	$ 1,000
	Total transportation loan payable			$ 1,000

The following schedule details transportation loans debt service requirements to maturity at June 30, 2008.

Year Ending June 30,	Principal	Interest
2009	$ 1,000	$ 61
Total	$ 1,000	$ 61

Pima County has pledged future highway user revenues, net of specified operating expenses, to repay $149,655 in transportation revenue bonds issued between 2002 and 2008, and $1,000 in a transportation HELP loan issued in 2006. Proceeds from the bonds and loans provided financing for construction of various highways and streets within Pima County. The bonds and loans are payable from net highway user revenues and are payable through 2022. Annual principal and interest payments on the bonds are expected to require approximately 78 percent of net revenues. The annual principal and interest payments on the loan are expected to require approximately 9 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $190,510. Total principal and interest remaining to be paid on the loan is $1,061. Principal and interest paid for bonds and the loan in the current year and total customer net revenues were $17,734, $2,828 and $21,325, respectively.

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

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

Note 7: Long-Term Liabilities (continued)

The following schedule details outstanding Certificates of Participation payable at June 30, 2008.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2008
Series of 2007 A Justice Building Project	$ 28,765	4.00 - 5.00%	2009-22	$ 28,765
Series of 2007-B Justice Building Project - Taxable	1,555	5.04%	2009	311
Series of 2008	50,000	5.00%	2009-11	50,000
	Certificates of participation outstanding			79,076
	Plus unamortized deferred amount:			2,536
	Total certificates of participation outstanding			$ 81,612

The following schedule details debt service requirements to maturity for the County's Certificates of Participation payable at June 30, 2008.

Year Ending June 30,	Principal	Interest
2009	$ 21,545	$ 3,689
2010	21,610	2,799
2011	11,675	1,734
2012	1,740	1,167
2013	1,810	1,097
2014 - 2018	10,375	4,172
2019 - 2022	10,320	1,321
	$ 79,075	$ 15,979

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, 2008, for these leases totaled $266.

The net book value of assets acquired through capital leases consists of $18,697 of buildings and $117 equipment.

The following schedule details capital lease debt service requirements to maturity at June 30, 2008.

Note 7: Long-Term Liabilities (continued)

Governmental Activities:

	Buildings		Equipment	
Year Ending June 30,	Principal	Interest	Principal	Interest
2009	$ 1,965	$ 1,062	$ 123	$ 8
2010	2,025	982	107	4
2011	2,125	878	36	1
2012	2,230	775		
2013	2,780	648		
2014 - 2018	13,555	1,446		
	$ 24,680	$ 5,791	$ 266	$ 13

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 Department system. Of the total amount originally authorized, $706 from the May 20, 1997, and $28,237 from the May 18, 2004 bond election remain unissued.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2008
Series of 1998	$ 29,185	4.00 - 5.50%	2009-15	$ 13,355
Series 2001 Refunding	19,440	4.00 - 5.40%	2009-15	12,655
Series of 2004 Refunding	25,770	3.50 - 5.50%	2009-15	18,145
Series of 2007	50,000	3.75 - 5.00%	2009-26	45,785
Series of 2008	75,000	4.00 - 5.00%	2009-23	75,000
		Sewer revenue bonds outstanding		164,940
		Less unamortized deferred amount:		(1,239)
		Total sewer revenue bonds outstanding		$ 163,701

The following schedule details sewer revenue bond debt service requirements to maturity at June 30, 2008.

Year Ending June 30,	Principal	Interest
2009	$ 7,870	$ 7,175
2010	8,090	6,821
2011	7,410	6,470
2012	8,395	6,134
2013	9,340	5,751
2014 - 2018	52,335	21,742
2019 - 2023	60,835	10,153
2024 - 2026	10,665	867
	$164,940	$ 65,113

Note 7: Long-Term Liabilities (continued)

The Regional Wastewater Reclamation Department entered into loan agreements (1996, 1997, 2000 and 2004 loans payable) to provide funds for the defeasance of prior sewer revenue bonds and the construction and improvement of wastewater treatment facilities. Interest is payable semiannually and is calculated based on the principal amount of the loan outstanding during such period.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2008
1996 Loans Payable	$ 11,313	3.19%	2009-12	$ 5,976
1997 Loans Payable	7,500	2.95%	2009-11	2,517
2000 Loans Payable	61,180	2.20%	2009-16	42,941
2004 Loans Payable	19,967	1.81%	2009-24	19,138
Loans payable				70,572
Less unamortized deferred amount				(146)
Total loans payable				$ 70,426

The following schedule details loans payable debt service requirements to maturity at June 30, 2008.

Year Ending June 30,	Principal	Interest
2009	$ 5,955	$ 2,423
2010	6,317	2,200
2011	7,605	1,948
2012	7,891	1,667
2013	6,937	1,397
2014 - 2018	26,691	3,591
2019 - 2023	6,338	1,007
2024	2,838	95
	$ 70,572	$ 14,328

Pima County has pledged future user charges, net of specified operating expenses, to repay $164,940 in sewer revenue bonds issued between 1998 and 2008, and $70,572 in sewer revenue loans issued between 1996 and 2004. Proceeds from the bonds and loans provided financing for construction of various treatment facilities and sewer infrastructure within Pima County. The bonds and loans are payable from net sewer revenues and are payable through 2026. Annual principal and interest payments on the bonds are expected to require approximately 33 percent of net revenues. The annual principal and interest payments on the loans are expected to require approximately 23 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $230,053. Total principal and interest remaining to be paid on the loans is $84,900. Principal and interest paid for bonds and loans in the current year and total customer net revenues were $11,954, $8,312 and $34,203, respectively.

CONTRACTS AND NOTES
Business-type Activities
(Payments made from restricted assets in the Regional Wastewater Reclamation Department 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.

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, Pima County received voter approval to increase the debt limit to 15 percent of the value of taxable property. The legal debt margin at June 30, 2008, is as follows:

Net assessed valuation		$ 8,220,396
Debt Limit (15% of net assessed valuation):		1,233,059
Amount of debt applicable to debt limit:		
General obligation bonds outstanding	$ 348,335	
Less net assets in debt service fund available for payment of general obligation bond principal	(10,241)	(338,094)
Legal debt margin available		$ 894,965

Flood Control General Obligation Bonds

Flood Control general obligation debt may not exceed 5 percent of the value of the Flood Control District's taxable property as of the latest assessment. Legal debt margin at June 30, 2008, is as follows:

Net assessed valuation		$ 7,412,190
Debt Limit (5% of net assessed valuation):		370,610
Amount of debt applicable to debt limit:		
Flood Control obligation bonds outstanding	$ 725	
Less net assets in debt service fund available for payment of flood control bond principal	(40)	(685)
Legal debt margin available		$ 369,925

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, 2008, 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, 2007 Balance	Draws	Repayments	June 30, 2008 Balance
Line of credit	$0	$ 112,053	$112,053	$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. The $18,419 reported as landfill closure and post-closure care long-term liability within the governmental activities represents the cumulative amount reported to date, based on the percentage used of each landfill's total estimated capacity. The County will recognize the remaining estimated cost of closure and post-closure care of $5,819 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, 2008; actual costs may change due to inflation, changes in technology, or changes in regulations.

Landfill Site	Capacity Used June 30, 2008	Estimated Remaining Service Life
Ajo *	100%	0 Year
Sahuarita **	44%	25 Years
Tangerine	88%	2 Years

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

**Sahuarita's facility has incurred a decrease in annual solid waste tipping, because of this the expected service life of the landfill has increased.

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.

Note 9: Landfill Liabilities (continued)

According to state and federal laws and regulations, the County must comply with the local government financial test requirements that assure the County can meet the costs of landfill closure, post-closure, and corrective action when needed. The County is in compliance with these requirements. The Ina Road Landfill facility is closed to municipal solid waste and only receives 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 $9,520 when closure occurs and plans to fund the cost with proceeds of general obligation bonds and with solid waste tipping fees. At this time, there is no closure date available, and there is no known pollution.

Note 10: Pensions and Other Postemployment Benefits (OPEB)

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.

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.

Note 10: Pensions and Other Postemployment Benefits (OPEB) (continued)

ASRS	PSPRS and CORP
3300 N. Central Ave Phoenix, AZ 85012 (602) 240-2000 or (800) 621-3778	3010 East Camelback Road Suite 200 Phoenix, AZ 85016-4416 (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, 2008, active **ASRS** members were required by statute to contribute at the actuarially determined rate of 9.60 percent (9.10 percent for retirement and 0.50 percent for long-term disability) of the members' annual covered payroll. The County was required by statute to contribute at the actuarially determined rate of 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.

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

	ASRS Retirement Fund	Health Benefit Supplement Fund	Long-term Disability Fund
Year ended June 30,			
2008	$ 20,981	$ 2,737	$ 1,303
2007	19,169	2,666	1,270
2006	13,685	2,680	1,186

Agent plans
For the year ended June 30, 2008, active **PSPRS** members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 18.25 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 1.74 percent of covered payroll. Active **CORP** members were required by statute to contribute 7.96 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 7.44 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.15 percent of covered payroll.

Note 10: Pensions and Other Postemployment Benefits (OPEB) (continued)

Actuarial methods and assumptions

The contribution requirements for the year ended June 30, 2008 were established by the June 30, 2006 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 2008 contribution requirements, are as follows:

	PSPRS	CORP
Actuarial valuation date	June 30, 2006	June 30, 2006
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 open	Level percentage open
Remaining amortization period	30 Years for unfunded actuarial accrued liability, 20 years for excess	30 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, 2008, and related information follows:

	PSPRS		CORP	
	Pension	Health Insurance	Pension	Health Insurance
Annual pension/OPEB cost	$ 6,923	$ 565	$ 1,513	$ 247
Contibutions made	$ 6,923	$ 444	$ 1,513	$ 163

Note 10: Pensions and Other Postemployment Benefits (OPEB) (continued)

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 the current year (i.e., transition year) is as follows. Information about preceding years will be added over the next 2 years.

Plan	Year Ended June 30	Annual Pension/ OPEB Cost	Percentage of Annual Cost Contributed	Net Pension/ OPEB Obligation
PSPRS				
Pension	2008	$ 6,923	100%	
Health insurance	2008	$ 565	79%	$ 121
Pension & health insurance	2007	$ 5,422	100%	
Pension & health insurance	2006	$ 4,720	100%	
CORP				
Pension	2008	$ 1,513	100%	
Health insurance	2008	$ 247	66%	$ 84
Pension & health insurance	2007	$ 1,224	100%	
Pension & health insurance	2006	$ 782	100%	

Funded Status

The funded status of the plans, as of the most recent valuation date June 30, 2008, 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 Insurance	Health Insurance	Pension Insurance	Health Insurance
Actuarial accrued liability	$ 198,116	$ 8,056	$ 55,365	$ 2,958
Actuarial value of assets	$ 133,286	0	$ 45,957	0
Unfunded actuarial accrued liability (funding excess)	$ 64,830	$ 8,056	$ 10,292	$ 2,958
Funded ratio	67.30 %	0 %	83.00 %	0 %
Covered payroll	$ 32,495	$ 32,495	$ 21,455	$ 21,455
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	199.50 %	24.79 %	43.8 %	13.79 %

Note 10: Pensions and Other Postemployment Benefits (OPEB) (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

Postemployment Healthcare Plan

Retiree Insurance Program

Employees retiring from Pima County service, who receive monthly income from any of the Arizona State individual retirement plans, are eligible to continue medical and dental insurance coverage at group rates through the County (the Program). It is a single-employer plan and the benefits and premium rates are approved by the Board of Supervisors on an annual basis for active and retired members. Although Pima County does not explicitly pay a portion of the retiree's premiums, because of the inclusion of this risk class in the insured pool, there is an implicit rate subsidy or "premium rate differential" that is incurred by the County. No separate financial report is provided for the Program.

Funding Policy

The Program is currently funded on a pay-as-you-go basis.

Acturarial valuation date		7/1/2007
Actuarial accrued liability	$	155,437
Actuarial value of assets		0
Unfunded actuarial accrued liability (funding excess)	$	155,437
Funded ratio		0 %
Covered payroll	$	292,249
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll		53.2 %

Note 10: Pensions and Other Postemployment Benefits (OPEB) (continued)

Annual Pension Cost and Net Pension Obligation	Governmental Activities	Business-type Activities	Total Obligation
Annual required contribution	$ 13,626	$ 2,536	$ 16,162
Interest on net pension obligation	521	98	619
Annual pension cost	14,147	2,634	16,781
Contributions made	(4,302)	(380)	(4,682)
Increase in net pension obligation	9,845	2,254	12,099
Net pension obligation at beginning of year			
Net pension obligation at end of year	$ 9,845	$ 2,254	$ 12,099

Method/Assumption	
Valuation date	July 1, 2007
Actuarial cost method	Projected unit credit
Amortization method for actuarial accrued liabilities	Level percentage of payroll
Remaining amortization period	30 years open
Investment rate of return	4.50%
Medicare coverage age	65
Retirement and disability age	Based on EORP, CORP, ASRS, and PSRS pension valuations
Salary increases	2.50%
Payroll growth	2.50%
Active members	6,728
LTD/Retiree and spouses currently receiving benefits	1,613

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 from:

Amounts recorded as due to:	General	Capital Projects	Other Governmental	PHS & Services	RWRD	Other Enterprise	Internal Service	Total
General		$ 7,943	$ 117	$ 1,085	$ 2,038	$ 8	$ 840	$ 12,031
Capital Projects	$ 3,019		748		1,883			5,650
Other Governmental	744	1,044	768		12			2,568
Pima Health System & Services			1					1
RWRD	1,986			2				1,988
Other Enterprise		2,641						2,641
Internal Service	826		578		10			1,414
Total	$ 6,575	$ 11,628	$ 2,212	$ 1,087	$ 3,943	$ 8	$ 840	$ 26,293

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	RWRD	Other Enterprise	Internal Services	Total
General		$ 32,716	$ 3,791	$ 6,995		$ 4,352	$ 47,854
Capital Projects	$ 3,090		22,806	637	$ 2,627		29,160
Other Governmental	28,657	1,220	21,515				51,392
RWRD	6,995						6,995
Other Enterprise		2,550					2,550
Internal Service	4,352						4,352
Total	$ 43,094	$ 36,486	$ 48,112	$ 7,632	$ 2,627	$ 4,352	$ 142,303

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

Transfer from	Transfer to		Transfer from	Transfer to
		$ (601)	Capital assets	RWRD
		(20)	Capital assets	Internal services
	Subtotal	(621)		
Internal services	Capital assets	6		
	Total	$ (615)		

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

The Special Districts Fund (non-major governmental fund) had a deficit fund balance at June 30, 2008, of $1,302. This deficit can be eliminated in the future through normal operations.

Note 13: Construction and Other Significant Commitments

At June 30, 2008, Pima County had the following major contractual commitments related to Cultural Resources, Facilities Management, General Government, Library District, Pima Health Systems & Services, Transportation and Regional Wastewater Reclamation Department.

Cultural Resources
At June 30, 2008, the Pima County Cultural Resources Department had construction contractual commitments of $6,336. Funding for these expenditures will be provided from general obligation bonds.

Facilities Management
At June 30, 2008, the Pima County Facilities Management Department had construction contractual commitments of $8,828. Funding for these expenditures will be provided from general obligation bonds.

General Government
At June 30, 2008, Pima County had contractual commitments related to service contracts for Human Resources of $1,370, Institutional Health of $60,156 and Real Property of $5. Funding for these expenditures will be primarily provided from general fund revenues.

Library District
At June 30, 2008, Pima County had contractual commitments related to service contracts for Library District of $2,555. Funding for these expenditures will be primarily provided from library district revenues.

Pima Health Systems & Services
At June 30, 2008, Pima County had contractual commitments related to service contracts for Pima Health Systems & Services of $155,062. Funding for these expenditures will be primarily provided from federal and state funding sources.

Transportation
At June 30, 2008, the Pima County Transportation Department had construction contractual commitments of $42,918 and other contractual commitments related to service contracts of $12,216. 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.

Regional Wastewater Reclamation Department
At June 30, 2008, the Regional Wastewater Reclamation Department Enterprise Fund had construction contractual commitments of $28,525 and other contractual commitments related to service contracts of $3,864. Funding for these expenditures will be primarily from Sewer Revenue Bonds and related fees.

Note 14: Subsequent Event

On May 13, 2008, PHS&S was notified that their ambulatory services contract with AHCCCS serving Pima and Santa Cruz counties would not be renewed. Effective October 1, 2008, PHS&S would be only providing care to an estimated 3,000 members that are both eligible through AHCCCS and Arizona Long Term Care System. This results in a reduction of approximately 27,000 members and $84 million in reduced revenues and expenses. As a result of this contract termination, PHS&S has implemented a plan to significantly reduce expenses, initially through a reduction in workforce of 53 employees, effective September 30, 2008.

APPENDIX E

$23,420,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER SECTION (b)(5) OF RULE 15c2-12

This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by Pima County, Arizona (the "County"), in connection with the issuance and sale of the $23,420,000 aggregate principal amount of Street and Highway Revenue Bonds, Series 2009 (the "Bonds").

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

1. 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 (as defined below).

2. Definitions. 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.

"Bond Resolution" means the resolution adopted by the Board of Supervisors of the County on November 17, 2009, authorizing the issuance and sale of the Bonds.

"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.

"Material Event" means the occurrence of any of the events with respect to the Bonds set forth in Exhibit II that is material, as materiality is interpreted under the Exchange Act.

"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.

"State" means the State of Arizona.

"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.

3. CUSIP Number/Final Official Statement. The base CUSIP Number of the Bonds is 721882. The Final Official Statement relating to the Bonds is dated November ___, 2009.

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. Material Events Disclosure. Subject to Section 10 of this Undertaking, the County hereby covenants that it will disseminate in a timely manner notice of occurrence of a Material Event to the MSRB through EMMA, in a format prescribed by the MSRB.

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. 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 the Undertaking, and any provision of the 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 Material 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 Material 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 Material 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 Material 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 under the Bond Resolution unless the transferee agrees to assume all obligation of the County under this Undertaking or to execute an Undertaking under the Rule.

15. Governing Law. This Undertaking shall be governed by the laws of the State.

[Remainder of page left blank intentionally]

PIMA COUNTY, ARIZONA

By: _____
Thomas Burke
Finance and Risk Management Director

Date: December __, 2009

[Signature page of Continuing Disclosure Undertaking]

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS

"Annual Financial Information" means quantitative financial information and operating data concerning the operations of the County of the type set forth in the Official Statement under the heading "STREET AND HIGHWAY REVENUES – Street and Highway Revenues Received by the County" in the table entitled "PIMA COUNTY STREET AND HIGHWAY REVENUE RECEIPTS."

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to the MSRB through EMMA. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available from the MSRB. The County shall clearly identify each such item of information included by reference.

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, 2010. 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 MATERIAL EVENTS IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of creditor liquidity providers, or their failure to perform
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds
7. Modifications to the rights of holders of the Bonds
8. Bond calls
9. Defeasances
10. Release, substitution or sale of property securing repayment of the Bonds
11. Rating changes

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. 2009-302

(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 17th *day of* November, 2009, *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* 25th *day of* November, 2009.

Lori Godoshian
Clerk

RESOLUTION NO. 2009- 302

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF PIMA COUNTY, ARIZONA, STREET AND HIGHWAY REVENUE BONDS, SERIES 2009; PROVIDING FOR THE PAYMENT OF THE BONDS; PROVIDING TERMS, COVENANTS AND CONDITIONS CONCERNING THE BONDS; ACCEPTING A BID FOR THE PURCHASE OF THE BONDS; AUTHORIZING AND DIRECTING THE REFUNDING OF CERTAIN OUTSTANDING BONDS AND THE EXECUTION AND DELIVERY OF DOCUMENTS AND FURTHER ACTIONS RELATING TO THE ISSUANCE OF THE BONDS; APPOINTING AN INITIAL BOND REGISTRAR AND PAYING AGENT FOR THE BONDS; AND DECLARING AN EMERGENCY.

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

Section 1.

A. Refunding Bonds. Pursuant to Title 11, Chapter 2, Article 12, Arizona Revised Statutes (the "Act"), Pima County, Arizona (the "County") is authorized to issue street and highway revenue bonds to refund all or any portion of its outstanding street and highway revenue bonds at or prior to maturity. The County has issued and currently has outstanding certain of the below-described 2002 Bonds, 2003 Bonds, 2005 Bonds, 2007 Bonds and 2008 Bonds of the County (collectively, the "Prior Bonds") which were issued pursuant to the provisions of the Act. This Board has determined that it is expedient and necessary to issue the Bonds (as defined below) and to use a portion of the proceeds of those Bonds to refund the maturities of the Prior Bonds described on Exhibit 1 to the hereinafter-described Depository Trust Agreement (Exhibit C to this Resolution), as executed and delivered (the "Bonds to be Refunded"), in advance of their maturity.

B. New Money Bonds. At a special bond election held in and for Pima County, Arizona (the "County"), on November 4, 1997 (the "Bond Election"), a majority of the qualified electors of the County voting at the election authorized the issuance and sale by the County of $350,000,000 aggregate principal amount of bonds for improving, constructing, reconstructing, acquiring rights of way for, and maintenance of County streets and highways. Under authority of the Bond Election and pursuant to Resolution No. 1998-101, adopted by the Board of Supervisors of the County (the "Board of Supervisors") on May 19, 1998 (the "1998 Bond Resolution"), Resolution No. 2002-6, adopted by the Board of Supervisors on January 8, 2002 (the "2002 Bond Resolution"), Resolution No. 2003-17, adopted by the Board of Supervisors on January 21, 2003 (the "2003 Bond Resolution"); Resolution No. 2005-99, adopted by the Board of Supervisors on May 10, 2005 (the "2005 Bond Resolution"); Resolution No. 2007-16, adopted by the Board of Supervisors on January 16, 2007 (the "2007 Bond Resolution") and Resolution No. 2008-43, adopted by the Board of Supervisors on February 12, 2008 (the "2008 Bond Resolution"), the County has heretofore issued $40,000,000 principal amount of its Street and Highway Revenue Bonds, Series 1998 (the "1998 Bonds"), $55,000,000 principal amount of its Street and Highway Revenue Bonds, Series 2002 (the "2002 Bonds"), $35,000,000 principal amount of its Street and Highway Revenue Bonds, Series 2003 (the "2003 Bonds"), $51,200,000 principal amount of its Street and Highway Revenue Bonds, Series 2005 (the "2005 Bonds"),

$21,000,000 principal amount of its Street and Highway Revenue Bonds, Series 2007 (the "2007 Bonds") and $25,000,000 principal amount of its Street and Highway Revenue Bonds, Series 2008 (the "2008 Bonds"). This Resolution authorizes the issuance and sale of an additional $23,420,000 principal amount of bonds (the "2009 Bonds"), of which a portion will be used to refund the Bonds to be Refunded, as provided above, and the balance of which is being issued pursuant to authorization given in the Bond Election. The 1998 Bond Resolution, the 2002 Bond Resolution, the 2003 Bond Resolution, the 2005 Bond Resolution, the 2007 Bond Resolution and the 2008 Bond Resolution, as supplemented by this Resolution and as hereafter supplemented and amended, is herein referred to as the "Bond Resolution."

Section 2. Bids. Bids for the purchase of the 2009 Bonds were previously solicited and received pursuant to an on-line bidding process. The Board of Supervisors has determined that the bid attached hereto as Exhibit A (the "Accepted Bid") is the most advantageous for the County.

Section 3. Authorization. There is hereby authorized to be issued and sold $23,420,000 principal amount of Pima County, Arizona, Street and Highway Revenue Bonds, Series 2009, pursuant to the Act for the purpose of (1) refunding the Bonds to be Refunded, (2) improving, constructing, reconstructing, acquiring rights of way for, and maintenance of County streets and highways, and (3) paying the costs of issuance of the Bonds.

Section 4. Terms. The 2009 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 2009 Bonds at the rates per annum established by the Accepted Bid, the first interest payment date to be July 1, 2010, interest payable semiannually thereafter on January 1 and July 1 during the term of the 2009 Bonds, the 2009 Bonds to be in the denomination of $5,000 each or integral multiples thereof, in fully registered form. Interest will be paid on each interest payment date by check mailed by the Paying Agent to each registered owner of the 2009 Bonds at the address shown on the registration book of the Registrar on the Record Date (as described in Section 10 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 2009 Bonds. Principal of the 2009 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 2009 Bonds will mature on July 1 in the years and in the amounts as follows:

Year (July 1)	Principal Amount	Year (July 1)	Principal Amount
2013	$1,200,000	2019	$2,480,000
2014	1,185,000	2020	2,575,000
2015	1,165,000	2021	2,680,000
2016	1,140,000	2022	2,790,000
2017	1,150,000	2023	2,900,000
2018	1,140,000	2024	3,015,000

Section 5. Prior Redemption.

A. Optional Redemption. The 2009 Bonds maturing on or before July 1, 2019 are not subject to call for redemption prior to their respective maturity dates. The 2009 Bonds maturing on or after July 1, 2020 are subject to call for redemption on any date on or after July 1, 2019 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 2009 Bond called for redemption plus accrued interest to the date fixed for redemption, without premium.

B. Notice of Redemption. Notice of redemption will be given by mail to the registered owners of the 2009 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 2009 Bond shall affect the regularity of the proceedings for redemption of any other 2009 Bond.

C. Effect of Call for Redemption. On the date designated for redemption by notice given as herein provided, the 2009 Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such 2009 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 2009 Bonds or portions of 2009 Bonds so called for redemption shall cease to accrue, such 2009 Bonds shall cease to be entitled to any benefit or security hereunder and the owners of such 2009 Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and accrued interest and such 2009 Bonds shall be deemed paid and no longer outstanding.

D. Redemption of Less Than All of a 2009 Bond. The County may redeem a portion of any 2009 Bond in $5,000 increments. In that event, the registered owner shall submit the 2009 Bond for partial redemption and the Paying Agent shall make such partial payment and the Registrar shall cause to be issued a new 2009 Bond in a principal amount which reflects the redemption so made to be authenticated and delivered to the registered owner thereof.

Section 6. Form of 2009 Bonds.

A. The 2009 Bonds shall be in substantially the form of Exhibit B, 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 Notice Inviting Bids for the Purchase of 2009 Bonds and are approved by those officers executing the 2009 Bonds and the execution thereof by such officers shall constitute conclusive evidence of such approval.

B. The 2009 Bonds may have notations, legends or endorsements required by law, securities exchange rule or usage. Each 2009 Bond shall show the date of its authentication and registration.

Section 7. Book Entry Only System.

A. The 2009 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 2009 Bonds. One fully

registered 2009 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 2009 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 2009 Bonds will not receive certificates representing their interests in the 2009 Bonds and will not be deemed to be registered owners of the 2009 Bonds.

C. So long as the book entry only system is in operation, principal of and interest on the 2009 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 2009 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 2009 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 2009 Bonds one or more 2009 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 2009 Bonds.

A. The 2009 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 2009 Bond no longer holds that office at the time the 2009 Bond is authenticated and registered, the 2009 Bond shall nevertheless be valid.

C. A 2009 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 2009 Bond has been authenticated and issued under this Resolution.

Section 9. Mutilated, Lost or Destroyed 2009 Bonds. In case any 2009 Bond becomes mutilated, destroyed or lost, the County shall cause to be executed and delivered a new 2009 Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated 2009 Bond or in lieu of and in substitution for such 2009 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 2009 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 2009 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 Bid.

A. The bid of the winning bidder attached hereto as Exhibit A for the purchase of the 2009 Bonds is hereby accepted and the 2009 Bonds are hereby ordered sold to such purchaser in

accordance with the terms of such bid and the terms and conditions of the Notice Inviting Bids for the Purchase of Street and Highway Revenue Bonds. The 2009 Bonds will bear interest at the rates set forth in the Accepted Bid.

B. The Director of Finance of the County or his designee is hereby authorized and directed to cause the 2009 Bonds to be delivered to the purchaser upon receipt of payment therefor and satisfaction of the other conditions for delivery thereof in accordance with the terms of the sale.

C. The County Treasurer and the Director of Finance of the County are each authorized and directed to return security deposits received from unsuccessful bidders for the purchase of the 2009 Bonds.

Section 11. Registrar and Paying Agent.

A. The County will maintain an office or agency where 2009 Bonds may be presented for registration of transfer (the "Registrar") and an office or agency where 2009 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 2009 Bonds.

B. Initially, U.S. Bank National Association will act as Registrar and Paying Agent with respect to the 2009 Bonds. The County may change the Registrar or Paying Agent without notice to or consent of owners of the 2009 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 2009 Bonds all money held by the Paying Agent for the payment of principal of and interest and any premium on the 2009 Bonds.

D. The Registrar may appoint an authenticating agent acceptable to the County to authenticate 2009 Bonds. An authenticating agent may authenticate 2009 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 2009 Bonds, the registered owners of the 2009 Bonds and of transfers of the 2009 Bonds. When 2009 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 2009 Bonds registered in the name of the transferee of the same principal amount, maturity and rate of interest as the surrendered 2009 Bonds. Any 2009 Bond or 2009 Bonds may be exchanged at the designated office of the Registrar for a 2009 Bond or 2009 Bonds of the same maturity date and aggregate principal amount as the surrendered 2009 Bond or 2009 Bonds. The "Record Date" for the 2009 Bonds will be the close of business of the Registrar on the 15th day of the month preceding an interest payment date. The 2009 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 2009 Bonds for original issue in up to $23,420,000 aggregate principal amount upon the written request of the Director of Finance of the County or his designee. The aggregate principal amount of 2009 Bonds outstanding at any time may not exceed that amount except for replacement 2009 Bonds as to which the requirements of the Registrar and the County are met.

Section 12. Depository Trustee; Depository Trust Agreement. U.S. Bank National Association is hereby appointed as the depository trustee (the "Depository Trustee") for the Bonds to be Refunded. The Depository Trust Agreement between the County and the Depository Trustee (the "Depository Trust Agreement") in substantially the form attached as Exhibit C is hereby approved, and the Chairman of the Board is hereby authorized, empowered and directed, for and on behalf of the County, to execute and deliver the Depository Trust Agreement with such changes therein as he shall approve, his execution and delivery thereof to serve as conclusive evidence of such approval.

Section 13. Call for Redemption of Bonds To Be Refunded. The County does hereby exercise its right to redeem, and does hereby call for redemption (subject to the delivery of the Bonds) on the first available redemption dates, each series of the Bonds to be Refunded.

Section 14. Payment of the 2009 Bonds:

A. The 2009 Bonds and interest thereon shall be payable solely from the revenues received by the County from highway user taxes, including motor vehicle fuel taxes, and all other taxes, fees, charges or other monies returned to the County pursuant to Title 28, Chapter 18, Article 2 and Section 42-6106 (the "Pledged Revenues") on a parity with the 2002 Bonds, the 2003 Bonds, the 2005 Bonds, the 2007 Bonds and the 2008 Bonds and such additional bonds or other obligations ("Additional Parity Bonds" and, collectively with the 2002 Bonds, the 2003 Bonds, the 2005 Bonds, the 2007 Bonds, the 2008 Bonds and the 2009 Bonds, the "Parity Bonds") hereafter issued on a parity therewith. The 2009 Bonds shall not constitute a debt or general obligation of the County within the meaning of any constitutional or statutory debt limitation, nor shall payment of the 2009 Bonds or interest or redemption premiums thereon be enforceable out of any funds other than the revenues pledged to such payment nor shall any owner of any 2009 Bond have the right to compel any exercise of the taxing power of the County to make such payment. The County shall comply with any requirements imposed by law to maintain its eligibility for and right to receive such funds. During each year in which any of the 2009 Bonds or any Parity Bonds remain outstanding and not fully paid or provided for, there shall be set aside in a separate fund designated the "Pima County Street and Highway Revenue Bond Fund" (the "Bond Fund") established in the 1998 Bond Resolution and continued herein, from the Pledged Revenues received during such year, an amount sufficient to pay the interest and principal upon the Parity Bonds next due. The Bond Fund shall be held as a special trust fund, the beneficial interest in which shall be in the holders from time to time of the Parity Bonds then outstanding.

B. On or before the third Monday of each month, commencing with the month following the month in which the 2009 Bonds are issued and delivered, there shall be transferred from the Pledged Revenues received to the Bond Fund moneys in an amount necessary to

accumulate in equal monthly amounts the interest due on the next January 1 or July 1, as applicable, and thereafter in each month an amount equal to one-sixth (1/6) of the next ensuing semi-annual interest payment on the Parity Bonds until the amount in the Bond Fund and available to pay interest is sufficient to pay the next ensuing interest payment on the Parity Bonds.

C. On or before the third Monday of each month there shall be transferred from the Pledged Revenues received to the Bond Fund moneys in an amount necessary to accumulate in equal monthly amounts equal to one-twelfth (1/12) of the principal amount becoming due on the next principal payment date on the Parity Bonds until the amount in the Bond Fund and available to pay principal is sufficient to pay the next ensuing principal payment on the Parity Bonds.

D. Amounts in the Bond Fund shall be used solely for the payment of principal of and interest on the Parity Bonds when due. It shall be the duty of the County to cause to be transferred to the Paying Agent prior to the date or dates on which such principal or interest fall due, such amount as, to the extent of the money in the Bond Fund, will be sufficient to pay all principal and interest falling due on such date or dates, and it shall be the duty of the Paying Agent to assure, to the extent of the money so transferred to the Paying Agent, prompt payment of the principal of and interest on the Parity Bonds.

E. After all payments and transfers shall have been made to the Bond Fund as provided in this Section and any deficiencies in any such transfer or transfers which may exist from any previous year have been remedied, all remaining Pledged Revenues shall constitute available revenues and may be used by the County for any lawful purpose. If at any time the moneys in the Bond Fund are not sufficient to make the transfers required, any such deficiency shall be made up from the first Pledged Revenues thereafter received and available for such transfers under the terms of the Bond Resolution, and the transfer of any such sum or sums to said fund or accounts as may be necessary to make up any such deficiency shall be in addition to the then-current transfers required to be made pursuant to the Bond Resolution.

Section 15. Resolution a Contract. This Resolution shall constitute a contract between the County and the registered owners of the 2009 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 2009 Bonds then outstanding.

Section 16. Additional Bonds.

A. The County covenants and agrees with the holders of the 2009 Bonds and any Parity Bonds that, so long as any Parity Bonds remain outstanding and the principal and interest thereon shall be unpaid or unprovided for, it will not further encumber the Pledged Revenues on a basis equal to the pledge for payment of Parity Bonds payable from the Pledged Revenues unless (i) the amount of Pledged Revenues received by the County in the twelve (12) month period immediately preceding the issuance of the proposed Additional Parity Bonds, as shown by a certificate of the chief administrative officer of the County (currently the Director of Finance of the County) or his or her designee, equals not less than two times the maximum annual debt service on all such Parity Bonds then outstanding and the Additional Parity Bonds proposed to be issued; (ii) all payments and deposits with respect to the Parity Bonds then outstanding are current; and (iii) no obligation payable from the Pledged Revenues is in default as to either principal or interest.

B. Subject to the foregoing, and to the other terms and conditions set forth herein, the County shall have the right to issue Additional Parity Bonds. This Resolution does not place any restriction on the County incurring additional payment obligations payable from the Pledged Revenues so long as those payment obligations are subject and subordinated to the County's payment obligations with respect to the 2009 Bonds and other Parity Bonds.

Section 17. Amendments.

A. The County may, without the consent of or notice to any of the owners of Parity Bonds, amend, supplement or modify the provisions of this Resolution or the Bond Resolution for one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission herein or to correct or supplement any provision herein which may be inconsistent with any other provision herein; (ii) to grant or confer upon the owners of Parity Bonds any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon. them; (iii) to secure additional revenues or provide additional security or reserves for payment of the Parity Bonds; (iv) to comply with the requirements of any state or federal securities laws or the Trust Indenture Act of 1939, as from time to time amended, if required by law or regulation lawfully issued thereunder; (v) to permit, if lawful, the issuance of Parity Bonds in book entry form not evidenced by physical certificates, or Parity Bonds in bearer form if, in the opinion of nationally recognized bond counsel received by the County, such action will not cause the interest on any Parity Bonds to become includable in gross income for purposes of federal income taxes; (vi) to preserve the exclusion of the interest on Parity Bonds from gross income for purposes of federal or State income taxes and to preserve the power of the County to continue to issue bonds or other obligations (specifically not limited to the 2009 Bonds authorized hereby) the interest on which is likewise exempt from federal and State income taxes; (vii) to make any other change or amendment hereto which does not materially adversely affect the interests of any owner of any Parity Bond; (viii) to provide for the refunding or advance refunding of any Parity Bonds, including the right to establish and administer an escrow fund and to take related action in connection therewith; (ix) to provide for the issuance of Parity Bonds as permitted by the provisions of this Resolution or the Bond Resolution; and (x) to make provisions and amendments applicable only to Parity Bonds sold or remarketed on the basis of the effectiveness of those provisions or amendments with respect to those Parity Bonds, or applicable only to Parity Bonds the owners of which are given reasonable notice of the proposed provisions or amendments and have the opportunity to tender their Parity Bonds for purchase prior to the effective date of the provisions or amendments.

B. Other than amendments, supplements or modifications referred to in subsection A above and subject to the terms and provisions and limitations contained in this subsection B and not otherwise, the owners of not less than a majority in principal amount of the Parity Bonds then outstanding, shall have the right, from time to time, anything contained herein to the contrary notwithstanding, to consent to and approve the effectiveness of such amendments, supplements and modifications to this Resolution or the Bond Resolution as shall be deemed necessary and desirable by the County for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein; provided, however, that nothing in this subsection B shall permit or be construed as permitting an amendment, supplement or modification which would: (i) extend the stated maturity of or time for paying interest on any Parity Bond or reduce the principal amount of or the redemption premium or rate of interest payable on any Parity Bond without the consent of the owner of such Parity Bond; (ii)

prefer or give a priority to any Parity Bond over any other Parity Bond without the consent of the owner of each Parity Bond then outstanding not receiving such preference or priority; (iii) reduce the principal amount of Parity Bonds then outstanding the consent of the owners of which is required to authorize such amendment, supplement or modification without the consent of the owners of all Parity Bonds then outstanding; (iv) reduce the redemption price of any Parity Bond upon optional redemption or reduce any period of time prior to commencement of any optional redemption period without the consent of the owner of such Parity Bond; or (iv) reduce the tender price payable or extend the time of payment of the purchase price of any Parity Bond upon optional or mandatory tender for purchase.

C. When the County determines that the requisite consents have been obtained for an amendment, supplement or modification requiring consent of the owners of Parity Bonds, the County shall date and file a certificate to that effect in its records and shall notify the registrars and paying agents for all Parity Bonds. Such determination shall be conclusive and no action or proceeding to invalidate the amendment, supplement or modification shall be instituted or maintained unless commenced within 60 days after the filing of such certificate. Upon the filing of such certificate, the amendment, supplement or modification shall become effective without liability or responsibility to any owner of any Parity Bond, whether or not such owner shall have consented thereto. Consent of owners of Parity Bonds may be evidenced by such Parity Bonds being sold or remarketed on the basis of the effectiveness of the proposed amendment, amendment, supplement or modification or modification or in any other manner in accordance with subsection B hereof. If the amendment, supplement or modification will not take effect so long as any particular Parity Bonds remain outstanding, the consent of the owners of such Parity Bonds shall not be required and such Parity Bonds shall not be deemed to be outstanding for the purpose of determining the required consents. It shall not be necessary for the consent of the owners of Parity Bonds to approve the particular form of any proposed amendment, supplement or modification, but it shall be sufficient if consent is given to the substance thereof. Any such consent shall be binding upon the owner of the Parity Bond giving such consent and upon any subsequent owner of such Parity Bond and of any Parity Bond issued in exchange therefor, whether or not such subsequent owner thereof has notice thereon, unless such consent is revoked in writing by the owner of such Parity Bond giving such consent or by a subsequent owner thereof by filing such revocation in writing with the County, prior to the effectiveness of such amendment, supplement or modification. If the owners of the required amount or number of the Parity Bonds outstanding shall have consented to and approved the execution of such amendment, supplement or modification as herein provided, no owner of any Parity Bond shall have any right to object to the execution thereof, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the effectiveness thereof, or to enjoin or restrain the County from taking any action pursuant to the provisions thereof. In making any amendment, supplement or modification permitted by this Section, the County shall be entitled to rely upon an opinion of nationally recognized bond counsel stating that the effectiveness of such amendment, supplement or modification is authorized or permitted hereby. Upon the execution and delivery of any amendment, supplement or modification in accordance with this Section, the provisions hereof shall be modified in accordance therewith and such Amendment, supplement or modification shall form a part hereof for all purposes and every owner of a Parity Bond theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 18. Providing for Payment of Bonds. If payment of all principal of, premium, if any, and interest on all of the Parity Bonds in accordance with their terms and as provided herein is made, or is provided for in accordance with this Section, then the pledge of the Pledged Revenues granted for the Parity Bonds shall cease. The County may at any time surrender to the Registrar for cancellation any Parity Bonds previously authenticated and delivered which the County may have acquired in any manner whatsoever and such Parity Bonds upon such surrender and cancellation shall be deemed to be paid and retired. Any Parity Bond or portion thereof in authorized denominations may be deemed paid and defeased in accordance with this Section. Any Parity Bond or portion thereof shall be deemed paid and defeased: (i) if there is deposited with a bank or comparable financial institution, in trust, moneys or obligations of the United States Government ("Defeasance Obligations") or both which, with the maturing principal of and interest on such Defeasance Obligations, if any, will be sufficient, as evidenced by a certificate or report of an accountant, to pay the principal of and interest and any premium on such Parity Bond or portion thereof as the same matures, comes due or becomes payable upon prior redemption, and (ii) if such defeased Parity Bond or portion thereof is to be redeemed, notice of such redemption has been given in accordance with provisions thereof or the County has submitted to the registrar instructions expressed to be irrevocable as to the date upon which such Parity Bond or portion thereof is to be redeemed and as to the giving of notice of such redemption. Parity Bonds the payment of which has been provided for in accordance with this Section shall no longer be deemed outstanding hereunder or secured hereby. The obligation of the County in respect of such Parity Bonds shall nevertheless continue but the owners thereof shall thereafter be entitled to payment only from the moneys or Defeasance Obligations deposited to provide for the payment of such Parity Bonds.

Section 19. Use of Proceeds.

A. Premium received for the 2009 Bonds shall be deposited in the Bond Fund in an amount specified by the Director of Finance of the County or his designee.

B. Such amount as shall be required by the Depository Trust Agreement (as defined below) shall be deposited with the Depository Trustee (as defined below) and applied in the manner provided in the Depository Trust Agreement in connection with the refunding of the Bonds to be Refunded

C. The balance of the proceeds from the sale of the 2009 Bonds shall be set aside in a separate special fund and used solely for the purpose approved by the electors of the County at the Bond Election.

D. Pending any disbursement(s) as set forth in subsection A above, the County Treasurer is directed to invest the proceeds from the sale of the 2009 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 20. Tax Covenants.

A. The County recognizes that the purchasers and owners of the 2009 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 2009 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 2009 Bonds in such manner and to such extent as may be necessary so that (i) the 2009 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 2009 Bonds will not be an item of tax preference under Section 57 of the Code. For purposes of this Section 17, 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 2009 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 2009 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 2009 Bonds (the "Tax Compliance Certificate") relating to the 2009 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 2009 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 2009 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 2009 Bonds; and (iii) give one or more appropriate certificates, for inclusion in the transcript of proceedings for the 2009 Bonds, setting for the reasonable expectations of the County regarding the amount and use of all the proceeds of the 2009 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 2009 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 2009 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 2009 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 2009 Bonds to be issued in, or converted into, bearer or coupon form if such action would cause interest on the 2009 Bonds to be included in gross income for federal income tax purposes.

Section 21. Continuing Disclosure Undertaking. The County also recognizes that the initial purchaser of the 2009 Bonds may be 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 2009 Bonds as an underwriter. In order to assist the initial purchaser in complying with the Rule, the County will enter into a Continuing Disclosure Undertaking with respect to the 2009 Bonds, and a Continuing Disclosure Undertaking in substantially the form presented to 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 22. Official Statement. The Director of Finance of the County or his designee is hereby authorized and directed to prepare or authorize to be prepared, and to complete, a final Official Statement (the "Official Statement") relating to the original issuance of the 2009 Bonds in substantially the form of the Preliminary Official Statement (the "Preliminary Official Statement") prepared in connection with the original issuance of the 2009 Bonds, with such additions, deletions and modifications consistent with this Resolution as shall be approved by the Director of Finance of the County or his designee. If and to the extent applicable, the Director of Finance of the County or his designee shall certify or otherwise represent that the Preliminary Official Statement, in original or revised form, is a "deemed final" official statement (except for permitted omissions) of the County as of a particular date and that a completed version is a "final" official statement for purposes of the Rule. The distribution and use of the Preliminary

Official Statement and the final Official Statement by the County and the original purchaser of the 2009 Bonds is hereby authorized, ratified, confirmed and approved.

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 2009 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 23. Authorization to Purchase Government Obligations. The Depository Trustee is hereby authorized to purchase United States Government Obligations to be purchased and held pursuant to the provisions of the Depository Trust Agreement. The maturing principal of and interest income earned on said United States Government Obligations will be calculated to be sufficient to pay when due all principal of and interest and, where applicable, premium on the Bonds to be Refunded. An opinion of a firm of qualified certified public accountants will be provided as to the arithmetical accuracy of such calculations. The yields on the investments purchased with the proceeds of the Bonds held under the Depository Trust Agreement shall not exceed the yield permitted under the code and the regulations thereunder, as determined by the County's bond counsel upon a report of such certified public accountants.

Section 24. 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 riot 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 2009 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 25. 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 2009 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 Inviting Bids for the Purchase of Street and Highway Revenue Bonds 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.

Section 26. Emergency. It is necessary to utilize an emergency clause with this Resolution to make the award of the contract for the purchase of the 2009 Bonds effective immediately, thereby committing the purchaser to the interest rates the 2009 Bonds will bear, transferring the market risk of changes in interest rate levels from the County to the purchaser and permitting delivery of and payment for the 2009 Bonds to occur as soon as is possible.

WHEREAS, the immediate operation of the provisions of this Resolution is necessary for the preservation of the public peace, health and safety of the County, an emergency is hereby declared to exist, and this Resolution is enacted as an emergency measure and will be in full force and effect from and after its passage, adoption and approval by the Board of Supervisors, and it is hereby exempt from the referendum provisions of the Constitution and laws of the State of Arizona.

PASSED, ADOPTED AND APPROVED by the Board of Supervisors of Pima County, Arizona, on November 17, 2009.

PIMA COUNTY, ARIZONA

By: _____
Chairman, Board of Supervisors
NOV 17 2009

ATTEST:

By: _____
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE, SANDERS & DEMPSEY L.L.P.
Bond Counsel

By: _____
Timothy E. Pickrell

498485

EXHIBIT A TO RESOLUTION NO. 2009-302

Recommend the Board of Supervisors adopt Resolution No. 2009-302 Awarding $23,420,000 of Street and Highway Revenue, Series 2009 Bonds to the low bidder, Citigroup Global Market Inc., at a True Interest Cost of 3.726688%.

5:14:38 p.m. MST Upcoming Calendar | Overview | Compare | Summary

Bid Results

Pima County
$23,420,000 Street and Highway Revenue Bonds, Series 2009

The following bids were submitted using ***PARITY®*** and displayed ranked by lowest TIC.
Click on the name of each bidder to see the respective bids.

Bid Award*	Bidder Name	TIC
☑ Reoffering	Citigroup Global Markets Inc.	3.726688
☐	Merrill Lynch & Co.	3.757486
☐	Robert W. Baird & Co., Inc.	3.766327
☐	Morgan Stanley & Co Inc.	3.770773
☐	Wells Fargo Advisors	3.801786
☐	Hutchinson, Shockey, Erley & Co.	3.853654
☐	UBS Financial Services Inc.	4.008852
☐	Stone & Youngberg LLC	4.032999

*Awarding the Bonds to a specific bidder will provide you with the Reoffering Prices and Yields.

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Result

Citigroup Global Markets Inc.'s Reoffering Scale

Pima County

$23,420,000 Street and Highway Revenue Bonds, Series 2009

Maturity Date	Amount $	Coupon %	Yield %	Dollar Price	Call Date
07/01/2013	1,200M	3.0000	1.6000	104.852	
07/01/2014	1,185M	3.0000	2.0500	104.132	
07/01/2015	1,165M	3.0000	2.4000	103.115	
07/01/2016	1,140M	3.0000	2.7000	101.796	
07/01/2017	1,150M	3.0000	3.0500	99.662	
07/01/2018	1,140M	3.5000	3.3000	101.482	
07/01/2019	2,480M	4.0000	3.5000	104.037	
07/01/2020	2,575M	4.0000	3.6300	102.969	07/01/2019
07/01/2021	2,680M	4.0000	3.7500	101.994	07/01/2019
07/01/2022	2,790M	4.0000	3.8500	101.189	07/01/2019
07/01/2023	2,900M	4.0000	4.0000	100.000	
07/01/2024	3,015M	4.0000	4.0000	100.000	

Accrued Interest: $0.00

Gross Production: $23,860,141.80

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Upcoming Calendar | Overview | Result | Excel

Citigroup Global Markets Inc. - Los Angeles , CA's Bid

PARITY

Pima County
$23,420,000 Street and Highway Revenue Bonds, Series 2009

For the aggregate principal amount of $23,420,000.00, we will pay you $23,626,096.00, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount $	Coupon %	Bond Insurance
07/01/2013	1,200M	3.0000	
07/01/2014	1,185M	3.0000	
07/01/2015	1,165M	3.0000	
07/01/2016	1,140M	3.0000	
07/01/2017	1,150M	3.0000	
07/01/2018	1,140M	3.5000	
07/01/2019	2,480M	4.0000	
07/01/2020	2,575M	4.0000	
07/01/2021	2,680M	4.0000	
07/01/2022	2,790M	4.0000	
07/01/2023	2,900M	4.0000	
07/01/2024	3,015M	4.0000	

Total Interest Cost:	$9,335,100.83
Premium:	$206,096.00
Net Interest Cost:	$9,129,004.83
TIC:	3.726688
Total Insurance Premium:	$0.00

Time Last Bid Received On:11/17/2009 9:29:24 MST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Citigroup Global Markets Inc., Los Angeles , CA
Contact: kelly jocoy
Title:
Telephone:213-486-8817
Fax:

Issuer Name: Pima County Company Name: _____

Accepted By: _____ Accepted By: _____

EXHIBIT B TO RESOLUTION NO. 2009-302

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
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

Number: _____

Denomination: $_____

Interest Rate	Maturity Date	Original Issue Date	CUSIP
	July 1, 20__	_____, 2009	721882 ___

Registered Owner: CEDE & CO.

Principal Amount: _____ AND NO/100 DOLLARS

PIMA COUNTY, ARIZONA (the "County), for value received, hereby promises to pay, solely from the sources hereinafter described, 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, from such sources, interest on the unpaid principal amount at the interest rate shown above.

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

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2010, 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 as explained herein 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 office of U.S. Bank National Association.

This bond is one of an issue of bonds in the total principal amount of $23,420,000 of like tenor except as to maturity date, rate of interest and number, issued by the County to provide funds to refund outstanding street and highway revenue bonds of the County and to make those certain street and highway improvements approved by a majority vote of qualified electors voting at elections duly called and held in and for the County on November 4, 1997 pursuant to resolutions of the Board of Supervisors of the County (the "Board of Supervisors") duly adopted prior to the issuance hereof and pursuant to the Constitution and laws of the State of Arizona.

This bond is issued under the laws of Arizona, including specifically Title 11, Chapter 2, Article 12 of the Arizona Revised Statutes (the "Act"), and Resolutions adopted by the Board of Supervisors of the County on May 19, 1998, January 8, 2002, January 21, 2003, May 10, 2005, January 16, 2007, February 12, 2008 and November 17, 2009 (collectively, the "Bond Resolution"). Reference is hereby made to the Act and the Bond 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 and interest thereon shall be payable solely from the revenues received by the County from highway user taxes, including motor vehicle fuel taxes, and all other taxes, fees, charges or other monies returned to the County pursuant to Title 28, Chapter 18, Article 2 and Section 42-6106 of the Arizona Revised Statutes (the "Pledged Revenues") on a parity of lien with certain outstanding bonds of the County and such additional bonds or obligations as may hereafter be issued on a parity therewith. The bonds shall not constitute a debt or general obligation of the County within the meaning of any constitutional or statutory debt limitation, nor shall payment of the bonds or interest or redemption premiums thereon be enforceable out of any funds other than the Pledged Revenues nor shall any owner of any bond have the right to compel any exercise of the taxing power of the County to make such payment. The County may issue additional bonds or obligations payable from the Pledged Revenues, on a parity with the bonds, upon satisfaction of the conditions set forth in the Act and the Bond Resolution.

Bonds maturing on or before July 1, 2019 are not subject to call for redemption prior to their respective maturity dates. The Bonds maturing on or after July 1, 2020 are subject to call for redemption on any date on or after July 1, 2019 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 Bond 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 authorizing 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. Tithe 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 authorizing issuance of the Bonds.

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.

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, Street and Highway Revenue Bonds, Series 2009, described in the Bond Resolution mentioned herein.

Date of Authentication: _____

U.S. BANK NATIONAL ASSOCIATION,
as Registrar

By: _____
Authorized Representative

ASSIGNMENT

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

_____
(Name and Address of Transferee)

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

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

Dated: _____

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

Signature Guaranteed: _____

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

ABBREVIATIONS

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

TEN COM —	as tenants in common	UNIF GIFT/TRANS MIN ACT--
TEN ENT —	as tenants by the entireties	_____ Custodian _____
JT TEN —	as joint tenants with right of survivorship and not as tenants in common	(Cust) (Minor) Under Uniform Gifts/Transfers to Minors Act _____ (State)

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

EXHIBIT C TO RESOLUTION NO. 2009-__

FORM OF DEPOSITORY TRUST AGREEMENT

SSD DRAFT OF 10/05/09

DEPOSITORY TRUST AGREEMENT

between

PIMA COUNTY, ARIZONA

and

U.S. BANK NATIONAL ASSOCIATION

as Depository Trustee

Dated as of November 1, 2009

providing payment for certain

PIMA COUNTY, ARIZONA

STREET AND HIGHWAY REVENUE BONDS, SERIES 2002

DEPOSITORY TRUST AGREEMENT

THIS DEPOSITORY TRUST AGREEMENT, dated as of November 1, 2009 (this "Agreement"), between PIMA COUNTY, ARIZONA (the "County") and U.S. BANK NATIONAL ASSOCIATION, as Trustee under the hereinafter-described Trust Agreement and as Depository Trustee (the "Depository Trustee" or the "Trustee"),

W I T N E S S E T H:

WHEREAS, the County has previously issued, and now desires to refund in advance of their respective maturities, the bonds identified on Exhibits A-1, A-2 and A-3 attached hereto (collectively, the "Bonds to be Refunded"); and

WHEREAS, the County, by a resolution adopted on November 17, 2009 (the "Bond Resolution"), has authorized the issuance and sale of the County's Street and Highway Revenue Bonds, Series 2009 (the "2009 Bonds"), and the application of a portion of the proceeds from the sale of such bonds to refund and redeem in advance of their maturities the Bonds to be Refunded and pay certain costs of issuance relating to the 2009 Bonds (the "Bond Proceeds"); and

WHEREAS, pursuant to the Bond Resolution, the County has sold and delivered the 2009 Bonds to the purchaser thereof against payment therefor and the Bond Proceeds shall be applied, in part, to pay the issuance costs of the 2009 Bonds and to purchase obligations issued or guaranteed by the United States Government (hereinafter referred to as "Government Obligations"), the maturing principal of and investment income from which will be sufficient to pay the principal of, premium, and interest on the Bonds to be Refunded as such becomes due and to redeem the Bonds to be Refunded on the respective dates specified in Exhibit A attached hereto; and

WHEREAS, the Bond Resolution approves the execution and delivery of this Agreement with the Depository Trustee for the purpose of creating an irrevocable trust for the administration and safekeeping of the Government Obligations and other moneys to be held in trust for, and irrevocably pledged to, the payment of the Bonds to be Refunded; and

WHEREAS, the Depository Trustee agrees to accept and administer the trust for such purpose created hereby,

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements hereinafter contained, IT IS HEREBY AGREED as follows:

Section 1. Definitions. For the purpose of this Depository Trust Agreement, unless the context otherwise requires, the following words and phrases shall have the following meanings:

"Bonds to be Refunded" means the County's Street and Highway Revenue Bonds, Series 2002, identified on Exhibit A attached hereto.

"Acquired Obligations" means any security listed in Exhibit B attached hereto.

"Bond Counsel" means a firm of attorneys of national reputation acceptable to the Depository Trustee and experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

"Business Day" means a day of the year (i) which is not a Saturday or Sunday, (ii) on which banks located in the city in which the principal corporate trust office of the Depository Trustee is located are not required or authorized to remain closed and (iii) on which the New York Stock Exchange is not closed.

"Code" means the Internal Revenue Code of 1986, as amended.

"Depository Trust Agreement" means this Depository Trust Agreement, dated as of November 1, 2009, between the County and the Depository Trustee.

"Depository Trustee" means U.S. Bank National Association and its successors, as the Depository Trustee under this Depository Trust Agreement.

"Expense Account" means the account so named created pursuant to Section 12 hereof.

"Report" means the written verification report addressed to the Depository Trustee by Grant Thornton, LLP, certified public accountants, of the accuracy of the arithmetical computations of the adequacy of the maturing principal of and interest on the investments held by Depository Trustee in the trust accounts created hereunder to pay, when due, principal, premium, if any, and interest, on the Bonds to be Refunded as the same become due.

"State" means the State of Arizona.

"Trust Account" means the trust fund so named created pursuant to Section 3 hereof.

Section 2. Acknowledgment by Depository Trustee. The Depository Trustee acknowledges receipt of copies of this Depository Trust Agreement and the Report.

Section 3. Creation of Trust Account; Payment of Debt; Costs of Issuance Fund.

(a) The County hereby declares this Depository Trust Agreement to be an irrevocable trust made for the benefit of the holders of the Bonds to be Refunded, as their respective interests may appear (the "Beneficiaries").

In the event that this Depository Trust Agreement is ever declared void, made voidable, terminated or canceled for any reason, the express trust created herein shall continue for the benefit of the Beneficiaries, and the County shall use its best efforts to obtain a qualified successor bank to act as Depository Trustee hereunder. In the further event that no successor depository trustee shall qualify to succeed as trustee hereunder, the trust herein declared shall not terminate, and the County shall hold the moneys and Acquired Obligations then on deposit in the hereinafter described Trust Account in trust for the Beneficiaries.

(b) The County shall cause to be deposited with the Depository Trustee the aggregate sum of $_____. The Depository Trustee shall deposit $_____ of such moneys in

the Expense Account described in Section 12 hereof. The Depository Trustee agrees to hold the remaining amount of the deposit and all investments made with such moneys and all earnings from investment and reinvestment of such moneys as a special trust fund (the "Trust Account") separate from all other funds and investments held by the Depository Trustee.

(c) The amounts credited to the Trust Account, other than an initial cash balance of $_____, shall be applied immediately to create the portfolio of moneys and Acquired Obligations described in Exhibit B attached hereto. The Depository Trustee shall keep adequate and accurate records of such moneys, Acquired Obligations and investment earnings thereon and all payments from the Trust Account. The Depository Trustee shall not redeem the Acquired Obligations in advance of their maturity dates except as provided in this Depository Trust Agreement. Amounts earned on investments held in the Trust Account shall be deposited, as and when the same are earned, thereto.

(d) If on the date of the deposit to the Trust Account (the "Closing Date"), the Depository Trustee shall not receive from the seller thereof any of the Acquired Obligations listed in Exhibit B attached hereto ("Failed Escrow Securities"), the Depository Trustee shall accept, as temporary substitutes, at the same purchase price, other Government Obligations (collectively, "Substitute Escrow Securities"), the payments on which are scheduled to provide, as determined by an independent certified public accountant, at least the same amounts of moneys on or before the same dates as the Failed Escrow Securities for which they are substituted. The Depository Trustee may rely upon the opinion of independent public accountants that the condition in the preceding sentence is satisfied.

If Substitute Escrow Securities are delivered thereafter, upon delivery by the seller to the Depository Trustee of Failed Escrow Securities together with any amounts paid thereon subsequent to the Closing Date, the Depository Trustee shall return to the seller an amount of Substitute Escrow Securities, and any amounts paid thereon subsequent to the Closing Date, corresponding to the Failed Escrow Securities which the Substitute Escrow Securities replaced.

The moneys and Acquired Obligations credited to the Trust Account and all proceeds thereof are pledged solely to payment of principal of and interest or redemption premium on the Bonds to be Refunded to the extent necessary for such payment and shall be used solely for that purpose except as otherwise expressly provided herein. To secure such payment, the Beneficiaries are granted a security interest in such moneys and Acquired Obligations and proceeds thereof to the extent necessary for such payment.

Section 4. Payment of Bonds to be Refunded; Notices.

(a) The Depository Trustee is hereby irrevocably authorized and directed to remit to the Paying Agent or Paying Agents for the Bonds to be Refunded in sufficient time to make payments of principal, premium, is any, and interest on the Bonds to be Refunded, when due, the respective amounts due on such payment dates for the Bonds to be Refunded in accordance with Exhibit D attached hereto. The Paying Agent for the Bonds to be Refunded is set forth on Exhibit A attached hereto.

(b) The Depository Trustee is also authorized and directed to mail notice of the advance refunding of the Bonds to be Refunded, in substantially the form set forth as Exhibit C attached hereto, to each registered owner of a Bond to be Refunded, such mailing to take place within a reasonable time after creation of the Trust Account.

(c) The Depository Trustee hereby acknowledges receipt of notice of the County's irrevocable election to call the Bonds to be Refunded for redemption on the redemption date set forth on Exhibit A and the Depository Trustee is hereby also authorized and directed to mail notices of redemption to each registered owner of a Bond to be Refunded, such mailing to take place at least 30 but not more than 60 days prior to the redemption date.

Section 5. Application of Moneys; Reinvestment; Liquidation. The Depository Trustee shall, at all times, hold the Acquired Obligations and all moneys in the Trust Account for the account of the County and for the benefit of the Beneficiaries, shall maintain the Trust Account wholly segregated from other funds and securities on deposit with the Depository Trustee, shall never commingle such Acquired Obligations and other moneys with other funds or obligations of the Depository Trustee, and shall never at any time use, loan or borrow the same in any way.

Notwithstanding the foregoing, the Depository Trustee may liquidate investments and reinvestments held in the Trust Account in advance of their maturity dates, and may reinvest or otherwise disburse the liquidation proceeds or other amounts only upon receipt of:

(a) Written instructions from the County to do so;

(b) An opinion of Bond Counsel to the effect that such action will not adversely affect the exclusion from gross income for purposes of Federal income taxation of the interest income on the Bonds to be Refunded, and will not cause the Bonds to be Refunded to become "arbitrage bonds" as that term is defined in Section 148 of the Code; and

(c) A report from an independent certified public accountant or firm of independent certified public accountants whose members are also members of the American Institute of Certified Public Accountants and acceptable to the Depository Trustee and the County, verifying the accuracy of the arithmetical computations of the adequacy of the proceeds from the liquidation, if any, together with any additional deposits and the maturing principal of and interest of Acquired Obligations, if any, to be acquired by the Depository Trustee in accordance with the County's instructions, to pay, when due, without reinvestment the amounts to be paid from the Trust Account as provided herein.

Notwithstanding any provision herein to the contrary, all reinvestments shall be in Acquired Obligations, and the Depository Trustee shall rely upon the report to show that such Acquired Obligations shall mature on or before the dates required to pay, when due, the principal of and interest and redemption premium, if any, of the Bonds to be Refunded and in an amount at least equal to the purchase price thereof.

Section 6. Security for Deposits. Any moneys credited to the Trust Account which are not invested in Acquired Obligations as provided herein, shall be held as cash and shall at all times be insured by the Federal Deposit Insurance Corporation or be secured by Acquired Obligations at least equal in value to the amount of such moneys.

Section 7. Certain Covenants. The County covenants that:

(a) It will take no action or fail to take any action, either directly or through affiliates, which action or failure to take action would adversely affect the exemption from federal income taxation of the interest income on any of the Bonds to be Refunded.

(b) It will not take or direct any action which will cause the Bonds to be Refunded to become "arbitrage bonds" as that term is defined in Section 148(a) of the Code.

(c) It will preserve the validity of the Bonds to be Refunded and the exclusion from gross income for purposes of federal income tax of interest on the Bonds to be Refunded.

Section 8. Acceptance. The Depository Trustee shall have only the duties set forth herein with no liability in connection with any action or omission to act hereunder, except for its own negligence, willful misconduct or breach of trust, and no liability for payments on the Bonds to be Refunded except from the funds herein pledged for that purpose. By executing this Depository Trust Agreement, the Depository Trustee shall evidence its acceptance of the powers, duties and responsibilities bestowed upon and requested of the Depository Trustee under the terms hereof.

Section 9. Reports. On or prior to January 15, 2010 and July 15, 2010, the Depository Trustee shall submit to the County a report covering all moneys it shall have received and all payments it shall have made under the provisions hereof for the immediately preceding semiannual period until the Bonds to be Refunded have been paid and redeemed.

Section 10. Responsibilities and Indemnification.

(a) The Depository Trustee shall have no responsibility or liability for any action taken in accordance with the express provisions hereof and shall have no liability for the genuineness of any investments made or received hereunder or for any loss resulting from any investments made pursuant hereto. In the event the Depository Trustee is required or permitted hereby, or is requested hereunder, to take any action (or refrain from taking any action) which exposes the Depository Trustee to unreasonable risk of liability or expense, the Depository Trustee shall have no duty to take (or refrain from taking) any such action until the Depository Trustee has been furnished with indemnity adequate, in its sole judgment, to protect the Depository Trustee, its directors, officers, employees, agents and attorneys for, from and against such liability or expense, and all reasonable costs and expenses (including reasonable attorneys' fees) in connection therewith, or until its duty as to any such action (or inaction) shall have been finally adjudicated by a court of competent jurisdiction and all applicable periods in which to appeal or seek appellate review have expired.

(b) The County agrees, to the extent permitted by law, to indemnify and hold the Depository Trustee, its directors, officers, employees, agents and attorneys harmless for, from and against any and all claims, liabilities, judgments, losses, costs and expenses (including reasonable attorneys' fees) arising from the Depository Trustee's performance of its duties hereunder. Such indemnification shall not extend to claims successfully brought against the Depository Trustee, its directors, officers, employees, agents or attorneys, for, or liabilities, losses, costs and expenses incurred as a result of, the Depository Trustee's own negligence, willful misconduct or breach of trust. In the event any action or proceeding is instituted or pending against the Depository Trustee, its directors, officers, employees, agents or attorneys by reason of the Depository Trustee's performance of its duties hereunder, the County may, at its election, assume the defense of any such action or proceeding with counsel satisfactory to the indemnified party. If any such action or proceeding includes any claims alleging the Depository Trustee's own negligence, willful misconduct or breach of trust in the performance of its duties hereunder, the indemnified party shall reimburse the County its expenses (including reasonable attorneys' fees), if any, of assuming the defense of such action or proceeding if it is determined by a final judgment of a court of competent jurisdiction that the said party is not entitled to be indemnified by the County as authorized in this Section 10(b). The County may, without the prior approval of the indemnified party, settle any such action or proceeding on such terms as may be acceptable to the County provided the County assumes all responsibility and liability in connection with any such settlement. Any such settlement shall not, of itself, create a presumption as to the merits of any claims alleging the Depository Trustee's own negligence, willful misconduct or breach of trust in the performance of its duties hereunder.

Section 11. Fees. The Depository Trustee hereby acknowledges receipt of its fee in the amount of $_____. Except as otherwise expressly provided herein, such fees, which the County hereby agrees to pay on or promptly after the Closing Date, constitute all payments the Depository Trustee shall receive with respect to services hereunder; provided, however, that the County also agrees to pay or reimburse the Depository Trustee for any unusual or extraordinary costs incurred by it in performance of its duties and to pay the Depository Trustee its usual and customary fees and to reimburse the Depository Trustee for its reasonable costs (including reasonable attorneys' fees) in connection with the redemption of the Bonds to be Refunded. Notwithstanding the foregoing, the Depository Trustee shall be obligated to perform its duties hereunder if it does not receive the fees payable to it hereunder. Except as specifically provided in the first sentence of Section 16 hereof, the Depository Trustee shall have no lien nor assert any lien on moneys or investments in the Trust Account securing payment of its fees or expenses.

Section 12. Expense Account. The Depository Trustee is hereby authorized and directed to pay solely from the $_____ of moneys deposited with the Depository Trustee as described in Section 3 hereof for such purpose, the costs and expenses associated with the prepayment and defeasance of Bonds to be Refunded to the parties and in the amounts set forth on Schedule I attached hereto, upon presentation of an invoice, except the Depository Trustee does not need to present an invoice. Amounts deposited with the Depository Trustee for such purpose shall be held in a separate account (the "Expense Account") and shall not constitute a part of the Trust Account created with respect to the Bonds to be Refunded. Any moneys remaining in the Expense Account after all authorized expenses have been paid or after December 31, 2009 shall be transferred into the Bond Fund established in the Bond Resolution. Amounts in the Expense Account shall be invested as directed by the County in writing.

Section 13. Assignment. The rights and duties of the Depository Trustee under this Depository Trust Agreement shall not be assigned to any other person, corporation, partnership or trustee unless the Depository Trustee is required by law to divest, or does divest, itself of its trust department or unless the Depository Trustee shall sell or assign substantially all of its trust business in which event the trust hereunder shall be continued by the Depository Trustee's successor in interest.

Section 14. Right to Deal in Bonds. The Depository Trustee may in good faith buy, sell or hold and deal in any Bonds to be Refunded with like effect as if it were not such Depository Trustee but such action shall not abrogate, alter or diminish any duty of the Depository Trustee as the depository trustee under this Depository Trust Agreement.

Section 15. Irrevocability; Amendments. The parties hereto recognize that the holders of the Bonds to be Refunded have a beneficial and vested interest in the moneys and investments in the Trust Account to pay when due principal of and redemption premiums, if any, on the Bonds to be Refunded. It is therefore recited, understood and agreed by the parties hereto that this Depository Trust Agreement shall not be revoked or amended without the consent of the holders of 100% of the aggregate principal amount of the Bonds to be Refunded, except that this Depository Trust Agreement may be amended without notice to or consent of the holders of the Bonds to be Refunded for one or more of the following purposes:

(a) To insert any unintentionally omitted material or to cure any formal defect or omission or to cure any ambiguity, provided any such amendment shall not, in the opinion of the Depository Trustee (in reliance upon an opinion of counsel), materially adversely affect the interests of the holders of the Bonds to be Refunded;

(b) To grant or confer upon the holders of the Bonds to be Refunded any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon them;

(c) To secure or provide additional revenues or security or reserves for the payment of the Bonds to be Refunded; or

(d) To reflect the severance of any section, paragraph, subdivision, sentence, clause or phrase hereof which has been held illegal or unenforceable.

Section 16. Termination. When all amounts payable on the Bonds to be Refunded have become due and the Depository Trustee has on deposit all moneys necessary for the payment of such amounts, and in any event on the Business Day following the date on which the last of the Bonds to be Refunded is to be retired, the Depository Trustee shall deposit all moneys and investments credited to the Trust Account and not needed for payment of principal of and interest on the Bonds to be Refunded or fees and expenses of the Depository Trustee into the Bond Fund established in the Bond Resolution. Any moneys held by the Depository Trustee or any paying agent for the payment of the principal of and interest on any Bonds to be Refunded remaining unclaimed for four years after the principal of all Bonds to be Refunded has become due and payable shall then be paid to the Bond Fund established in the Bond Resolution and the holders of any Bonds to be Refunded not theretofore presented for payment shall thereafter be

entitled to look only to the County for payment thereof and all liability of the Depository Trustee and any paying agent with respect to such moneys shall thereupon cease and this Depository Trust Agreement shall terminate. Any claims of the Depository Trustee against the County for amounts due the Depository Trustee pursuant to Sections 10 and 11 hereof shall survive the termination of this Depository Trust Agreement.

Section 17. Severability. If any section, paragraph, subdivision, sentence, clause or phrase hereof shall for any reason be held illegal or unenforceable, such decision shall not affect the validity of the remaining portions hereof. If any provision hereof contains an ambiguity which may be construed as either valid or invalid, the valid construction shall be adopted.

Section 18. Applicable Laws. This Depository Trust Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State.

Section 19. Headings for Reference Only. The headings herein are inserted for reference only and shall not define or limit the provision hereof.

Section 20. Counterparts. This Depository Trust Agreement may be executed in several counterparts, each of which shall be an original, but all of which together shall constitute but one instrument.

Section 21. Notices. All notices, consents or other communications required or permitted to be made hereunder to the parties hereto shall be deemed sufficient if given in writing, addressed and mailed by certified or registered mail, postage prepaid as follows:

To the County:	Pima County, Arizona 130 West Congress, 6th Floor Tucson, Arizona 85701 Attention: Finance and Risk Management Director
To the Depository Trustee or the Trustee:	U.S. Bank National Association 101 North First Avenue, Suite 1600 Phoenix, Arizona 85003 Attention: Corporate Trust Services

or to such other address as such party may hereafter designate by notice in writing addressed and mailed or delivered to each other party hereto.

Section 22. Statutory Notice Regarding Cancellation of Contracts. As required by the provisions of Arizona Revised Statutes Section 38-511, as amended, notice is hereby given that the County may cancel any contract, without penalty or further obligation, made by the County if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the County is, at any time while the contract or any extension of the contract is in effect, an employee 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. The cancellation shall be effective when written notice from the County's Board of Supervisors is received by all other parties to the contract unless the notice specifies a later time. All parties

represent that to the best of their knowledge, no basis exists for the County to cancel this Depository Trust Agreement pursuant to Arizona Revised Statutes Section 38-511 as of the date hereof. The Depository covenants not to employ as an employee, an agent or, with respect to the subject matter of this Depository Trust Agreement, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this Depository Trust Agreement on behalf of the County within 3 years from execution of this Depository Trust Agreement, unless a waiver of A.R.S. § 38-511 is provided by the County's Board of Supervisors.

Section 23. Certain Warranties and Certifications from the Depository Trustee.

(a) To the extent applicable under Arizona Revised Statutes ("A.R.S.") § 41-4401, the Depository Trustee, in its capacity as Depository Trustee hereunder, including its subcontractors who work on this Depository Trust 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 Depository Trustee of the foregoing shall be deemed a material breach by the Depository Trustee of this Depository Trust Agreement and may result in the termination of its role as Depository Trustee hereunder and its replacement with a successor in such capacity. The County retains the legal right to randomly inspect the papers and records of the Depository Trustee to ensure that the Depository Trustee is complying with the above-mentioned warranty. The Depository Trustee shall keep such papers and records open for random inspection by the County during normal business hours. The Depository Trustee 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.

(b) Pursuant to A.R.S. §§ 35-391.06 and 35-393.06, the Depository Trustee certifies that it does not have a scrutinized business operation in Sudan or Iran. For the purpose of this subsection, 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 Depository Trustee submitted a false certification, the County may impose remedies as provided by law, including termination of its role as Depository Trustee hereunder and its replacement with a successor in such capacity.

IN WITNESS WHEREOF, the parties hereto have caused this Depository Trust Agreement to be signed in their names and on their behalf by their duly authorized officers, all as of the date and year first above written.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee and Depository Trustee

By: _____
Vice President

PIMA COUNTY, ARIZONA

By: _____
Chairman, Board of Supervisors

ATTEST:

By: _____
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE, SANDERS & DEMPSEY L.L.P.,
Bond Counsel

By: _____
Timothy E. Pickrell

[Signature page of Depository Trust Agreement]

EXHIBIT A
TO
DEPOSITORY TRUST AGREEMENT

Bonds to be Refunded

Street and Highway Revenue Bonds, Series 2002

Maturity Date (July 1)	Outstanding Principal Amount	Principal Amount Refunded	Redemption Date	Redemption Price
2010	$6,060,000	$2,400,000	7/1/2010	100%
2011	6,345,000	2,900,000	7/1/2010	100
2012	6,650,000	3,000,000	7/1/2010	100

Bond Registrar and Paying Agent: _____

EXHIBIT B
TO
DEPOSITORY TRUST AGREEMENT

ACQUIRED OBLIGATIONS

Type	Maturity Date	Par Amount	Coupon	Cost
SLGS-CI	01/01/2010			
SLGS-CI	07/01/2010			

500172.4

EXHIBIT C
TO
DEPOSITORY TRUST AGREEMENT

NOTICE OF ADVANCE REFUNDING

THIS IS NOT A NOTICE OF REDEMPTION. THIS NOTICE IS FOR INFORMATIONAL PURPOSES ONLY AND DOES NOT REQUIRE OR SOLICIT THE PRESENTMENT TO SURRENDER OR EXCHANGE THE DESCRIBED BONDS AT THIS TIME.

PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2002
Dated: January 1, 2002

Maturity Dates Being Refunded	Outstanding Balance	Principal Balances Being Refunded	CUSIP ( )
07/1/2010	$6,060,000	$2,400,000	
07/1/2011	6,345,000	2,900,000	
07/1/2012	6,650,000	3,000,000	

NOTICE IS HEREBY GIVEN that the above-referenced bonds have been refunded in advance of their stated maturity dates by the establishment of an irrevocable trust account with U.S. Bank National Association, as Trustee. According to a Report by Grant Thornton LLP, certified public accountants, the moneys and obligations issued or guaranteed by the United States of America, which have been deposited in the irrevocable trust are scheduled to provide funds in amounts sufficient to pay interest due on the bonds prior to their redemption date, and call for redemption and to redeem on their redemption date, the principal called for redemption plus the indicated redemption premium expressed as a percentage of the principal amount of the bonds redeemed, and accrued and unpaid interest due on the bonds.

The CUSIP Numbers provided are listed as a convenience only and the Depository Trustee does not certify as to their correctness or completeness.

Dated: _____, 2009.

U.S. BANK NATIONAL ASSOCIATION,
as Depository Trustee

EXHIBIT D
TO
DEPOSITORY TRUST AGREEMENT

DEBT SERVICE

Bonds to be Refunded

Payment Date	Principal Retired	Interest	Premium	Total
01/01/2010	-0-			
07/01/2010	$8,300,000			

SCHEDULE I

Costs and Expenses

Payee	Amount

TOTAL:

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

In the opinion of Squire, Sanders & Dempsey L.L.P., 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.

$23,420,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

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

The Street and Highway Revenue Bonds, Series 2009 (the "Bonds") are being issued by Pima County, Arizona (the "County") in accordance with applicable State of Arizona law. The Bonds are issued in the form of fully registered bonds in denominations of $5,000 and integral multiples thereof and will bear interest from the date of the Bonds to the date of maturity or prior redemption of each of the Bonds. Interest on the Bonds is payable semiannually on each January 1 and July 1 (each an "Interest Payment Date"), commencing July 1, 2010. Interest will be paid on each Interest Payment Date by check mailed by the paying agent to each registered owner of the Bonds at the address shown on the registration books (the "Bond Register") 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, or by wire transfer upon two days prior written request delivered to the paying agent specifying a wire transfer address in the continental United States by any registered owner owning an aggregate principal amount of at least $1,000,000. Principal of the Bonds will be payable at the designated corporate trust office of U.S. Bank National Association, or any successor thereto, as registrar and paying agent.

The Bonds are subject to redemption prior to their stated maturities as described herein.

The Bonds are being issued (i) to make various street and highway improvements within the County, (ii) to refund in advance of maturity portions of certain outstanding street and highway revenue bonds of the County, and (iii) to pay costs related to the issuance of the Bonds. Principal of and interest on the Bonds is payable solely from taxes, fees, charges and other moneys collected by the State of Arizona and returned to the County for street and highway purposes pursuant to Title 28, chapter 18, Article 2, Arizona Revised Statutes, on a parity with the outstanding street and highway revenue bonds of the County and any additional street and highway revenue bonds hereafter issued as provided herein. See "SECURITY AND SOURCES OF PAYMENT" and "PLAN OF REFUNDING" herein.

The Bonds do not constitute a debt, general obligation or pledge of the full faith and credit of the County nor is the County obligated to levy or collect any form of ad valorem taxes with respect to the Bonds.

The County initially intends to utilize the book-entry-only system of The Depository Trust Company ("DTC"), although the County and DTC each reserve the right to discontinue that system at any time. Utilization of the book-entry-only system will affect the method and timing of payment and the method of transfer of beneficial interests in the Bonds. So long as the book-entry-only system is in effect, the County will issue a single fully-registered bond for each maturity registered in the name of Cede & Co., as nominee of DTC, and will make all payments of principal and interest to Cede & Co. DTC will be responsible for distributing the principal and interest payments to its direct and indirect participants which will, in turn, be responsible for distribution to the purchasers of beneficial interests in the Bonds pursuant to this offering (the "Beneficial Owners"). So long as the book-entry-only system is in effect and Cede & Co., as nominee of DTC, is the registered owner of the Bonds, all references herein to owners of the Bonds and provisions for consents by owners of the Bonds will refer to and be solicited from Cede & Co. and not the Beneficial Owners.

Maturity Schedule

Due July 1	Principal Amount	Interest Rate	Yield	Due July 1	Principal Amount	Interest Rate	Yield
2013	$1,200,000	3.00%	1.60%	2019	$2,480,000	4.00%	3.50%
2014	1,185,000	3.00	2.05	2020	2,575,000	4.00	3.63
2015	1,165,000	3.00	2.40	2021	2,680,000	4.00	3.75
2016	1,140,000	3.00	2.70	2022	2,790,000	4.00	3.85
2017	1,150,000	3.00	3.05	2023	2,900,000	4.00	4.00
2018	1,140,000	3.50	3.30	2024	3,015,000	4.00	4.00

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 are advised to read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds are offered when, as and if issued by the County subject to the approving opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, as to validity and tax exemption. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about December 2, 2009.

November 17, 2009

PIMA COUNTY, ARIZONA
BOARD OF SUPERVISORS

Richard Elías, *Chairman*

Sharon Bronson

Ray Carroll

Ann Day

Ramón Valadez

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

FINANCIAL ADVISOR

RBC Capital Markets Corporation
Phoenix, Arizona

BOND COUNSEL

Squire, Sanders & Dempsey L.L.P.
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.

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.

TABLE OF CONTENTS

	Page
INTRODUCTORY STATEMENT	1
THE BONDS	1
Authorization and Use of Funds	1
General Description	1
Redemption	2
Notice of Redemption	2
Book-Entry-Only System	2
Registration and Transfer	4
SECURITY AND SOURCE OF PAYMENT	4
General	4
Additional Bonds	4
Amendment of Bond Resolution	5
Defeasance	5
PLAN OF REFUNDING	5
MATHEMATICAL VERIFICATION	6
STREET AND HIGHWAY REVENUES	6
Highway User Tax Revenues	6
Distribution of Highway User Tax Revenues	7
Street and Highway Revenues Received by the County	9
STREET AND HIGHWAY REVENUE BONDED DEBT OUTSTANDING	10
STREET AND HIGHWAY REVENUE BOND DEBT SERVICE REQUIREMENTS AND DEBT SERVICE COVERAGE	10
LEGAL MATTERS	11
TAX MATTERS	11
Original Issue Discount and Original Issue Premium	12
LITIGATION	13
RATINGS	13
CONTINUING SECONDARY MARKET DISCLOSURE	13
FINANCIAL STATEMENTS	14
FINANCIAL ADVISOR	14
ADDITIONAL INFORMATION	14
CONCLUDING STATEMENT	14

Appendix A — Pima County, Arizona
General Economic and Demographic Information

Appendix B — Pima County, Arizona
Financial Information

Appendix C — Form of Opinion of Bond Counsel

Appendix D — Excerpts from Pima County, Arizona
Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2008

Appendix E — Continuing Disclosure Undertaking

$23,420,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

INTRODUCTORY STATEMENT

This Official Statement, including the cover page and the Appendices hereto, has been prepared by Pima County, Arizona (the "County") in connection with the original issuance and sale by the County of its Street and Highway Revenue Bonds, Series 2009 (the "Bonds") identified on the cover page hereof.

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.

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 11, Chapter 2, Article 12, Arizona Revised Statutes, and under the provisions of a resolution ordering the sale of Bonds adopted by the Board of Supervisors of Pima County, Arizona (the "Board") on September 15, 2009, and an authorizing Resolution adopted by the Board on November 17, 2009 (the "Bond Resolution"). The Bonds are to be issued for the purpose of (i) making certain street and highway improvements within the County; (ii) refunding in advance of maturity portions of certain outstanding street and highway revenue bonds of the County, and (iii) paying costs related to the issuance of the Bonds.

The Bonds offered herein (other than those issued for refunding purposes) represent a portion of the $350,000,000 authorization approved at a special bond election held in the County on November 4, 1997. After the issuance of the Bonds, the County will have $107,800,000 principal amount of authorized but unissued street and highway revenue 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 denominations of $5,000 or any integral multiple thereof. The Bonds will bear interest from their dated date, payable semiannually on January 1 and July 1 (each an "Interest Payment Date"), commencing July 1, 2010.

Interest will be paid on each Interest Payment Date by check mailed to each registered owner of the Bonds at the address shown on the registration books (the "Bond Register") maintained by the bond registrar 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"), or by wire transfer upon two days prior written request delivered to the paying agent specifying a wire transfer address in the continental United States by any registered owner owning an aggregate principal amount of Bonds of at least $1,000,000, and the principal of the Bonds will be payable at maturity upon surrender of the Bonds to the designated corporate trust office of U.S. Bank National Association, as the bond registrar and paying agent (the "Bond Registrar" or the "Paying Agent", as applicable).

Redemption

The Bonds maturing on or before July 1, 2019 are not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after July 1, 2020 are subject to redemption on any date on or after July 1, 2019 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

Notice of redemption of any Bond 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.

Book-Entry-Only System

THE INFORMATION PROVIDED UNDER THIS SUBHEADING "BOOK-ENTRY-ONLY SYSTEM" HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE COUNTY, BOND COUNSEL, OR THE FINANCIAL ADVISOR 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 Bond Resolution. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

Principal, interest and redemption payments on the Bonds will be made by the 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 Paying Agent, on payable dates 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 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 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 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 WILL HAVE RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (2) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE BONDS UNDER THE BOND RESOLUTION; (3) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; (4) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE BONDS; (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF BONDS; OR (6) ANY OTHER MATTERS.

So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, references herein to "Owner" or registered owners 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 Paying Agent to DTC only.

Registration and Transfer

The Bonds will be transferable only upon the Bond Register maintained by the Bond Registrar and only upon surrender of the Bond or Bonds to be transferred to the Bond Registrar with an appropriate instrument of transfer executed by the transferor.

SECURITY AND SOURCE OF PAYMENT

General

Both principal of and interest on the Bonds are payable from an irrevocable lien on and first pledge of all revenues received by the County from taxes, fees, charges and other moneys collected by the State of Arizona (the "State") and returned to the County for street and highway purposes pursuant to Title 28, Chapter 18, Article 2, Arizona Revised Statutes (the "Street and Highway Revenues"). See "STREET AND HIGHWAY REVENUES" herein. The Bonds are secured by Street and Highway Revenues on a parity with the $137,290,000 aggregate principal amount of outstanding street and highway revenue bonds of the County and any additional street and highway revenue bonds hereafter issued on a parity therewith. See "Additional Bonds" below and Appendix B – Pima County Financial Information – Street and Highway Revenue Bonded Debt Outstanding."

The Bonds are limited obligations of the County secured only by the Street and Highway Revenues and do not constitute a debt of the County within the meaning of any constitutional, charter or statutory provisions. The owners of the Bonds shall have no right to compel the exercise of the taxing power of the County to pay principal of or interest on the Bonds.

Additional Bonds

Statutory Requirements. Arizona Revised Statutes Section 11-378 presently requires that in order for the County to issue additional bonds payable from Street and Highway Revenues, the County must have received Street and Highway Revenues in the year preceding the issuance of the additional bonds in an amount equal to at least one and one-half times the highest annual principal and interest requirements thereafter to come due on all such bonds to be outstanding following the issuance of the additional bonds, provided that if the Street and Highway Revenues received in the preceding year do not equal at least two times the highest annual principal and interest requirements,

the proposed bonds must bear a rating at the time of issuance of "A" or better by at least one nationally recognized credit rating service, taking into account any credit enhancement facility in effect with respect to such bonds.

Bond Resolution Requirements. The Bond Resolution provides that additional bonds payable from Street and Highway Revenues may be issued if (i) the Street and Highway Revenues received by the County in the twelve-month period immediately preceding the issuance of such additional bonds equals not less than two times the maximum annual debt service on all such bonds outstanding and on such additional bonds to be issued, (ii) the payments required to be made into the bond fund for such bonds are current and (iii) no obligation payable from the bond fund for such bonds is in default as to either principal or interest.

The County will have $107,800,000 in authorized but unissued street and highway revenue bond authorization available after the issuance of the Bonds, that may only be issued subject to meeting the requirements outlined above. Additional bonds may be authorized at future elections.

Amendment of Bond Resolution

The County may modify the Bond Resolution without the consent of or notice to owners of the Bonds for one or more of the following purposes: (i) to cure any ambiguity, formal defect or omission or inconsistency; (ii) to grant to the owners of Bonds additional rights, remedies, powers or authority; (iii) to secure additional revenues or provide additional security or reserves; (iv) to comply with state or federal securities laws; (v) to preserve the exclusion of the interest on Bonds from gross income; (vi) to make other changes which do not materially adversely affect the interests of owners of Bonds; (vii) to provide for the refunding or advance refunding of any Bonds; and (viii) to provide for the issuance of Parity Bonds as permitted by the provisions of the Bond Resolution.

Other amendments to the Bond Resolution may be made with the consent of the owners of not less than a majority in principal amount of the Bonds and parity bonds then outstanding, but no such amendment may (i) extend the stated maturity of or time for paying interest on any Bond or reduce the principal amount of or the redemption premium or rate of interest payable on any Bond, without the consent of the owner of such Bond; (ii) prefer or give a priority to any Bond over any other Bond, without the consent of the owner of each Bond then outstanding not receiving such preference or priority; (iii) reduce the principal amount of Bonds which is required to authorize such amendment, without the consent of the owners of all Bonds then outstanding; or (iv) reduce the redemption price of any Bond upon optional redemption or reduce any period of time prior to commencement of any optional redemption period, without the consent of the owner of such Bond.

Defeasance

Under the Bond Resolution, payment of all or any part of the Bonds may be provided for by the irrevocable deposit with a trustee of moneys or U.S. Government Obligations or both, which, with the maturing principal of and interest on such U.S. Government Obligations, if any, will be sufficient, as evidenced by a certificate of an accountant, to pay when due the principal or redemption price of and interest on such Bonds. Any Bonds so provided for will no longer be considered to be outstanding under the Bond Resolution, and the owners of such Bonds shall thereafter be entitled to payment only from the amounts and obligations deposited with the trustee.

PLAN OF REFUNDING

A portion of the net proceeds of the Bonds will be placed in a trust account (the "Depository Trust") with U.S. Bank National Association, as depository trustee (the "Depository Trustee") and will be used to acquire U.S. Government Obligations, the maturing principal of and interest income with respect to which are calculated to be sufficient to pay, when due, the principal of, premium on, and interest on the Bonds Being Refunded, as follows:

Issue (Dated Date)	Street and Highway Revenue Bonds	Original Principal Amount	Maturity Date to be Refunded	Principal Amount Being Refunded	Redemption Dates	Redemption Premium on Bonds Being Refunded
1/1/02	Series 2002	$6,060,000	7/1/10	$2,400,000	1/1/10	0.0%
1/1/02	Series 2002	6,345,000	7/1/11	2,900,000	1/1/10	0.0
1/1/02	Series 2002	6,650,000	7/1/12	3,000,000	1/1/10	0.0

Upon such deposit, the Bonds Being Refunded will no longer be considered to be outstanding under the Bond Resolution. See "SECURITY AND SOURCE OF PAYMENT – Defeasance" and "MATHEMATICAL VERIFICATION."

MATHEMATICAL VERIFICATION

Concurrently with the delivery of and payment for the Bonds, Grant Thornton, LLP, a firm of independent certified public accountants, will deliver to the County its verification report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of computations prepared by RBC Capital Markets Corporation, in its capacity as Financial Advisor (the "Financial Advisor"), relating to (a) the sufficiency of the anticipated receipts from the Government Obligations, together with the initial cash deposit, to pay, when redeemed, the principal, interest and applicable premiums on the Bonds Being Refunded and (b) the "yield" on the Government Obligations and the Bonds.

The report of Grant Thornton, LLP will state that the scope of its engagement was limited to verifying the mathematical accuracy of the computations contained in schedules provided to it by the Financial Advisor and that it has no obligation to update its report because of events occurring, or data or information coming to its attention, subsequent to the date of its report.

STREET AND HIGHWAY REVENUES

The Bonds are issued pursuant to the Constitution and laws of the State, including, specifically, Title 11, Chapter 2, Article 12, of the Arizona Revised Statutes, and all amendments thereto (the "Act"), and the Bond Resolution.

Under the provisions of the Act, a county may, with voter approval, borrow money and issue bonds for the purposes of improving, constructing, reconstructing, acquiring rights-of-way for or maintaining streets and highways of the county. Principal of and interest on bonds issued for such purposes are secured by a pledge of and lien on such county's Street and Highway Revenues.

The following is a summary of the County's Street and Highway Revenue sources. Such summary does not purport to be a complete description of the revenue sources and, accordingly, is qualified by reference to the Arizona Revised Statutes regarding these sources of revenue.

Highway User Tax Revenues

The Highway User Tax Revenues (as described below) are derived from and distributed pursuant to a highway and transportation financing program established by the State Legislature for the benefit of the State, counties within the State, including the County, and incorporated cities and towns within the State. The Highway User Tax Revenues are held until distributed in the State Highway User Revenue Fund (the "Highway Revenue Fund"). Highway User Tax Revenues include a number of sources of revenue. The principal sources and the manner in which they are distributed are described below.

Highway User Tax Revenues currently include the following taxes, fees and charges paid to the motor vehicle division of the Arizona Department of Transportation ("ADOT")and deposited into the Arizona Highway User Revenue Fund: (i) motor vehicle fuel taxes and fuel use taxes, (ii) motor vehicle registration fees, (iii) motor

carrier fees, (iv) a portion of motor vehicle license (in lieu) taxes, and (v) motor vehicle operators' license fees and miscellaneous fees and revenues. These revenue sources are further described below.

Motor Vehicle Fuel Tax Revenues. Motor vehicle fuel taxes consist of motor vehicle fuel (gasoline) taxes and motor vehicle use fuel (primarily diesel) taxes. Every distributor of gasoline is required to pay a fuel license tax for each gallon of gasoline imported into or refined in the State. These are excise taxes imposed primarily upon diesel fuel used in the propulsion of motor vehicles on the public highways of the State. The motor vehicle fuel (gasoline) tax is currently assessed at the rate of $0.18 per gallon, and the use fuel (primarily diesel) tax is assessed at $0.18 for vehicles under 26,001 pounds and other qualifying vehicles and $0.26 per gallon for all other vehicles. The motor vehicle fuel gasoline tax is collected by ADOT from licensed suppliers for each gallon of gasoline possessed, used or consumed in the State and the use fuel tax is collected by ADOT from the supplier or paid by the user for the use of the highways in this State and remitted to ADOT.

Motor Vehicle Registration Fee Revenues. Motor vehicles are required to be registered in the State on a staggered monthly registration schedule. The fee for passenger vehicles and non-commercial pickup trucks is $8 and for motorcycles the fee is $9, of which $1 is paid to the motorcycle safety fund. The fee for commercial motor vehicles, including trucks, buses and taxis, is $12, plus a graduated registration fee based upon the declared gross weight of the motor vehicle. Commercial motor vehicles that operate in several states may instead pay fees which are prorated based on the ratio of operating mileage in the State to the total fleet operating mileage in all states. Each motor vehicle registration fee is deposited in the Arizona Highway User Revenue Fund.

Motor Vehicle License (In Lieu) Tax Revenues. The motor vehicle license (in lieu) taxes are based upon the value of the vehicle (according to a statutory formula) and are collected with the vehicle registration fees. These license taxes are distributed as follows: (i) 44.99% to the Arizona Highway User Revenue Fund, (ii) 24.59% to the general fund of the county where the motor vehicle is registered, (iii) 24.59% to the cities and towns of the county where the motor vehicle is registered, and (iv) 5.83% to the Local Transportation Assistance Fund for transit and transportation purposes. The above distribution percentages are blended since the tax rates vary between new and renewal vehicles. Only the portion of the motor vehicle license (in lieu) taxes deposited into the Arizona Highway User Revenue Fund constitutes Highway User Revenues.

Motor Carrier Fee Revenues. The motor carrier fee is imposed on commercial motor vehicles, whether common, contract or private carriers, with a gross weight in excess of 12,000 pounds. The motor carrier fee increases as the declared gross vehicle weight of the vehicle increases. All motor carrier fee revenues are deposited to the Arizona Highway User Revenue Fund.

Motor Vehicle Operators' License Fees and Miscellaneous Fees and Revenues. The balance of the Arizona Highway User Revenue Fund revenues includes motor vehicle operators' license fees and miscellaneous fees and revenues. The miscellaneous fees and revenues include certificates of title fees, oversize permit fees, inquiry fees, investment income on moneys held in the Arizona Highway User Revenue Fund, certain fines, penalties and other miscellaneous fees.

Distribution of Highway User Tax Revenues

After certain statutory annual allocations are made, including $10,000,000 to the State Department of Public Safety and $1,000,000 to the State's Economic Strength Project Fund, all remaining Highway User Tax Revenues are allocated under the following statutory formula: ADOT receives 50.5%, counties 19%, cities of over 300,000 population 3% and all incorporated cities and towns 27.5%. The monies distributed to counties are allocated among the counties in the State and distributed on a monthly basis, as follows: (i) 72% of the funds are distributed among the counties in proportion to the sale and consumption of fuel within each county during the month preceding the distribution at issue; and (ii) the remainder is distributed among the counties based on the proportionate population within the unincorporated areas of each county.

Receipt of monies under this distribution formula is subject to certain adjustments, reporting requirements and limitations including a requirement that the County comply with the procedural guidelines established by ADOT and the standards established by the Technical Advisory Committee of ADOT when submitting ADOT required data

and information concerning the status of transportation systems. The County has covenanted in the Bond Resolution to comply with these provisions of the law and also to meet certain local revenue spending requirements.

The Arizona statutes provide the Highway User Tax Revenues may only be used for purposes prescribed in the State Constitution, and that cities and counties may not use Highway User Tax Revenues for the enforcement of traffic laws or the administration of traffic safety programs. If the Auditor General of Arizona reports to the State Treasurer after conducting a performance audit that a city or county has not used an amount of Highway User Tax Revenues as prescribed by law, the State Treasurer shall withhold its Highway User Tax Revenues until such city or county presents evidence satisfactory to the Auditor General showing that it has spent for such prescribed purposes at least a like amount from other general revenue sources.

Since 1981 the Arizona Legislature has on several occasions enacted legislation to fund the State's transportation needs. (In both 1981 and 1985, comprehensive transportation finance programs were enacted that significantly increased transportation funding in the State and put into place many of the current funding mechanisms.) The Arizona Legislature has previously altered and may in the future alter (1) the type and/or rate of the taxes, fees and charges which are deposited into the State Highway User Revenue Fund or (2) the allocation formulas for such moneys. The authority of the State Legislature to make such changes in the allocation of moneys deposited into the State Highway User Revenue Fund is subject to the requirement of the Arizona Constitution that the majority of the items comprising the Highway User Tax Revenues may only be used for highway-related purposes including, but not limited to, paying debt service on bonds issued for such purposes by the State and political subdivisions such as the County. In addition, the Arizona Supreme Court has indicated that the State Legislature may not reduce revenues to any recipient who has issued street and highway user revenue bonds in such a manner which impairs the recipient's ability to meet debt service requirements on such bonds.

The State is expected to experience State General Fund deficits for fiscal years 2009-10 and 2010-11 and possibly future years, primarily due to lower-than-projected revenues. The State Legislature and the Governor will need to address these State General Fund deficits during the legislative sessions. Although no specific proposals have been enacted, legislative plans to eliminate such deficits in prior years have considered proposals making one-time transfers from the Highway User Revenue Fund to the State General Fund for reimbursement of prior Department of Public Safety costs, and transferring funding responsibility for certain costs of ADOT's Motor Vehicle Division from the State Highway Fund to the Highway User Revenue Fund. These and other proposals may be considered in the future. Unless and until any such proposals are enacted into law, the impact on the Highway User Revenue Fund and the amounts to be received by the County cannot be determined.

The following tables indicate for the periods shown the amount of Highway User Tax Revenues collected by the State and the number of motor vehicle registrations and gallons of motor vehicle fuel taxed within the State and the County.

STATE OF ARIZONA
HIGHWAY USER TAX REVENUES
(000's)

Fiscal Year	Gasoline & Use Fuel Revenues	Registration & In Lieu Taxes	Motor Carrier Tax	License Fees & Other	Total Highway User Tax Revenues
2008-09	$630,743	$525,063	$40,483	$52,294	$1,248,583
2007-08	700,395	547,951	40,177	55,953	1,344,477
2006-07	707,984	571,285	45,226	57,979	1,382,474
2005-06	702,541	532,669	40,504	55,911	1,331,625
2004-05	675,652	482,354	37,980	49,567	1,245,553
2003-04	642,533	458,900	34,617	43,510	1,179,561

Source: Arizona Department of Transportation, Administrative Services Division.

MOTOR VEHICLE REGISTRATIONS

Fiscal Year	State of Arizona: Total Number of Vehicle Registrations	State of Arizona: Percentage Change	Pima County: Total Number of Vehicle Registrations	Pima County: Percentage Change
2008-09	6,692,834	(0.6%)	925,549	0.2%
2007-08	6,733,610	1.9%	923,271	1.9%
2006-07	6,608,726	4.6%	905,793	6.1%
2005-06	6,318,402	6.3%	853,928	3.4%
2004-05	5,945,131	17.0%	825,806	12.5%
2003-04	5,079,849	4.9%	733,810	4.2%

Source: Arizona Department of Transportation, Motor Vehicle Division.

GALLONS OF MOTOR VEHICLE FUEL TAXED (a)

Fiscal Year	State of Arizona: Total Gallons Taxed	State of Arizona: Percentage Change	Pima County: Total Gallons Taxed	Pima County: Percentage Change
2008-09	3,412,251,057	(7.81%)	474,186,783	(5.99%)
2007-08	3,701,285,984	0.18%	504,415,135	2.70%
2006-07	3,694,579,366	2.62%	491,154,154	(3.84%)
2005-06	3,600,184,049	1.22%	510,772,029	(0.79%)
2004-05	3,556,759,467	3.69%	514,834,562	1.00%
2003-04	3,430,332,569	2.48%	509,735,935	(0.74%)

(a) Includes both gasoline and use fuel gallonage.

Source: Arizona Department of Transportation, Motor Vehicle Division.

Street and Highway Revenues Received by the County

The following table sets forth the annual Street and Highway Revenues received by the County during the most recent five-year period.

PIMA COUNTY
STREET AND HIGHWAY REVENUES

Fiscal Year	Street & Highway Revenue Receipts
2008-09	$53,906,177 (a)
2007-08	57,847,328
2006-07	58,637,775
2005-06	56,936,526
2004-05	53,878,131
2003-04	51,334,009

(a) Figures shown for fiscal year 2008-09 are preliminary unaudited numbers which are subject to change.

Source: Pima County, Finance and Risk Management Department.

STREET AND HIGHWAY REVENUE BONDED DEBT OUTSTANDING

The following chart indicates the outstanding street and highway bonds of the County that will be outstanding after the issuance of the Bonds.

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	$ 19,055,000
1-15-03	35,000,000	Street & Highway Improvements	7-1-04/18	25,325,000
5-01-05	51,200,000	Street & Highway Improvements	7-1-09/20	47,810,000
1-01-07	21,000,000	Street & Highway Improvements	7-1-09/22	20,250,000
2-15-08	25,000,000	Street & Highway Improvements	7-1-09/22	24,850,000
Total Street and Highway Revenue Bonds Outstanding				$137,290,000
Less: The Bonds Being Refunded				(8,300,000)
Plus: The Bonds Offered Herein				23,420,000
Total Street and Highway Revenue Bonds to be Outstanding				$152,410,000

STREET AND HIGHWAY REVENUE BOND DEBT SERVICE REQUIREMENTS AND DEBT SERVICE COVERAGE

The following chart indicates the street and highway bond debt service requirements of the County that will be outstanding after the issuance of the Bonds.

Fiscal Year	Street & Highway Revenues Pledged (1)	Outstanding Debt Service (2)	The Bonds		Total Debt Service Requirements	Debt Service Coverage (1)(4)
			Principal	Interest (3)		
2008-09	$53,906,177					
2009-10		$15,764,969		$506,651	$16,271,620	3.31
2010-11		15,366,400		872,700	16,239,100	3.32
2011-12		15,386,563		872,700	16,259,263	3.32
2012-13		13,882,288	$1,200,000	872,700	15,954,988	3.38
2013-14		13,932,425	1,185,000	836,700	15,954,125	
2014-15		13,994,950	1,165,000	801,150	15,961,100	
2015-16		14,068,388	1,140,000	766,200	15,974,588	
2016-17		14,103,988	1,150,000	732,000	15,985,988	
2017-18		14,158,550	1,140,000	697,500	15,996,050	
2018-19		10,737,088	2,480,000	657,600	13,874,688	
2019-20		10,836,588	2,575,000	558,400	13,969,988	
2020-21		5,327,700	2,680,000	455,400	8,463,100	
2021-22		5,395,338	2,790,000	348,200	8,533,538	
2022-23			2,900,000	236,600	3,136,600	
2023-24			3,015,000	120,600	3,135,600	

(1) As reported by the Arizona Department of Transportation and the County for fiscal year 2008-09.
(2) Net of the Bonds Being Refunded.
(3) The first interest payment date is July 1, 2010.
(4) Pursuant to the Bond Resolution in order for the County to issue parity bonds, the Street and Highway Revenues received for the year immediately preceding the issuance of such Bonds must be equal to at least two times the highest annual debt service requirement on all outstanding parity bonds, including the Bonds and the bonds proposed to be issued. The debt service coverage shown reflects the calculations of this requirement. See "SECURITY AND SOURCE OF PAYMENT – Additional Bonds" herein.

LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds by the County are subject to the approving opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel to the County. Copies of such opinion will be available at the time of delivery of the Bonds. The form of opinion is included as Appendix C to this Official Statement. Fees of Bond Counsel will be paid from Bond proceeds.

TAX MATTERS

In the opinion of Squire, Sanders & Dempsey L.L.P., 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 prices 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 legislation affecting the exemption of bonds or interest thereon for purposes of State of Arizona taxation may be considered by the Arizona 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 clarification of the Code or of Arizona law after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value of the Bonds.

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 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 beneficial owners regarding the tax status of interest on the Bonds 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 prices for the Bonds.

Original Issue Discount and Original Issue Premium

Certain of the Bonds ("Discount Bonds") as indicated on the cover 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 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 accrues 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 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. The County will deliver a certificate to that effect at the time of the original delivery of the Bonds.

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

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 each organization and any desired explanation of the significance of such ratings should be obtained from Fitch at One State Street Plaza, New York, New York 10004 or from S&P at 55 Water Street, New York, New York, 10041. 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.

The County has not requested Moody's Investors Service ("Moody's") to issue a rating on the Bonds. However, the County understands that Moody's has issued an is currently maintaining a rating of "A1" on previously issued and outstanding street and highway revenue bonds of the County.

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, 2010 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events, if material (the "Notices of Material Events"). The Annual Reports and Notices of Material Events will be filed with the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access system ("EMMA") as described in Appendix E - "CONTINUING DISCLOSURE UNDERTAKING." The specific nature of the information to be contained in the Annual Reports and the Notices of Material Events is set forth in Appendix E - "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 mailing

the Annual Reports and the Notices of Material Events to the MSRB. 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 D of this Official Statement are excerpts of the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008. 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.

FINANCIAL ADVISOR

RBC Capital Markets Corporation serves as the Financial Advisor to the County in connection with the issuance of the Bonds. The fees for Financial Advisor are contingent upon the issuance, sale and delivery of the Bonds.

ADDITIONAL INFORMATION

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

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

PIMA COUNTY, ARIZONA
General Economic and Demographic Information

General Information

Pima County, Arizona (the "County") is located in the southern portion of the State of Arizona ("Arizona" or the "State"), with a section of its southern boundary bordering Mexico. The boundaries of the County encompass an area of approximately 9,184 square miles. Organized in 1864 by the Arizona Territorial Legislature as one of the State's four original counties, the County is today the second most populous county in Arizona with an estimated 2008 population of 1,014,023. Approximately 54% 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
2008 Estimate (a)	1,014,023	543,959	6,629,455
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

(a) Population estimate as of July 1, 2008.

Source: U.S. Department of Commerce, Bureau of the Census; Arizona Department of Commerce, Population Statistics.

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 Department from 1976 to 1979; and as the 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 362,700 persons were employed, on average (not including the agricultural industry), in the County as of July 2009. The following table presents the County's average annual total employment by industry for the periods indicated:

TABLE 2

Pima County
Average Annual Employment
Number of Persons Employed 2004-2009

Industry	2004	2005	2006	2007	2008	2009 (a)
Goods Producing						
Natural Resources and Mining	1,300	1,400	1,600	1,800	1,900	1,500
Construction	24,000	25,700	27,900	26,400	22,600	16,700
Manufacturing	28,400	28,300	28,100	27,500	27,300	26,300
Service Producing						
Trade, Transportation and Utilities	57,900	59,600	62,700	63,900	61,800	57,600
Information	7,600	7,200	6,800	6,000	5,100	4,400
Financial Activities	15,900	16,500	17,600	17,800	17,200	16,700
Professional and Business Services	43,400	45,900	49,700	52,300	51,700	48,100
Education and Health Services	47,800	50,500	52,600	54,200	57,100	57,700
Leisure and Hospitality	39,100	39,800	40,600	39,800	40,000	39,200
Other Services	14,700	14,700	15,800	15,500	15,700	14,700
Government	76,900	77,100	76,300	77,900	80,600	79,800
Total Wage & Salary Employment	357,000	366,700	379,700	383,100	381,000	362,700

(a) Year-to-date average as of July 2009.

Source: Arizona Department of Commerce.

The average unemployment rate for the County as of July 2009 was 8.6%. The average annual unemployment rate for 2008 and 2007 was 5.1% and 3.7%, respectively. The table below shows comparative unemployment rates for the County, the State and the United States for the periods indicated.

TABLE 3

Pima County
Comparative Employment Statistics

	Pima County		Unemployment Rate		
Calendar Year	Average Employment	Average Unemployment	Pima County	Arizona	U.S.
2009 (a)	444,398	41,734	8.6%	9.2%	8.8%
2008	454,122	24,565	5.1%	5.5%	5.8%
2007	442,498	16,774	3.7%	3.8%	4.6%
2006	431,585	17,773	4.0%	4.1%	4.6%
2005	419,846	19,519	4.4%	4.6%	5.1%
2004	417,753	20,278	4.6%	5.0%	5.5%

(a) As of July 2009.

Source: Arizona Department of Commerce.

The following table indicates the major employers in southern Arizona, which includes Pima County, as reported in March, 2009.

TABLE 4

Southern Arizona
Major Employers

Company	Type of Business	Approximate Number of Full-Time Equivalents
Raytheon Missile Systems	Missile Manufacturing	11,539
University of Arizona	Education	10,575
State of Arizona	Government	9,329
Davis-Monthan Air Force Base	Military	7,509
Tucson Unified School District	Education	7,227
Wal-Mart Stores Inc.	Retail	6,715
U.S. Army Intelligence Center & Fort Huachuca	Military	6,463
Pima County	Government	6,235
Freeport-McMoRan Copper & Gold Inc.	Mining	5,987
City of Tucson	Government	5,635
Carondelet Health Network	Health Care	4,570
Tohono O'Odham Nation	Tribal Government	4,553
University Medical Center Corp.	Health Care	3,552
U.S. Border Patrol	Government	3,468
TMC HealthCare	Health Care	3,184
Asarco LLC	Mining	2,575
Corrections Corp. of America	Detention Centers	2,468
Pinal County	Government	2,450
Citi	Financial Services	2,400
Sunnyside Unified School District	Education	2,358

Source: *The Star 200 Directory*, published by *The Arizona Daily Star* (March 2009).

Non-Governmental Employment

Average overall wage and salary employment in the County, excluding government employment, increased in each of the calendar years from 2004 through 2008. For calendar year 2009 through July, average employment across all categories with the exception of education and health services declined compared to average employment levels in calendar year 2008. Overall, the decrease in average non-governmental employment in the County fell by approximately 17,500 jobs, or approximately 5.8%, with non-governmental employment levels on average returning to pre-2006 employment levels. The most significant decline for this period occurred in construction employment which decreased by 26.1% between calendar year 2008 and mid-year calendar 2009.

The average annual employment in service-providing categories as of July 2009 was 238,400. 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 above, Health Care and Education were a dominating force in the service-providing industry.

Government

Government employment plays an important role in the County with Federal, State and local government employees numbering approximately 79,800 as of July 2009. This sector expanded from 2004 to 2008, but has shown a slight decline on average in calendar year 2009. 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 the above table). 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 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 as of July 2009 was 26,300, representing 7.2% of the County's total wage and salary employment base. Manufacturing employment during 2008 and 2007 averaged 27,300 and 27,500, 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 2009 Employment
Raytheon Missile Systems	Missile Manufacturing	11,539
IBM	Business & Technology Products	1,432
Northrop Grumman Corp.	Military Aircraft Modification	1,000
Ventana Medical Systems Inc.	Medical Equipment	788
Honeywell Aerospace	Aircraft Electronic Systems	754
Texas Instruments	Operation Amplifiers	620
Bombardier Aerospace	Aircraft Maintenance	591
B/E Aerospace	Aircraft Passenger Cabin Interior Products	387
NewTec	Manufacturing and Research	340
Universal Avionics Systems Corp.	Avionics Systems	260

Source: *The Star 200 Directory*, published by *The Arizona Daily Star* (March 2009).

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 757 convention bookings with 264,988 convention delegates visited the Tucson area in fiscal year 2007-08, the most recent year for which data was available. In the Tucson area, the Bureau estimates that there are 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 Monument, Mission San Xavier del Bac, Mount Lemmon, Sabino Canyon, Biosphere 2, and numerous resorts and golf courses. In addition, the Tucson metropolitan area is the home of spring training for Major League Baseball's Arizona Diamondbacks and Colorado Rockies.

According to the Arizona Hospitality Research & Resource Center, nearly $1.9 billion was spent by tourists in the County in 2008, a slight decrease from estimated tourism-related expenditures in calendar year 2007. It is expected, given the condition of global and domestic economies, that tourism-related expenditures will continue to decrease in 2009. These figures 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 between 2003 and 2008.

Total Tourist Expenditures
($ in millions)

Year	Pima County	State of Arizona
2009 (a)	$1,203	$ 7,790
2008	1,896	12,788
2007	1,979	13,383
2006	1,530	10,440
2005	1,440	9,680
2004	1,280	8,520

(a) Through August, 2009.

Source: Arizona Hospitality Research & Resources Center.

Education

The University of Arizona (the "University") provides approximately 10,575 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 2008 were estimated at 38,057 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 2008-09 was estimated at 71,070 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. Retail sales have continued to decrease during 2009 and through July are 12.60% lower than the comparable period in 2008.

TABLE 6

Pima County Retail Sales (a)

Year	Amount	% Change
2009 (b)	$3,932,587,764	N/A
2008	7,263,583,414	(7.14%)
2007	7,822,497,932	1.05%
2006	7,740,869,293	7.49%
2005	7,201,701,654	9.21%
2004	6,594,312,765	6.08%

(a) Excludes food and gasoline sales.
(b) Through July 2009.

Source: Arizona Department of Revenue.

Financial Institutions

The Federal Deposit Insurance Corporation (FDIC) collects deposit balances for commercial and savings banks as of June 30 of each year. The following table illustrates the summary of bank deposits of all FDIC-insured institutions within the County for the past five fiscal years. As of June 30, 2008, there were 22 institutions with 194 offices in the County, with a deposit balance of $11,215 million.

TABLE 7

Pima County
Bank Deposits

Year	Amount
2008	$11,215,000,000
2007	11,643,000,000
2006	11,151,000,000
2005	10,250,000,000
2004	8,941,000,000

Source: Federal Deposit Insurance Corporation.

Mining

According to the Arizona Mining Association, Arizona leads the nation in copper production, accounting for 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 1,900 in 2008, 1,800 in 2007 and 1,600 in 2006.

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 8

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

Year	Receipts
2008	$71,209,000
2007	73,400,000
2006	78,083,000
2005	84,452,000
2004	80,103,000

Source: *Arizona Agricultural Statistics,* September 2009.

Building Permits

The following tables were compiled from *Arizona Construction Report*, a publication of Arizona Real Estate Center, L. William Seidman Research Institute, College of Business, Arizona State University. The Center obtains its data from county and municipal divisions which issue such permits. 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.

The information provided through March 2009 in each of the following tables is the most current data available. The County's expectation is that the value of building permits and number of new housing starts for 2009 will continue to show declines from prior years.

TABLE 9

Pima County
Value of Building Permits

Year	Residential	Commercial	Industrial	Other	Total
2009 (a)	$ 80,536,000	$ 26,899,000	$ 9,882,000	$ 19,934,000	$ 137,251,000
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
2005	2,180,381,000	315,946,000	8,546,000	150,686,000	2,655,559,000
2004	1,680,800,000	284,275,000	16,206,000	117,220,000	2,098,501,000

(a) Through March 2009.

Source: Arizona Real Estate Center, ASU Polytechnic Campus, Arizona State University.

TABLE 10

Pima County
New Housing Starts

Year	Total Housing Units Permitted
2009 (a)	440
2008	3,207
2007	4,629
2006	9,082
2005	12,272
2004	11,452

(a) Through March 2009.

Source: Arizona Real Estate Center, ASU Polytechnic Campus, Arizona State University.

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. Pima 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. Pima County has been implementing the policies of the Comprehensive Plan since its adoption.

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 2008-09 fiscal year was $489,886,802. The County's expenditures for the 2008-09 fiscal year were under the limit. The County's preliminary 2009-10 fiscal year expenditure limitation is $506,866,953.

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 2005-06 through 2009-10 for each class of property are set forth below.

Property Tax Assessment Ratios
2005-06 through 2009-10

Classification (a)	2005-06	2006-07	2007-08	2008-09	2009-10
Mining, Utility, Commercial and Industrial (b)(c)	25%	24.5%	24%	23%	22%
Agriculture and Vacant Land (c)	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 (d)	21%	22%	21%	20%	18%

(a) Additional classes of property exist, but seldom amount to a significant portion of a governmental entity's total valuation.
(b) The first $65,013 of full cash value of commercial, industrial and agricultural personal property is exempt from tax for fiscal year 2008-09. This amount is indexed annually for inflation. Any portion of the full cash value in excess of those amounts will be assessed at 22% or 16% as applicable.
(c) Effective January 1, 2009, the assessment ratio for Mining, Utility, Commercial and Industrial property was decreased to 22%. Additionally, this rate will be decreased by one percent annually through 2010, resulting in an assessment ratio of 20% after December 31, 2010.
(d) 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.

It cannot be determined what impact any deterioration of the financial condition of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of or the secondary market for the Bonds. No representatives of the County, Bond Counsel or the Financial Advisor have undertaken any independent investigation of the operations and financial condition of any taxpayer, nor have they assumed responsibility for the same.

Property Valuations

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

Valuations for Fiscal Year 2009-10

Estimated Actual Valuation (a)	$80,653,625,457
Net Secondary Assessed Valuation	9,860,980,900
Net Primary Assessed Valuation	8,985,711,830

(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 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
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%
2005-06	6,050,950,040	47,971,147,096	12.61%

(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
2009-10	$4,030,242,132	3.46%	$9,860,980,900	2.77%	$86,525,272,506(a)	0.50%
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	31.96%
2006-07	3,016,230,759	10.77%	6,869,955,457	13.54%	54,436,547,031	11.25%
2005-06	2,722,915,853	6.44%	6,050,950,040	7.67%	48,931,946,145	10.05%

(a) Represents the preliminary net secondary assessed value for the State of Arizona as of April 2009.

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)	Estimated 2009-10 Net Secondary Assessed Valuation	As Percent of County's 2009-10 Net Secondary Assessed Valuation
Phelps Dodge Sierrita Inc	$198,694,143	2.01%
Unisource Energy Corp	158,763,946	1.61%
Qwest Communications Corp	74,646,105	0.76%
Southwest Gas Corp	64,774,986	0.66%
Asarco Inc	63,572,110	0.64%
Arizona Portland Cement Co	27,560,619	0.28%
Trico Electric Co-op Inc	21,029,473	0.21%
Asarco LLC	20,042,002	0.20%
Starr Pass Resort Development LLC	19,383,738	0.20%
DND Neffson Co	18,887,463	0.19%
	$667,354,585	6.76%

(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, its Financial Advisor or its Bond 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 real and secured personal property tax collection of the County for the current and past five 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
2008-09	$322,901,974	$309,375,563	95.81%	$313,600,852	97.12%
2007-08	305,699,225	294,220,625	96.25	304,294,342	99.54
2006-07	283,253,437	273,299,741	96.49	282,546,958	99.75
2005-06	267,378,750	258,490,790	96.68	266,959,580	99.84
2004-05	252,420,350	244,086,254	96.70	252,261,721	99.94
2003-04	234,061,821	225,451,189	96.32	233,195,861	99.63

(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 August 31, 2009 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
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
2005-06	4.0720	1.3891	5.4611
2004-05	4.0720	1.4247	5.4967

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 assuming the issuance of the hereinafter defined Series 2009A Bonds.

Net Secondary Assessed Valuation (FY 2009-10)	**$9,860,980,900**
15% Constitutional Limitation	1,479,147,135
Net Direct General Obligation Bonds Outstanding	471,090,000
Unused 15% Limitation	$1,008,057,135

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 General Obligation Bonds, Series 2009A being issued concurrently with the Bonds under a separate Official Statement (the "Series 2009A Bonds").

Date of Issue	Original Amount	Original Purpose	Maturity Dates	Average Int. Rates	Remaining Balance Outstanding
05-01-98	$42,420,000	Various Improvements	7-1-99/13	4.620%	$ 9,425,000
10-01-99	50,000,000	Various Improvements	7-1-00/10	5.040%	3,115,000
08-01-00	50,000,000	Various Improvements	7-1-01/14	4.760%	15,000,000
01-01-02	20,000,000	Various Improvements	7-1-02/16	4.000%	6,000,000
01-15-03	50,000,000	Various Improvements	7-1-03/17	3.900%	30,350,000
06-01-04	65,000,000	Various Improvements	7-1-05/19	4.207%	43,740,000
05-01-05	65,000,000	Various Improvements	7-1-06/20	4.016%	46,080,000
01-01-07	95,000,000	Various Improvements	7-1-07/21	4.028%	78,965,000
02-15-08	100,000,000	Various Improvements	7-1-08/22	3.934%	82,000,000
04-22-09	75,000,000	Various Improvements	7-1-09/23	3.913%	66,000,000
Total General Obligation Bonded Debt Outstanding					$380,675,000
Less: The Bonds Being Refunded (a)					(23,120,000)
Plus: The Series 2009A Bonds (a)					113,535,000
Total General Obligation Bonded Debt to be Outstanding					$471,090,000

(a) Being offered under a separate Official Statement simultaneously with the Bonds.

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 Series 2009A Bonds being issued concurrently with the Bonds under a separate Official Statement.

Fiscal Year June 30	Existing General Obligation Bonded Debt Outstanding		Series 2009A Bonds		Total Debt Service Requirement
	Principal	Interest	Principal	Interest (a)	
2010	$45,580,000	$14,476,286	$ 7,515,000	$2,181,568	$69,752,854
2011	29,720,000	12,566,256	10,525,000	3,607,425	56,418,681
2012	22,815,000	11,345,306	11,240,000	3,291,675	48,691,981
2013	22,720,000	10,403,806	11,305,000	2,954,475	47,383,281
2014	23,400,000	9,435,406	9,065,000	2,615,325	44,515,731
2015	25,815,000	8,413,181	5,875,000	2,298,050	42,401,231
2016	26,805,000	7,319,813	5,615,000	2,121,800	41,861,613
2017	27,940,000	6,204,806	5,685,000	1,939,313	41,769,119
2018	25,160,000	5,062,606	5,915,000	1,740,338	37,877,944
2019	28,035,000	4,102,594	6,150,000	1,518,525	39,806,119
2020	25,785,000	3,044,256	6,395,000	1,303,275	36,527,531
2021	21,595,000	2,124,856	6,650,000	1,079,450	31,449,306
2022	22,500,000	1,299,506	6,920,000	846,700	31,566,206
2023	9,685,000	399,506	7,195,000	587,200	17,866,706
2024			7,485,000	299,400	7,784,400

(a) The first interest payment date on the Series 2009A Bonds is July 1, 2010.

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	2009-10 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(g)	Portion Applicable to the County		Combined Tax Rate Per $100 Assessed Valuation (e)
			Percent	Net Debt Amount	
State of Arizona	$86,525,272,506 (f)	None	100%	None	$0.0000
Pima County	**9,860,980,900**	**$471,090,000**	**100%**	**$471,090,000**	**4.7588 (b)**
Pima County Flood Control District (c)	8,885,189,956	None	100%	None	0.2635
Elementary School Districts	431,664,134	1,470,000	100%	1,470,000	2.1342 (d)
Unified School Districts	9,412,479,218	546,430,000	100%	546,430,000	5.5006 (d)
Cities and Towns	5,513,702,551	254,075,610	100%	254,075,610	0.6840 (d)
Pima County Community College District	9,860,980,900	27,335,000	100%	27,335,000	1.0770
Total				**$1,300,400,610**	

Jurisdiction	2009-10 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(g)	Combined Tax Rate Per $100 Assessed Valuation (e)
State of Arizona	$86,525,272,506 (f)	None	None
Pima County	9,860,980,900	$471,090,000	$4.7588 (b)
Pima County Flood Control District (c)	8,885,189,956	None	0.2635
Pima County Community College District	9,860,980,900	27,335,000	1.0770
Elementary School Districts:			
San Fernando ESD #35	1,124,531	None	4.5954
Empire ESD #37	7,522,610	None	2.9383
Continental ESD #39	375,805,866	1,470,000	1.6122
Redington ESD #44	1,542,334	None	7.6340
Altar Valley ESD #51	45,668,793	None	6.0506
Unified School Districts:			
Tucson USD #1	3,975,386,598	292,045,000	6.0701
Marana USD #6	948,760,083	45,050,000	4.9286
Flowing Wells USD #8	242,759,039	17,330,000	6.1239
Amphitheater USD #10	1,758,160,730	75,705,000	4.6112
Sunnyside USD #12	521,691,615	24,490,000	7.0899
Tanque Verde USD #13	238,860,720	1,160,000	3.1837
Ajo USD #15	19,487,983	None	4.3158
Catalina Foothills USD #16	720,102,657	28,215,000	4.9970
Vail USD #20	523,748,498	38,085,000	5.2016
Sahuarita USD #30	462,349,957	24,350,000	5.4230
Indian Oasis USD #40	1,171,338	None	0.0000
Cities and Towns:			
City of Tucson	4,030,242,132	254,075,610	0.9344
City of South Tucson	27,636,918	None	0.2035
Town of Marana	533,455,685	None	0.0000
Town of Oro Valley	695,244,213	None	0.0000
Town of Sahuarita	227,123,603	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 1, 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 $0.3306, the $0.2643 tax rate of the Free Library District, the $0.1000 tax rate of the Central Arizona Project and the $0.0406 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 preliminary net secondary assessed value for the State of Arizona as of April 2009.

(g) The following table lists general obligation bonds authorized but unissued for the County and jurisdictions within the County after the issuance of the Series 2009A Bonds.

Jurisdiction (h)	Authorized But Unissued General Obligation Bonds
Pima County	$213,681,000
Tucson Unified School District No. 1	74,000,000
City of Tucson	None**

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

(h) 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 2009-10	
	Per Capita Net Debt (Pop. @ 1,014,023) (a)	**Secondary Assessed Valuation ($9,860,980,900)**	**Est. Actual Valuation ($80,653,625,457)**
Net Direct General Obligation Bonded Debt ($471,090,000)	$464.57	4.77%	0.58%
Net Direct and Overlapping General Obligation Bonded Debt ($1,300,400,610)	$1,282.42	13.18%	1.61%

(a) Source: U.S. Department of Commerce, Bureau of the Census; Arizona Department of Commerce, Population Statistics, July 2008.
(b) Reflects the Net General Obligation Bonds Outstanding after the issuance of the Series 2009A Bonds.

Street and Highway Revenue Bonded Debt Outstanding

The following chart indicates the outstanding street and highway bonds of the County that will be outstanding after the issuance of the Bonds.

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	$ 19,055,000
1-15-03	35,000,000	Street & Highway Improvements	7-1-04/18	25,325,000
5-01-05	51,200,000	Street & Highway Improvements	7-1-09/20	47,810,000
1-01-07	21,000,000	Street & Highway Improvements	7-1-09/22	20,250,000
2-15-08	25,000,000	Street & Highway Improvements	7-1-09/22	24,850,000
Total Street and Highway Revenue Bonded Debt Outstanding				$137,290,000
Less: The Bonds Being Refunded				(8,300,000)
Plus: The Bonds Offered Herein				23,420,000
Total Street and Highway Revenue Bonds to be Outstanding				$152,410,000

Sewer Revenue Debt Outstanding

The following chart lists the outstanding sewer revenue bonds 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	$ 4,284,485
08-06-97	7,500,000	Sewer Improvements (a)	7-1-00/11	1,295,069
05-01-98	29,185,000	Sewer Improvements	7-1-99/15	11,055,000
10-27-00	61,180,286	Sewer Improvements (a)(b)	7-1-02-16	35,323,967
04-01-01	19,440,000	Refunding	7-1-02/15	11,415,000
05-01-04	25,770,000	Refunding	7-1-05/15	15,660,000
05-11-04	19,967,331	Sewer Improvements (a)(c)	7-1-05/24	17,376,433
01-01-07	50,000,000	Sewer Improvements	7-1-07/26	44,160,000
05-01-08	75,000,000	Sewer Improvements	7-1-09/23	74,780,000
05-06-09	18,940,000	Sewer Improvements	7-1-10/24	18,940,000
10-09-09	10,002,383	Sewer Improvements (a)	7-1-10/24	8,002,383
Total Sewer Revenue Bonds Outstanding				$242,292,337

(a) Represents funds borrowed under separate Loan Agreements with the Water Infrastructure Finance Authority of Arizona ("WIFA").
(b) On October 27, 2000, the County entered into certain Loan Agreements with WIFA totaling $40,000,000. In December 2001, the County amended those Loan Agreements and added an additional $21,180,286.
(c) May 11, 2004, the County entered into certain Loan Agreements with WIFA totaling $18,015,219. In September 2005, the County amended those Loan Agreements and added an additional $1,952,112.

Lease, Lease-Purchase and Purchase Agreements

The County has various lease purchase 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	**2005-06**	**2006-07**	**2007-08**	**2008-09**
Clerk of Superior Court	$31	$ 82	$82	$131
Juvenile Court				
Public Works Building				
Sheriff	42	21	0	0
Fiscal Year Total	$74	$103	$82	$131

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	18,715,000
05-01-07	30,320,000	New Money	7-1-08/22	27,530,000
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
Certificates of Participation Outstanding				$74,645,000
Plus: Series 2010 Certificates (a)				20,000,000
Total Certificates of Participation to be Outstanding				$94,645,000

(a) The Series 2010 Certificates of Participation are scheduled to be offered under a separate Official Statement in January, 2010.

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 E.

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 currently offers 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. Participating retirees must 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 is not reporting any OPEB liability because, to the degree GASB 45 might apply, the County has determined that any OPEB liability would not be material.

Management Commentary on Financial Condition

The County's revenues for Fiscal Year 2009-10 are expected to be near the budgeted amounts. As of September 2009, however, the County is projecting a decrease in State-shared sales revenues of approximately $4 million, or five percent. The State of Arizona is facing a budget deficit for Fiscal Year 2009-10, currently estimated at between approximately $1.5 billion and $2.0 billion, because of lower than expected revenues. Depending on State revenue receipts, additional measures may be enacted by the Legislature for Fiscal Year 2009-10. In past years when the State was facing budget difficulties, the State has shifted some of its costs to local jurisdictions either by charging cities, towns and counties additional mandatory payments or by reducing the share of State-shared revenues distributed to the cities, towns and counties. The County cannot determine whether any such provisions will be enacted or how they may affect the County or its financial position. The County is required by statute to adopt a balanced budget each year and has implemented cost-cutting measures for the 2009-10 fiscal year that are designed to address any additional reduction in State-shared revenues and any potential increased cost shifting from

the State to cities, towns and counties. The County has budgeted for an ending General Fund balance for Fiscal Year 2009-10 of at least five percent of annual General Fund revenues.

In 2004, the County closed the County-operated Kino Community Hospital and leased the hospital ground and buildings to University Physicians Healthcare (UPH), a private nonprofit corporation, which opened a privately owned and operated hospital on the site. The original lease agreement between the County and UPH required $127 million of fees to be paid to UPH by the County over the first 10 years of the lease, in decreasing amounts, for the transition to a new hospital. At the request of UPH, the County amended its contract with UPH to accelerate, but not increase, the payments required by the lease. UPH is continuing efforts to make the hospital financially self sufficient. To date, the County has paid UPH $120.5 million of the total $127 million pledged and is scheduled to pay $6.5 million in Fiscal Year 2010-11. UPH has requested the County to provide additional long-term funding for its operations and has requested an additional $30 million in funding per year. In the County's fiscal year 2009-10 budget, the County has set aside $15 million, in addition to the $10 million already paid for this fiscal year, for a total of $25 million should the County Board decide to increase funding. The County Board has not taken action on this matter. Any future decision by the County to alter the agreement with UPH would be made with full consideration of the impact it would have on other operations of the County and the need for the County to continue to maintain a balanced budget.

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

	Actual				Estimated Actual
	2004-05	2005-06	2006-07	2007-08	2008-09 (b)
Revenues by Source:					
Taxes	$300,972	$321,474	$348,700	$381,862	$396,240
Special Assessments	244	215	521	556	441
Licenses and Permits	7,265	7,452	7,132	7,710	6,989
Intergovernmental	278,414	291,059	303,392	312,634	292,236
Charges for Services	53,568	63,582	63,508	58,890	55,346
Fines and Forfeits	5,967	6,014	6,550	6,480	6,283
Interest Income	5,181	11,379	13,988	14,218	5,334
Miscellaneous	14,806	13,165	17,544	21,752	22,414
Total Revenues	666,417	714,340	761,335	804,102	785,283
Expenditures by Fund:					
General	372,899	402,811	421,486	460,537	462,276
Special Revenues	160,407	170,562	199,498	218,307	196,677
Debt Service	56,274	66,963	69,689	76,764	121,090
Capital Projects	127,632	121,007	202,659	139,539	146,334
Total Expenditures	717,212	761,343	893,332	895,147	926,377
Excess of Revenues Over (Under) Expenditures	(50,795)	(47,003)	(131,997)	(91,045)	(141,094)
Other Financing Sources (Uses):					
Premium on bonds	0	0	1,429	1,964	676
Proceeds of Long-Term Debt	116,450	4,836	146,320	175,000	109,400
Proceeds of Refunding Bonds	0	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0	0
Gain on Investment	0	3	0	312	0
Operating Transfers In (Out)	3,046	3,685	(599)	714	4,867
Capital Leases	0	231	0	0	0
Sale of General Fixed Assets	27	416	1,426	27	876
Total Other Financing Sources (Uses)	119,523	9,171	148,576	178,017	115,819
Extraordinary item:					
Loss From State Treasurer's Local Government Investment Pool	0	0	0		0
Net Change in Fund Balance	68,728	(37,832)	16,579	86,972	(25,275)
Beginning Fund Balance, as restated	182,894	252,007	214,292	230,660	317,577
Changes in Reserve for Inventory	398	(188)	(209)	(55)	(55)
Changes in Reserve for Prepaids	(13)	11	(2)	0	0
Ending Fund Balance	$252,007	$213,998	$230,660	$317,577	$292,247

Source: Pima County Finance and Risk Management Department.

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

(b) Data for fiscal year 2008-09 is based on unaudited data and as such is subject to change.

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

	Actual				Estimated Actual
	2004-05	2005-06	2006-07	2007-08	2008-09 (b)
General					
Reserved	$ 4,056	$ 5,152	$ 8,889	$ 5,415	$ 4,363
Unreserved	33,171	46,423	48,671	35,438	35,803
Designated	0	0	0	29,536	0
	37,227	**51,575**	**57,560**	**70,389**	**40,166**
Special Revenue					
Reserved	2,742	5,111	5,933	4,699	5,255
Unreserved	54,232	64,961	69,773	77,451	81,196
Designated	0	1,044	0	0	4,925
	56,974	**71,116**	**75,706**	**82,150**	**91,376**
Debt Service					
Reserved	10,004	6,673	7,946	12,395	33,842
Unreserved	152	162	0	0	0
	10,156	**6,835**	**7,946**	**12,395**	**33,842**
Capital Projects					
Reserved	0	0	120	0	42
Unreserved	147,650	84,472	89,328	152,643	126,821
	147,650	**84,472**	**89,448**	**152,643**	**126,863**
Total Fund Balance	$252,007	$213,998	$230,660	$317,577	$292,247

Source: Pima County Finance and Risk Management Department.

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

(b) Data for fiscal year 2008-09 is based on unaudited data and as such is subject to change.

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

	Actual				Estimated Actual
	2004-05	2005-06	2006-07	2007-08	2008-09
Revenues by Source:					
Taxes	$225,959	$242,948	$252,350	$268,493	$281,749
Licenses and Permits	2,350	2,536	2,795	2,971	2,747
Intergovernmental	125,203	143,982	152,271	148,158	131,966
Charges for Services	24,905	27,102	33,604	32,307	35,330
Fines and Forfeits	5,035	5,786	5,526	5,020	4,720
Interest Income	1357	2,491	3,321	3,343	1,084
Miscellaneous	4,435	4,935	6,828	8,314	7,099
Total Revenues	389,244	429,780	456,695	468,606	464,695
Expenditures:					
Current					
General Government	160,378	168,394	181,329	192,839	184,434
Public Safety	84,694	96,687	106,825	118,623	121,704
Sanitation	0	0	0	0	0
Health	2,189	2,401	2,526	2,906	2,767
Welfare	96,996	102,496	96,684	106,502	115,481
Culture & Recreation	11,236	13,104	14,694	16,325	15,580
Education & Econ. Opport.	14,637	16,682	16,407	17,418	16,368
Debt Service:					
Principal	1,440	1,750	1,785	3,115	3,510
Interest	1,324	1,292	1,230	2,805	2,426
Miscellaneous	5	5	6	4	6
Total Expenditures	372,899	402,811	421,486	460,537	462,276
Excess of Revenues Over (Under) Expenditures	16,345	26,969	35,209	8,069	2,419
Other Financing Sources (Uses):					
Proceeds of Long-Term Debt	0	0	0	0	0
Sale of General Fixed Assets	8	22	0	0	371
Operating Transfers In (Out)	(11,822)	(12,643)	(29,224)	4,760	(33,013)
Total Other Financing Sources (Uses):	(11,814)	(12,621)	(29,224)	4,760	(32,642)
Extraordinary item:					
Loss from State Treasurer's Local Government Investment Pool	0	0	0	0	0
Net Change in Fund Balance	4,531	14,348	5,985	12,829	(30,223)
Beginning Fund Balance, as restated	32,696	37,227	51,575	57,560	70,389
Ending Fund Balance	$37,227	$51,575	$57,560	$70,389	$40,166

Source: Pima County Finance and Risk Management Department.

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

(b) Data for fiscal year 2008-09 is based on unaudited data and as such is subject to change.

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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 $23,420,000 aggregate principal amount of bonds designated the Pima County, Arizona, Street and Highway Revenue Bonds, Series 2009 (the "Bonds"). The Bonds are issued pursuant to Title 11, Chapter 2, Article 12 of the Arizona Revised Statutes, and under the provisions of an authorizing resolution adopted by the Board of Supervisors of the County on November 17, 2009 (the "Bond Resolution") and the report of Grant Thornton, LLP, verifying the calculations of the yield of the Bonds and the yield on and adequacy of the obligations purchased with a portion of the proceeds of the Bonds and deposited into trust to provide for the payment of the bonds being refunded 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 are valid, legal and binding special obligations of the County which, together with other bonds issued on a parity therewith and subject to bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion, are to be paid solely from, and secured by a pledge of Pledged Revenues (as defined in the Bond Resolution), consisting of revenues derived by the County from taxes, fees, charges and other monies collected by the State of Arizona and returned to the County for street and highway purposes pursuant to law. Such pledge is authorized by law. The Bonds and the payment of principal thereof and interest thereon are not secured by an obligation or pledge of any moneys raised by taxation other than the Pledged Revenues, and the Bonds do not represent or constitute a general obligation or a pledge of the full faith and credit of the County or the State of Arizona. The County has pledged, in the Bond Resolution, to comply with any requirements imposed by law for eligibility to receive its share of such funds.

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. 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.

Under the Code, interest on the Bonds is not excluded from the calculation of a corporation's adjusted current earning for purposes of the corporate alternative minimum tax, so that a portion of the interest on the Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. Interest on the Bonds may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States and to a tax imposed on excess net passive income of certain S corporations.

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

EXCERPTS FROM
PIMA COUNTY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2008

The following are excerpts from the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008 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, 2008. These are the most recent audited financial statements available to the County. These financial statements are not current and may not represent the current financial position of the County.

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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of
Pima County, Arizona

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain departments, two major funds, and the component unit, which account for the following percentages of the assets, liabilities, revenues, and expenses or expenditures of the opinion units affected:

Opinion Unit/Department	Assets	Liabilities	Revenues	Expenses/ Expenditures
Government-Wide Statements				
Governmental Activities:				
Stadium District	0.09%	0.04%	0.42%	0.42%
School Reserve Fund	0.15%	0.05%	0.51%	0.51%
Self Insurance Trust	2.39%	4.19%	0.25%	0.11%
Business-Type Activities:				
Regional Wastewater Reclamation Department	92.16%	86.05%	24.82%	25.67%
Pima Health System & Services	6.17%	13.34%	67.45%	70.59%
Development Services	0.67%	0.48%	2.19%	3.56%
Self Insurance Trust	0.00%	0.00%	0.00%	0.06%
Component Unit—Southwestern Fair Commission	100.00%	100.00%	100.00%	100.00%

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Opinion Unit/Department	Assets	Liabilities	Revenues	Expenses/ Expenditures
Fund Statements				
Major Funds:				
Regional Wastewater Reclamation Department	100.00%	100.00%	100.00%	100.00%
Pima Health System & Services	100.00%	100.00%	100.00%	100.00%
Aggregate Remaining Fund Information:				
Stadium District	0.28%	0.19%	0.96%	0.92%
School Reserve Fund	0.46%	0.26%	1.16%	1.13%
Development Services	1.41%	0.98%	2.69%	4.24%
Self Insurance Trust	7.28%	21.25%	5.91%	5.25%

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

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and aggregate remaining fund information of Pima County as of June 30, 2008, 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 (GASB) Statement Nos. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions;* 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues;* 49, *Accounting and Financial Reporting for Pollution Remediation Obligations;* and 50, *Pension Disclosures (an amendment of GASB Statements No. 25 and No. 27),* for the year ended June 30, 2008, which represent changes in accounting principles.

The Management's Discussion and Analysis on pages 13 through 29, the Budgetary Comparison Schedules on pages 79 and 80, and the Schedule of Retirement Plans' Funding Progress on pages 81 and 82 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Debbie Davenport
Auditor General

December 19, 2008

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Management's Discussion and Analysis

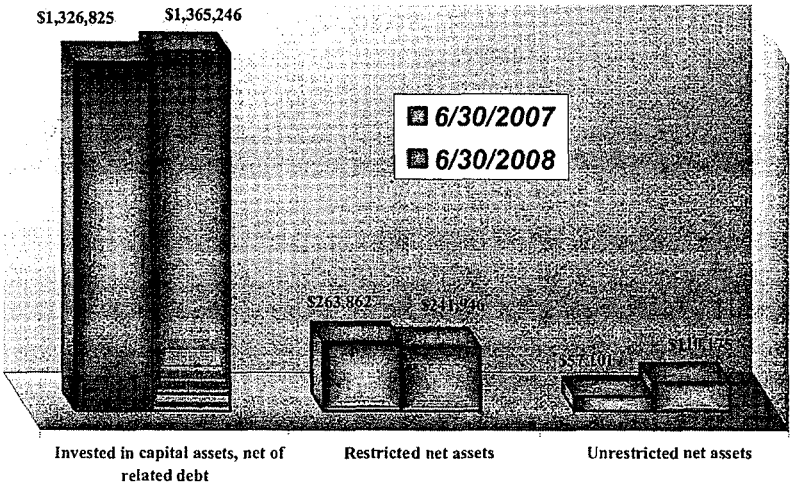
Management's Discussion & Analysis

This section of Pima County's comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the year ended June 30, 2008, 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, 2008, the County's combined assets exceeded combined liabilities (*net* assets) by $1,717,367, an increase of 4.2% from the prior year. Of this amount, $110,175 is available for general government expenses (*unrestricted net assets)*, $241,946 is restricted for specific purposes (*restricted net assets)*, and $1,365,246 is invested in capital assets, net of related debt and accumulated depreciation.

Comparative Composition of Pima County Net Assets



- Of the total fund balances of the County's governmental funds, total fund balance increased $86,917 to $317,577, with $295,068 of this amount available for expenditure. The amount available for expenditure is comprised of $64,974 for the General Fund, $152,643 for the Capital Projects Fund and $77,451 for the County's other governmental funds.

- The General Fund unreserved, undesignated fund balance decreased $13,233 from the previous year to $35,438. This balance represents approximately 7.7% of the County's General fund expenditures and 4.0% of total governmental funds expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or 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.

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

The government-wide financial statements can be found on pages 31 - 33 of this report.

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

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

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

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

The governmental fund financial statements can be found on pages 34 - 37 of this report.

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

The proprietary fund financial statements can be found on pages 38 - 41 of this report.

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

The fiduciary fund financial statements can be found on pages 42 - 43 of this report.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 44 -78 of this report.

Required Supplementary Information (RSI) is presented concerning the County's General Fund budgetary schedule and the Schedule of Retirement Plans' funding progress. Required supplementary information can be found on pages 79 - 82 of this report.

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 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as a useful indicator of a government's financial position over time. County assets exceeded liabilities by $1,717,367 at June 30, 2008. 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, 2008

	Governmental Activities Fiscal Year		Business-type Activities Fiscal Year		Total Fiscal Year	
	2007-2008	2006-2007*	2007-2008	2006-2007*	2007-2008	2006-2007*
Current and other assets	$ 460,995	$ 369,780	$ 189,217	$ 153,227	$ 650,212	$ 523,007
Capital assets:						
Land, buildings, equipment, infrastructure & other	1,413,881	1,335,344	714,548	645,602	2,128,429	1,980,946
Total assets	1,874,876	1,705,124	903,765	798,829	2,778,641	2,503,953
Current and other liabilities	87,975	90,562	63,919	51,327	151,894	141,889
Long-term liabilities	667,157	538,529	242,223	175,747	909,380	714,276
Total liabilities	755,132	629,091	306,142	227,074	1,061,274	856,165
Net assets :						
Invested in capital assets, net of related debt	882,424	850,582	482,822	476,243	1,365,246	1,326,825
Restricted	183,542	179,195	58,404	84,667	241,946	263,862
Unrestricted	53,778	46,256	56,397	10,845	110,175	57,101
Total net assets	$ 1,119,744	$ 1,076,033	$ 597,623	$ 571,755	$ 1,717,367	$ 1,647,788

*As restated - See Note 2 in notes to the financial statements

The largest portion of the County's net assets reflects its investment in capital assets (i.e. land, buildings, infrastructure and equipment), less any related outstanding debt used to acquire those assets. As of June 30, 2008, investment in capital assets totaled $1,365,246, comprising approximately 79.5% 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 $38,421 increase in capital assets, net of related debt, is primarily due to the significant amount of capital project activity that has been completed and capitalized over the past year. Although the County's investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets represent resources that are subject to external restrictions on how they may be used. As of June 30, 2008, restricted net assets totaled $241,946 and comprised approximately 14.1% of total net assets. This represents a $21,916 decrease in restricted net assets from the $263,862 balance of fiscal year 2006-07.

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, 2008, unrestricted net assets totaled $110,175 and comprised approximately 6.4% of total net assets.

Governmental activities

The change in net assets for governmental activities was $43,711, an increase of $3,907 from the prior year. 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, 2008 and 2007

	Fiscal Year		Variance	
	2007-2008	2006-2007*	Amount	Percent
Program revenues:				
Charges for services	$ 64,010	$ 66,898	$ (2,888)	-4.3%
Operating grants and contributions	144,479	139,324	5,155	3.7%
Capital grants and contributions	48,672	15,085	33,587	222.7%
Total program revenues	257,161	221,307	35,854	16.2%
General revenues:				
Property taxes	377,809	343,525	34,284	10.0%
State-shared taxes	130,337	133,952	(3,615)	-2.7%
Investment earnings	16,326	16,439	(113)	-0.7%
Other general revenues	39,657	41,525	(1,868)	-4.5%
Total general revenues	564,129	535,441	28,688	5.4%
Total revenues	821,290	756,748	64,542	8.5%
Expenses:				
General government	239,398	223,266	16,132	7.2%
Public safety	165,715	148,831	16,884	11.3%
Highways and streets	88,488	92,985	(4,497)	-4.8%
Sanitation	9,658	9,623	35	0.4%
Health	36,977	33,800	3,177	9.4%
Welfare	106,546	97,154	9,392	9.7%
Culture and recreation	60,616	55,482	5,134	9.3%
Education and economic opportunity	47,296	42,483	4,813	11.3%
Amortization	138	168	(30)	-17.9%
Interest on long-term debt	22,860	18,924	3,936	20.8%
Total expenses	777,692	722,716	54,976	7.6%
Excess before contributions and transfers	43,598	34,032	9,566	28.1%
Contributions		5,051	(5,051)	-100.0%
Transfers in	113	721	(608)	-84.3%
Change in net assets	43,711	39,804	3,907	9.8%
Ending net assets (as restated)	$ 1,119,744	$ 1,076,033	$ 43,711	4.2%

*As restated - See Note 2 in notes to the financial statements

Key elements of the change in net assets from governmental activities include:

- Revenue from capital grants and contributions increased by $33,587. $23,597 of the increase is due to a change in reporting from fiscal year 2006-07, from "Contributions", a general revenue, to "Capital grants and contributions", a program revenue. The $23,597 change was comprised of $14,708 received from developers for roadways and $8,889 in land contributions. In addition, there was a $4,701 increase in Regional Transportation Authority (RTA) funding, a $1,982 increase in outside contributions to Transportation capital improvement projects for utility infrastructure relocation and a $1,392 increase from the Pima Association of Governments (PAG) HURF funds to repay the HELP loan on a roadway project.

- Property taxes increased by $34,284 as a result of an increase in property valuations for primary and secondary taxes that was partially offset by a decrease in the primary tax rate.

- General government expenses increased by $16,132, of which $11,510 were increases in the General Fund that reflect a 45% increase in personal services, 30% increases in utilities and repair & maintenance, and a 25% increase due to the state-wide Qwest property lawsuit settlement. In addition, there was $3,013 of other postemployment benefits (OPEB) expenses not reported in the prior fiscal year.

- Public Safety expenses increased by $16,884 due to a $14,578 increase within the General Fund as a result of a $9,000 increase in personal services for the Sheriff's department and the addition of $2,047 for OPEB expenses not reported in the prior fiscal year.

- Welfare expenses increased by $9,392 due to an increase in the payments to University Physicians, Inc. from approximately $14,800 to $25,000.

Business-type activities

Business-type activities added $25,868, or 37.2%, of the County's $69,579 change in total net assets for the year ended June 30, 2008. 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, 2008 and 2007

	Fiscal Year		Variance	
	2007-2008	2006-2007*	Amount	Percent
Program revenues:				
Charges for services	$ 409,140	$ 376,195	$ 32,945	8.8%
Operating grants and contributions	4,806	5,174	(368)	-7.1%
Capital grants and contributions	22,952	803	22,149	2758.3%
Total program revenues	436,898	382,172	54,726	14.3%
General revenues:				
Investment earnings	6,721	5,510	1,211	22.0%
Other general revenues	1,286	1,522	(236)	-15.5%
Total general revenues	8,007	7,032	975	13.9%
Total revenues	444,905	389,204	55,701	14.3%
Expenses:				
Wastewater Management	106,803	98,222	8,581	8.7%
Pima Health System & Services	295,494	261,859	33,635	12.8%
Development Services	14,750	15,400	(650)	-4.2%
Parking Garages	1,877	1,579	298	18.9%
Total expenses	418,924	377,060	41,864	11.1%
Excess before contributions and transfers	25,981	12,144	13,837	113.9%
Contributions		25,217	(25,217)	-100.0%
Transfers in (out)	(113)	(721)	608	84.3%
Change in net assets	25,868	36,640	(10,772)	-29.4%
Ending net assets (as restated)	$ 597,623	$ 571,755	$ 25,868	4.5%

*As restated - See Note 2 in notes to financial statements

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

- Charges for services revenue increased by $32,945 due primarily to a $30,712 increase in capitation revenue associated with the AHCCCS/ALTCS program for Pima Health System & Services fund. Both the contractual rate and number of members increased for both programs for fiscal year 2007-08 compared to the prior year. This increase was partially offset by a decrease in revenue for Development Services due to a decline in the number of permits issued.

- Capital grants and contributions increased by $22,149 as a result of a change in reporting from the prior year. In fiscal year 2006-07, outside contributions of assets were reported as "Contributions", a general revenue. In the current fiscal year, contributions of $22,910 are reported under "Capital grants and contributions", a program revenue.

- Investment earnings increased by 22%, or $1,211, due to higher cash balances generated from capitation revenue within Pima Health System & Services. Capitation revenue is advanced prior to the payment of related expenses during the fiscal year.

- Expenses for Regional Wastewater Reclamation Department increased by $8,581 due primarily to increased costs for operations, such as employee compensation ($4,846), general and administrative ($2,707) and consultants and professional services ($2,371).

- Expenses for Pima Health System & Services increased by $33,635 due to higher expenses for medical claims that were based on increased member enrollment and rates paid to providers for both the AHCCCS and ALTCS programs.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental funds

The County's general government functions are accounted for in the General, Special Revenue, Debt Service, and Capital Project funds. Included in these funds are special districts governed by the Board of Supervisors (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, 2008, unreserved, undesignated fund balance of the general fund was $35,438 while total fund balance was $70,389. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved, undesignated fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 7.7% of total General Fund expenditures, while total fund balance represents 15.3% of that same amount.

Total fund balance for the General Fund increased $12,829 compared to the prior fiscal year. Revenue increased by $11,911 and reflects the following changes:

- An increase of $16,143 for property taxes was primarily due to higher assessed property valuations that were partially offset by lower tax rates.

- Intergovernmental revenue declined by $4,113 as a result of decreases of $3,000 in State Sales Tax and $789 in Hotel/Motel Tax revenues.

- Charges for services declined by $1,297, as the prior year reported a one-time receipt of $1,235 for the RTA special election.

Expenditures increased by $39,051 as a result of the following changes:

- $11,510 for general government expenditures due to higher personal services reflecting increased rates for salaries and retirement contributions, increased utility costs based on occupation of newly-added County facilities such as the Abrams Public Health Center, higher costs for motor pool charges due to the rising cost of fuel and the settlement of the state-wide Qwest property tax lawsuit.

- $11,798 for public safety expenditures that also reflect higher costs for personal services related to salaries, medical/dental and retirement benefits costs and increased motor pool costs associated with the higher cost of fuel.

- $9,818 for welfare expenditures related to increased payments to University Physicians, Inc. and their management of the Kino Campus.

The excess of revenues over expenditures was $8,069, which is further increased by net operating transfers in of $4,760. During fiscal year 2007-08, funds to be used for the repayment of the 2008 COPs issue were transferred into the General Fund.

Budget to Actual Comparison for the General Fund

Overall, actual revenues were less than budgeted revenues by $611 and actual expenditures were less than budgeted expenditures by $28,233. No variances between the budget to actual amounts were significant enough to affect the County's ability to provide future services.

Capital Projects Fund
Total fund balance for the Capital Projects Fund increased $63,195 compared to the prior fiscal year. Revenue increased by $4,821 and reflects the following changes:

- Intergovernmental revenue increased by $5,996 due to the construction on a larger number of RTA-funded roadway projects and also because of funding from the City of Tucson for utility relocation work on several roadway projects.

- Charges for services revenue is predominately a reflection of developer fees collected for a number of benefit areas. Fiscal year 2007-08 marks the second straight year that this revenue source has declined, dropping $3,578 during the year, as home construction activity continues to be depressed, especially for the Mountain View, San Xavier and Avra Valley benefit areas.

- Miscellaneous revenue increased $2,904 due to the following changes:

    - $237 from the Tucson Unified School District for the Arroyo Chico Detention Basin project to alleviate flooding problems along the High School Wash.

    - $300 from the Continental Family Medical Center for the Continental Health Clinic project for building construction.

    - $768 from Kinder Morgan for the Thomas Jay Park Improvements project to compensate for environmental impact resulting from construction of a new oil pipeline.

    - $1,705 from several companies, such as Tucson Electric Power Co., Southwest Gas, Comcast and Cox Communications, for utility relocation work on several roadway projects.

Capital project expenditures decreased by $63,120 in fiscal year 2007-08 compared to the prior year. The following events identify significant portions of the decrease:

- Building acquisitions decreased significantly relative to the prior year, as the Bank of America building ($25,000) and new emergency communications center ($6,258) were acquired last fiscal year.

- Acquisitions under the Open Space Preservation program decreased by $8,201. In fiscal year 2006-07, significant open space acquisitions totaled $18,768, compared to the following acquisitions totaling $9,920 that occurred in the current fiscal year:

    - Brown property for $4,614

    - Cochie Canyon property for $2,929

    - Tang property for $2,377

- Spending on park improvement projects declined by $5,283 due to the completion of the Flowing Wells Community Center, Curtis Park improvements, Brandi Fenton Park improvements and Picture Rocks Pool.

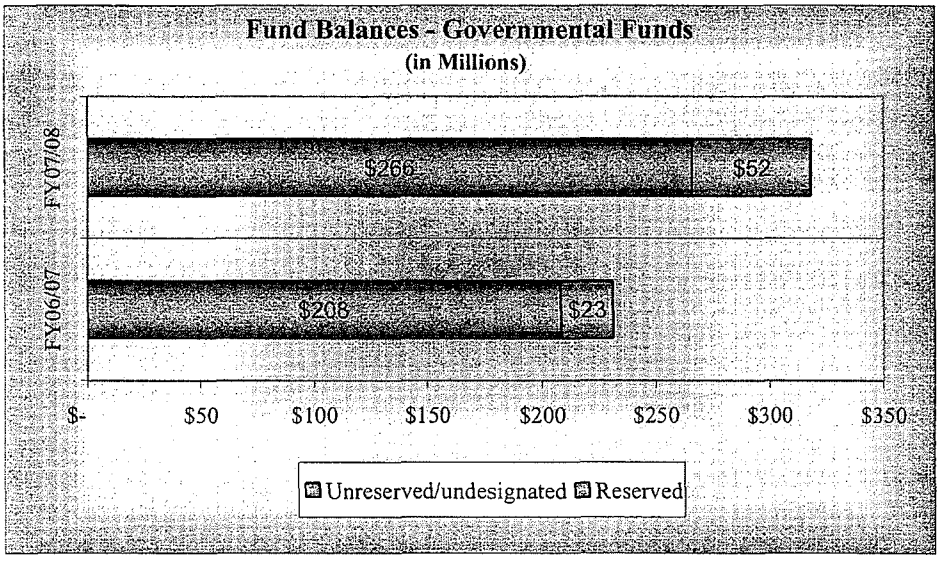
- The Sahuarita landfill expansion project was completed last fiscal year with spending of $6,356 and minimal costs in the current year.

- Spending in the Transportation program decreased by $17,614 due to the completion of several projects last fiscal year. In fiscal year 2006-07, there were 12 roadway projects that expended more than $1,000 compared to 5 in the current year.

The deficiency of revenues under expenditures was $105,698. Other financing sources during the year were the issuance of general obligation bonds of $100,000, transportation bonds of $25,000, and certificates of participation of $50,000, resulting in a net change in fund balance for the Capital Projects Fund of $63,195.

Overview of all governmental funds

At June 30, 2008, the County's governmental funds reported combined fund balances of $317,577, an increase of $86,917 from the prior year. Approximately 84% of the combined fund balances, or $265,532, constitutes unreserved and undesignated fund balance, which is available to meet the County's current and future needs.



The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has been committed to the following:

- $29,536 for debt service specifically for the 2008 Certificates of Participation (COPs)
- $12,395 for debt service on various bond and other debt instruments
- $5,985 to reflect inventories and prepaid amounts
- $2,766 for specified programs
- $1,264 to reflect a loan receivable
- $99 for capital repairs and refurbishments

Revenues for governmental functions totaled approximately $804,102 in fiscal year 2007-08, which represents an increase of $42,767 (5.6%) from the previous year.

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

Table 4
Governmental Funds
Revenues Classified by Source

	Fiscal Year					
	2007-2008		2006-2007		Variance	
	Amount	Percent	Amount	Percent	Amount	Percent
Revenues by source:						
Taxes	$ 381,862	47.5%	$ 348,700	45.8%	$ 33,162	9.5%
Special assessments	556	0.1%	521	0.1%	35	6.7%
Licenses and permits	7,710	0.9%	7,132	0.9%	578	8.1%
Intergovernmental	312,634	38.9%	303,392	39.9%	9,242	3.1%
Charges for services	58,890	7.3%	63,508	8.3%	(4,618)	-7.3%
Fines and forfeits	6,480	0.8%	6,550	0.9%	(70)	-1.1%
Interest	14,218	1.8%	13,988	1.8%	230	1.6%
Miscellaneous	21,752	2.7%	17,544	2.3%	4,208	24.0%
Total revenues	$ 804,102	100.0%	$ 761,335	100.0%	$ 42,767	5.6%

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

- Taxes Revenues from property taxes increased $33,162 reflecting higher primary tax revenues of $16,143 and secondary tax revenues of $17,019. Increased property tax revenue resulted from higher property valuations that were partially offset by a decrease in the primary tax rate.

- Intergovernmental The $9,242 increase in intergovernmental revenue was due primarily to a $5,996 increase within the Capital Projects Fund previously discussed. In addition, there was a $4,804 increase in grant funding reimbursements for pass-through expenditures in Sheriff Department grants, $1,500 for the Homeland Security grant and $757 from the Arizona DPS Border Crimes grants.

- Charges for services The $4,618 decrease in charges for services revenue resulted from a drop in permits issued and no revenue from RTA for special elections, as previously discussed, for both the General and Capital Projects Funds. In addition, there was a $1,812 decrease in contributions compared to the prior year. However, the Solid Waste Fund reported an increase of $1,096 due to the re-opening of the Sahuarita landfill to commercial traffic.

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

Table 5
Governmental Funds
Expenditures by Function

Government Function	Fiscal Year 2007-2008 Amount	Percent	2006-2007 Amount	Percent	Variance Amount	Percent
General government	$ 237,640	26.6%	$ 222,434	24.9%	$ 15,206	6.8%
Public safety	149,475	16.7%	132,930	14.9%	16,545	12.4%
Highways and streets	43,741	4.9%	42,683	4.8%	1,058	2.5%
Sanitation	8,310	0.9%	6,766	0.8%	1,544	22.8%
Health	34,352	3.8%	32,311	3.6%	2,041	6.3%
Welfare	106,607	11.9%	97,168	10.9%	9,439	9.7%
Culture and recreation	50,509	5.7%	45,197	5.1%	5,312	11.8%
Education and economic opportunity	42,286	4.7%	38,474	4.3%	3,812	9.9%
Capital outlay	139,539	15.6%	202,659	22.7%	(63,120)	-31.1%
Debt service:						
- Principal	59,719	6.7%	53,733	5.9%	5,986	11.1%
- Interest	22,639	2.5%	18,965	2.1%	3,674	19.4%
- Miscellaneous	330	0.0%	12	0.0%	318	2650.0%
Total expenditures	$ 895,147	100.0%	$ 893,332	100.0%	$ 1,815	0.2%

Total expenditures in governmental funds increased during fiscal year 2007-08 by $1,815.

- General government expenditures increased by $15,206. Of this amount, 75.7% occurred within the General Fund, which has been previously discussed. Within the Recorder's office, there was an increase of $1,958 due to the conversion from a PC-based to a mainframe system for document storage and retrieval. In addition, the County Attorney's anti-racketeering program had increased costs of $424.

- Public safety expenditures increased by $16,545 primarily due to a $9,000 increase in personal services for the Sheriff's Department that was based on a $1,100 increase in step pay, range adjustments and new positions, a $2,400 pay increase for commissioned & corrections officers, an $1,800 pay increase for civilian positions and a $1,500 and $650 increase in retirement contributions and medical/dental insurance costs, respectively. In addition, there was a $2,000 increase in motor pool charges over last fiscal year.

- Welfare expenditures increased by $9,439 for payments to University Physicians, Inc., as previously discussed under the General Fund section.

- Capital outlay expenditures decreased by $63,120 as previously discussed under the Capital Projects Fund section.

- Debt service principal and interest costs increased $5,986 and $3,674, respectively. The most significant changes were as a result of the issuance of general obligation bonds with increases in both principal and interest of $4,535 and $1,832, respectively.

Proprietary funds

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

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

Table 6
Enterprise Funds
Schedule of Revenues, Expenses and Changes in Net Assets
For the Fiscal Years ended June 30, 2008 and 2007

	Fiscal Year		Variance	
	2007-2008	2006-2007	Amount	Percent
Operating revenues:				
Net patient services	$ 289,651	$ 255,275	$ 34,376	13.5%
Charges for services	87,770	84,106	3,664	4.4%
Other	1,302	1,526	(224)	-14.7%
Total net operating revenues	378,723	340,907	37,816	11.1%
Operating expenses:				
Employee compensation	85,298	77,627	7,671	9.9%
Medical claims	237,926	208,122	29,804	14.3%
Operating supplies & services	10,078	11,140	(1,062)	-9.5%
Utilities	7,737	7,253	484	6.7%
Sludge and refuse disposal	1,602	1,649	(47)	-2.9%
Repair and maintenance	4,498	6,441	(1,943)	-30.2%
General and administrative	22,466	18,761	3,705	19.8%
Consultants and professional services	11,911	9,649	2,262	23.4%
Depreciation and amortization	25,288	23,844	1,444	6.1%
Total operating expenses	406,804	364,486	42,318	11.6%
Operating loss	(28,081)	(23,579)	(4,502)	-19.1%
Nonoperating revenues (expenses):				
Intergovernmental revenue	5,514	12,029	(6,515)	-54.2%
Invesment earnings	6,822	5,556	1,266	22.8%
Sewer connection fees	31,037	30,757	280	0.9%
Interst expense	(6,653)	(6,540)	(113)	-1.7%
Loss on disposal of capital assets	(534)	(1,601)	1,067	66.7%
Amortization of deferred charges	(136)	(109)	(27)	-24.8%
Premium tax	(5,893)	(5,091)	(802)	-15.8%
Total nonoperating revenues	30,157	35,001	(4,844)	-13.8%
Income (loss) before contributions and transfers	2,076	11,422	(9,346)	-81.8%
Capital contributions	23,510	25,217	(1,707)	-6.8%
Transfers in	9,545	17	9,528	56047.1%
Transfers (out)	(10,259)	(738)	(9,521)	-1290.1%
Change in net assets	$ 24,872	$ 35,918	$ (11,046)	-30.8%

While net operating revenues for the County's Enterprise Funds increased $37,816, operating expenses increased $42,318, resulting in an operating loss of $28,081, an operating loss increase of $4,502 from the prior year. The operating loss was due to reported losses of $25,454 by the Regional Wastewater Reclamation Department, $5,720 by Development Services and $161 by Parking Garages, offset by operating income reported by Pima Health System and Services of $3,254.

Key activity within the enterprise funds for fiscal year 2007-08 includes the following:

- Net patient services revenues increased by $34,376 from fiscal year 2006-07. This is attributable to increased membership enrollment and rates for Pima Health System and Services, which generated increases in capitation revenues.

- Employee compensation expenses increased by $7,671 from fiscal year 2006-07, due to an increase of $4,846 for Regional Wastewater Reclamation Department and $2,419 for Pima Health System & Services. Both increases were primarily due to the Board of Supervisors' approved salary and retirement rate increases, as well as the introduction of the OPEB liability not previously reported.

- Medical claims expense increased by $29,804 due to an increase in the vendor rates and member enrollment for both the AHCCCS and ALTCS programs within Pima Health System and Services during the fiscal year.

- General and administrative expenses increased $3,705, due primarily to sewer relocation projects undertaken by the City of Tucson of $1,285 and to the cost-sharing agreement with the Transportation department for various sewer relocation projects of $964.

- Intergovernmental revenue decreased $6,515, as no revenues were received in the current year from Regional Wastewater Reclamation Department projects completed last fiscal year (i.e. Federal Prison Sewer System).

- Transfers in and out reflect the movement of 2008 COPs funding into and System Development Funding (SDF) out of the Regional Wastewater Reclamation Department. In addition, there was a budgeted transfer out of the Development Services Fund for a building remodel project that was cancelled. These funds, less expenses already incurred, were transferred back into the fund.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2008 amounted to $2,128,429 (net of accumulated depreciation), an increase of 7.5%. Of the $147,483 increase in net capital assets, $78,537 (53.3%) came from governmental activities and $68,946 (46.7%) came from business-type activities. The County's investment in capital assets consists of land, buildings, sewage conveyance systems, infrastructure, equipment and construction in progress.

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

Table 7
Governmental and Business-type Activities
Capital Assets

	Governmental Activities		Business-type Activities		Total	
	Fiscal Year		Fiscal Year		Fiscal Year	
	2007-2008	2006-2007*	2007-2008	2006-2007*	2007-2008	2006-2007*
Land	$ 303,646	$ 276,126	$ 10,596	$ 9,695	$ 314,242	$ 285,821
Construction in progress	90,098	109,307	72,060	35,637	162,158	144,944
Buildings and improvements	366,370	355,608	234,142	239,576	600,512	595,184
Sewage conveyance system			369,514	348,748	369,514	348,748
Equipment	44,655	39,560	28,236	11,946	72,891	51,506
Infrastructure	609,112	554,743			609,112	554,743
Total	$ 1,413,881	$ 1,335,344	$ 714,548	$ 645,602	$ 2,128,429	$ 1,980,946

*As restated - See Note 2 in notes to the financial statements

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

Land increased by $27,520 due primarily to the following acquisitions for governmental activities:

- $4,614 for the Brown property,
- $2,929 for the Cochie Canyon property,
- $2,377 for the Tang property,
- $967 for the Chilton property,
- $1,758 for various other open space acquisitions,
- $3,169 for land acquisition related to flood control projects,
- $2,426 for land acquisition related to transportation road projects.

In addition, the County received contributions in the form of land as follows:

- $6,332 for land under developer-contributed roadways,
- $1,239 for preservation easements on cultural resources projects,
- $864 from the City of Tucson for the Animal Shelter & Jackson Employment Center projects,
- $450 from the Town of Marana for the Library District.

Infrastructure for governmental activities increased by $54,369 due primarily to completion of the following Transportation roadway projects:

- Craycroft Rd. - River to Sunrise for $28,902,
- Valencia Rd. - Mark to Camino de la Tierra for $17,947,
- Colossal Cave Rd. - Camino Loma Alta to Vail for $8,312,
- Sunrise Dr. - Craycroft to Kolb for $6,675,
- Country Club Rd. - 36th to Irvington for $3,337.

In addition, the County received contributions from developers in the form of roadways in the amount of $14,708. Flood Control District had several drainage improvement projects that were completed during the fiscal year in the amount of $4.100.

Sewage conveyance systems increased by $20,766 due primarily to the contribution of developer-built conveyance systems for $23,667, as opposed to any significant project completion.

Construction-in-progress for governmental activities decreased by $19,209, while construction-in-progress for business-type activities increased $36,423. Construction-in-progress for governmental activities decreased due to a decline in spending for all governmental departments, primarily with Transportation and Facilities projects. In contrast, with the sale of Sewer Revenue bonds, spending within the Regional Wastewater Reclamation

Department's program significantly increased by $55,500, which was partially reduced by capitalization of completed projects for $18,600.

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 to the financial statements on pages 56-57 of this report.

Long-term Debt

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

Table 8
Long-Term Debt

	Fiscal Year	
	2007-2008	**2006-2007**
Bonds issued (at face value):		
General obligation	$ 100,000	$ 95,000
Street and highway revenue	25,000	21,000
Sewer revenue	75,000	50,000
COPs	50,000	30,320
Capital leases	312	
Total	$ 250,312	$ 196,320

During the fiscal year, the county received $100,000 in proceeds from the sale of general obligation bonds and $25,000 from the sale of transportation revenue bonds. As of June 30, 2008, $51,338 of proceeds from general obligation (GO) bonds and $9,914 from transportation revenue (HURF) bonds were unspent. The majority of the general obligation bonds were spent on projects for Facilities Management, Flood Control District, open space and parks and recreational facilities, while proceeds from transportation revenue bonds were allocated to various roadway projects.

In addition, during the fiscal year, the County sold $50,000 in certificates of participation (COPs) primarily to fund wastewater and transportation infrastructure as well as to fund County-wide capital equipment purchases.

Pima County maintains the following ratings for its bonds and COPs as of June 30, 2008:

	Moody's Investor Service	Standard and Poor's
Certificates of Participation	A1	A+
General Obligation	Aa3	AA-
Transportation	A1	AA
Sewer Revenue	A1	A+

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its net assessed valuation. The current debt limitation for Pima County is $1,233,059, 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 to the financial statements on pages 60-68 of this report.

Economic Factors and Next Year's Budget

General fund

General government revenues, excluding property tax revenues, are budgeted in fiscal year 2008-09 at $158.2 million, approximately $6.2 million less than the amount budgeted for fiscal year 2007-08. The decline of several

types of projected revenues is reflective of slowing in the local and national economies and the significant shift of expenditures from the State of Arizona to local governments. Numerous factors, including a downturn in residential construction, a decline in housing prices, problems in the credit and capital markets and rising energy prices have all contributed to the current financial condition.

As of October 31, 2008, the most current projections of general government revenues for fiscal year 2008-09 indicate an additional decrease of $11 million below the fiscal year 2008-09 budgeted revenues. After the County's adoption of the fiscal year 2008-09 budget, the State legislature shifted additional State costs to Pima County for fiscal year 2008-09. The State is experiencing a deficit estimated as of November 6, 2008 to be $1.2 billion which could result in additional cost shifts to local governments before the end of fiscal year 2008-09.

The adopted budget for fiscal year 2008-09 has expenditures for the General Fund increasing by approximately $12.6 million primarily due to the following:

- $4.8 million to fund the costs of the primary and general elections held in 2008
- $2.6 million net increase in state mandated employer contributions to the various state retirement systems; and $1.1 million net increase in the County's contribution towards the cost of non-retirement benefits
- $2.4 million increase to annualize the cost of fiscal year 2007-08 salary increases awarded to corrections and peace officers
- $2.3 million of additional funding related to detention health care costs
- $1.1 million for increased cost of fuel for vehicles and equipment

As part of its budget for fiscal year 2008-09, the County set aside $7.2 million into the Budget Stabilization Fund in order to prepare for the potential negative financial impacts of cost shifts which the State may impose on the County to balance the State's budget for fiscal year 2008-09.

Transportation

By the end of October 2009, the County is projecting that the fiscal year 2008-09 HURF and VLT revenues received by the County will decrease by $5.8 million below the amount adopted in the fiscal year 2008-09 budget. In an effort to reduce expenditures to deal with the revenue shortfall, the County has initiated cost saving measures within the Transportation department. Additionally, revenues from impact fees are substantially lower than budgeted for fiscal year 2008-09.

Development Services

Consistent with the slowdown in the housing industry for the last two fiscal years, the Development Services department is projecting further decline in housing permits and associated revenues by approximately $5 million (46% of budgeted revenues) in fiscal year 2008-09. The economic situation is not expected to improve in the near future. The County has therefore initiated major cost saving measures within the Development Services department to reduce expenditures.

Regional Wastewater System

As with other activities impacted by real estate development, the number of new connections to the County's sewer system has declined during fiscal year 2008-09 as compared to prior years. The County expects an approximate $10 million reduction in connection fees. To address this, the department is reducing expenditures within the system and requesting rate increases. The County has also requested permission to extend the time limits required by the Arizona Department of Environmental Quality for infrastructure improvements to the system.

Pima Health System and Services (PHS&S)

Effective October 1, 2008, Pima County's ambulatory services contract with the Arizona Healthcare Cost Containment System (AHCCCS) was not renewed. In response to the loss of that contract, the County reduced the budget for PHS&S by $84 million, from the recommended expenditure budget of $312 million to a final adopted budget of $228 million.

Request for Information

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

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Basic Financial Statements

PIMA COUNTY, ARIZONA
Statement of Net Assets
As of June 30, 2008
(in thousands)

Exhibit A-1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Southwestern Fair Commission
Assets				
Cash and cash equivalents	$ 376,539	$ 107,190	$ 483,729	$ 1,805
Property taxes receivable (net)	11,968		11,968	
Interest receivable	1,172	448	1,620	
Internal balances	510	(510)		
Due from other governments	49,341	959	50,300	
Accounts receivable (net)	3,492	21,263	24,755	38
Inventories	2,204	3,701	5,905	32
Prepaids	5,036	199	5,235	
Special assessments receivable	1,340		1,340	
Other assets	7,058	2,401	9,459	
Restricted assets:				
Cash and cash equivalents	1,071	53,566	54,637	
Loans receivable	1,264		1,264	
Capital assets not being depreciated:				
Land	303,646	10,596	314,242	
Construction in progress	90,098	72,060	162,158	38
Capital assets being depreciated (net):				
Buildings and improvements	366,370	234,142	600,512	1,590
Sewage conveyance system		369,514	369,514	
Equipment	44,655	28,236	72,891	594
Infrastructure	609,112		609,112	
Total assets	1,874,876	903,765	2,778,641	4,097
Liabilities				
Accounts payable	36,668	17,229	53,897	258
Accrued medical and healthcare claims		34,375	34,375	
Interest payable	13	1,270	1,283	
Contract retentions	564		564	
Employee compensation	39,060	7,565	46,625	
Due to other governments	2,053	2,072	4,125	
Deposits and rebates	1,279		1,279	21
Deferred revenues	8,338	1,408	9,746	72
Noncurrent liabilities:				
Due within one year	83,744	14,414	98,158	
Due in more than one year	583,413	227,809	811,222	
Total liabilities	755,132	306,142	1,061,274	351
Net Assets				
Invested in capital assets, net of related debt	882,424	482,822	1,365,246	2,222
Restricted for:				
Facilities, justice, library, tax stabilization and community development	71,618		71,618	
Highways and streets	17,390		17,390	
Debt service	13,612	791	14,403	
Capital projects	80,922	37,925	118,847	
Regional wastewater		5,956	5,956	
Healthcare		13,732	13,732	
Unrestricted	53,778	56,397	110,175	1,524
Total net assets	$ 1,119,744	$ 597,623	$ 1,717,367	$ 3,746

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2008
(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	$ 239,398	$ 25,502	$ 31,834	$ 370
Public safety	165,715	9,550	12,868	1,160
Highways and streets	88,488	9,316	60,202	44,898
Sanitation	9,658	5,930	1,152	
Health	36,977	9,965	12,630	
Welfare	106,546		99	
Culture and recreation	60,616	3,031	4,826	1,904
Education and economic opportunity	47,296	716	20,868	340
Amortization - unallocated	138			
Interest on long-term debt	22,860			
Total governmental activities	777,692	64,010	144,479	48,672
Business-type activities:				
Regional Wastewater Reclamation Department	106,803	106,448	83	22,880
Pima Health System & Services	295,494	291,980	4,723	72
Development Services	14,750	8,992		
Parking Garages	1,877	1,720		
Total business-type activities	418,924	409,140	4,806	22,952
Total primary government	$ 1,196,616	$ 473,150	$ 149,285	$ 71,624
Component unit:				
Southwestern Fair Commission	$ 5,144	$ 5,472	$ 120	
Total component units	$ 5,144	$ 5,472	$ 120	

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, as restated

Net assets at end of year

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Assets				
Primary Government				Component Unit
Governmental Activities	Business-type Activities	Total		Southwestern Fair Commission	Functions/Programs
					Primary government:
					Governmental activities:
$ (181,692)		$ (181,692)			General government
(142,137)		(142,137)			Public safety
25,928		25,928			Highways and streets
(2,576)		(2,576)			Sanitation
(14,382)		(14,382)			Health
(106,447)		(106,447)			Welfare
(50,855)		(50,855)			Culture and recreation
(25,372)		(25,372)			Education and economic opportunity
(138)		(138)			Amortization - unallocated
(22,860)		(22,860)			Interest on long-term debt
(520,531)		(520,531)			**Total governmental activities**
					Business-type activities:
	$ 22,608	22,608			Regional Wastewater Reclamation Department
	1,281	1,281			Pima Health System & Services
	(5,758)	(5,758)			Development Services
	(157)	(157)			Parking Garages
	17,974	17,974			**Total business-type activities**
(520,531)	17,974	(502,557)			**Total primary government**
					Component unit:
				$ 448	Southwestern Fair Commission
				448	**Total component units**
					General revenues:
263,681		263,681			Property taxes, levied for general purposes
25,468		25,468			Property taxes, levied for regional flood control district
32,564		32,564			Property taxes, levied for library district
56,096		56,096			Property taxes, levied for debt service
8,176		8,176			Hotel/motel taxes, levied for sports facility and tourism
1,952		1,952			Other taxes, levied for stadium district
103,171		103,171			Unrestricted share of state sales tax
27,166		27,166			Unrestricted share of state vehicle license tax
7,748		7,748			Grants and contributions not restricted to specific programs
6,365		6,365			Interest and penalties on delinquent taxes
16,326	6,721	23,047			Investment earnings
15,416	1,286	16,702		116	Miscellaneous
113	(113)				Transfers
564,242	7,894	572,136		116	Total general revenues and transfers
43,711	25,868	69,579		564	Change in net assets
1,076,033	571,755	1,647,788		3,182	Net assets at beginning of year, as restated
$ 1,119,744	$ 597,623	$ 1,717,367		$ 3,746	Net assets at end of year

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Balance Sheet - Governmental Funds
June 30, 2008
(in thousands)

Exhibit A-3

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 61,446	$ 167,986	$ 93,326	$ 322,758
Property taxes receivable (net)	8,070		3,898	11,968
Interest receivable	167	474	359	1,000
Due from other funds	12,031	5,650	2,568	20,249
Due from other governments	24,714	4,200	20,247	49,161
Accounts receivable	1,480	540	1,325	3,345
Inventory			1,646	1,646
Prepaid expenditures	4,151		188	4,339
Special assessments receivable			1,340	1,340
Loan receivable	1,264			1,264
Other assets	160		5,200	5,360
Restricted cash equivalents		1,071		1,071
Total assets	$ 113,483	$ 179,921	$ 130,097	$ 423,501
Liabilities and fund balances				
Liabilities:				
Accounts payable	$ 11,759	$ 11,997	$ 11,165	$ 34,921
Interest payable	2	5	6	13
Contract retentions	2	562		564
Employee compensation	8,840	46	3,330	12,216
Due to other funds	6,575	11,628	2,212	20,415
Due to other governments	58	1,206	784	2,048
Deposits and rebates	208	1,071		1,279
Deferred revenues	15,650	763	18,055	34,468
Total liabilities	43,094	27,278	35,552	105,924
Fund balances:				
Reserved for:				
Inventory			1,646	1,646
Prepaid expenditures	4,151		188	4,339
Debt service			12,395	12,395
Capital repairs and refurbishments			99	99
Specified programs			2,766	2,766
Loan receivable	1,264			1,264
Unreserved, designated for:				
Debt service	29,536			29,536
Unreserved, undesignated:				
General fund	35,438			35,438
Capital projects		152,643		152,643
Special revenue			77,451	77,451
Total fund balances	70,389	152,643	94,545	317,577
Total liabilities and fund balances	$ 113,483	$ 179,921	$ 130,097	$ 423,501

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2008
(in thousands)

Exhibit A-4

Fund balances - total governmental funds		$ 317,577
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	$ 2,033,522	
Less accumulated depreciation	(639,242)	1,394,280
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	(500,069)	
Certificates of participation payable	(81,612)	
Loans and leases payable	(24,223)	
Unamortized deferred issuance costs reported as other assets	1,698	(604,206)
Some compensated absences are not due and payable shortly after June 30, 2008, and therefore are not reported in the governmental funds		
Employee compensation		(26,958)
Some liabilities are not due and payable shortly after June 30, 2008, and are therefore not reported in the governmental funds		
Landfill liability	(18,419)	
Future postemployment health benefit liability	(8,779)	
Pollution remediation liability	(1,784)	(28,982)
Deferred revenue in governmental funds is susceptible to full accrual on the government-wide statements		26,130
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		41,903
Net assets of governmental activities		$ 1,119,744

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008
(in thousands)

Exhibit A-5

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$ 268,493		$ 113,369	$ 381,862
Special assessments			556	556
Licenses and permits	2,971		4,739	7,710
Intergovernmental	148,158	$ 17,023	147,453	312,634
Charges for services	32,307	8,839	17,744	58,890
Fines and forfeits	5,020		1,460	6,480
Investment earnings	3,343	4,812	6,063	14,218
Miscellaneous	8,314	3,167	10,271	21,752
Total revenues	468,606	33,841	301,655	804,102
Expenditures:				
Current:				
General government	192,839		44,801	237,640
Public safety	118,623		30,852	149,475
Highways and streets			43,741	43,741
Sanitation			8,310	8,310
Health	2,906		31,446	34,352
Welfare	106,502		105	106,607
Culture and recreation	16,325		34,184	50,509
Education and economic opportunity	17,418		24,868	42,286
Capital outlay		139,539		139,539
Debt service - principal	3,115		56,604	59,719
- interest	2,805		19,834	22,639
- miscellaneous	4		326	330
Total expenditures	460,537	139,539	295,071	895,147
Excess (deficiency) of revenues over (under) expenditures	8,069	(105,698)	6,584	(91,045)
Other financing sources (uses):				
Proceeds on capital leases			312	312
Premium on long-term debt		1,219	745	1,964
Face amount of long-term debt		175,000		175,000
Proceeds from sale of capital assets			27	27
Transfers in	47,854	29,160	51,392	128,406
Transfers (out)	(43,094)	(36,486)	(48,112)	(127,692)
Total other financing sources	4,760	168,893	4,364	178,017
Net change in fund balances	12,829	63,195	10,948	86,972
Fund balance at beginning of year	57,560	89,448	83,652	230,660
Change in reserve for inventory			(55)	(55)
Fund balance at end of year	$ 70,389	$ 152,643	$ 94,545	$ 317,577

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2008
(in thousands)

Exhibit A-6

Net change in fund balances - total governmental funds		$ 86,972
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	$ 105,819	
Less current year depreciation	(51,609)	54,210
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		(615)
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		
Proceeds of long-term debt	(175,312)	
Debt service - principal payments	59,719	
Premium on long-term debt	(1,964)	
Deferred issuance costs	459	
Amortization expense	(138)	(117,236)
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	23,943	
Property tax revenues	2,313	
Changes to other revenues	(135)	26,121
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		
Change in compensated absences	(2,215)	
Future postemployment health benefit liability	(8,779)	
Change in landfill liability	(1,089)	
Pollution remediation liability	(1,784)	
Net book value of capital asset disposals	(111)	
Change in reservation of fund balances	(55)	(14,033)
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		8,292
Change in net assets of governmental activities		$ 43,711

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Net Assets - Proprietary Funds
June 30, 2008
(in thousands)

Exhibit A-7

	Business-type Activities Enterprise Funds				
	Pima Health System & Services	Regional Wastewater Reclamation Department	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities-Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	$ 42,624	$ 56,850	$ 7,716	$ 107,190	$ 53,781
Restricted cash and cash equivalents		53,074		53,074	
Interest receivable	144	287	17	448	172
Due from other funds	1	1,988	2,641	4,630	1,414
Due from other governments	931	28		959	180
Accounts receivable (net)	11,390	9,860	13	21,263	147
Inventory	81	3,620		3,701	558
Prepaid expense	14	178	7	199	697
Total current assets	55,185	125,885	10,394	191,464	56,949
Noncurrent assets:					
Restricted cash and cash equivalents		492		492	
Capital assets:					
Land and other improvements		8,735	1,861	10,596	592
Buildings and improvements	694	347,847	12,927	361,468	614
Sewage conveyance system		580,096		580,096	
Equipment	1,138	35,614	1,707	38,459	33,364
Less accumulated depreciation	(1,231)	(337,729)	(9,171)	(348,131)	(14,969)
Construction in progress		72,060		72,060	
Total capital assets (net of accumulated depreciation)	601	706,623	7,324	714,548	19,601
Deferred financing costs		2,401		2,401	
Total noncurrent assets	601	709,516	7,324	717,441	19,601
Total assets	55,786	835,401	17,718	908,905	76,550
Liabilities					
Current liabilities:					
Accounts payable	864	16,010	355	17,229	1,747
Accrued medical and health care claims	34,375			34,375	
Employee compensation	3,016	3,980	1,158	8,154	771
Interest payable	5	1,265		1,270	
Due to other funds	1,087	3,943	8	5,038	840
Due to other governments	1,880	88	104	2,072	5
Deferred revenues	1	1,407		1,408	
Current portion of sewer revenue bonds		7,870		7,870	
Current portion of wastewater loans payable		5,955		5,955	
Current portion of reported but unpaid losses					3,908
Current portion of incurred but not reported losses					2,321
Total current liabilities	41,228	40,518	1,625	83,371	9,592
Noncurrent liabilities:					
Contracts and notes		5,842		5,842	
Other postemployment healthcare benefits	689	718	258	1,665	181
Sewer revenue bonds		155,831		155,831	
Regional wastewater loans payable		64,471		64,471	
Reported but unpaid losses					15,514
Incurred but not reported losses					9,462
Total noncurrent liabilities	689	226,862	258	227,809	25,157
Total liabilities	41,917	267,380	1,883	311,180	34,749
Net assets					
Invested in capital assets, net of related debt	601	474,897	7,324	482,822	19,601
Restricted for:					
Debt service		791		791	
Capital projects		37,925		37,925	
Regional wastewater		5,956		5,956	
Healthcare	13,732			13,732	
Unrestricted	(464)	48,452	8,511	56,499	22,200
Total net assets	$ 13,869	$ 568,021	$ 15,835	597,725	$ 41,801

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.	(102)
Net assets of business-type activities	$ 597,623

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2008
(in thousands)

Exhibit A-8

	Business-type Activities Enterprise Funds				
	Pima Health System & Services	Regional Wastewater Reclamation Department	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities-Internal Service Funds
Operating revenues:					
Net patient services	$ 289,651			$ 289,651	
Charges for services	2,329	$ 74,729	$ 10,712	87,770	$ 45,420
Other	987	105	210	1,302	2,207
Total net operating revenues	292,967	74,834	10,922	378,723	47,627
Operating expenses:					
Employee compensation	39,096	34,527	11,675	85,298	7,398
Medical claims	237,926			237,926	
Operating supplies and services	1,587	8,187	304	10,078	6,918
Utilities	400	6,940	397	7,737	917
Sludge and refuse disposal		1,602		1,602	
Repair and maintenance	386	3,878	234	4,498	3,967
Incurred losses					10,227
Insurance premiums					4,911
General and administrative	8,332	11,184	2,950	22,466	2,721
Consultants and professional services	1,771	9,516	624	11,911	435
Depreciation	215	24,454	619	25,288	2,759
Total operating expenses	289,713	100,288	16,803	406,804	40,253
Operating income (loss)	3,254	(25,454)	(5,881)	(28,081)	7,374
Nonoperating revenues (expenses):					
Intergovernmental revenue	4,723	791		5,514	
Investment earnings	2,402	3,760	660	6,822	2,106
Sewer connection fees		31,037		31,037	
Interest expense	(93)	(6,560)		(6,653)	
Gain/(loss) on disposal of capital assets		(539)	5	(534)	(206)
Amortization of deferred charges		(136)		(136)	
Premium tax	(5,893)			(5,893)	
Total nonoperating revenues	1,139	28,353	665	30,157	1,900
Income (loss) before contributions and transfers	4,393	2,899	(5,216)	2,076	9,274
Capital contributions	72	23,438		23,510	20
Transfers in		6,995	2,550	9,545	4,352
Transfers (out)		(7,632)	(2,627)	(10,259)	(4,358)
Change in net assets	4,465	25,700	(5,293)	24,872	9,288
Net assets at beginning of year, as restated	9,404	542,321	21,128	572,853	32,513
Net assets at end of year	$ 13,869	$ 568,021	$ 15,835	597,725	$ 41,801

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.	996
Change in net assets of business-type activities	$ 25,868

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008
(in thousands)

Exhibit A-9

	Pima Health System & Services	Regional Wastewater Reclamation Department	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	$ 257		$ 100	$ 357	$ 45,420
Cash received from customers for goods and services provided	299,344	$ 76,216	10,710	386,270	
Cash received from miscellaneous operations	987	105	224	1,316	2,183
Cash payments to suppliers for goods and services	(235,385)	(34,323)	(2,550)	(272,258)	(17,377)
Cash payments to other funds for goods and services	(4,270)	(8,869)	(3,389)	(16,528)	(3,583)
Cash payments for incurred losses					(11,879)
Cash payments to employees for services	(39,822)	(33,018)	(10,317)	(83,157)	(6,380)
Net cash provided by (used for) operating activities	21,111	111	(5,222)	16,000	8,384
Cash flows from noncapital financing activities:					
Interest paid on short-term credit	(87)			(87)	
Cash transfers out to other funds		(636)		(636)	
Loans with other funds	(62)	1,750	(2,603)	(915)	447
Premium tax	(5,893)			(5,893)	
Intergovernmental revenues	4,803	83		4,886	
Net cash provided by (used for) noncapital financing activities	(1,239)	1,197	(2,603)	(2,645)	447
Cash flows from capital and related financing activities:					
Proceeds from issuance of bonds and loans		75,000		75,000	
Principal paid on bonds and loans		(13,071)		(13,071)	
Interest paid on bonds and loans		(6,351)		(6,351)	
Sewer connection fees		30,207		30,207	
Proceeds from sale or transfer of capital assets			39	39	216
Proceeds from intergovernmental contract		1,066		1,066	
Purchase of capital assets	(118)	(67,322)		(67,440)	(4,277)
Net cash provided by (used for) capital and related financing activities	(118)	19,529	39	19,450	(4,061)
Cash flows from investing activities:					
Interest received on cash and investments	2,324	3,881	693	6,898	2,268
Net cash provided by investing activities	2,324	3,881	693	6,898	2,268
Net increase (decrease) in cash and cash equivalents	22,078	24,718	(7,093)	39,703	7,038
Cash and cash equivalents at beginning of year	20,546	85,698	14,809	121,053	46,743
Cash and cash equivalents at end of year	$ 42,624	$ 110,416	$ 7,716	$ 160,756	$ 53,781

(Continued)

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008
(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 Department	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities-Internal Service Funds
Operating income (loss)	$ 3,254	$ (25,454)	$ (5,881)	$ (28,081)	$ 7,374
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	215	24,454	619	25,288	2,759
Changes in assets and liabilities:					
Decrease (increase) in assets:					
Accounts receivable	3,662	(650)	12	3,024	64
Due from other governments	1,964	2,137		4,101	(88)
Inventory and other assets	7	(508)		(501)	(101)
Prepaid expenses	(3)	11	50	58	97
Increase (decrease) in liabilities:					
Accounts payable	8,706	(1,394)	(337)	6,975	(381)
Due to other governments	1,880	6	5	1,891	5
Reported but unpaid losses					(3,517)
Incurred but not reported losses					1,865
Other current liabilities	1,426	1,509	310	3,245	307
Net cash provided by (used for) operating activities	$ 21,111	$ 111	$ (5,222)	$ 16,000	$ 8,384

Noncash investing, capital and noncapital financing activities during the year ended June 30, 2008:

Pima Health System and Services received equipment worth $91. Of this amount, $19 was transferred from construction in progress and $72 was a capital contribution.

Pima Health System and Services disposed of capital assets with a net book value of $1.

Regional Wastewater Reclamation Department Enterprise Fund disposed of capital assets with a net book value of $539.

Regional Wastewater Reclamation Department Enterprise Fund received contributed developer-built conveyance systems with estimated fair values totaling $23,667. These contributions were recorded as increases to capital assets and capital contributions.

Regional Wastewater Reclamation Department Enterprise Fund recorded a Board of Supervisor approved connection fee credit agreement of $830. This credit was recorded as an increase to deferred revenue and a decrease to capital contributions.

Regional Wastewater Reclamation Department Enterprise Fund transferred in capital assets with a net book value of $601 from the County's general government.

Other Enterprise Funds had a gain of $5 on the disposal of capital assets with a net book value of $34.

Internal Service Funds disposed of capital assets with a net book value of $206.

Internal Service Funds transferred in capital assets with a net book value of $20 from the County's general government.

Internal Service Funds transferred out capital assets with a net book value of $6 to the County's general government.

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Fiduciary Net Assets - Fiduciary Funds
June 30, 2008
(in thousands)

Exhibit A-10

	Investment Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	$ 314,745	$ 75,004
Interest receivable	584	
Due from other governments		1,809
Total assets	$ 315,329	$ 76,813
Liabilities		
Employee compensation		$ 4,751
Due to other governments		46,048
Deposits and rebates		26,014
Total liabilities		$ 76,813
Net Assets		
Held in trust for pool participants	$ 315,329	

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2008
(in thousands)

Exhibit A-11

	Investment Trust Funds
Additions	
Contributions from participants	$ 2,818,067
Total contributions	2,818,067
Investment earnings	12,359
Total investment earnings	12,359
Total additions	2,830,426
Deductions	
Distributions to participants	2,813,849
Total deductions	2,813,849
Change in net assets	16,577
Net assets held in trust July 1, 2007	298,752
Net assets held in trust June 30, 2008	$ 315,329

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, 2008, Pima County implemented GASB Statements, Nos. 45, 48 and 50, and early implemented GASB Statement No. 49.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions,* requires systematic measurement and recognition of other postemployment benefits' (OPEB) cost over employees' years of service and provides information about actuarial accrued liabilities associated with OPEB. Although OPEB is not required to be funded, whether and to what extent progress is being made in funding the liabilities must be disclosed. As a result of the implementation of GASB 45, the County has recorded a net OPEB obligation offset by OPEB expense in the financial statements, related to the postemployment healthcare benefit participation by County retirees and their beneficiaries in Pima County's healthcare benefit plan. Further information regarding this measurement and disclosure is available in Note 10. GASB Statement No. 50, *Pensions Disclosure (an amendment of GASB Statements No. 25 and No. 27)* requires governmental employers to present certain additional pension disclosures in the notes and additional required supplementary information.

The provisions for GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity transfers of Assets and Future Revenues* require that the County disclose pledged revenue that is committed to collateralize or secure debt. Further information is available in Note 7.

The provisions for GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* require the County to disclose current or potential detrimental effects of existing pollution. Further information is available in Note 6.

A. Reporting Entity

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

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

The Pima County Stadium District, a legally separate entity, was formed to promote and establish major league baseball spring training in Pima County. The Pima 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

Note 1: Summary of Significant Accounting Policies (continued)

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 the County, but rather to the general citizenry, SFC is reported as a separate component unit (discrete presentation) in these financial statements. Complete financial statements for SFC can be obtained from the Pima County Department of Finance and Risk Management located at 130 West Congress Street, Tucson, Arizona 85701.

Related Organization

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

B. Basis of 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,

Note 1: Summary of Significant Accounting Policies (continued)

revenues are recognized when measurable and available. The County considers all revenues reported in the government funds to be available if the revenues are collected within 30 days after year-end. Revenues that are collected after 30 days are reported as deferred revenues. The County's major revenue sources that are susceptible to accrual are property taxes, intergovernmental and charges for services. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

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

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

Discretely presented component unit:

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

C. Basis of Presentation

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

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

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

Note 1: Summary of Significant Accounting Policies (continued)

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

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

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

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

The County reports the following major governmental funds:

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

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

The County reports the following major enterprise funds:

Pima Health System and Services (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 Department (RWRD) 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.

Note 1: Summary of Significant Accounting Policies (continued)

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

D. Cash and Investments

Primary government:

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

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

Discretely presented component unit:

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

E. Inventories and Prepaids

The County accounts for its inventories in the Health and Animal Control Fund using the purchase method. Inventories of the Health and Animal Control 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.

During the current fiscal year, Transportation transitioned from the purchase method to the consumption method eliminating the need to report a change in inventory reserve. Purchases are recorded as inventory and expensed 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 are valued 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 RWRD, an enterprise fund, are valued at lower of cost or market, cost being determined using the moving average method.

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

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

Note 1: Summary of Significant Accounting Policies (continued)

F. Property Tax Calendar

The County levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May. A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

G. Capital Assets

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

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

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

Discretely presented component unit:

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

H. Investment Earnings

Investment 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.

Note 1: Summary of Significant Accounting Policies (continued)

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

Note 2: Net Asset Beginning Balances Restated

The beginning net assets for Governmental Activities were restated due to the addition of Transportation dedicated roadways and land parcels. These dedicated roadways and land parcels were not reported in prior fiscal years.

The following summarizes the restatement of net assets:

	Governmental Activities
Net assets – June 30, 2007, as previously reported	$ 999,451
Infrastructure	57,843
Land	18,739
Net assets – July 1, 2007, as restated	$ 1,076,033

In addition, due to restructuring of the Regional Wastewater Reclamation Department Enterprise Fund sewer conveyance assets, beginning net asset balances were restated as follows:

	Business-type Activities	Regional Wastewater Reclamation Department
Net assets – June 30, 2007, as previously reported	$ 572,462	$ 543,028
Sewer conveyance system	(707)	(707)
Net assets – July 1, 2007, as restated	$ 571,755	$ 542,321

Note 3: Cash and Investments

Primary Government

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

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

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

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

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

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

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

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

Foreign currency risk—Statutes do not allow foreign investments.

Deposits—At June 30, 2008, the carrying amount of the County's deposits was $16,506 and the bank balance was $36,096.

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, 2008, $3,775 of the County's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 3: Cash and Investments (continued)

Investments—At June 30, 2008, the County's investments consisted of $271,549 invested in marketable securities and $639,977 invested in the State Treasurer's Investment Pool. Cash from the County and from externally legally separate governments are pooled to purchase the investments in marketable securities and the State Treasurer's Pool. The State Board of Investment provides oversight for the State Treasurer's pools. The fair value of a participant's position in the pool approximates the value of that participant's pool shares and the participant's shares are not identified with specific investments.

Credit risk—Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The County does not have a formal investment policy with respect to credit risk.

At June 30, 2008, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
Commercial paper	A1/P1	S&P / Moody's	$ 39,929
Corporate bonds	A/A1	S&P / Moody's	84,024
Federal Farm Credit Bank	AAA/Aaa	S&P / Moody's	18,536
Federal Home Loan Bank	AAA/Aaa	S&P / Moody's	35,892
Fannie Mae (Federal National Mortgage Association)	AA-/Aa2	S&P / Moody's	25,498
Freddie Mac (Federal Home Loan Mortgage Corp)	AAA/Aaa	S&P / Moody's	19,616
U. S. Treasury money market Fund	AAA/Aaa	S&P / Moody's	3,717
Tri-party Repurchase agreement	Unrated		1,090
State Treasurer Investment Pool	Unrated		639,977
Total			$ 868,279

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 $911,526 of investments, $267,832, consisting of the commercial paper, corporate bonds, Federal Farm Credit, Federal Home Loan Bank, Fannie Mae and Freddie Mac discount notes, U.S. Treasury notes and tri-party repurchase agreement, is uninsured and held by a counterparty in the County's name in book form. An additional $3,717 in a U.S. Treasury money market fund is held by a counterparty as trustee.

Concentration of credit risk—The County has no formal policy with respect to limiting the amount the Treasurer may invest in any one issuer. The County's exposure as of June 30, 2008 is less than 5% per issuer.

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

Note 3: Cash and Investments (continued)

As of June 30, 2008, the County had the following investments:

Investment Type	Amount	Weighted Average Maturity (Years)
State Treasurer Investment Pool 5	$ 530,676	0.12
State Treasurer Investment Pool 7	109,301	0.06
Commercial paper	39,929	0.08
Corporate bonds	84,024	1.72
Federal Farm Credit Bank	18,536	2.62
Federal Home Loan Bank	35,892	1.27
Fannie Mae (Federal National Mortgage Association)	25,498	1.13
Freddie Mac (Federal Home Loan Mortgage Corp)	19,616	2.43
U.S. Treasury	43,247	2.12
U.S. Treasury money market fund	3,717	0.05
Tri-party repurchase agreement	1,090	0.00
Total	$ 911,526	

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:	$ 83	$ 16,506	$ 911,526	$928,115

	Governmental Activities	Business-type Activities	Investment Trust Funds	Agency Funds	Totals
Statement of Net Assets:					
Cash and cash equivalents	$ 376,539	$ 107,190	$ 314,745	$ 75,004	$873,478
Restricted cash and cash equivalents	1,071	53,566			54,637
Total	$ 377,610	$ 160,756	$ 314,745	$ 75,004	$928,115

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.

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	$40,000	2.1-2.4%	07/08-08/08	$ 39,929
Corporate bonds	82,433	3.4-6.3%	08/08-04/13	84,024
Federal Farm Credit Bank	17,500	5.0-5.4%	09/10-07/11	18,536
Federal Home Loan Bank	35,000	2.2-5.3%	08/08-08/10	35,892
Fannie Mae (Federal National Mortgage Association)	25,155	2.0-4.6%	07/08-05/11	25,498
Freddie Mac (Federal Home Loan Mortgage Corp)	19,200	3.3-4.1%	10/10-02/11	19,616
U.S. Treasury	42,050	2.8-4.8%	10/08-02/13	43,247
Tri-party repurchase agreement	1,090	1.7%	07/08	1,090
State Treasurer Investment Pool	359,249	N/A	N/A	359,249
Interest Receivable	522	N/A	N/A	522
Total assets				627,603
Less: Reduction to Pool's assets- warrants payable				(7,386)
Total				$ 620,217

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	$ 414,251
External Participants	205,966
Total liabilities	620,217
Total net assets held in trust	$ 620,217
Statement of Changes in Net Assets	
Total additions	$ 7,960,413
Total deductions	(7,906,718)
Net increase	53,695
Net assets held in trust:	
July 1, 2007	566,522
June 30, 2008	$ 620,217

Discretely Presented Component Unit

Southwestern Fair Commission—At June 30, 2008, the commission's cash and cash equivalents of $1,805 consisted of deposits with financial institutions. Of the total balance, $1,400 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 4: Due from Other Governments

Governmental activities:

	General Fund	Capital Projects Fund	Other Governmental Funds	Internal Service Funds	Total Governmental Activities
Federal government:					
Grants and contributions	$ 166	$ 455	$ 8,055		$ 8,676
State of Arizona:					
Taxes and shared revenues	22,800	1,327	8,415		32,542
Grants and contributions			2,491	$ 10	2,501
City of Tucson:					
Reimbursement for services	1,561	38	832		2,431
Due from other governments:					
Reimbursement for services	187	2,380	454	170	3,191
Total due from other governments fund based statements	$ 24,714	$ 4,200	$ 20,247	$ 180	$ 49,341

Business-type activities:

	Pima Health System and Services	Regional Wastewater Reclamation Department	Business-type Activities Total
Federal government:			
Grants and contributions		$ 28	$ 28
Reimbursement for services	$ 286		286
State of Arizona:			
Grants and contributions	645		645
Total due from other Governments	$ 931	$ 28	$ 959

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows:

	Balance July 1, 2007 (as restated)	Increases	Decreases	Balance June 30, 2008
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 276,126	$ 27,520		$ 303,646
Construction in progress	109,307	76,051	$ (95,260)	90,098
Total capital assets not being depreciated	385,433	103,571	(95,260)	393,744
Capital assets being depreciated:				
Buildings and improvements	476,934	22,611	(321)	499,224
Infrastructure	980,568	87,634	(321)	1,067,881
Equipment	97,436	15,483	(5,676)	107,243
Total capital assets being depreciated	1,554,938	125,728	(6,318)	1,674,348
Less accumulated depreciation for:				
Buildings and improvements	(121,326)	(11,570)	42	(132,854)
Infrastructure	(425,825)	(32,944)		(458,769)
Equipment	(57,876)	(9,854)	5,142	(62,588)
Total accumulated depreciation	(605,027)	(54,368)	5,184	(654,211)
Total capital assets being depreciated, net	949,911	71,360	(1,134)	1,020,137
Governmental activities capital assets, net	$ 1,335,344	$ 174,931	$ (96,394)	$ 1,413,881

	Balance July 1, 2007 (as restated)	Increases	Decreases	Balance June 30, 2008
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 9,695	$ 901		$ 10,596
Construction in progress	35,637	56,720	$ (20,297)	72,060
Total capital assets not being depreciated	45,332	57,621	(20,297)	82,656
Capital assets being depreciated:				
Buildings and improvements	355,260	6,415	(207)	361,468
Infrastructure	548,573	32,083	(560)	580,096
Equipment	20,252	18,984	(777)	38,459
Total capital assets being depreciated	924,085	57,482	(1,544)	980,023
Less accumulated depreciation for:				
Buildings and improvements	(115,684)	(11,726)	84	(127,326)
Infrastructure	(199,825)	(11,015)	258	(210,582)
Equipment	(8,306)	(2,547)	630	(10,223)
Total accumulated depreciation	(323,815)	(25,288)	972	(348,131)
Total capital assets being depreciated, net	600,270	32,194	(572)	631,892
Business-type activities capital assets, net	$ 645,602	$ 89,815	$ (20,869)	$ 714,548

Note 5: Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:		
General government	$	7,252
Public safety		9,654
Highway and streets		28,342
Sanitation		436
Health		672
Welfare		5
Culture and recreation		4,525
Education and economic opportunity		723
Internal service funds		2,759
Total governmental activities depreciation expense	$	54,368
Business-type activities:		
Pima Health System & Services	$	215
Parking Garages		336
Regional Wastewater Reclamation Department		24,454
Development Services		283
Total business-type activities depreciation expense	$	25,288

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
Discretely presented component units:				
Southwestern Fair Commission (SFC):				
Capital assets not being depreciated:				
Construction in progress	$ 3	$ 38	$ (3)	$ 38
Total capital assets not being depreciated	3	38	(3)	38
Capital assets being depreciated:				
Buildings and improvements	3,906	113		4,019
Equipment	1,773	233	(9)	1,997
Total capital assets being depreciated	5,679	346	(9)	6,016
Less accumulated depreciation for:				
Buildings and improvements	(2,308)	(121)		(2,429)
Equipment	(1,298)	(114)	9	(1,403)
Total accumulated depreciation	(3,606)	(235)	9	(3,832)
Total capital assets being depreciated, net	2,073	111		2,184
SFC capital assets, net	$ 2,076	$ 149	$ (3)	$ 2,222

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, any 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 $31,205 reported in the Fund at June 30, 2008, 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.

	2008	2007
Claims liability - beginning	$ 32,857	$ 35,508
Current-year claims and changes in estimates	10,227	8,118
Claims payment	(11,879)	(10,769)
Claims liability - ending	$ 31,205	$ 32,857

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

Litigation

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

Pollution Remediation - El Camino del Cerro Site

The County has estimated and reported an environmental liability of $1,784 in the government-wide financial statements for governmental activities (in noncurrent liabilities). Remediation efforts are currently underway 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 north of El Camino del Cerro Road. 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 cost of one to three pump-and-treat systems for one to two years. The estimate of one pump-and-treat system for one year was considered to be a better estimate than any other amount.

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.

Note 7: Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2008.

	Balance July 1, 2007	Additions	Reductions	Balance July 1, 2008	Due within 1 year
Governmental activities:					
General obligation bonds	$ 289,590	$100,000	$ 41,255	$ 348,335	$ 33,660
Plus unamortized deferred amount	560	714	66	1,208	99
Total general obligation bonds	290,150	100,714	41,321	349,543	33,759
Flood control bonds	1,470		745	725	725
Transportation revenue bonds	136,400	25,000	11,745	149,655	12,365
Plus unamortized deferred amount	141	31	26	146	29
Total transportation revenue bonds	136,541	25,031	11,771	149,801	12,394
Certificates of participation	30,320	50,000	1,244	79,076	21,545
Plus unamortized deferred amount	1,411	1,219	94	2,536	500
Total certificates of participation	31,731	51,219	1,338	81,612	22,045
Loans and Leases:					
Transportation loans payable	3,714		2,714	1,000	1,000
Capital leases payable:					
Jail capital lease	26,550		1,870	24,680	1,965
Less unamortized deferred amount	(1,914)		(191)	(1,723)	(191)
Other capital leases	100	312	146	266	123
Total capital leases	24,736	312	1,825	23,223	1,897
Total loans and leases	28,450	312	4,539	24,223	2,897
Reported but unpaid losses (Note 6)	22,939	8,362	11,879	19,422	3,908
Incurred but not reported losses (Note 6)	9,918	1,865		11,783	2,321
Landfill closure and post-closure care costs (Note 9)	17,330	1,089		18,419	
Pollution remediation (Note 6)		1,784		1,784	566
Future postemployment health benefit liability (Note 10)		14,147	4,302	9,845	5,129
Total governmental activities long-term liabilities	$ 538,529	$204,523	$ 75,895	$ 667,157	$ 83,744

Note 7: Long-Term Liabilities (continued)

	Balance July 1, 2007	Additions	Reductions	Balance July 1, 2008	Due within 1 year
Business-type activities:					
Sewer revenue bonds	$ 97,290	$ 75,000	$ 7,350	$ 164,940	$ 7,870
Less unamortized deferred amount	(2,934)	1,281	(414)	(1,239)	
Total revenue bonds payable	94,356	76,281	6,936	163,701	7,870
Regional Wastewater Reclamation Department (RWRD) loans payable	76,293		5,721	70,572	5,955
Less unamortized deferred amount	(182)		(36)	(146)	
Total loans payable	76,111		5,685	70,426	5,955
Contracts and notes	5,280	1,412	850	5,842	
Future postemployment health benefit liability (Note 10)		2,634	380	2,254	589
Total business-type activities long-term liabilities	$ 175,747	$ 80,327	$ 13,851	$ 242,223	$ 14,414

GENERAL OBLIGATION BONDS OUTSTANDING

Governmental Activities

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

General obligation bonds payable at June 30, 2008, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, $20,541 from the May 20, 1997, $306,096 from the May 18, 2004, and $52,044 from the May 16, 2006 bond election remain unissued. The following table presents amounts outstanding by issue.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2008
Series of 1998	$ 42,420	4.50 - 4.60%	2009-13	$ 11,720
Series of 1999	50,000	5.00 - 5.07%	2009-10	6,615
Series of 2000	50,000	4.00 - 5.00%	2009-14	18,000
Series of 2001 Refunding	17,835	5.00%	2009	375
Series of 2002	20,000	4.25 - 4.50%	2009-16	7,000
Series of 2003	50,000	3.50 - 4.25%	2009-17	33,850
Series of 2004	65,000	3.00 - 5.00%	2009-19	47,145
Series of 2005	65,000	3.50 - 5.00%	2009-20	49,265
Series of 2007	95,000	3.00 - 4.50%	2009-21	84,365
Series of 2008	100,000	3.00 - 4.00%	2009-22	90,000
G.O. bonds outstanding				348,335
Plus unamortized deferred amount:				1,208
		Total G.O. bonds outstanding		$ 349,543

Note 7: Long-Term Liabilities (continued)

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2008.

Year Ending June 30,	Principal	Interest
2009	$ 33,660	$14,351
2010	28,580	12,954
2011	26,240	11,723
2012	27,105	10,599
2013	28,005	9,424
2014 - 2018	125,330	30,038
2019 - 2022	79,415	6,778
Total	$348,335	$95,867

ADVANCED REFUNDINGS OF GENERAL OBLIGATION BONDS

In prior years, the County defeased certain General Obligation Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for these defeased bonds are not included in the County's financial statements. At June 30, 2008, the following outstanding bonds were considered defeased:

Issue	Outstanding June 30, 2008
1979 General Obligation Refunding Bonds	$ 33
Series of 1999	$ 5,785

FLOOD CONTROL REFUNDING BONDS OUTSTANDING

Governmental Activities

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

The Pima County Regional Flood Control District outstanding bonds payable at June 30, 2008 is presented below.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2008
Series 2001 Refunding	$ 4,585	4.20%	2009	$ 725

Note 7: Long-Term Liabilities (continued)

The following schedule details flood control bond debt service requirements to maturity at June 30, 2008.

Year Ending June 30,	Principal	Interest
2009	$ 725	$ 30
Total	$ 725	$ 30

TRANSPORTATION BONDS AND LOANS PAYABLE
Governmental Activities
(Payments made from street and highway revenues)

Pima County transportation revenue bonds of 1998 were issued to provide monies to construct improvements to the County's streets and highways. Of the total amount originally authorized, $122,800 from the November 4, 1997 bond election remains unissued.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2008
Series of 2002	$55,000	4.13 - 4.38%	2009-12	$ 24,855
Series of 2003	35,000	3.38 - 4.38%	2009-18	27,600
Series of 2005	51,200	3.50 - 5.00%	2009-20	51,200
Series of 2007	21,000	3.25 - 4.75%	2009-22	21,000
Series of 2008	25,000	3.00 - 4.50%	2009-22	25,000
	Transportation bonds outstanding			149,655
	Plus unamortized deferred amount:			146
	Total transportation bonds outstanding			$ 149,801

The following schedule details transportation bond debt service requirements to maturity at June 30, 2008.

Year Ending June 30,	Principal	Interest
2009	$ 12,365	$ 6,147
2010	12,870	5,652
2011	13,430	5,091
2012	14,015	4,503
2013	9,970	3,912
2014 - 2018	57,160	13,098
2019 - 2022	29,845	2,452
Total	$ 149,655	$ 40,855

Note 7: Long-Term Liabilities (continued)

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

Issue	Issue Amount	Interest Rate	Maturities	Outstanding June 30, 2008
2006 HELP Loan - Alvernon	$ 4,836	3.06%	2009	$ 1,000
	Total transportation loan payable			$ 1,000

The following schedule details transportation loans debt service requirements to maturity at June 30, 2008.

Year Ending June 30,	Principal	Interest
2009	$ 1,000	$ 61
Total	$ 1,000	$ 61

Pima County has pledged future highway user revenues, net of specified operating expenses, to repay $149,655 in transportation revenue bonds issued between 2002 and 2008, and $1,000 in a transportation HELP loan issued in 2006. Proceeds from the bonds and loans provided financing for construction of various highways and streets within Pima County. The bonds and loans are payable from net highway user revenues and are payable through 2022. Annual principal and interest payments on the bonds are expected to require approximately 78 percent of net revenues. The annual principal and interest payments on the loan are expected to require approximately 9 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $190,510. Total principal and interest remaining to be paid on the loan is $1,061. Principal and interest paid for bonds and the loan in the current year and total customer net revenues were $17,734, $2,828 and $21,325, respectively.

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

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

Note 7: Long-Term Liabilities (continued)

The following schedule details outstanding Certificates of Participation payable at June 30, 2008.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2008
Series of 2007 A Justice Building Project	$ 28,765	4.00 - 5.00%	2009-22	$ 28,765
Series of 2007-B Justice Building Project - Taxable	1,555	5.04%	2009	311
Series of 2008	50,000	5.00%	2009-11	50,000
	Certificates of participation outstanding			79,076
	Plus unamortized deferred amount:			2,536
	Total certificates of participation outstanding			$ 81,612

The following schedule details debt service requirements to maturity for the County's Certificates of Participation payable at June 30, 2008.

Year Ending June 30,	Principal	Interest
2009	$ 21,545	$ 3,689
2010	21,610	2,799
2011	11,675	1,734
2012	1,740	1,167
2013	1,810	1,097
2014 - 2018	10,375	4,172
2019 - 2022	10,320	1,321
	$ 79,075	$ 15,979

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, 2008, for these leases totaled $266.

The net book value of assets acquired through capital leases consists of $18,697 of buildings and $117 equipment.

The following schedule details capital lease debt service requirements to maturity at June 30, 2008.

Note 7: Long-Term Liabilities (continued)

Governmental Activities:

	Buildings		Equipment	
Year Ending June 30,	Principal	Interest	Principal	Interest
2009	$ 1,965	$ 1,062	$ 123	$ 8
2010	2,025	982	107	4
2011	2,125	878	36	1
2012	2,230	775		
2013	2,780	648		
2014 - 2018	13,555	1,446		
	$ 24,680	$ 5,791	$ 266	$ 13

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 Department system. Of the total amount originally authorized, $706 from the May 20, 1997, and $28,237 from the May 18, 2004 bond election remain unissued.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2008
Series of 1998	$ 29,185	4.00 - 5.50%	2009-15	$ 13,355
Series 2001 Refunding	19,440	4.00 - 5.40%	2009-15	12,655
Series of 2004 Refunding	25,770	3.50 - 5.50%	2009-15	18,145
Series of 2007	50,000	3.75 - 5.00%	2009-26	45,785
Series of 2008	75,000	4.00 - 5.00%	2009-23	75,000
		Sewer revenue bonds outstanding		164,940
		Less unamortized deferred amount:		(1,239)
		Total sewer revenue bonds outstanding		$ 163,701

The following schedule details sewer revenue bond debt service requirements to maturity at June 30, 2008.

Year Ending June 30,	Principal	Interest
2009	$ 7,870	$ 7,175
2010	8,090	6,821
2011	7,410	6,470
2012	8,395	6,134
2013	9,340	5,751
2014 - 2018	52,335	21,742
2019 - 2023	60,835	10,153
2024 - 2026	10,665	867
	$164,940	$ 65,113

Note 7: Long-Term Liabilities (continued)

The Regional Wastewater Reclamation Department entered into loan agreements (1996, 1997, 2000 and 2004 loans payable) to provide funds for the defeasance of prior sewer revenue bonds and the construction and improvement of wastewater treatment facilities. Interest is payable semiannually and is calculated based on the principal amount of the loan outstanding during such period.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2008
1996 Loans Payable	$ 11,313	3.19%	2009-12	$ 5,976
1997 Loans Payable	7,500	2.95%	2009-11	2,517
2000 Loans Payable	61,180	2.20%	2009-16	42,941
2004 Loans Payable	19,967	1.81%	2009-24	19,138
Loans payable				70,572
Less unamortized deferred amount				(146)
Total loans payable				$ 70,426

The following schedule details loans payable debt service requirements to maturity at June 30, 2008.

Year Ending June 30,	Principal	Interest
2009	$ 5,955	$ 2,423
2010	6,317	2,200
2011	7,605	1,948
2012	7,891	1,667
2013	6,937	1,397
2014 - 2018	26,691	3,591
2019 - 2023	6,338	1,007
2024	2,838	95
	$ 70,572	$ 14,328

Pima County has pledged future user charges, net of specified operating expenses, to repay $164,940 in sewer revenue bonds issued between 1998 and 2008, and $70,572 in sewer revenue loans issued between 1996 and 2004. Proceeds from the bonds and loans provided financing for construction of various treatment facilities and sewer infrastructure within Pima County. The bonds and loans are payable from net sewer revenues and are payable through 2026. Annual principal and interest payments on the bonds are expected to require approximately 33 percent of net revenues. The annual principal and interest payments on the loans are expected to require approximately 23 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $230,053. Total principal and interest remaining to be paid on the loans is $84,900. Principal and interest paid for bonds and loans in the current year and total customer net revenues were $11,954, $8,312 and $34,203, respectively.

CONTRACTS AND NOTES
Business-type Activities
(Payments made from restricted assets in the Regional Wastewater Reclamation Department 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.

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, Pima County received voter approval to increase the debt limit to 15 percent of the value of taxable property. The legal debt margin at June 30, 2008, is as follows:

Net assessed valuation		$ 8,220,396
Debt Limit (15% of net assessed valuation):		1,233,059
Amount of debt applicable to debt limit:		
General obligation bonds outstanding	$ 348,335	
Less net assets in debt service fund available for payment of general obligation bond principal	(10,241)	(338,094)
Legal debt margin available		$ 894,965

Flood Control General Obligation Bonds

Flood Control general obligation debt may not exceed 5 percent of the value of the Flood Control District's taxable property as of the latest assessment. Legal debt margin at June 30, 2008, is as follows:

Net assessed valuation		$ 7,412,190
Debt Limit (5% of net assessed valuation):		370,610
Amount of debt applicable to debt limit:		
Flood Control obligation bonds outstanding	$ 725	
Less net assets in debt service fund available for payment of flood control bond principal	(40)	(685)
Legal debt margin available		$ 369,925

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, 2008, 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, 2007 Balance	Draws	Repayments	June 30, 2008 Balance
Line of credit	$0	$ 112,053	$112,053	$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. The $18,419 reported as landfill closure and post-closure care long-term liability within the governmental activities represents the cumulative amount reported to date, based on the percentage used of each landfill's total estimated capacity. The County will recognize the remaining estimated cost of closure and post-closure care of $5,819 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, 2008; actual costs may change due to inflation, changes in technology, or changes in regulations.

Landfill Site	Capacity Used June 30, 2008	Estimated Remaining Service Life
Ajo *	100%	0 Year
Sahuarita **	44%	25 Years
Tangerine	88%	2 Years

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

**Sahuarita's facility has incurred a decrease in annual solid waste tipping, because of this the expected service life of the landfill has increased.

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.

Note 9: Landfill Liabilities (continued)

According to state and federal laws and regulations, the County must comply with the local government financial test requirements that assure the County can meet the costs of landfill closure, post-closure, and corrective action when needed. The County is in compliance with these requirements. The Ina Road Landfill facility is closed to municipal solid waste and only receives 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 $9,520 when closure occurs and plans to fund the cost with proceeds of general obligation bonds and with solid waste tipping fees. At this time, there is no closure date available, and there is no known pollution.

Note 10: Pensions and Other Postemployment Benefits (OPEB)

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.

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.

Note 10: Pensions and Other Postemployment Benefits (OPEB) (continued)

ASRS	PSPRS and CORP
3300 N. Central Ave Phoenix, AZ 85012 (602) 240-2000 or (800) 621-3778	3010 East Camelback Road Suite 200 Phoenix, AZ 85016-4416 (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, 2008, active **ASRS** members were required by statute to contribute at the actuarially determined rate of 9.60 percent (9.10 percent for retirement and 0.50 percent for long-term disability) of the members' annual covered payroll. The County was required by statute to contribute at the actuarially determined rate of 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.

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

	ASRS Retirement Fund	Health Benefit Supplement Fund	Long-term Disability Fund
Year ended June 30,			
2008	$ 20,981	$ 2,737	$ 1,303
2007	19,169	2,666	1,270
2006	13,685	2,680	1,186

Agent plans
For the year ended June 30, 2008, active **PSPRS** members were required by statute to contribute 7.65 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 18.25 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 1.74 percent of covered payroll. Active **CORP** members were required by statute to contribute 7.96 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 7.44 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.15 percent of covered payroll.

Note 10: Pensions and Other Postemployment Benefits (OPEB) (continued)

Actuarial methods and assumptions

The contribution requirements for the year ended June 30, 2008 were established by the June 30, 2006 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 2008 contribution requirements, are as follows:

	PSPRS	CORP
Actuarial valuation date	June 30, 2006	June 30, 2006
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 open	Level percentage open
Remaining amortization period	30 Years for unfunded actuarial accrued liability, 20 years for excess	30 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, 2008, and related information follows:

	PSPRS		CORP	
	Pension	Health Insurance	Pension	Health Insurance
Annual pension/OPEB cost	$ 6,923	$ 565	$ 1,513	$ 247
Contibutions made	$ 6,923	$ 444	$ 1,513	$ 163

Note 10: Pensions and Other Postemployment Benefits (OPEB) (continued)

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 the current year (i.e., transition year) is as follows. Information about preceding years will be added over the next 2 years.

Plan	Year Ended June 30	Annual Pension/ OPEB Cost	Percentage of Annual Cost Contributed	Net Pension/ OPEB Obligation
PSPRS				
Pension	2008	$ 6,923	100%	
Health insurance	2008	$ 565	79%	$ 121
Pension & health insurance	2007	$ 5,422	100%	
Pension & health insurance	2006	$ 4,720	100%	
CORP				
Pension	2008	$ 1,513	100%	
Health insurance	2008	$ 247	66%	$ 84
Pension & health insurance	2007	$ 1,224	100%	
Pension & health insurance	2006	$ 782	100%	

Funded Status

The funded status of the plans, as of the most recent valuation date June 30, 2008, 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 Insurance	Health Insurance	Pension Insurance	Health Insurance
Actuarial accrued liability	$ 198,116	$ 8,056	$ 55,365	$ 2,958
Actuarial value of assets	$ 133,286	0	$ 45,957	0
Unfunded actuarial accrued liability (funding excess)	$ 64,830	$ 8,056	$ 10,292	$ 2,958
Funded ratio	67.30 %	0 %	83.00 %	0 %
Covered payroll	$ 32,495	$ 32,495	$ 21,455	$ 21,455
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	199.50 %	24.79 %	43.8 %	13.79 %

Note 10: Pensions and Other Postemployment Benefits (OPEB) (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

Postemployment Healthcare Plan

Retiree Insurance Program

Employees retiring from Pima County service, who receive monthly income from any of the Arizona State individual retirement plans, are eligible to continue medical and dental insurance coverage at group rates through the County (the Program). It is a single-employer plan and the benefits and premium rates are approved by the Board of Supervisors on an annual basis for active and retired members. Although Pima County does not explicitly pay a portion of the retiree's premiums, because of the inclusion of this risk class in the insured pool, there is an implicit rate subsidy or "premium rate differential" that is incurred by the County. No separate financial report is provided for the Program.

Funding Policy

The Program is currently funded on a pay-as-you-go basis.

Acturarial valuation date		7/1/2007
Actuarial accrued liability	$	155,437
Actuarial value of assets		0
Unfunded actuarial accrued liability (funding excess)	$	155,437
Funded ratio		0 %
Covered payroll	$	292,249
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll		53.2 %

Note 10: Pensions and Other Postemployment Benefits (OPEB) (continued)

Annual Pension Cost and Net Pension Obligation	Governmental Activities	Business-type Activities	Total Obligation
Annual required contribution	$ 13,626	$ 2,536	$ 16,162
Interest on net pension obligation	521	98	619
Annual pension cost	14,147	2,634	16,781
Contributions made	(4,302)	(380)	(4,682)
Increase in net pension obligation	9,845	2,254	12,099
Net pension obligation at beginning of year			
Net pension obligation at end of year	$ 9,845	$ 2,254	$ 12,099

Method/Assumption	
Valuation date	July 1, 2007
Actuarial cost method	Projected unit credit
Amortization method for actuarial accrued liabilities	Level percentage of payroll
Remaining amortization period	30 years open
Investment rate of return	4.50%
Medicare coverage age	65
Retirement and disability age	Based on EORP, CORP, ASRS, and PSRS pension valuations
Salary increases	2.50%
Payroll growth	2.50%
Active members	6,728
LTD/Retiree and spouses currently receiving benefits	1,613

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 from:

Amounts recorded as due to:	General	Capital Projects	Other Governmental	PHS & Services	RWRD	Other Enterprise	Internal Service	Total
General		$ 7,943	$ 117	$ 1,085	$ 2,038	$ 8	$ 840	$ 12,031
Capital Projects	$ 3,019		748		1,883			5,650
Other Governmental	744	1,044	768		12			2,568
Pima Health System & Services			1					1
RWRD	1,986			2				1,988
Other Enterprise		2,641						2,641
Internal Service	826		578		10			1,414
Total	$ 6,575	$ 11,628	$ 2,212	$ 1,087	$ 3,943	$ 8	$ 840	$ 26,293

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	RWRD	Other Enterprise	Internal Services	Total
General		$ 32,716	$ 3,791	$ 6,995		$ 4,352	$ 47,854
Capital Projects	$ 3,090		22,806	637	$ 2,627		29,160
Other Governmental	28,657	1,220	21,515				51,392
RWRD	6,995						6,995
Other Enterprise		2,550					2,550
Internal Service	4,352						4,352
Total	$ 43,094	$ 36,486	$ 48,112	$ 7,632	$ 2,627	$ 4,352	$ 142,303

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

Transfer from	Transfer to		Transfer from	Transfer to
		$ (601)	Capital assets	RWRD
		(20)	Capital assets	Internal services
	Subtotal	(621)		
Internal services	Capital assets	6		
	Total	$ (615)		

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

The Special Districts Fund (non-major governmental fund) had a deficit fund balance at June 30, 2008, of $1,302. This deficit can be eliminated in the future through normal operations.

Note 13: Construction and Other Significant Commitments

At June 30, 2008, Pima County had the following major contractual commitments related to Cultural Resources, Facilities Management, General Government, Library District, Pima Health Systems & Services, Transportation and Regional Wastewater Reclamation Department.

Cultural Resources
At June 30, 2008, the Pima County Cultural Resources Department had construction contractual commitments of $6,336. Funding for these expenditures will be provided from general obligation bonds.

Facilities Management
At June 30, 2008, the Pima County Facilities Management Department had construction contractual commitments of $8,828. Funding for these expenditures will be provided from general obligation bonds.

General Government
At June 30, 2008, Pima County had contractual commitments related to service contracts for Human Resources of $1,370, Institutional Health of $60,156 and Real Property of $5. Funding for these expenditures will be primarily provided from general fund revenues.

Library District
At June 30, 2008, Pima County had contractual commitments related to service contracts for Library District of $2,555. Funding for these expenditures will be primarily provided from library district revenues.

Pima Health Systems & Services
At June 30, 2008, Pima County had contractual commitments related to service contracts for Pima Health Systems & Services of $155,062. Funding for these expenditures will be primarily provided from federal and state funding sources.

Transportation
At June 30, 2008, the Pima County Transportation Department had construction contractual commitments of $42,918 and other contractual commitments related to service contracts of $12,216. 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.

Regional Wastewater Reclamation Department
At June 30, 2008, the Regional Wastewater Reclamation Department Enterprise Fund had construction contractual commitments of $28,525 and other contractual commitments related to service contracts of $3,864. Funding for these expenditures will be primarily from Sewer Revenue Bonds and related fees.

Note 14: Subsequent Event

On May 13, 2008, PHS&S was notified that their ambulatory services contract with AHCCCS serving Pima and Santa Cruz counties would not be renewed. Effective October 1, 2008, PHS&S would be only providing care to an estimated 3,000 members that are both eligible through AHCCCS and Arizona Long Term Care System. This results in a reduction of approximately 27,000 members and $84 million in reduced revenues and expenses. As a result of this contract termination, PHS&S has implemented a plan to significantly reduce expenses, initially through a reduction in workforce of 53 employees, effective September 30, 2008.

APPENDIX E

$23,420,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER SECTION (b)(5) OF RULE 15c2-12

This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by Pima County, Arizona (the "County"), in connection with the issuance and sale of the $23,420,000 aggregate principal amount of Street and Highway Revenue Bonds, Series 2009 (the "Bonds").

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

1. 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 (as defined below).

2. Definitions. 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.

"Bond Resolution" means the resolution adopted by the Board of Supervisors of the County on November 17, 2009, authorizing the issuance and sale of the Bonds.

"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.

"Material Event" means the occurrence of any of the events with respect to the Bonds set forth in Exhibit II that is material, as materiality is interpreted under the Exchange Act.

"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.

"State" means the State of Arizona.

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

3. CUSIP Number/Final Official Statement. The base CUSIP Number of the Bonds is 721882. The Final Official Statement relating to the Bonds is dated November 17, 2009.

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. Material Events Disclosure. Subject to Section 10 of this Undertaking, the County hereby covenants that it will disseminate in a timely manner notice of occurrence of a Material Event to the MSRB through EMMA, in a format prescribed by the MSRB.

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. 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 the Undertaking, and any provision of the 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 Material 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 Material 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 Material 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 Material 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 under the Bond Resolution unless the transferee agrees to assume all obligation of the County under this Undertaking or to execute an Undertaking under the Rule.

15. Governing Law. This Undertaking shall be governed by the laws of the State.

[Remainder of page left blank intentionally]

PIMA COUNTY, ARIZONA

By: _____
Thomas Burke
Finance and Risk Management Director

Date: December 2, 2009

[Signature page of Continuing Disclosure Undertaking]

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS

"Annual Financial Information" means quantitative financial information and operating data concerning the operations of the County of the type set forth in the Official Statement under the heading "STREET AND HIGHWAY REVENUES – Street and Highway Revenues Received by the County" in the table entitled "PIMA COUNTY STREET AND HIGHWAY REVENUE RECEIPTS."

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to the MSRB through EMMA. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available from the MSRB. The County shall clearly identify each such item of information included by reference.

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, 2010. 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 MATERIAL EVENTS IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of creditor liquidity providers, or their failure to perform
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds
7. Modifications to the rights of holders of the Bonds
8. Bond calls
9. Defeasances
10. Release, substitution or sale of property securing repayment of the Bonds
11. Rating changes

EXECUTION COPY

DEPOSITORY TRUST AGREEMENT

between

PIMA COUNTY, ARIZONA

and

U.S. BANK NATIONAL ASSOCIATION

as Depository Trustee

Dated as of December 1, 2009

providing payment for certain

PIMA COUNTY, ARIZONA

STREET AND HIGHWAY REVENUE BONDS, SERIES 2002

DEPOSITORY TRUST AGREEMENT

THIS DEPOSITORY TRUST AGREEMENT, dated as of December 1, 2009 (this "Agreement"), between PIMA COUNTY, ARIZONA (the "County") and U.S. BANK NATIONAL ASSOCIATION, as Trustee under the hereinafter-described Trust Agreement and as Depository Trustee (the "Depository Trustee" or the "Trustee"),

W I T N E S S E T H:

WHEREAS, the County has previously issued, and now desires to refund in advance of their respective maturities, the bonds identified on Exhibits A-1, A-2 and A-3 attached hereto (collectively, the "Bonds to be Refunded"); and

WHEREAS, the County, by a resolution adopted on November 17, 2009 (the "Bond Resolution"), has authorized the issuance and sale of the County's Street and Highway Revenue Bonds, Series 2009 (the "2009 Bonds"), and the application of a portion of the proceeds from the sale of such bonds to refund and redeem in advance of their maturities the Bonds to be Refunded and pay certain costs of issuance relating to the 2009 Bonds (the "Bond Proceeds"); and

WHEREAS, pursuant to the Bond Resolution, the County has sold and delivered the 2009 Bonds to the purchaser thereof against payment therefor and the Bond Proceeds shall be applied, in part, to pay the issuance costs of the 2009 Bonds and to purchase obligations issued or guaranteed by the United States Government (hereinafter referred to as "Government Obligations"), the maturing principal of and investment income from which will be sufficient to pay the principal of, premium, and interest on the Bonds to be Refunded as such becomes due and to redeem the Bonds to be Refunded on the respective dates specified in Exhibit A attached hereto; and

WHEREAS, the Bond Resolution approves the execution and delivery of this Agreement with the Depository Trustee for the purpose of creating an irrevocable trust for the administration and safekeeping of the Government Obligations and other moneys to be held in trust for, and irrevocably pledged to, the payment of the Bonds to be Refunded; and

WHEREAS, the Depository Trustee agrees to accept and administer the trust for such purpose created hereby,

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements hereinafter contained, IT IS HEREBY AGREED as follows:

Section 1. Definitions. For the purpose of this Depository Trust Agreement, unless the context otherwise requires, the following words and phrases shall have the following meanings:

"Bonds to be Refunded" means the County's Street and Highway Revenue Bonds, Series 2002, identified on Exhibit A attached hereto.

"Acquired Obligations" means any security listed in Exhibit B attached hereto.

"Bond Counsel" means a firm of attorneys of national reputation acceptable to the Depository Trustee and experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

"Business Day" means a day of the year (i) which is not a Saturday or Sunday, (ii) on which banks located in the city in which the principal corporate trust office of the Depository Trustee is located are not required or authorized to remain closed and (iii) on which the New York Stock Exchange is not closed.

"Code" means the Internal Revenue Code of 1986, as amended.

"Depository Trust Agreement" means this Depository Trust Agreement, dated as of December 1, 2009, between the County and the Depository Trustee.

"Depository Trustee" means U.S. Bank National Association and its successors, as the Depository Trustee under this Depository Trust Agreement.

"Expense Account" means the account so named created pursuant to Section 12 hereof.

"Report" means the written verification report addressed to the Depository Trustee by Grant Thornton, LLP, certified public accountants, of the accuracy of the arithmetical computations of the adequacy of the maturing principal of and interest on the investments held by Depository Trustee in the trust accounts created hereunder to pay, when due, principal, premium, if any, and interest, on the Bonds to be Refunded as the same become due.

"State" means the State of Arizona.

"Trust Account" means the trust fund so named created pursuant to Section 3 hereof.

Section 2. Acknowledgment by Depository Trustee. The Depository Trustee acknowledges receipt of copies of this Depository Trust Agreement and the Report.

Section 3. Creation of Trust Account; Payment of Debt; Costs of Issuance Fund.

(a) The County hereby declares this Depository Trust Agreement to be an irrevocable trust made for the benefit of the holders of the Bonds to be Refunded, as their respective interests may appear (the "Beneficiaries").

In the event that this Depository Trust Agreement is ever declared void, made voidable, terminated or canceled for any reason, the express trust created herein shall continue for the benefit of the Beneficiaries, and the County shall use its best efforts to obtain a qualified successor bank to act as Depository Trustee hereunder. In the further event that no successor depository trustee shall qualify to succeed as trustee hereunder, the trust herein declared shall not terminate, and the County shall hold the moneys and Acquired Obligations then on deposit in the hereinafter described Trust Account in trust for the Beneficiaries.

(b) The County shall cause to be deposited with the Depository Trustee the aggregate sum of $8,568,977.27. The Depository Trustee shall deposit $91,006.00 of such moneys in the

Expense Account described in Section 12 hereof. The Depository Trustee agrees to hold the remaining amount of the deposit and all investments made with such moneys and all earnings from investment and reinvestment of such moneys as a special trust fund (the "Trust Account") separate from all other funds and investments held by the Depository Trustee.

(c) The amounts credited to the Trust Account, other than an initial cash balance of $0.27, shall be applied immediately to create the portfolio of moneys and Acquired Obligations described in Exhibit B attached hereto. The Depository Trustee shall keep adequate and accurate records of such moneys, Acquired Obligations and investment earnings thereon and all payments from the Trust Account. The Depository Trustee shall not redeem the Acquired Obligations in advance of their maturity dates except as provided in this Depository Trust Agreement. Amounts earned on investments held in the Trust Account shall be deposited, as and when the same are earned, thereto.

(d) If on the date of the deposit to the Trust Account (the "Closing Date"), the Depository Trustee shall not receive from the seller thereof any of the Acquired Obligations listed in Exhibit B attached hereto ("Failed Escrow Securities"), the Depository Trustee shall accept, as temporary substitutes, at the same purchase price, other Government Obligations (collectively, "Substitute Escrow Securities"), the payments on which are scheduled to provide, as determined by an independent certified public accountant, at least the same amounts of moneys on or before the same dates as the Failed Escrow Securities for which they are substituted. The Depository Trustee may rely upon the opinion of independent public accountants that the condition in the preceding sentence is satisfied.

If Substitute Escrow Securities are delivered thereafter, upon delivery by the seller to the Depository Trustee of Failed Escrow Securities together with any amounts paid thereon subsequent to the Closing Date, the Depository Trustee shall return to the seller an amount of Substitute Escrow Securities, and any amounts paid thereon subsequent to the Closing Date, corresponding to the Failed Escrow Securities which the Substitute Escrow Securities replaced.

The moneys and Acquired Obligations credited to the Trust Account and all proceeds thereof are pledged solely to payment of principal of and interest or redemption premium on the Bonds to be Refunded to the extent necessary for such payment and shall be used solely for that purpose except as otherwise expressly provided herein. To secure such payment, the Beneficiaries are granted a security interest in such moneys and Acquired Obligations and proceeds thereof to the extent necessary for such payment.

Section 4. Payment of Bonds to be Refunded; Notices.

(a) The Depository Trustee is hereby irrevocably authorized and directed to remit to the Paying Agent or Paying Agents for the Bonds to be Refunded in sufficient time to make payments of principal, premium, is any, and interest on the Bonds to be Refunded, when due, the respective amounts due on such payment dates for the Bonds to be Refunded in accordance with Exhibit C attached hereto. The Paying Agent for the Bonds to be Refunded is set forth on Exhibit A attached hereto.

(b) The Depository Trustee hereby acknowledges receipt of notice of the County's irrevocable election to call the Bonds to be Refunded for redemption on the redemption date set forth on Exhibit A and the Depository Trustee is hereby also authorized and directed to mail notices of redemption to each registered owner of a Bond to be Refunded, such mailing to take place at least 30 but not more than 60 days prior to the redemption date.

Section 5. Application of Moneys; Reinvestment; Liquidation. The Depository Trustee shall, at all times, hold the Acquired Obligations and all moneys in the Trust Account for the account of the County and for the benefit of the Beneficiaries, shall maintain the Trust Account wholly segregated from other funds and securities on deposit with the Depository Trustee, shall never commingle such Acquired Obligations and other moneys with other funds or obligations of the Depository Trustee, and shall never at any time use, loan or borrow the same in any way.

Notwithstanding the foregoing, the Depository Trustee may liquidate investments and reinvestments held in the Trust Account in advance of their maturity dates, and may reinvest or otherwise disburse the liquidation proceeds or other amounts only upon receipt of:

(a) Written instructions from the County to do so;

(b) An opinion of Bond Counsel to the effect that such action will not adversely affect the exclusion from gross income for purposes of Federal income taxation of the interest income on the Bonds to be Refunded, and will not cause the Bonds to be Refunded to become "arbitrage bonds" as that term is defined in Section 148 of the Code; and

(c) A report from an independent certified public accountant or firm of independent certified public accountants whose members are also members of the American Institute of Certified Public Accountants and acceptable to the Depository Trustee and the County, verifying the accuracy of the arithmetical computations of the adequacy of the proceeds from the liquidation, if any, together with any additional deposits and the maturing principal of and interest of Acquired Obligations, if any, to be acquired by the Depository Trustee in accordance with the County's instructions, to pay, when due, without reinvestment the amounts to be paid from the Trust Account as provided herein.

Notwithstanding any provision herein to the contrary, all reinvestments shall be in Acquired Obligations, and the Depository Trustee shall rely upon the report to show that such Acquired Obligations shall mature on or before the dates required to pay, when due, the principal of and interest and redemption premium, if any, of the Bonds to be Refunded and in an amount at least equal to the purchase price thereof.

Section 6. Security for Deposits. Any moneys credited to the Trust Account which are not invested in Acquired Obligations as provided herein, shall be held as cash and shall at all times be insured by the Federal Deposit Insurance Corporation or be secured by Acquired Obligations at least equal in value to the amount of such moneys.

Section 7. Certain Covenants. The County covenants that:

(a) It will take no action or fail to take any action, either directly or through affiliates, which action or failure to take action would adversely affect the exemption from federal income taxation of the interest income on any of the Bonds to be Refunded.

(b) It will not take or direct any action which will cause the Bonds to be Refunded to become "arbitrage bonds" as that term is defined in Section 148(a) of the Code.

(c) It will preserve the validity of the Bonds to be Refunded and the exclusion from gross income for purposes of federal income tax of interest on the Bonds to be Refunded.

Section 8. Acceptance. The Depository Trustee shall have only the duties set forth herein with no liability in connection with any action or omission to act hereunder, except for its own negligence, willful misconduct or breach of trust, and no liability for payments on the Bonds to be Refunded except from the funds herein pledged for that purpose. By executing this Depository Trust Agreement, the Depository Trustee shall evidence its acceptance of the powers, duties and responsibilities bestowed upon and requested of the Depository Trustee under the terms hereof.

Section 9. Reports. On or prior to January 15, 2010, the Depository Trustee shall submit to the County a report covering all moneys it shall have received and all payments it shall have made under the provisions hereof for the immediately preceding semiannual period until the Bonds to be Refunded have been paid and redeemed.

Section 10. Responsibilities and Indemnification.

(a) The Depository Trustee shall have no responsibility or liability for any action taken in accordance with the express provisions hereof and shall have no liability for the genuineness of any investments made or received hereunder or for any loss resulting from any investments made pursuant hereto. In the event the Depository Trustee is required or permitted hereby, or is requested hereunder, to take any action (or refrain from taking any action) which exposes the Depository Trustee to unreasonable risk of liability or expense, the Depository Trustee shall have no duty to take (or refrain from taking) any such action until the Depository Trustee has been furnished with indemnity adequate, in its sole judgment, to protect the Depository Trustee, its directors, officers, employees, agents and attorneys for, from and against such liability or expense, and all reasonable costs and expenses (including reasonable attorneys' fees) in connection therewith, or until its duty as to any such action (or inaction) shall have been finally adjudicated by a court of competent jurisdiction and all applicable periods in which to appeal or seek appellate review have expired.

(b) The County agrees, to the extent permitted by law, to indemnify and hold the Depository Trustee, its directors, officers, employees, agents and attorneys harmless for, from and against any and all claims, liabilities, judgments, losses, costs and expenses (including reasonable attorneys' fees) arising from the Depository Trustee's performance of its duties hereunder. Such indemnification shall not extend to claims successfully brought against the

Depository Trustee, its directors, officers, employees, agents or attorneys, for, or liabilities, losses, costs and expenses incurred as a result of, the Depository Trustee's own negligence, willful misconduct or breach of trust. In the event any action or proceeding is instituted or pending against the Depository Trustee, its directors, officers, employees, agents or attorneys by reason of the Depository Trustee's performance of its duties hereunder, the County may, at its election, assume the defense of any such action or proceeding with counsel satisfactory to the indemnified party. If any such action or proceeding includes any claims alleging the Depository Trustee's own negligence, willful misconduct or breach of trust in the performance of its duties hereunder, the indemnified party shall reimburse the County its expenses (including reasonable attorneys' fees), if any, of assuming the defense of such action or proceeding if it is determined by a final judgment of a court of competent jurisdiction that the said party is not entitled to be indemnified by the County as authorized in this Section 10(b). The County may, without the prior approval of the indemnified party, settle any such action or proceeding on such terms as may be acceptable to the County provided the County assumes all responsibility and liability in connection with any such settlement. Any such settlement shall not, of itself, create a presumption as to the merits of any claims alleging the Depository Trustee's own negligence, willful misconduct or breach of trust in the performance of its duties hereunder.

Section 11. Fees. The Depository Trustee hereby acknowledges receipt of its fee in the amount of $2,000. Except as otherwise expressly provided herein, such fees, which the County hereby agrees to pay on or promptly after the Closing Date, constitute all payments the Depository Trustee shall receive with respect to services hereunder; provided, however, that the County also agrees to pay or reimburse the Depository Trustee for any unusual or extraordinary costs incurred by it in performance of its duties and to pay the Depository Trustee its usual and customary fees and to reimburse the Depository Trustee for its reasonable costs (including reasonable attorneys' fees) in connection with the redemption of the Bonds to be Refunded. Notwithstanding the foregoing, the Depository Trustee shall be obligated to perform its duties hereunder if it does not receive the fees payable to it hereunder. Except as specifically provided in the first sentence of Section 16 hereof, the Depository Trustee shall have no lien nor assert any lien on moneys or investments in the Trust Account securing payment of its fees or expenses.

Section 12. Expense Account. The Depository Trustee is hereby authorized and directed to pay solely from the $91,006.00 of moneys deposited with the Depository Trustee as described in Section 3 hereof for such purpose, the costs and expenses associated with the issuance of the 2009 Bonds and the prepayment and defeasance of Bonds to be Refunded to the parties and in the amounts set forth on Schedule I attached hereto, upon presentation of an invoice, except the Depository Trustee does not need to present an invoice. Amounts deposited with the Depository Trustee for such purpose shall be held in a separate account (the "Expense Account") and shall not constitute a part of the Trust Account created with respect to the Bonds to be Refunded. Any moneys remaining in the Expense Account after all authorized expenses have been paid or after February 28, 2010 shall be transferred into the Bond Fund established in the Bond Resolution. Amounts in the Expense Account shall be invested as directed by the County in writing.

Section 13. Assignment. The rights and duties of the Depository Trustee under this Depository Trust Agreement shall not be assigned to any other person, corporation, partnership or trustee unless the Depository Trustee is required by law to divest, or does divest, itself of its

trust department or unless the Depository Trustee shall sell or assign substantially all of its trust business in which event the trust hereunder shall be continued by the Depository Trustee's successor in interest.

Section 14. Right to Deal in Bonds. The Depository Trustee may in good faith buy, sell or hold and deal in any Bonds to be Refunded with like effect as if it were not such Depository Trustee but such action shall not abrogate, alter or diminish any duty of the Depository Trustee as the depository trustee under this Depository Trust Agreement.

Section 15. Irrevocability; Amendments. The parties hereto recognize that the holders of the Bonds to be Refunded have a beneficial and vested interest in the moneys and investments in the Trust Account to pay when due principal of and redemption premiums, if any, on the Bonds to be Refunded. It is therefore recited, understood and agreed by the parties hereto that this Depository Trust Agreement shall not be revoked or amended without the consent of the holders of 100% of the aggregate principal amount of the Bonds to be Refunded, except that this Depository Trust Agreement may be amended without notice to or consent of the holders of the Bonds to be Refunded for one or more of the following purposes:

(a) To insert any unintentionally omitted material or to cure any formal defect or omission or to cure any ambiguity, provided any such amendment shall not, in the opinion of the Depository Trustee (in reliance upon an opinion of counsel), materially adversely affect the interests of the holders of the Bonds to be Refunded;

(b) To grant or confer upon the holders of the Bonds to be Refunded any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon them;

(c) To secure or provide additional revenues or security or reserves for the payment of the Bonds to be Refunded; or

(d) To reflect the severance of any section, paragraph, subdivision, sentence, clause or phrase hereof which has been held illegal or unenforceable.

Section 16. Termination. When all amounts payable on the Bonds to be Refunded have become due and the Depository Trustee has on deposit all moneys necessary for the payment of such amounts, and in any event on the Business Day following the date on which the last of the Bonds to be Refunded is to be retired, the Depository Trustee shall deposit all moneys and investments credited to the Trust Account and not needed for payment of principal of and interest on the Bonds to be Refunded or fees and expenses of the Depository Trustee into the Bond Fund established in the Bond Resolution. Any moneys held by the Depository Trustee or any paying agent for the payment of the principal of and interest on any Bonds to be Refunded remaining unclaimed for four years after the principal of all Bonds to be Refunded has become due and payable shall then be paid to the Bond Fund established in the Bond Resolution and the holders of any Bonds to be Refunded not theretofore presented for payment shall thereafter be entitled to look only to the County for payment thereof and all liability of the Depository Trustee and any paying agent with respect to such moneys shall thereupon cease and this Depository Trust Agreement shall terminate. Any claims of the Depository Trustee against the County for

amounts due the Depository Trustee pursuant to Sections 10 and 11 hereof shall survive the termination of this Depository Trust Agreement.

Section 17. Severability. If any section, paragraph, subdivision, sentence, clause or phrase hereof shall for any reason be held illegal or unenforceable, such decision shall not affect the validity of the remaining portions hereof. If any provision hereof contains an ambiguity which may be construed as either valid or invalid, the valid construction shall be adopted.

Section 18. Applicable Laws. This Depository Trust Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State.

Section 19. Headings for Reference Only. The headings herein are inserted for reference only and shall not define or limit the provision hereof.

Section 20. Counterparts. This Depository Trust Agreement may be executed in several counterparts, each of which shall be an original, but all of which together shall constitute but one instrument.

Section 21. Notices. All notices, consents or other communications required or permitted to be made hereunder to the parties hereto shall be deemed sufficient if given in writing, addressed and mailed by certified or registered mail, postage prepaid as follows:

To the County:	Pima County, Arizona 130 West Congress, 6th Floor Tucson, Arizona 85701 Attention: Finance and Risk Management Director
To the Depository Trustee or the Trustee:	U.S. Bank National Association 101 North First Avenue, Suite 1600 Phoenix, Arizona 85003 Attention: Corporate Trust Services

or to such other address as such party may hereafter designate by notice in writing addressed and mailed or delivered to each other party hereto.

Section 22. Statutory Notice Regarding Cancellation of Contracts. As required by the provisions of Arizona Revised Statutes Section 38-511, as amended, notice is hereby given that the County may cancel any contract, without penalty or further obligation, made by the County if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the County is, at any time while the contract or any extension of the contract is in effect, an employee 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. The cancellation shall be effective when written notice from the County's Board of Supervisors is received by all other parties to the contract unless the notice specifies a later time. All parties represent that to the best of their knowledge, no basis exists for the County to cancel this Depository Trust Agreement pursuant to Arizona Revised Statutes Section 38-511 as of the date hereof. The Depository covenants not to employ as an employee, an agent or, with respect to the

subject matter of this Depository Trust Agreement, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this Depository Trust Agreement on behalf of the County within 3 years from execution of this Depository Trust Agreement, unless a waiver of A.R.S. § 38-511 is provided by the County's Board of Supervisors.

Section 23. Certain Warranties and Certifications from the Depository Trustee.

(a) To the extent applicable under Arizona Revised Statutes ("A.R.S.") § 41-4401, the Depository Trustee, in its capacity as Depository Trustee hereunder, including its subcontractors who work on this Depository Trust 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 Depository Trustee of the foregoing shall be deemed a material breach by the Depository Trustee of this Depository Trust Agreement and may result in the termination of its role as Depository Trustee hereunder and its replacement with a successor in such capacity. The County retains the legal right to randomly inspect the papers and records of the Depository Trustee to ensure that the Depository Trustee is complying with the above-mentioned warranty. The Depository Trustee shall keep such papers and records open for random inspection by the County during normal business hours. The Depository Trustee 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.

(b) Pursuant to A.R.S. §§ 35-391.06 and 35-393.06, the Depository Trustee certifies that it does not have a scrutinized business operation in Sudan or Iran. For the purpose of this subsection, 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 Depository Trustee submitted a false certification, the County may impose remedies as provided by law, including termination of its role as Depository Trustee hereunder and its replacement with a successor in such capacity.

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IN WITNESS WHEREOF, the parties hereto have caused this Depository Trust Agreement to be signed in their names and on their behalf by their duly authorized officers, all as of the date and year first above written.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee and Depository Trustee

By: _____
Vice President

PIMA COUNTY, ARIZONA

By: _____
Chairman, Board of Supervisors

ATTEST:

By: _____
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE, SANDERS & DEMPSEY L.L.P.,
Bond Counsel

By: _____
Timothy E. Pickrell

[Signature page of Depository Trust Agreement]

EXHIBIT A
TO
DEPOSITORY TRUST AGREEMENT

Bonds to be Refunded

Street and Highway Revenue Bonds, Series 2002

Maturity Date (July 1)	Outstanding Principal Amount	Principal Amount Refunded	Redemption Date	Redemption Price
2010	$6,060,000	$2,400,000	1/1/2010	100%
2011	6,345,000	2,900,000	1/1/2010	100
2012	6,650,000	3,000,000	1/1/2010	100

Bond Registrar and Paying Agent: U.S. Bank, National Association

EXHIBIT B
TO
DEPOSITORY TRUST AGREEMENT

ACQUIRED OBLIGATIONS

Type	Maturity Date	Par Amount	Coupon	Cost
SLGS-CI	01/01/2010	$8,477,971.00	0.040%	$8,477,971.00

500172

EXHIBIT C
TO
DEPOSITORY TRUST AGREEMENT

DEBT SERVICE

Bonds to be Refunded

Payment Date	Principal Retired	Interest	Premium	Total
01/01/2010	$8,300,000	$178,250.00	-0-	$8,478,250.00

SCHEDULE I

Costs and Expenses

Payee	Amount
Squire, Sanders & Dempsey L.L.P.	$19,006.00
RBC Capital Markets Corporation	26,000.00
Fitch Ratings Inc.	17,500.00
Standard & Poor's Rating Services	16,000.00
Wold Printing LTD.	5,000.00
U.S. Bank, National Association, as Bond Registrar	500.00
U.S. Bank, National Association, as Depository Trustee	2,000.00
Grant Thornton LLP	2,500.00
Miscellaneous	2,500.00
TOTAL:	$91,006.00

$23,420,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2009

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT AGREEMENT

This Bond Registrar, Transfer Agent and Paying Agent Agreement, dated as of December 1, 2009 (the "Agreement"), between Pima County, Arizona (the "County"), U.S. Bank National Association (the "Registrar"), and the Treasurer of the County (the "Treasurer"):

WITNESSETH

WHEREAS, the County proposes to issue its Street and Highway Revenue Bonds, Series 2009, in the aggregate principal amount of $23,420,000 (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 Treasurer is charged with the responsibility of maintaining the principal and interest redemption funds for the County; 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 Treasurer and 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 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 $23,420,000 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 Treasurer 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 July 1, 2010, and semiannually thereafter on January 1 and July 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 and or the Treasurer. 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 resolutions 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 L.L.P. 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:_____
Beth Ford
County Treasurer

PIMA COUNTY, ARIZONA

By:_____
Richard Elías
Chairman, Board of Supervisors

ATTEST:

By:_____
Lori Godoshian
Clerk of the Board of Supervisors

APPROVED AS TO FORM:

SQUIRE, SANDERS & DEMPSEY L.L.P.
Bond Counsel

By:_____
Timothy E. Pickrell

[Signature page of Bond Registrar, Transfer Agent and Paying Agent 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:_____
Beth Ford
County Treasurer

PIMA COUNTY, ARIZONA

By:_____
Richard Elías
Chairman, Board of Supervisors

ATTEST:

By:_____
Lori Godoshian
Clerk of the Board of Supervisors

APPROVED AS TO FORM:

SQUIRE, SANDERS & DEMPSEY L.L.P.
Bond Counsel

By:_____
Timothy E. Pickrell

[Signature page of Bond Registrar, Transfer Agent and Paying Agent Agreement]

EXHIBIT A

$23,420,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

Maturity Date (July 1)	Principal Amount	Interest Rate
2013	$1,200,000	3.000%
2014	1,185,000	3.000
2015	1,165,000	3.000
2016	1,140,000	3.000
2017	1,150,000	3.000
2018	1,140,000	3.500
2019	2,480,000	4.000
2020	2,575,000	4.000
2021	2,680,000	4.000
2022	2,790,000	4.000
2023	2,900,000	4.000
2024	3,015,000	4.000

EXHIBIT B

Registrar and Paying Agent Fee Schedule

U.S. Bank Customer Confidential

Schedule of Fees for Services as Paying Agent/Registrar/Transfer Agent For Pima County, Arizona Street and Highway Revenue Bonds Series 2009

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: November 24, 2009

$23,420,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER SECTION (b)(5) OF RULE 15c2-12

This Continuing Disclosure Undertaking (the "Undertaking") is executed and delivered by Pima County, Arizona (the "County"), in connection with the issuance and sale of the $23,420,000 aggregate principal amount of Street and Highway Revenue Bonds, Series 2009 (the "Bonds").

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

1. 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 (as defined below).

2. Definitions. 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.

"Bond Resolution" means the resolution adopted by the Board of Supervisors of the County on November 17, 2009, authorizing the issuance and sale of the Bonds.

"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.

"Material Event" means the occurrence of any of the events with respect to the Bonds set forth in Exhibit II that is material, as materiality is interpreted under the Exchange Act.

"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.

"State" means the State of Arizona.

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

3. CUSIP Number/Final Official Statement. The base CUSIP Number of the Bonds is 721882. The Final Official Statement relating to the Bonds is dated November 17, 2009.

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. Material Events Disclosure. Subject to Section 10 of this Undertaking, the County hereby covenants that it will disseminate in a timely manner notice of occurrence of a Material Event to the MSRB through EMMA, in a format prescribed by the MSRB.

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. 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 the Undertaking, and any provision of the 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 Material 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 Material 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 Material 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 Material 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 under the Bond Resolution unless the transferee agrees to assume all obligation of the County under this Undertaking or to execute an Undertaking under the Rule.

15. Governing Law. This Undertaking shall be governed by the laws of the State.

[Remainder of page left blank intentionally]

PIMA COUNTY, ARIZONA

By: _____
Thomas Burke
Finance and Risk Management Director

Date: December 2, 2009

[Signature page of Continuing Disclosure Undertaking]

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS

"Annual Financial Information" means quantitative financial information and operating data concerning the operations of the County of the type set forth in the Official Statement under the heading "STREET AND HIGHWAY REVENUES – Street and Highway Revenues Received by the County" in the table entitled "PIMA COUNTY STREET AND HIGHWAY REVENUE RECEIPTS."

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to the MSRB through EMMA. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available from the MSRB. The County shall clearly identify each such item of information included by reference.

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, 2010. 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 MATERIAL EVENTS IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of creditor liquidity providers, or their failure to perform
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds
7. Modifications to the rights of holders of the Bonds
8. Bond calls
9. Defeasances
10. Release, substitution or sale of property securing repayment of the Bonds
11. Rating changes

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: Toby Brondy

SCHEDULE A

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $200 million, one certificate will be issued with respect to each $200 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

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

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

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

[6. Redemption notices shall be sent to Cede & Co. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. will consent or vote with respect to Securities. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments on the Securities will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records.]

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

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

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

Cash Flow and Yield Verification Report

Pima County, Arizona

December 2, 2009

Contents

Letter	
Exhibit A	Schedule of Sources and Uses of Funds
Exhibit B	Escrow Account Cash Flow
Exhibit B-1	Cash Receipt From the SLGS
Exhibit B-2	Debt Service Payment on the Refunded Bonds
Exhibit C	Debt Service Payments and Yield on the Bonds
Exhibit C-1	Net Original Issue Premium on the Bonds
Appendix I	Applicable schedules provided by RBC Capital Markets Corporation

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Report of Independent Certified Public Accountants
On Applying Agreed-Upon Procedures

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$23,420,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2009
Dated December 2, 2009

We have performed the procedures described in this report, which were agreed to by Pima County, Arizona (the "County") and RBC Capital Markets Corporation (the "Financial Advisor"), to verify the mathematical accuracy of certain computations contained in the schedules attached in Appendix I provided by the Financial Advisor. The County is responsible for these schedules. These procedures were performed solely to assist you in the issuance of the above-captioned bond issue (the "Bonds") for the purpose, in part, of current refunding a portion of the County's outstanding Street and Highway Revenue Bonds, Series 2002 (the "Refunded Bonds") as summarized on the next page. This engagement was performed in accordance with Statements on Standards for Attestation Engagements established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the addressees of this report who are the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures described in this report either for the purpose for which this report has been requested or for any other purpose.

Series	Principal Issued	Dated	Principal Refunded	Maturities Refunded	Redemption Date	Redemption Price
2002	$55,000,000	January 1, 2002	$8,300,000*	7-1-10 to 7-1-12	1-1-10	100%

* Represents portions of the principal amounts outstanding.

VERIFICATION OF ESCROW ACCOUNT CASH FLOW SUFFICIENCY

The Financial Advisor provided us with schedules (Appendix I) summarizing the future escrow account cash receipt and disbursement. These schedules indicate that there will be sufficient cash available in the escrow account to pay the principal and interest on the Refunded Bonds assuming the Refunded Bonds will be redeemed on January 1, 2010 at 100 percent of par plus accrued interest.

The attached Exhibit A (Schedule of Sources and Uses of Funds) was compiled based upon information provided by the Financial Advisor.

As part of our engagement to recalculate the schedules attached as Appendix I we prepared schedules attached hereto as Exhibits B through B-2 independently calculating the future escrow account cash receipt and disbursement and compared the information used in our calculations to the information listed below contained in applicable pages of the following documents:

- Subscription confirmation, dated November 17, 2009, and Schedule of U.S. Treasury Securities provided by the Financial Advisor used to acquire certain United States Treasury Securities - State and Local Government Series (the "SLGS") insofar as the SLGS are described as to the principal amount, interest rate, maturity date and issuance date; and

- Official Statement for the Refunded Bonds provided by the Financial Advisor insofar as the Refunded Bonds are described as to the maturity and interest payment dates, principal amounts, interest rates and optional redemption date and price. The principal amounts of the Refunded Bonds represents portions of the principal amounts outstanding as provided by the Financial Advisor.

In addition, we compared the interest rate for the maturity of the SLGS, as shown on the Schedule of U.S. Treasury Securities, with the maximum allowable interest rate shown on the Department of Treasury, Bureau of Public Debt, SLGS Table for use on November 17, 2009 and found that the interest rate was equal to the maximum allowable interest rate for that maturity.

Our procedures, as summarized in Exhibits B through B-2, prove the mathematical accuracy of the schedules provided by the Financial Advisor summarizing the future escrow account cash receipt and disbursement. The schedules provided by the Financial Advisor and those prepared by us reflect that the anticipated receipt from the SLGS, together with an initial cash deposit of $0.27 to be deposited into the escrow account on December 2, 2009, will be sufficient to pay, when due, the principal and interest related to the Refunded Bonds assuming the Refunded Bonds will be redeemed on January 1, 2010 at 100 percent of par plus accrued interest.

VERIFICATION OF YIELD

The Financial Advisor provided us with schedules (Appendix I) which indicate the yield on the Bonds. These schedules were prepared based on the assumed settlement date of December 2, 2009 using a 360-day year with interest compounded semi-annually. The term "yield", as used herein, means that yield which, when used in computing the present value of all payments of principal and interest to be paid on an obligation produces an amount equal to, in the case of the Bonds, the issue price. In addition, we found that the schedules provided by the Financial Advisor, which assume the redemption of the July 1, 2020 maturity identified on Exhibits C and C-1 at par on July 1, 2019 plus accrued interest, correctly treat those Bonds as yield-to-call Bonds as retired on the respective dates that for each Bond produces the lowest yield for the issue that includes the Bonds. Those Bonds identified as yield-to-call Bonds on the attached Exhibits C and C-1 are those Bonds that are subject to optional redemption and that are issued at an issue price that exceeds the stated redemption price at maturity of such Bonds by more than one-fourth of one percent multiplied by the product of the stated redemption price at maturity of such Bonds and the number of complete years to the first optional redemption date for the Bonds. We found that there are no other yield-to-call Bonds other than those identified on the attached Exhibits C and C-1.

As part of our engagement to recalculate the schedules attached as Appendix I we prepared a schedule attached hereto as Exhibit C independently calculating the yield on the Bonds using the Official Statement provided by the Financial Advisor insofar as the Bonds are described as to the maturity and interest payment dates, dated date, principal amounts, interest rates, optional redemption date and price, and issue price to the public. The result of our calculations, based on the aforementioned assumptions, is summarized below:

	Yield	Exhibit
• Yield on the Bonds	3.605990%	C

Our procedures, as summarized in Exhibit C, prove the mathematical accuracy of the schedules provided by the Financial Advisor summarizing the yield. The schedules provided by the Financial Advisor and the schedule prepared by us reflect that the yield on the Bonds is as shown in our report.

* * * * * *

We were not engaged to, and did not, perform an examination in accordance with Statements on Standards for Attestation Engagements established by the American Institute of Certified Public Accountants, the objective of which would be the expression of an examination opinion on the items referred to above. Accordingly we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of those to whom this letter is addressed and is not intended to be and should not be used by anyone other than these specified parties.

Grant Thornton LLP

Minneapolis, Minnesota
December 2, 2009

Exhibit A

Pima County, Arizona

SCHEDULE OF SOURCES AND USES OF FUNDS

December 2, 2009

SOURCES:	
Principal amount of the Bonds	$23,420,000.00
Net original issue premium	440,141.80
	$23,860,141.80
USES:	
Deposit to Project Fund	$15,000,000.00
Purchase price of the SLGS	8,477,971.00
Beginning cash deposit to escrow account	0.27
Underwriter's discount	234,045.80
Costs of issuance	91,006.00
Additional proceeds	57,118.73
	$23,860,141.80

Exhibit B

Pima County, Arizona

ESCROW ACCOUNT CASH FLOW

Dates	Cash receipt from SLGS (Exhibit B-1)	Debt service payment on Refunded Bonds (Exhibit B-2)	Cash balance
Cash deposit on December 2, 2009			$0.27
01-01-10	$8,478,249.73	$8,478,250.00	0.00
	$8,478,249.73	$8,478,250.00	

Exhibit B-1

Pima County, Arizona

CASH RECEIPT FROM THE SLGS

Receipt date	Principal	Interest rate	Interest	Cash receipt from SLGS
01-01-10	$8,477,971	0.040%	$278.73	$8,478,249.73

Exhibit B-2

Pima County, Arizona

DEBT SERVICE PAYMENT ON THE REFUNDED BONDS

Date	Principal	Interest rate	Interest	Debt service payment
01-01-10	$8,300,000	(1)	$178,250.00	$8,478,250.00

(1) Actual maturity dates, principal amounts and interest rates are as follows:

Maturity date	Principal amount	Interest rate
07-01-10	$2,400,000 *	4.250%
07-01-11	2,900,000 *	4.250%
07-01-12	3,000,000 *	4.375%
	$8,300,000	

* Represents portions of the principal amounts outstanding as provided by the Financial Advisor.

Pima County, Arizona

DEBT SERVICE PAYMENTS AND YIELD ON THE BONDS

	$23,420,000 issue dated December 2, 2009				(1)	Present value on December 2, 2009 using a yield of 3.605990%
Date	Principal	Interest rate	Interest	Total debt service	Adjusted debt service	
07-01-10			$506,650.83	$506,650.83	$506,650.83	$496,247.00
01-01-11			436,350.00	436,350.00	436,350.00	419,820.42
07-01-11			436,350.00	436,350.00	436,350.00	412,385.14
01-01-12			436,350.00	436,350.00	436,350.00	405,081.54
07-01-12			436,350.00	436,350.00	436,350.00	397,907.29
01-01-13			436,350.00	436,350.00	436,350.00	390,860.10
07-01-13	$1,200,000	3.000%	436,350.00	1,636,350.00	1,636,350.00	1,439,799.47
01-01-14			418,350.00	418,350.00	418,350.00	361,580.52
07-01-14	1,185,000	3.000%	418,350.00	1,603,350.00	1,603,350.00	1,361,234.78
01-01-15			400,575.00	400,575.00	400,575.00	334,062.70
07-01-15	1,165,000	3.000%	400,575.00	1,565,575.00	1,565,575.00	1,282,500.28
01-01-16			383,100.00	383,100.00	383,100.00	308,272.79
07-01-16	1,140,000	3.000%	383,100.00	1,523,100.00	1,523,100.00	1,203,901.35
01-01-17			366,000.00	366,000.00	366,000.00	284,173.13
07-01-17	1,150,000	3.000%	366,000.00	1,516,000.00	1,516,000.00	1,156,220.26
01-01-18			348,750.00	348,750.00	348,750.00	261,273.30
07-01-18	1,140,000	3.500%	348,750.00	1,488,750.00	1,488,750.00	1,095,574.81
01-01-19			328,800.00	328,800.00	328,800.00	237,679.39
07-01-19	2,480,000	4.000%	328,800.00	2,808,800.00	5,383,800.00	3,822,857.18
01-01-20			279,200.00	279,200.00	227,700.00	158,818.70
07-01-20	2,575,000	4.000%	279,200.00	2,854,200.00	227,700.00	156,005.92
01-01-21			227,700.00	227,700.00	227,700.00	153,242.96
07-01-21	2,680,000	4.000%	227,700.00	2,907,700.00	2,907,700.00	1,922,235.24
01-01-22			174,100.00	174,100.00	174,100.00	113,056.40
07-01-22	2,790,000	4.000%	174,100.00	2,964,100.00	2,964,100.00	1,890,726.37
01-01-23			118,300.00	118,300.00	118,300.00	74,124.20
07-01-23	2,900,000	4.000%	118,300.00	3,018,300.00	3,018,300.00	1,857,706.60
01-01-24			60,300.00	60,300.00	60,300.00	36,456.21
07-01-24	3,015,000	4.000%	60,300.00	3,075,300.00	3,075,300.00	1,826,337.77
	$23,420,000		$9,335,100.83	$32,755,100.83	$32,652,100.83	$23,860,141.80

Pima County, Arizona

DEBT SERVICE PAYMENTS AND YIELD ON THE BONDS

The present value of the future payments is equal to:

Principal amount of the Bonds	$23,420,000.00
Net original issue premium	440,141.80
	$23,860,141.80

The sum of the present values of the adjusted debt service payments of the Bonds on December 2, 2009, using a yield of 3.605990%, is equal to the issue price of the Bonds.

(1) Assumes that the July 1, 2020 maturity is called on July 1, 2019 at 100 percent of par plus accrued interest.

Exhibit C-1

Pima County, Arizona

NET ORIGINAL ISSUE PREMIUM ON THE BONDS

Maturity date	Principal	Interest rate	Yield	Initial public offering price	Net original issue premium (discount)
07-01-13	$1,200,000	3.000%	1.600%	104.852%	$58,224.00
07-01-14	1,185,000	3.000%	2.050%	104.132%	48,964.20
07-01-15	1,165,000	3.000%	2.400%	103.115%	36,289.75
07-01-16	1,140,000	3.000%	2.700%	101.796%	20,474.40
07-01-17	1,150,000	3.000%	3.050%	99.662%	(3,887.00)
07-01-18	1,140,000	3.500%	3.300%	101.482%	16,894.80
07-01-19	2,480,000	4.000%	3.500%	104.037%	100,117.60
07-01-20	2,575,000	4.000%	3.630%	102.969% (1) (2)	76,451.75
07-01-21	2,680,000	4.000%	3.750%	101.994% (1)	53,439.20
07-01-22	2,790,000	4.000%	3.850%	101.189% (1)	33,173.10
07-01-23	2,900,000	4.000%	4.000%	100.000%	
07-01-24	3,015,000	4.000%	4.000%	100.000%	
	$23,420,000				$440,141.80

(1) Maturities were priced to call on July 1, 2019 at 100 percent of par.

(2) Represents the yield-to-call Bonds included for purposes of computing yield on the Bonds.

APPENDIX I

Applicable schedules provided by RBC Capital Markets Corporation

SOURCES AND USES OF FUNDS

$23,420,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2009
(FINAL)

Sources:	Series 2009 New Money	Series 2009 Refunding	Total
Bond Proceeds:			
Par Amount	15,000,000.00	8,420,000.00	23,420,000.00
Net Premium	278,022.25	162,119.55	440,141.80
	15,278,022.25	8,582,119.55	23,860,141.80

Uses:	Series 2009 New Money	Series 2009 Refunding	Total
Project Fund Deposits:			
Project Fund	15,000,000.00		15,000,000.00
Refunding Escrow Deposits:			
Cash Deposit		0.27	0.27
SLGS Purchases		8,477,971.00	8,477,971.00
		8,477,971.27	8,477,971.27
Delivery Date Expenses:			
Cost of Issuance	71,003.00	20,003.00	91,006.00
Underwriter's Discount	149,901.24	84,144.56	234,045.80
	220,904.24	104,147.56	325,051.80
Other Uses of Funds:			
Additional Proceeds	57,118.01	0.72	57,118.73
	15,278,022.25	8,582,119.55	23,860,141.80

ESCROW SUFFICIENCY

$23,420,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2009
(FINAL)

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
12/02/2009		0.27	0.27	0.27
01/01/2010	8,478,250.00	8,478,249.73	-0.27	
	8,478,250.00	8,478,250.00	0.00	

ESCROW CASH FLOW

$23,420,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2009
(FINAL)

Date	Principal	Interest	Net Escrow Receipts	Present Value to 12/02/2009 @ 0.0408163%
01/01/2010	8,477,971.00	278.73	8,478,249.73	8,477,971.00
	8,477,971.00	278.73	8,478,249.73	8,477,971.00

Escrow Cost Summary

Purchase date	12/02/2009
Purchase cost of securities	8,477,971.00
Target for yield calculation	8,477,971.00

ESCROW COST

$23,420,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2009
(FINAL)

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
SLGS	01/01/2010	8,477,971	0.040%	8,477,971.00
		8,477,971		8,477,971.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
12/02/2009	8,477,971	0.27	8,477,971.27	0.040816%
	8,477,971	0.27	8,477,971.27	

ESCROW REQUIREMENTS

$23,420,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2009
(FINAL)

Period Ending	Interest	Principal Redeemed	Total
01/01/2010	178,250.00	8,300,000.00	8,478,250.00
	178,250.00	8,300,000.00	8,478,250.00

PRIOR BOND DEBT SERVICE

$23,420,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2009
(FINAL)

Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2010	2,400,000	4.250%	356,500	2,756,500
07/01/2011	2,900,000	4.250%	254,500	3,154,500
07/01/2012	3,000,000	4.375%	131,250	3,131,250
	8,300,000		742,250	9,042,250

BOND DEBT SERVICE

$23,420,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2009
(FINAL)

Dated Date	12/02/2009
Delivery Date	12/02/2009

Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2010			506,650.83	506,650.83
07/01/2011			872,700.00	872,700.00
07/01/2012			872,700.00	872,700.00
07/01/2013	1,200,000	3.000%	872,700.00	2,072,700.00
07/01/2014	1,185,000	3.000%	836,700.00	2,021,700.00
07/01/2015	1,165,000	3.000%	801,150.00	1,966,150.00
07/01/2016	1,140,000	3.000%	766,200.00	1,906,200.00
07/01/2017	1,150,000	3.000%	732,000.00	1,882,000.00
07/01/2018	1,140,000	3.500%	697,500.00	1,837,500.00
07/01/2019	2,480,000	4.000%	657,600.00	3,137,600.00
07/01/2020	2,575,000	4.000%	558,400.00	3,133,400.00
07/01/2021	2,680,000	4.000%	455,400.00	3,135,400.00
07/01/2022	2,790,000	4.000%	348,200.00	3,138,200.00
07/01/2023	2,900,000	4.000%	236,600.00	3,136,600.00
07/01/2024	3,015,000	4.000%	120,600.00	3,135,600.00
	23,420,000		9,335,100.83	32,755,100.83

BOND SUMMARY STATISTICS

$23,420,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2009
(FINAL)

Dated Date	12/02/2009
Delivery Date	12/02/2009
Last Maturity	07/01/2024
Arbitrage Yield	3.605990%
True Interest Cost (TIC)	3.726688%
Net Interest Cost (NIC)	3.761256%
All-In TIC	3.772664%
Average Coupon	3.846170%
Average Life (years)	10.363
Duration of Issue (years)	8.555
Par Amount	23,420,000.00
Bond Proceeds	23,860,141.80
Total Interest	9,335,100.83
Net Interest	9,129,004.83
Total Debt Service	32,755,100.83
Maximum Annual Debt Service	3,138,200.00
Average Annual Debt Service	2,246,491.96
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	9.993416
Total Underwriter's Discount	9.993416
Bid Price	100.880000

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bond	23,420,000.00	101.879	3.846%	10.363
	23,420,000.00			10.363

	TIC	All-In TIC	Arbitrage Yield
Par Value	23,420,000.00	23,420,000.00	23,420,000.00
+ Accrued Interest			
+ Premium (Discount)	440,141.80	440,141.80	440,141.80
- Underwriter's Discount	-234,045.80	-234,045.80	
- Cost of Issuance Expense		-91,006.00	
- Other Amounts			
Target Value	23,626,096.00	23,535,090.00	23,860,141.80
Target Date	12/02/2009	12/02/2009	12/02/2009
Yield	3.726688%	3.772664%	3.605990%

BOND PRICING

$23,420,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2009
(FINAL)

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Call Date for Arb Yield	Call Price for Arb Yield
Serial Bond:										
	07/01/2013	1,200,000	3.000%	1.600%	104.852					
	07/01/2014	1,185,000	3.000%	2.050%	104.132					
	07/01/2015	1,165,000	3.000%	2.400%	103.115					
	07/01/2016	1,140,000	3.000%	2.700%	101.796					
	07/01/2017	1,150,000	3.000%	3.050%	99.662					
	07/01/2018	1,140,000	3.500%	3.300%	101.482					
	07/01/2019	2,480,000	4.000%	3.500%	104.037					
	07/01/2020	2,575,000	4.000%	3.630%	102.969 C	3.659%	07/01/2019	100.000	07/01/2019	100.000
	07/01/2021	2,680,000	4.000%	3.750%	101.994 C	3.785%	07/01/2019	100.000		
	07/01/2022	2,790,000	4.000%	3.850%	101.189 C	3.879%	07/01/2019	100.000		
	07/01/2023	2,900,000	4.000%	4.000%	100.000					
	07/01/2024	3,015,000	4.000%	4.000%	100.000					
		23,420,000								

BOND PRICING

$23,420,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2009
(FINAL)

Premium (-Discount)
58,224.00
48,964.20
36,289.75
20,474.40
-3,887.00
16,894.80
100,117.60
76,451.75
53,439.20
33,173.10
440,141.80

BOND PRICING

$23.420,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2009
(FINAL)

Dated Date	12/02/2009	
Delivery Date	12/02/2009	
First Coupon	07/01/2010	
Par Amount	23,420,000.00	
Premium	440,141.80	
Production	23,860,141.80	101.879342%
Underwriter's Discount	-234,045.80	-0.999342%
Purchase Price	23,626,096.00	100.880000%
Accrued Interest		
Net Proceeds	23,626,096.00	

$23,420,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2009

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 $23,420,000 aggregate principal amount of Pima County, Arizona, Street and Highway Revenue Bonds, Series 2009 (the "Bonds"), issued by the County pursuant to Resolution No. 2009-302, passed, adopted and approved by the Board of Supervisors of the County on November 17, 2009 (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. Regular meetings of the Board of Supervisors of the County were duly called, noticed and held on September 15, 2009 and November 17, 2009, in accordance with the laws of the State of Arizona. Copies of the notices and agendas for such meetings 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 November 17, 2009.

3. The persons named below were on September 15, 2009 and November 17, 2009, 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
Richard Elías	Chairman and Supervisor
Sharon Bronson	Supervisor
Ray Carroll	Supervisor
Ann Day	Supervisor
Ramón Valadez	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 December 1, 2009 (the "Bond Registrar and Paying Agent Agreement"), between the County and U.S. Bank National Association (the "Registrar"), the Depository Trust Agreement, dated as of December 1, 2009 (the "Depository Trust Agreement"), between the County and U.S. Bank National Association (the "Depository Trustee"), the Continuing Disclosure Undertaking, dated December 2, 2009 (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 special 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 $23,420,000 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
2013	$1,200,000	3.000%
2014	1,185,000	3.000
2015	1,165,000	3.000
2016	1,140,000	3.000
2017	1,150,000	3.000
2018	1,140,000	3.500
2019	2,480,000	4.000
2020	2,575,000	4.000
2021	2,680,000	4.000
2022	2,790,000	4.000
2023	2,900,000	4.000
2024	3,015,000	4.000

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 November 17, 2009 (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 Citigroup Capital Markets Inc. (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 and the Depository Trustee of $23,626,096.00, representing $23,420,000.00 principal amount thereof, plus a net reoffering premium of $440,141.80, and less Underwriter's discount of $234,045.80. The Treasurer and the Depository Trustee will deposit and apply the proceeds of the sale of the Bonds as provided in Section 19 of the Resolution and the Depository Trust Agreement.

11. To the best knowledge, information and belief of the undersigned, (a) the description and statements contained in the Official Statement and the other documents, information and materials, together with any supplements thereto (collectively, the "Offering Materials"), distributed, and all representations made, by the County and its supervisors, officers and employees in any manner whatsoever in connection with the offer and sale of the Bonds,

were, on November 17, 2009, the date the proposal for the purchase of the Bonds (the "Proposal") by the Underwriter, which is on file in the office of the Clerk of the Board of Supervisors of the County, was accepted by the Board of Supervisors of the County, 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 Offering Materials 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. The County will use the proceeds of the Bonds (other than the proceeds deposited into the Bond Fund or held under the Depository Trust Agreement pursuant to Section 6 of the Resolution) in a manner and for purposes consistent with the voter approval obtained at the special bond election held in and for the County on November 4, 1997.

15. The Bonds are payable solely from a pledge of, and are secured by a first lien on, the Pledged Revenues, on a parity with the 2002 Bonds, the 2003 Bonds, the 2005 Bonds, the 2007 Bonds and the 2008 Bonds (each as defined in the Resolution) and any Additional Parity Bonds that may be issued from time to time pursuant to the Resolution, and other than as described herein, the Pledged Revenues have not been pledged or hypothecated in any manner or for any purpose, and there are no bonds, judgments, notes, certificate or indebtedness of any kind or character whatsoever outstanding payable from the Pledged Revenues other than the Bonds and $128,990,000 aggregate principal amount of the 1998 Bonds, the 2002 Bonds, the 2003 Bonds, the 2005 Bonds, the 2007 Bonds and the 2008 Bonds to be outstanding following issuance of the Bonds.

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: December 2, 2009

PIMA COUNTY, ARIZONA

By: _____
Richard Elías
Chairman, Board of Supervisors

By: _____
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.
September 15, 2009 9:00 a.m.

... **EXECUTIVE SESSION**

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) and (4), for legal advice and direction regarding approval of a tax appeal settlement recommendation on the following:

Kapsal v. Pima County
Tax Parcel No. 216-01-001E
Arizona Tax Court Case No. TX2009-000231

BOARD OF SUPERVISORS SITTING AS OTHER BOARDS

... **FLOOD CONTROL DISTRICT BOARD**

Contract

Title Security Agency of Arizona, as Trustee under Trust No. 813 and Trustee under Trust No. 912, to provide an acquisition agreement for the purchase of 852 acres located in the Ryan Ranch and Snyder Hill areas of the Black Wash watercourse in Section 31, T14S, R12E and Sections 5 and 6, T15S, R12E, Tax Parcel Nos. 210-13-002A, 210-12-009A, 210-13-004A, 210-13-0010, 212-38-1950 and 212-38-1960, for the Floodprone Land Acquisition Program, Flood Control District Tax Levy Fund, contract amount $3,856,125.00 including closing costs (11-59-T-142326-0909) Real Property

BOARD OF SUPERVISORS SITTING IN REGULAR SESSION

1. **COMMUNITY DEVELOPMENT AND NEIGHBORHOOD CONSERVATION**

The Pima County Neighborhood Reinvestment Oversight Committee recommends approval of the substantial scope expansion request for the Midtown (Garden District) Neighborhood Reinvestment Sidewalk Project.

NOTES/ACTION

2. **DEVELOPMENT SERVICES**

Final Plat without Assurances

P1209-018, River Crossing Corporate Center Condominiums, Lots 1-229 and Common Element and Limited Common Elements. (District 1)

3. **FINANCE AND RISK MANAGEMENT**

Correction for the Record (Regular Agenda Item 7)

A. RESOLUTION NO. 2009 - **234**, of the Board of Supervisors of Pima County, Arizona ordering the sale of not to exceed ~~$28,000.00~~**$28,000,000.00** principal amount of Pima County, Arizona, street and highway revenue bonds.

B. RESOLUTION NO. 2009 - **235**, of the Board of Supervisors of Pima County, Arizona ordering the sale of not to exceed ~~$115,000.00~~**$115,000,000.00** principal amount of Pima County, Arizona, general obligation bonds.

4. **CONTRACTS AND AWARDS**

A. **Community Services, Employment and Training**

1. Community Food Bank, to provide emergency assistance services, Community Services Block Grant and American Recovery and Reinvestment Act Grant Funds, contract amount $30,000.00 (07-69-C-142340-0909)

B. **Facilities Management**

2. Catalina Community Services, to provide a construction agreement for the Catalina Community Services Center, 2004 Bond Fund, contract amount $435,000.00; CDBG Fund, contract amount $474,459.00; and Catalina Community Services contribution, contract amount $500,000.00 (03-13-C-142337-0909)

C. **Natural Resources, Parks and Recreation**

3. Arizona Board of Regents, University of Arizona, Amendment No. 3, to provide for the Invasive Plant Management Education and Eradication Coordination

* * * * *

NOTES/ACTION

B. **Certificates of Clearance**

Pursuant to A.R.S. §42-19118, staff requests approval of the following:

Unsecured Mobile Homes:	$ 8,473.63
Business Personal Property:	$44,587.74
TOTAL Unsecured Personal Property:	$53,061.37

POSTED: Levels A & B, 1st & 5th Floors, Pima County Administration Bldg.

DATE POSTED: 9/11/09

TIME POSTED: 12:00 P.M.

ADDENDUM SUMMARY

Pima County Board of Supervisors' Meeting
130 W. Congress St., Hearing Room, 1st Fl.
September 15, 2009 9:00 a.m.

... **EXECUTIVE SESSION**

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) and (4), for legal advice and direction regarding approval of a tax appeal settlement recommendation on the following:

Kapsal v. Pima County
Tax Parcel No. 216-01-001E
Arizona Tax Court Case No. TX2009-000231

Motion carried to accept recommendation (5/0)

BOARD OF SUPERVISORS SITTING AS OTHER BOARDS

... **FLOOD CONTROL DISTRICT BOARD**

Contract

Title Security Agency of Arizona, as Trustee under Trust No. 813 and Trustee under Trust No. 912, to provide an acquisition agreement for the purchase of 852 acres located in the Ryan Ranch and Snyder Hill areas of the Black Wash watercourse in Section 31, T14S, R12E and Sections 5 and 6, T15S, R12E, Tax Parcel Nos. 210-13-002A, 210-12-009A, 210-13-004A, 210-13-0010, 212-38-1950 and 212-38-1960, for the Floodprone Land Acquisition Program, Flood Control District Tax Levy Fund, contract amount $3,856,125.00 including closing costs (11-59-T-142326-0909) Real Property

Motion carried to approve (5-0)

BOARD OF SUPERVISORS SITTING IN REGULAR SESSION

1. **COMMUNITY DEVELOPMENT AND NEIGHBORHOOD CONSERVATION**

The Pima County Neighborhood Reinvestment Oversight Committee recommends approval of the substantial scope expansion request for the Midtown (Garden District) Neighborhood Reinvestment Sidewalk Project.

Motion carried to approve (5-0)

2. **DEVELOPMENT SERVICES**

Final Plat Without Assurances

P1209-018, River Crossing Corporate Center Condominiums,
Lots 1-229 and Common Element and Limited Common Elements. (District 1)

Motion carried to approve (5-0)

3. **FINANCE AND RISK MANAGEMENT**

Correction for the Record (Regular Agenda Item 7)

A. RESOLUTION NO. 2009 - **234**, of the Board of Supervisors of Pima County, Arizona ordering the sale of not to exceed ~~$28,000.00~~**$28,000,000.00** principal amount of Pima County, Arizona, street and highway revenue bonds.

Motion carried to approve (5-0)

B. RESOLUTION NO. 2009 - **235**, of the Board of Supervisors of Pima County, Arizona ordering the sale of not to exceed ~~$115,000.00~~**$115,000,000.00** principal amount of Pima County, Arizona, general obligation bonds.

Motion carried to approve (5-0)

4. **CONTRACTS AND AWARDS**

A. **Community Services, Employment and Training**

1. Community Food Bank, to provide emergency assistance services, Community Services Block Grant and American Recovery and Reinvestment Act Grant Funds, contract amount $30,000.00 (07-69-C-142340-0909)

Motion carried to approve (5-0)

* * * * *

6. **TREASURER'S OFFICE**

A. **Certificate of Removal and Abatement**

Pursuant to A.R.S. §42-18353, staff requests approval of the Certificates of Removal and Abatement for the following:

Real Property	$39,596.30 Abatement Nos. 400160-400167
Personal Property	$5,663.21 Abatement Nos. 500348-500351
TOTAL	$45,259.51

Motion carried to approve (5-0)

B. **Certificates of Clearance**

Pursuant to A.R.S. §42-19118, staff requests approval of the following:

Unsecured Mobile Homes:	$ 8,473.63
Business Personal Property:	$44,587.74
TOTAL Unsecured Personal Property:	$53,061.37

Motion carried to approve (5-0)

POSTED: Levels A & B, 1st & 5th Floors, Pima County Administration Bldg.

DATE POSTED: 9/11/09

TIME POSTED: 12:00 P.M.

PIMA COUNTY BOARD OF SUPERVISORS' MEETING AGENDA

November 17, 2009

BOARD MEMBERS

Richard Elias
Chairman
District 5

Ramón Valadez
Vice Chairman
District 2

Sharon Bronson
District 3

Raymond Carroll
District 4

Ann Day
District 1

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/address for the record.

The Chairman reserves the right to ensure all testimony is pertinent or non-repetitive so the matter will be handled fairly and expeditiously. 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 SUMMARY

Pima County Board of Supervisors' Meeting
130 W. Congress St., Hearing Room, 1st Fl.
November 17, 2009 9:00 a.m.

1. **ROLL CALL**

2. **INVOCATION**

3. **PLEDGE OF ALLEGIANCE**

4. **PAUSE 4 PAWS**

... **EXECUTIVE SESSION**

Call to the Public (for Executive Session items 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) (4) and (7), for legal advice and direction regarding bidding at a public auction of the property known as the Valencia Archaeological Site scheduled for November 24, 2009.

Motion carried to proceed as discussed in Executive Session (5/0)

BOARD OF SUPERVISORS SITTING AS OTHER BOARDS

... **FLOOD CONTROL DISTRICT BOARD**

Contracts and Awards

A. RESOLUTION NO. 2009 – FC **9**, of the Board of Directors of the Pima County Regional Flood Control District, authorizing additional funding in the amount of $100,000.00 for the Tres Rios del Norte Santa Cruz River Ecosystem Restoration Project Feasibility Phase Study, Tax Levy Fund.

Motion carried to approve (5/0)

B. RESOLUTION NO. 2009 – FC **10**, approving an Intergovernmental Agreement with the Town of Oro Valley, to provide for the Lomas de Oro Wash

Channelization Project and the Oro Valley Estates Drainage Improvement Project, Phase II, Flood Control Tax Levy Fund, contract amount $485,000.00 (01-59-O-142465-1109)

Motion carried to approve (5/0)

C. RESOLUTION NO. 2009 – FC **11**, approving an Intergovernmental Agreement with the City of Tucson, to provide for repairs to damaged sections of the Pantano Wash, Flood Control Tax Levy Fund, contract amount $4,000,000.00 (01-59-T-142466-1109)

Motion carried to approve (5/0)

D. Town of Marana, to provide an Acquisition Agreement and Special Warranty Deed for the sale of 2.999 acres for the I-10 traffic interchange at Twin Peaks, Flood Control Tax Levy Fund, contract amount not to exceed $182,371.00 revenue (22-59-M-142467-1109)

Motion carried to approve (5/0)

Award

E. Low Bid: Award of Contract, Requisition No. 1000352, in the amount of $2,979,929.25 to the lowest responsive bidder, The Ashton Company, Inc., (Headquarters: Tucson, AZ), for construction of soil cement bank protection along a segment of the Pantano Wash between Speedway Boulevard and Tanque Verde Road. The contract term is thirty-six months with the ability to extend the term for contract completion. Construction is to be complete within 175 working days from Notice to Proceed. Funding Source: Flood Control Tax Levy Fund. Administering Department: Regional Flood Control District.

Motion carried to approve (5/0)

BOARD OF SUPERVISORS SITTING IN REGULAR SESSION

5. **CONSENT CALENDAR:** For consideration and approval

A. **CALL TO THE PUBLIC**

B. **APPROVAL OF CONSENT CALENDAR**

Motion carried to approve, as amended (5/0)

6. **COUNTY ADMINISTRATOR**

RESOLUTION NO. 2009 – ~~114~~ **301**, of the Board of Supervisors, adopting the Pima County Legislative Program for 2010.

Motion carried to approve, as amended (5/0)

7. **COMMUNITY DEVELOPMENT AND NEIGHBORHOOD CONSERVATION**

The Pima County Neighborhood Reinvestment Oversight Committee recommends approval of the following Neighborhood Reinvestment Project and authorization for staff to negotiate a future Intergovernmental Agreement, if applicable:

District	Community Group	Project	Estimated Budget
D2	South Tucson Youth	Recreational Improvements	$425,000.00

Motion carried to approve (5/0)

8. **CULTURAL RESOURCES AND HISTORIC PRESERVATION**

Fort Lowell Master Plan and Preservation Plan

Staff recommends approval of the historic Fort Lowell Master Plan and Preservation Plan for the Adkins Parcel at Fort Lowell Park. (District 4)

Motion carried to approve (5/0)

*(**Clerk's Note**: This item should be heard after 10:00 a.m., after the final bid opening.)

*9. **FINANCE AND RISK MANAGEMENT**

A. RESOLUTION NO. 2009 – ~~115~~ **302**, providing for the issuance and sale of Pima County, Arizona, Street and Highway Revenue Bonds, Series 2009; providing for the payment of the bonds; providing terms, covenants and conditions concerning the bonds; accepting a bid for the purchase of the bonds; authorizing and directing the refunding of certain outstanding bonds and the execution and delivery of documents and further actions relating to the issuance of the bonds; appointing an initial bond registrar and paying agent for the bonds; and declaring an emergency.

Motion carried to approve, as amended (5/0)

B. RESOLUTION NO. 2009 – ~~116~~ **303**, providing for issuance and sale of Pima County, Arizona, General Obligation Bonds, Series 2009A; providing for the annual levy of a tax for the payment of the bonds; providing terms, covenants and conditions concerning the bonds and the refunding of certain outstanding

bonds of the County; accepting a bid for the purchase of the bonds; appointing an initial registrar and paying agent for the bonds; and declaring an emergency.

Motion carried to approve, as amended (5/0)

10. **FIRE DISTRICT**

Mountain Vista Fire District

Pursuant to A.R.S. §48-262.A.12, validation of the petitions presented from the Mountain Vista Fire District for the proposed Suffolk Hills Annexation. (District 1)

Motion carried to approve (5/0)

11. **PROCUREMENT**

UNFINISHED BUSINESS (RM 11/3/09)

Award

Highest Scoring Proposals: Award of Contracts, Requisition No. 1000133, Urban Engineering, (Headquarters: Tucson, AZ), Ashby Surveying & Drafting, Inc. (Headquarters: Tucson, AZ), Precision Land Surveying, Inc. (Headquarters: Tucson, AZ), Stantec Consulting, Inc. (Headquarters: Phoenix, AZ), Amerson Surveying, Inc. (Headquarters: Tucson, AZ) and PSOMAS (Headquarters: Los Angeles, CA) for construction survey services for transportation capital improvement projects. The estimated total cost shall not exceed $2,000,000.00 for each contract. The term of each contract shall be three years. Funding Source: Transportation Special Revenue Fund. Administering Department: Transportation.

Motion carried to approve (4/1)

12. **REAL PROPERTY**

UNFINISHED BUSINESS (RM 10/6/09 and RM 10/20/09)

Release of Public Ingress/Egress Easement

Leadstar, L.L.C., representing the Gates Pass Condominium Project, requests the release of an unneeded 25-foot public ingress/egress easement as reserved in Docket 8450 at Page 1623 and dedicated in Docket 8516 at Page 591 and Docket 9233 at Page 676, Section 15, T15S, R13E, G&SRM. No revenue. (District 5)

Motion carried to continue to 12/15/09 (5/0)

* * * * *

TAX COMPLIANCE CERTIFICATE
OF ISSUER

Pertaining to

$23,420,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

Dated as of December 2, 2009

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 November 17, 2009 (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.

"Current Refunded Bonds" means the Refunded 2002 Bonds.

"Current Refunding Portion" means the portion of the Issue being used to pay the costs of refunding the Current Refunded Bonds (including Issuance Costs properly allocable to that portion).

"Escrow Agreement" means the Depository Trust Agreement, dated as of December 1, 2009, between the Issuer and the Escrow Agent, relating to the refunding of the Refunded Bonds.

"Escrow Fund" means the Trust Account created pursuant to the Escrow Agreement.

"General Obligation Bonds" means the $113,535,000 General Obligation Bonds, Series 2009A of the Issuer, dated the date hereof.

"Instructions" means the Rebate Instructions attached hereto as Attachment A-1.

"New Money Portion" means the portion of the Issue being used to pay the costs of the New Money Project (including Issuance Costs properly allocable to that portion).

"New Money Project" means the costs incurred by the Issuer in connection with the acquisition, constructing and equipping of street and highway projects pursuant to the authorization granted by the qualified electors of the Issuer voting at the bond elections held on November 4, 1997, and includes interest on the Issue for up to three years from the Issuance Date or, if later, one year after the date the New Money Project is placed in service, all of which are governmental purposes for purposes of the Code.

"Prior Issue" means the $55,000,000 original principal amount of Pima County, Arizona, Street and Highway Revenue Bonds, Series 2002, issued on January 30, 2002.

"Prior Issue 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 November 4, 1997, and includes interest on the Prior Issue for up to three years from the Issuance Date or, if later, one year after the date the Prior Issue Project is placed in service, all of which are governmental purposes for purposes of the Code.

"Refunded 2002 Bonds" means the $8,300,000 aggregate principal amount of the Prior Issue maturing on July 1 of the years 2010, 2011 and 2012.

"Refunded Bonds" means the Refunded 2002 Bonds.

"Underwriter" means Citigroup Global Markets Inc.

"Verification Report" means the verification report dated the date hereof prepared by Grant Thornton LLP relating to the Issue and the Escrow Fund.

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 New Money Project, (B) currently refund the Current Refunded Bonds and (C) pay Issuance Costs.

2.30. Dates. The Sale Date is November 17, 2009 and the Issuance Date is December 2, 2009. The final maturity date of the Issue is July 1, 2024.

2.40. Issue Price. The Issue Price is set forth in Attachment B and is computed as follows:

Par amount	$23,420,000.00
Net original issue premium (discount)	440,141.80
Pre-Issuance Accrued Interest	0.00
Issue Price	$23,860,141.80

2.50. Sale Proceeds, Net Proceeds and Net Sale Proceeds. The Sale Proceeds, Net Proceeds and Net Sale Proceeds are as follows:

Issue Price	$23,860,141.80
Pre-Issuance Accrued Interest	(0.00)
Sale Proceeds	$23,860,141.80
Deposit to Reserve Fund	(0.00)
Net Proceeds	$23,860,141.80
Minor Portion	(100,000.00)
Net Sale Proceeds	$23,760,141.80

2.60. Disposition of Sale Proceeds. The Sale Proceeds will be applied as follows:

To pay Issuance Costs	$91,006.00
To pay Underwriter's Discount	234,045.80
To Project Fund	15,000,000.00
To Escrow Fund	8,477,971.27
Deposit to the Bond Fund	57,118.73
Total Sale Proceeds	$23,860,141.80

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. The General Obligation Bonds were sold on the same date as the Issue but are not expected to be paid from substantially the same source of funds. Whether obligations are expected to be paid from substantially the same source of funds is determined without regard to guarantees from a person who is not a Related Party to the

Issuer. Accordingly, 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. $57,118.73 will be deposited in the Bond Fund and, together with the investment earnings thereon, will be used to pay Debt Service within one year from the Issuance Date, such period being the Temporary Period for those amounts. Sale Proceeds in the amount of $234,045.80 will be retained by the Underwriter as its compensation and Sale Proceeds in the amount of $91,006.00 will be used to pay other Issuance Costs within 13 months from the Issuance Date, such period being the Temporary Period for that amount.

(B) Refunding of the Current Refunded Bonds.

(1) Sale Proceeds of the Issue in the amount of $8,477,971.27 will be deposited in the Escrow Fund as set forth in this 3.10(D) and used on the Issuance Date (except for $0.27 that will remain in cash, uninvested, as the "Initial Cash Balance") to purchase the United States Treasury Obligations – State and Local Government Series identified in the Escrow Agreement ("Unrestricted Securities").

(2) As shown in the Verification Report, the Yield on the Issue is 3.605990%.

(3) As required by Section 149(d)(4), no device has been employed in connection with the issuance of the Issue to obtain a material financial advantage (based on arbitrage) apart from Debt Service savings attributable to lower interest rates.

(4) All Proceeds of the Current Refunded Bonds have been or will be spent on or prior to the date on which Proceeds of the Current Refunding Portion are used to pay principal on the Current Refunded Bonds. Accordingly, there will be no Transferred Proceeds of the Current Refunding Portion

(C) Costs of the New Money Project. The remainder of $15,000,000.00 Net Sale Proceeds will be used for costs of the New Money 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:

(1) At least 85% of the Net Sale Proceeds of the New Money Portion of the Issue will be allocated to expenditures on the New Money Project by the end of the Temporary Period for such Net Sale Proceeds;

(2) 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 New Money Portion of the New Money Project; and

(3) Completion of the New Money Project and the allocation of the Net Sale Proceeds of the New Money Portion of the Issue to expenditures with respect to the New Money Project will proceed with due diligence.

(4) None of the Sale Proceeds of the New Money Portion of the Issue have been used to reimburse Capital Expenditures originally and temporarily advanced to finance Capital Expenditures comprising a portion of the New Money Project paid before this date.

Any Sale Proceeds of the New Money Portion 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.

3.20. Investment Proceeds. Any Investment Proceeds of the Current Refunding Portion will be used to pay Debt Service or for other governmental purposes of the Issuer within one year after the receipt of those Investment Proceeds, such period being the Temporary Period applicable to those Investment Proceeds. Any Investment Proceeds of the New Money Portion will be used to pay costs of the New Money Project and such Investment Proceeds 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.

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 or refinance Capital Expenditures has a weighted average maturity that does not exceed 120% of the weighted average reasonably expected economic life of the property resulting from such Capital Expenditures.

IV. REBATE MATTERS

4.10. Issuer Obligation Regarding Rebate. Consistently with its covenants contained in the Resolution, the Issuer will calculate and make, or cause to be calculated and made, payments of the Rebate Amount in the amounts and at the times and in the manner provided in Section

148(f) and the Instructions with respect to Gross Proceeds to the extent not exempted under Section 148(f)(4) and the Instructions.

4.20. No Avoidance of Rebate Amount. No amounts that are required to be paid to the United States will be used to make any payment to a party other than the United States through a transaction or a series of transactions that reduces the amount earned on any Investment Property or that results in a smaller profit or a larger loss on any Investment Property than would have resulted in an arm's length transaction in which the Yield on the Issue was not relevant to either party to the transaction.

4.30. Exceptions.

(A) Notwithstanding the foregoing, the computations and payments of amounts to the United States referred to in IV. need not be made to the extent that such failure will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Issue, based on an Opinion of Bond Counsel.

(B) The New Money Portion of 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. In measuring the use of Proceeds for a Private Business Use and the amount of Private Security or Payments, the use of Proceeds of all Prior Issues and the amount of Private Security or Payments with respect to all Prior Issues are taken into account in accordance with Reg. §1.148-13.

(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 New Money Project or the Prior Issue 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 New Money Project or the Prior Issue Project financed or refinanced 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. It was reasonably expected on the Issuance Date of the Prior Issue that not less than 85% of the Spendable Proceeds of the Prior Issue would be used, and such amounts were or will be used, to carry out the governmental purposes of the Prior Issue within three years from the Issuance Date thereof. Not more than 50%, if any, of the Proceeds of the Issue will be New Money Portion will be, and not more than 50%, if any, of the Proceeds of the Prior Issue were, 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.

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The date of this Certificate is December 2, 2009.

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 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 6 months from the date of deposit in the Commingled Fund, using any reasonable accounting assumptions.

"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.

"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.

"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.

"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).

"Governmental Unit" means a state, territory or possession of the United States, the District of Columbia, or any political subdivision thereof referred to as a "State or local governmental unit" in Regulations §1.103-1(a). "Governmental Unit" does not include the United States or any agency or instrumentality of the United States.

"Gross Proceeds" means Proceeds and Replacement Proceeds of an issue.

"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 Issue" means an issue the Proceeds of which are or are to be used to pay Debt Service on Refunded Bonds and includes Issuance Costs, Pre-Issuance Accrued Interest or permitted capitalized interest, a reasonably required reserve or replacement fund and similar costs of the Refunding Issue.

"Refunding Escrow" means one or more funds established as part of a single transaction, or a series of related transactions, containing Proceeds of a Refunding Issue and any other amounts to be used to pay Debt Service on Refunded Bonds of one or more issues.

"Refunding Portion" means that portion of a Multipurpose Issue the Proceeds of which are, or are to be, used to pay Debt Service on Refunded Bonds and includes Issuance Costs, Pre-Issuance Accrued Interest or permitted capitalized interest, a reasonably required reserve or replacement fund and similar costs properly allocable to the Refunding Portion.

"Regulations" or **"Reg."** means Treasury Regulations.

"Reimbursement Allocation" means an allocation of the Proceeds of an issue for the reimbursement of 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 3 years after the Capital Expenditure was paid.

"Related Party" means, in reference to a Governmental Unit or 501(c)(3) Organization, any member of the same Controlled Group and, in reference to any person that is not a Governmental Unit or 501(c)(3) Organization, a "related person" as defined in Section 144(a)(3).

"Replacement Proceeds" means, with respect to an issue, amounts (including any investment income, but excluding any Proceeds of any issue) replaced by Proceeds of that issue within the meaning of Section 148(a)(2). "Replacement Proceeds" includes amounts, other than Proceeds, held in a sinking fund, pledged fund or reserve or replacement fund for an issue.

"Sale Date" means, with respect to an issue, the first date on which there is a binding contract in writing with the Issuer for the sale and purchase of an issue (or of respective obligations of the issue if sold by the Issuer on different dates) on specific terms that are not later modified or adjusted in any material respect.

"Sale Proceeds" means that portion of the Issue Price actually or constructively received by the Issuer upon the sale or other disposition of an issue, including any underwriter's compensation withheld from the Issue Price, but excluding Pre-Issuance Accrued Interest.

"Spendable Proceeds" means the Net Sale Proceeds of an issue.

"Tax-Exempt Obligation" means any obligation or issue of obligations (including bonds, notes and lease obligations treated for federal income tax purposes as evidences of indebtedness) the interest on which is excluded from gross income for federal income tax purposes

within the meaning of Section 150, and includes any obligation or any investment treated as a "tax-exempt bond" for the applicable purpose of Section 148.

"Tax-Exempt Organization" means a Governmental Unit or a 501(c)(3) Organization.

"Temporary Period" means the period of time, as set forth in the Tax Compliance Certificate, applicable to particular categories of Proceeds of an issue during which such category of Proceeds may be invested in Higher Yielding Investments without the issue being treated as arbitrage bonds under Section 148.

"Transferred Proceeds" means that portion of the Proceeds of an issue (including any Transferred Proceeds of that issue) that remains unexpended at the time that any portion of the principal of the Refunded Bonds of that issue is discharged with the Proceeds of a Refunding Issue and that thereupon becomes Proceeds of the Refunding Issue as provided in Regulations §1.148-9(b). "Transferred Proceeds" does not include any Replacement Proceeds.

"Unrelated or Disproportionate Use" means Private Business Use that is not related to or is disproportionate to use by a Governmental Unit within the meaning of Section 141(b)(3) and Regulations §1.141-9.

"Variable Yield Issue" means any Issue that is not a Fixed Yield Issue.

"Working Capital Expenditures" means any costs of a type that do not constitute Capital Expenditures, including current operating expenses.

"Yield" has the meaning assigned to it for purposes of Section 148, and means that discount rate (stated as an annual percentage) that, when used in computing the present worth of all applicable unconditionally payable payments of Debt Service, all payments for a Qualified Guarantee, if any, and payments and receipts with respect to a Qualified Hedge, if any, as required by the Regulations, paid and to be paid with respect to an obligation (paid and to be paid during and attributable to the Yield Period in the case of a Variable Yield Issue), 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.

(End of Attachment A)

ATTACHMENT A-1
to
Tax Compliance Certificate of Issuer
Pertaining to

$23,420,000 PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

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 $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 L.L.P. to do the computations, please feel free to contact the Squire, Sanders & Dempsey L.L.P. attorney with whom you normally consult to discuss engaging the Firm to provide such assistance.

If the Issue is a Fixed Yield Issue, the Yield on the Issue generally is the Yield to maturity, taking into account mandatory redemptions prior to maturity. If the Issue is a Variable Yield Issue, the Yield on the Issue is computed separately for each Yield Period selected by the Issuer.

PART II: EXCEPTIONS TO REBATE

SECTION 2.01. SPENDING EXCEPTIONS.

The rebate requirements with respect to the Issue are deemed to have been satisfied if any one of three spending exceptions (the 6-Month, the 18-Month, or the 2-Year Spending Exception, collectively, the "Spending Exceptions") is satisfied. The Spending Exceptions are each independent exceptions. The Issue need not meet the requirements of any other exception in order to use any one of the three exceptions. For example, a Construction Issue may qualify for the 6-Month Spending Exception or the 18-Month Spending Exception even though the Issuer makes one or more elections under the 2-Year Exception with respect to the Issue.

The following rules apply for purposes of all of the Spending Exceptions except as otherwise noted.

Refunding Issues. The only spending exception available for a Refunding Issue[4] is the 6-Month Spending Exception.

Special Transferred Proceeds Rules. In applying the Spending Exceptions to a Refunding Issue, unspent Proceeds of the Prior Issue that become Transferred Proceeds of the Refunding Issue are ignored. If the Prior Issue satisfies one of the rebate Spending Exceptions, the Proceeds of the Prior Issue that are excepted from rebate under that exception are not subject to rebate either as Proceeds of the Prior Issue or as Transferred Proceeds of the Refunding Issue.

However, if the Prior Issue does not satisfy any of the Spending Exceptions and is not otherwise exempt from rebate, the Transferred Proceeds from the Prior Issue will be subject to rebate, even if the Refunding Issue satisfies the 6-Month Spending Exception. The Rebate Amount will be calculated on the Transferred Proceeds on the basis of the Yield of the Prior Issue up to each transfer date and on the basis of the Yield of the Refunding Issue after each transfer date.

Application of Spending Exceptions to a Multipurpose Issue. If the Issue is a Multipurpose Issue, the Refunding Portion and the New Money Portion are treated for purposes of the rebate Spending Exceptions as separate issues. Thus, the Refunding Portion is eligible to use only the 6-Month Spending Exception. The New Money Portion is eligible to use any of the three Spending Exceptions.

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4. For purposes of these Instructions, references to "Refunding Issue" include the Refunding Portion of a Multipurpose Issue.

Expenditures for Governmental Purposes of the Issue. Each of the spending exceptions requires that expenditures of Gross Proceeds be for the governmental purposes of the Issue. These purposes include payment of interest (but not principal) on the Issue.

SECTION 2.02. 6-MONTH SPENDING EXCEPTION.

The Issue will be treated as satisfying the rebate requirements if all of the Gross Proceeds of the Issue are allocated to expenditures for the governmental purposes of the Issue within the 6-month period beginning on the Issuance Date and the Rebate Amount, if any, with respect to earnings on amounts deposited in a reasonably required reserve or replacement fund or a Bona Fide Debt Service Fund if and to the extent that such Fund is subject to rebate (see footnote 3) is timely paid to the United States. If no bond of the Issue is a Private Activity Bond (other than a Qualified 501(c)(3) Bond) or a tax or revenue anticipation bond, the 6-month period is extended for an additional 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 L.L.P.

December 2, 2009

Attachment B
To Tax Compliance Certificate of

$23,420,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

Dated: December 2, 2009

UNDERWRITER'S CERTIFICATE

Citigroup Global Markets Inc. (the "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 were actually offered to the general public in a bona fide public offering at the initial offering prices set forth on the cover to the Official Statement (the "Initial Offering Price" as applicable to respective maturities), plus any Pre-Issuance Accrued Interest, which is not more than the fair market value of each maturity as of November 17, 2009, the Sale Date of the Issue, and as of the Sale Date at least 10% in principal amount of each maturity was sold or was reasonably expected to be sold (other than to bond houses, brokers and other intermediaries) at the Initial Offering Price plus any Pre-Issuance Accrued Interest (the "Issue Price"). The aggregate Issue Price of the Issue is $23,860,141.80.

2. Information Return. For purposes of the Information Return required by Section 149(e) of the Code to be filed in connection with the Issue:

(A) The Initial Offering Price of the entire Issue is $23,860,141.80.

(B) The Yield on the Issue, calculated in accordance with Section 148(h) of the Code and Treasury Regulations §1.148-4, is 3.605990%. 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).

(C) The Underwriter's discount or compensation is $234,045.80.

(D) The CUSIP Number assigned to the final maturity of the Issue is 721882DP0.

3. Premium Bonds. The bonds of the Issue maturing on July 1, 2020 are the only bonds of the Issue that are subject to optional redemption before maturity (but not within five years of the Issuance Date of the Issue) 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 redeemed on their optional redemption date that would result in the lowest Yield on the Issue.

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 signer is an officer of the Underwriter and duly authorized to execute and deliver this Certificate of the Underwriter. The Underwriter understands that the certifications contained in this Certificate will be relied on by the Issuer in making certain of its representations in its Tax Compliance Certificate and in completing and filing the Information Return for the Issue, and by Squire, Sanders & Dempsey L.L.P., as bond counsel, in rendering certain of its legal opinions in connection with the issuance of the Issue; provided however, that nothing herein represents our interpretation of any laws, and in particular regulations under the Internal Revenue Code.

Dated: December 2, 2009

CITIGROUP GLOBAL MARKETS INC.

By: _____

Title: _____

[Signature page of Underwriter's Certificate]

$23,420,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2009

CERTIFICATE OF DEPOSITORY TRUSTEE, REGISTRAR AND PAYING AGENT

U.S. Bank National Association (the "Bank"), as depository trustee (the "Depository Trustee") pursuant to a Depository Trust Agreement, dated as of December 1, 2009 (the "Depository Trust Agreement"), between Pima County, Arizona (the "County") and the Bank, and as bond registrar and paying agent pursuant to a Bond Registrar, Transfer Agent and Paying Agent Agreement, dated as of December 1, 2009 (the "Bond Registrar and Paying Agent Agreement"), between the County and the Bank, entered into in connection with the $23,420,000 Pima County, Arizona, Street and Highway Revenue Bonds, Series 2009 (the "Bonds") does hereby accept the duties and obligations imposed upon it as Depository Trustee under the Depository Trust Agreement and 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 Depository Trust Agreement and the Bond Registrar and Paying Agent Agreement.

2. The execution and delivery of the Depository Trust Agreement and 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 Depository Trustee pursuant to the Depository Trust Agreement and 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 Depository Trust Agreement and 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 Depository Trust Agreement or the Bond Registrar and Paying Agent Agreement.

6. The Depository Trust Agreement and the Bond Registrar and Paying Agent Agreement were 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	

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: December 2, 2009

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name: Rob Von Hess
Its: Vice President

[Signature page of Certificate of Depository Trustee, 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, Assistant Secretary

S:\affidavit\sec-certs\ Stevenson-reyes

$23,420,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2009

CERTIFICATE AS TO SATISFACTION OF DEBT SERVICE COVERAGE REQUIREMENT

The undersigned Director of Finance and Risk Management of Pima County, Arizona (the "County"), acting for and on behalf of the County, does hereby certify as follows with respect to the issuance of the above-described Bonds (the "Bonds"), authorized by Resolution No. 1998-101, adopted by the Board of Supervisors of the County on May 19, 1998 (the "1998 Bond Resolution"), as supplemented by Resolution No. 2002-6 adopted by the Board of Supervisors of the County on January 8, 2002 (the "2002 Resolution"), Resolution No. 2003-17, adopted by the Board of Supervisors of the County on January 21, 2003 (the "2003 Resolution"), Resolution No. 2005-99, adopted by the Board of Supervisors of the County on May 10, 2005 (the "2005 Resolution"), Resolution No. 2007-16, adopted by the Board of Supervisors of the County on January 16, 2007 (the "2007 Resolution"), Resolution No. 2008-43, adopted by the Board of Supervisors of the County on February 12, 2008 (the "2008 Resolution"), and Resolution No. 2009-302, adopted by the Board of Supervisors of the County on November 17, 2009 (the "2009 Resolution")

1. For the purpose of demonstrating compliance with the provisions of Section 11-378, Arizona Revised Statutes, fifty per cent (50%) of the revenues received by the County from highway user taxes, including motor vehicle fuel taxes, and all other taxes, fees, charges or other monies returned to the County pursuant to Title 28, Chapter 18, Article 2, and Section 42-1484, Arizona Revised Statutes, in the year preceding this date, exceeds the maximum principal and interest requirements on the Bonds, the Street and Highway Revenue Bonds, Series 2002 (the "2002 Bonds") authorized by the 2002 Resolution, the Street and Highway Revenue Bonds, Series 2003 (the "2003 Bonds") authorized by the 2003 Resolution, the Street and Highway Revenue Bonds, Series 2005 (the "2005 Bonds") authorized by the 2005 Resolution, the Street and Highway Revenue Bonds, Series 2007 (the "2007 Bonds") and the Street and Highway Revenue Bonds, Series 2008 (the "2008 Bonds") authorized by the 2008 Resolution.

2. For the purpose of demonstrating compliance with Section 13 of the 1998 Bond Resolution, (a) the amount of Pledged Revenues (as defined in the 1998 Bond Resolution) received by the County in the twelve (12) month period immediately preceding the date hereof equals not less than two times the maximum annual debt service on the 2002 Bonds, the 2003 Bonds, the 2005 Bonds, the 2007 Bonds, the 2008 Bonds and the Bonds, (b) all payments and deposits with respect to the 1998 Bonds, the 2002 Bonds, the 2003 Bonds, the 2005 Bonds, the 2007 Bonds and the 2008 Bonds outstanding on the date hereof, are current, and (iii) no obligation payable from the Pledged Revenues is in default as to either principal or interest.

3. The undersigned is the duly-named designee of the chief administrative officer of the County for purposes of delivering this certificate pursuant to Section 13 of the 1998 Bond Resolution.

[Signature page to follow]

Dated: December 2, 2009

PIMA COUNTY, ARIZONA

By: _____
Thomas Burke
Director of Finance and Risk Management

$23,420,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2009

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. 2009-302, adopted by the Board of Supervisors of the County on November 17, 2009 (the "Bond Resolution"), with respect to the application of proceeds of the Bonds pursuant to Section 6 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 shall be deposited in the Interest Account in an amount of $57,118.73.

2. $8,568,977.27 of the proceeds received from the sale of the Bonds shall be deposited with the Depository Trustee and applied by the Depository Trustee in the manner provided in the Depository Trust Agreement in connection with the refunding of the Bonds to be Refunded (representing $8,420,000 principal amount of such Bonds and a portion of the premium associated with such Bonds, subject to the reserved right of the County to modify such determination as permitted by law).

3. The balance of the proceeds received from the sale of the Bonds, $15,000,000 (representing $15,000,000 principal amount of the Bonds) shall be set aside and used for the purposes provided in the Bond Resolution.

[Signature page to follow]

Dated: December 2, 2009

PIMA COUNTY, ARIZONA

By: _____
Thomas Burke
Director of Finance and Risk Management

$23,420,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2009

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 $23,420,000 in aggregate principal amount of Pima County, Arizona Street and Highway Revenue Bonds, Series 2009 (the "Bonds"), issued by the County pursuant to Resolution No. 2009-302, passed, adopted and approved by the Board of Supervisors of the County on November 17, 2009 (the "Resolution"), authorizing and providing for the issuance and ordering the sale of the Bonds, the undersigned has received from Citigroup Global Markets Inc. (the "Underwriter"), the sum of $15,057,118.73 representing a portion of the total purchase price of the Bonds, as follows:

(i) $23,157,696.00 received from the Underwriter on the date hereof;

plus

(ii) $468,400.00 received from the Underwriter on November 17, 2009 as a good faith deposit, being applied toward the purchase price of the Bonds;

less

(iii) $8,568,977.27 paid by the Underwriter directly to U.S. Bank National Association, as Depository Trustee under a Depository Trust Agreement, dated as of December 1, 2009, between the County and such Depository Trustee.

I do further certify that the proceeds from the sale of the Bonds received by the undersigned have been apportioned and applied in the following manner.

(a) $15,000,000.00 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;

(b) $57,118.73 will be deposited into the Debt Service Fund established by the Resolution.

Dated: December 2, 2009.

PIMA COUNTY, ARIZONA

Beth Ford, County Treasurer

By: Beth Ford

[Signature page of County Treasurer's Receipt for Bond Proceeds]

$23,420,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2009

RECEIPT OF DEPOSITORY TRUSTEE FOR FUNDS AND SECURITIES

U.S. Bank National Association, as depository trustee (the "Depository Trustee") pursuant to a Depository Trust Agreement, dated as of December 1, 2009 (the "Depository Trust Agreement"), between Pima County, Arizona (the "County") and the Depository Trustee, hereby certifies that the Depository Trustee has received monies identified as a portion of the proceeds from the sale of the $23,420,000 Pima County, Arizona, Street and Highway Revenue Bonds, Series 2009 (the "Bonds"), in the amount of $8,568,977.27, and has applied such monies, as directed in the Depository Trust Agreement, to (a) pay the costs of issuance of the Bonds, (b) establish a beginning of $0.27, and (c) purchase the Acquired Obligations (as defined in the Depository Trust Agreement).

[Remainder of page left blank intentionally]

Dated: December 2, 2009

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name: Brenda D. Black
Its: Vice President

[Signature page of Receipt of Depository Trustee for Funds and Securities

$23,420,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2009

UNDERWRITER'S RECEIPT FOR BONDS

Receipt of the Pima County, Arizona Street and Highway Revenue Bonds, Series 2009 (the "Bonds"), in the aggregate principal amount of $23,420,000 is hereby acknowledged as of the date hereof on behalf of the undersigned, Citigroup Global Markets Inc., as underwriter of the Bonds.

The Bonds are dated December 2, 2009, are in denominations of $5,000 or integral multiples thereof, mature on July 1, in the years 2013 through 2024, 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
2013	1,200,000	3.000%
2014	1,185,000	3.000
2015	1,165,000	3.000
2016	1,140,000	3.000
2017	1,150,000	3.000
2018	1,140,000	3.500
2019	2,480,000	4.000
2020	2,575,000	4.000
2021	2,680,000	4.000
2022	2,790,000	4.000
2023	2,900,000	4.00
2024	3,015,000	4.00

Dated: December 2, 2009

CITIGROUP GLOBAL MARKETS INC.

By:_____
Name:_____
Its:_____

SQUIRE, SANDERS & DEMPSEY L.L.P.

Two Renaissance Square
40 North Central Avenue, Suite 2700
Phoenix, Arizona 85004-4498

Office: +1.602.528.4000
Fax: +1.602.253.8129

SQUIRE SANDERS | LEGAL COUNSEL WORLDWIDE

December 2, 2009

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 $23,420,000 aggregate principal amount of bonds designated the Pima County, Arizona, Street and Highway Revenue Bonds, Series 2009 (the "Bonds"). The Bonds are issued pursuant to Title 11, Chapter 2, Article 12 of the Arizona Revised Statutes, and under the provisions of an authorizing resolution adopted by the Board of Supervisors of the County on November 17, 2009 (the "Bond Resolution") and the report of Grant Thornton LLP, verifying the calculations of the yield of the Bonds and the yield on and adequacy of the obligations purchased with a portion of the proceeds of the Bonds and deposited into trust to provide for the payment of the bonds being refunded 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 are valid, legal and binding special obligations of the County which, together with other bonds issued on a parity therewith and subject to bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion, are to be paid solely from, and secured by a pledge of Pledged Revenues (as defined in the Bond Resolution), consisting of revenues derived by the County from taxes, fees, charges and other monies collected by the State of Arizona and returned to the County for street and highway purposes pursuant to law. Such pledge is authorized by law. The Bonds and the payment of principal thereof and interest thereon are not secured by an obligation or pledge of any moneys raised by taxation other than the Pledged Revenues, and the Bonds do not represent or constitute a general obligation or a pledge of the full faith and credit of the County or the State of Arizona. The County has pledged, in the Bond Resolution, to comply with any requirements imposed by law for eligibility to receive its share of such funds.

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

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on individuals and corporations. 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.

Under the Code, interest on the Bonds is not excluded from the calculation of a corporation's adjusted current earning for purposes of the corporate alternative minimum tax, so that a portion of the interest on the Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. Interest on the Bonds may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States and to a tax imposed on excess net passive income of certain S corporations.

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 LLP

Form **8038-G** (Rev. November 2000) 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: 86 6000543
3	Number and street (or P.O. box if mail is not delivered to street address): 130 West Congress, 10th Floor	Room/suite	4 Report number: 3 05
5	City, town, or post office, state, and ZIP code: Tucson, Arizona 85701	6	Date of issue: 12/2/2009
7	Name of issue: Street and Highway Revenue Bonds, Series 2009	8	CUSIP number: 721882DP0
9	Name and title of officer or legal representative whom the IRS may call for more information: Thomas Burke, Finance and Risk Management Director	10	Telephone number of officer or legal representative: (520) 740-3030

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☑ Transportation	13	$23,860,141.80
14	☐ Public safety	14	
15	☐ Environment (including sewage bonds)	15	
16	☐ Housing	16	
17	☐ Utilities	17	
18	☐ Other. Describe ▶	18	
19	If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐		
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, 2024	$23,860,141.80	$23,420,000	10.3269 years	3.6060 %

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	23,860,141.80
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	325,051.80		
25	Proceeds used for credit enhancement	25	0		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0		
27	Proceeds used to currently refund prior issues	27	8,477,971.27		
28	Proceeds used to advance refund prior issues	28	0		
29	Total (add lines 24 through 28)			29	8,803,023.07
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	15,057,118.73

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 ▶	1.6528 years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	N/A years
33	Enter the last date on which the refunded bonds will be called ▶	01/01/2010
34	Enter the date(s) the refunded bonds were issued ▶	1/30/02

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 (see instructions)	36a	N/A
b	Enter the final maturity date of the guaranteed investment contract ▶		
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 ▶ ☐

Sign Here

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.

▶ Thomas Burke — 12/02/2009 ▶ Thomas Burke, Finance and Risk Mngt Director

Signature of issuer's authorized representative — Date — Type or print name and title

For Paperwork Reduction Act Notice, see page 2 of the Instructions.

Cat. No. 63773S Form **8038-G** (Rev. 11-2000)

7007 2680 0000 9191 1458

SQUIRE SANDERS | LEGAL COUNSEL WORLDWIDE

SQUIRE, SANDERS & DEMPSEY L.L.P.

Two Renaissance Square
40 North Central Avenue, Suite 2700
Phoenix, AZ 85004

Office: +1.602.528.4000
Fax: +1.602.253.8129

Direct: +1.602.528.4031
tpickrell@ssd.com

December 21, 2009

Via Certified Mail

Internal Revenue Service Center
Ogden, Utah 84201

Re: Pima County, Arizona
Street and Highway Revenue Bonds, Series 2009

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:jer

Enclosure

Certified Number 7007 2680 0000 9191 1458

512171.1

7007 2680 0000 9191 1458

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com®

OFFICIAL USE

Pima HWRF 2009

Postage	$ .44
Certified Fee	2.80
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 3.24

Postmark Here

USPS PHOENIX AZ 85026 DEC 21 2009

Sent To

Internal Revenue Service Center

Street, Apt. No.; or PO Box No.

Ogden, Utah 84201

City, State, ZIP+4

PS Form 3800, August 2006 See Reverse for Instructions

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 21st day of December, 2009, an envelope containing a Form 8038-G, Information Return for Tax-Exempt Governmental Obligations, with respect to the Pima County, Arizona $23,420,000 Street and Highway Revenue Bonds, Series 2009, postage prepaid, certified mail (Certified Number 7007 2680 0000 9191 1458), addressed as follows:

Internal Revenue Service Center
Ogden, Utah 84201

Timothy E. Pickrell

SUBSCRIBED AND SWORN to before me this 21st day of December, 2009.

Jean E. Reynolds
Notary Public

My Commission Expires:
August 15, 2012

JEAN E REYNOLDS
Notary Public—Arizona
Maricopa County
Expires on 08/15/2012

512171.1

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: Street and Highway Revenue Bonds, Series 2009	
3. Dated Date: 12/2/2009 Closing Date: 12/2/2009	4. Par amount: $23,420,000
5. Overall Interest rate (TIC OR ~~NIC~~): 3.7266%	6. Type of Bond or Security: Revenue
7. Repayment sources: street and highway user taxes and fees collected by the State of Arizona and returned to the County.	
8. Total amount outstanding: $137,290,000	9. Total amount outstanding of senior or subordinate bonds: $152,410,000
10. Original issue price: a. Par Amount (Principal Amount) $23,420,000.00	11. Total limitations (Constitutional or Statutory) on the type of bonds/securities issued: N/A **For general obligation Bonds:** a. Secondary net assessed value: N/A
b. Original Issue Discount (-) ($ 3,887.00)	
c. Premium Amount (+) $444,028.80	b. Debt limit percentage: N/A
d. Original Issue Price (=) $23,860,141.80	c. Total debt limit: N/A
e. Underwriter Compensation (Discount) (-) ($234,045.80)	12. Available debt limit: N/A
f. Net Proceeds (=) $23,626,096.00	13. Total amount authorized: $350,000,000
14. Remaining authorized amount: $ 107,800,000	15. If voter authorized, Election dates: November 4, 1997

16 – 19 Please attach 1) a schedule providing a detailed listing of Issue Costs; 2) the Debt Service Schedule; 3) Form 8038, and 4) the Final Official Statement. Please refer to instructions on back of form.

Signature

December 2, 2009
Date

Title, address and phone number

Tom Burke, Director.
Pima County finance Department
Pima county, Arizona
130 West Congress, 6th Floor
Tucson, Arizona 85701
(520) 740-3030

Trustee name, address and phone number

U.S. Bank National Association
Bond Registrar and Paying Agent
Corporate Trust Services
101 North First Ave., Suite 1600
Phoenix, Arizona 85003
(602) 257-5431

Political Subdivision Contact Name, address, phone number

Pima County Finance Department
Pima County, Arizona
130 West Congress, 6th Floor
Tucson, Arizona 85701
(520) 740-3030

Submit this form with attachments within 60 days of issuance to:

Arizona Department of Revenue
Attention Econometrics Section
1600 W Monroe
Phoenix AZ 85007

508445.2

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 STREET AND HIGHWAY REVENUE BONDS, SERIES 2009

Par Amount: $23,420,000 Date Closed: 12/2/2009

Maturity Date	Par Amount (Principal Amount) 10a	Coupon Rate	Yield	Original Issue Price	Premium or Discount 10b or 10c
2013	$1,200,000	3.000%	1.600%	$1,258,224.00	$58,224.00
2014	1,185,000	3.000	2.050	1,233,964.20	48,964.20
2015	1,165,000	3.000	2.400	1,201,289.75	36,289.75
2016	1,140,000	3.000	2.700	1,160,474.40	20,474.40
2017	1,150,000	3.000	3.050	1,146,113.00	(3,887.00)
2018	1,140,000	3.500	3.300	1,156,894.80	16,894.80
2019	2,480,000	4.000	3.500	2,580,117.60	100,117.60
2020	2,575,000	4.000	3.630*	2,651,451.75	76,451.75
2021	2,680,000	4.000	3.750*	2,733,439.20	53,439.20
2022	2,790,000	4.000	3.850*	2,823,173.10	33,173.10
2023	2,900,000	4.000	4.000	2,900,000.00	-0-
2024	3,015,000	4.000	4.000	3,015,000.00	-0-
Total	$ 23,420,000			$23,860,141.80	
10e Underwriter's Discount and/or Placement Agent Fee, if any				(234,045.80)	
10f Net Proceeds (as shown on issuance form)				$23,626,096.00	

*Yield calculated to July 1, 2019, the first optional redemption date.

ATTACHMENT TO
REPORT OF BOND AND SECURITY ISSUANCE

Name of Issue: PIMA COUNTY, ARIZONA STREET AND HIGHWAY REVENUE BONDS, SERIES 2009

COSTS OF ISSUANCE

Bond Counsel	$19,006.00
Financial Advisor	26,000.00
Fitch Ratings Inc.	17,500.00
Standard & Poor's	16,000.00
Bond Registrar/Paying Agent	2,500.00
Printing of Official Statement	5,000.00
Verification Agent	2,500.00
Miscellaneous	2,500.00
Total:	91,006.00

EXHIBIT A

$23,420,000
PIMA COUNTY, ARIZONA
Street and Highway Revenue Bonds
Series 2009

Principal and Interest Payments

Dated: 12/2/2009 **Delivery: 12/02/2009**

Date	Principal (a)	Coupon	Interest	Total Debt Service	Fiscal Year Debt Service	CUSIP # (721882)
7/1/2010			$506,650.83	$506,650.83	$506,650.83	
1/1/2011			436,350.00	436,350.00		
7/1/2011			436,350.00	436,350.00	872,700.00	
1/1/2012			436,350.00	436,350.00		
7/1/2012			436,350.00	436,350.00	872,700.00	
1/1/2013			436,350.00	436,350.00		
7/1/2013	$1,200,000.00	3.00%	436,350.00	1,636,350.00	2,072,700.00	DC 9
1/1/2014			418,350.00	418,350.00		
7/1/2014	1,185,000.00	3.00%	418,350.00	1,603,350.00	2,021,700.00	DD 7
1/1/2015			400,575.00	400,575.00		
7/1/2015	1,165,000.00	3.00%	400,575.00	1,565,575.00	1,966,150.00	DE 5
1/1/2016			383,100.00	383,100.00		
7/1/2016	1,140,000.00	3.00%	383,100.00	1,523,100.00	1,906,200.00	DF 2
1/1/2017			366,000.00	366,000.00		
7/1/2017	1,150,000.00	3.00%	366,000.00	1,516,000.00	1,882,000.00	DG 0
1/1/2018			348,750.00	348,750.00		
7/1/2018	1,140,000.00	3.50%	348,750.00	1,488,750.00	1,837,500.00	DH 8
1/1/2019			328,800.00	328,800.00		
7/1/2019	2,480,000.00	4.00%	328,800.00	2,808,800.00	3,137,600.00	DJ 4
1/1/2020			279,200.00	279,200.00		
7/1/2020	2,575,000.00	4.00%	279,200.00	2,854,200.00	3,133,400.00	DK 1
1/1/2021			227,700.00	227,700.00		
7/1/2021	2,680,000.00	4.00%	227,700.00	2,907,700.00	3,135,400.00	DL 9
1/1/2022			174,100.00	174,100.00		
7/1/2022	2,790,000.00	4.00%	174,100.00	2,964,100.00	3,138,200.00	DM 7
1/1/2023			118,300.00	118,300.00		
7/1/2023	2,900,000.00	4.00%	118,300.00	3,018,300.00	3,136,600.00	DN 5
1/1/2024			60,300.00	60,300.00		
7/1/2024	3,015,000.00	4.00%	60,300.00	3,075,300.00	3,135,600.00	DP 0
Total	$23,420,000.00		$9,335,100.83	$32,755,100.83	$32,755,100.83	

(a) The Series 2009 Bonds maturing on or after July 1, 2020 are subject to redemption prior to maturity on or after July 1, 2019 at Par.

-Prepared By-
RBC Capital Markets
11/24/2009

Form **8038-G** (Rev. November 2000) 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 86 : 6000543
3	Number and street (or P.O. box if mail is not delivered to street address) 130 West Congress, 10th Floor	Room/suite	4 Report number 3 05
5	City, town, or post office, state, and ZIP code Tucson, Arizona 85701	6	Date of issue 12/2/2009
7	Name of issue Street and Highway Revenue Bonds, Series 2009	8	CUSIP number 721882DP0
9	Name and title of officer or legal representative whom the IRS may call for more information Thomas Burke, Finance and Risk Management Director	10	Telephone number of officer or legal representative (520) 740-3030

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☑ Transportation	13	$23,860,141.80
14	☐ Public safety	14	
15	☐ Environment (including sewage bonds)	15	
16	☐ Housing	16	
17	☐ Utilities	17	
18	☐ Other. Describe ▶	18	
19	If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐		
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, 2024	$23,860,141.80	$23,420,000	10.3269 years	3.6060 %

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	23,860,141.80
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	325,051.80		
25	Proceeds used for credit enhancement	25	0		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0		
27	Proceeds used to currently refund prior issues	27	8,477,971.27		
28	Proceeds used to advance refund prior issues	28	0		
29	Total (add lines 24 through 28)			29	8,803,023.07
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	15,057,118.73

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 ▶	1.6528 years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	N/A years
33	Enter the last date on which the refunded bonds will be called ▶	01/01/2010
34	Enter the date(s) the refunded bonds were issued ▶	1/30/02

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 (see instructions)	36a	N/A
b	Enter the final maturity date of the guaranteed investment contract ▶		
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 ▶ ☐

Sign Here

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.

Thomas Burke — 12/02/2009

Signature of issuer's authorized representative — Date

Thomas Burke, Finance and Risk Mngt Director

Type or print name and title

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

In the opinion of Squire, Sanders & Dempsey L.L.P., 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.

$23,420,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

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

The Street and Highway Revenue Bonds, Series 2009 (the "Bonds") are being issued by Pima County, Arizona (the "County") in accordance with applicable State of Arizona law. The Bonds are issued in the form of fully registered bonds in denominations of $5,000 and integral multiples thereof and will bear interest from the date of the Bonds to the date of maturity or prior redemption of each of the Bonds. Interest on the Bonds is payable semiannually on each January 1 and July 1 (each an "Interest Payment Date"), commencing July 1, 2010. Interest will be paid on each Interest Payment Date by check mailed by the paying agent to each registered owner of the Bonds at the address shown on the registration books (the "Bond Register") 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, or by wire transfer upon two days prior written request delivered to the paying agent specifying a wire transfer address in the continental United States by any registered owner owning an aggregate principal amount of at least $1,000,000. Principal of the Bonds will be payable at the designated corporate trust office of U.S. Bank National Association, or any successor thereto, as registrar and paying agent.

The Bonds are subject to redemption prior to their stated maturities as described herein.

The Bonds are being issued (i) to make various street and highway improvements within the County, (ii) to refund in advance of maturity portions of certain outstanding street and highway revenue bonds of the County, and (iii) to pay costs related to the issuance of the Bonds. Principal of and interest on the Bonds is payable solely from taxes, fees, charges and other moneys collected by the State of Arizona and returned to the County for street and highway purposes pursuant to Title 28, chapter 18, Article 2, Arizona Revised Statutes, on a parity with the outstanding street and highway revenue bonds of the County and any additional street and highway revenue bonds hereafter issued as provided herein. See "SECURITY AND SOURCES OF PAYMENT" and "PLAN OF REFUNDING" herein.

The Bonds do not constitute a debt, general obligation or pledge of the full faith and credit of the County nor is the County obligated to levy or collect any form of ad valorem taxes with respect to the Bonds.

The County initially intends to utilize the book-entry-only system of The Depository Trust Company ("DTC"), although the County and DTC each reserve the right to discontinue that system at any time. Utilization of the book-entry-only system will affect the method and timing of payment and the method of transfer of beneficial interests in the Bonds. So long as the book-entry-only system is in effect, the County will issue a single fully-registered bond for each maturity registered in the name of Cede & Co., as nominee of DTC, and will make all payments of principal and interest to Cede & Co. DTC will be responsible for distributing the principal and interest payments to its direct and indirect participants which will, in turn, be responsible for distribution to the purchasers of beneficial interests in the Bonds pursuant to this offering (the "Beneficial Owners"). So long as the book-entry-only system is in effect and Cede & Co., as nominee of DTC, is the registered owner of the Bonds, all references herein to owners of the Bonds and provisions for consents by owners of the Bonds will refer to and be solicited from Cede & Co. and not the Beneficial Owners.

Maturity Schedule

Due July 1	Principal Amount	Interest Rate	Yield	Due July 1	Principal Amount	Interest Rate	Yield
2013	$1,200,000	3.00%	1.60%	2019	$2,480,000	4.00%	3.50%
2014	1,185,000	3.00	2.05	2020	2,575,000	4.00	3.63
2015	1,165,000	3.00	2.40	2021	2,680,000	4.00	3.75
2016	1,140,000	3.00	2.70	2022	2,790,000	4.00	3.85
2017	1,150,000	3.00	3.05	2023	2,900,000	4.00	4.00
2018	1,140,000	3.50	3.30	2024	3,015,000	4.00	4.00

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 are advised to read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds are offered when, as and if issued by the County subject to the approving opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, as to validity and tax exemption. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about December 2, 2009.

November 17, 2009

SQUIRE SANDERS | LEGAL COUNSEL WORLDWIDE

SQUIRE, SANDERS & DEMPSEY L.L.P.

Two Renaissance Square
40 North Central Avenue, Suite 2700
Phoenix, AZ 85004

Office: +1.602.528.4000
Fax: +1.602.253.8129

Direct: +1.602.528.4031
tpickrell@ssd.com

December 21, 2009

Via Certified Mail
Return Receipt Requested

Arizona Department of Revenue
Attention: OERA, 9th Floor
1600 W. Monroe
Phoenix, AZ 85007

Re: $23,420,000 Pima County, Arizona
Street and Highway Revenue Bonds, Series 2009

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:jer
Enclosure

Certified No. 70007 2680 0000 9191 1465

512172.1

7007 2680 0000 9191 1465

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com®

OFFICIAL USE

Pima HURF 2009

Postage	$ 2.92
Certified Fee	2.80
Return Receipt Fee (Endorsement Required)	2.30
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 8.02

Postmark Here

PHOENIX AZ 85028 DEC 21 2009

TC Pickens

Sent To Arizona Department of Revenue
Street, Apt. No.; or PO Box No. Attention: OERA, 9th Floor
City, State, ZIP+4 ~~1600 W. Monroe~~
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
X Arizona Dept of Revenue ☐ Agent ☐ Addressee

B. Received by (Printed Name) C. Date of Delivery
DEC 22 2009

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 1465

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

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 21st day of December, 2009, an envelope containing the Report of Bond and Security Issuance Pursuant to A.R.S. §35-501B, with respect to $23,420,000 Pima County, Arizona Street and Highway Revenue Bonds, Series 2009, postage prepaid, certified mail (Certified Number 70007 2680 0000 9191 1465), 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 21st day of Decenber, 2009.

Notary Public

JEAN E REYNOLDS
Notary Public—Arizona
Maricopa County
Expires on 08/15/2012

My Commission Expires:

August 15, 2012

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
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

Number:
R-1

Denomination:
$1,200,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2013	December 2, 2009	721882 DC9

Registered Owner: CEDE & CO.

Principal Amount: ONE MILLION TWO HUNDRED THOUSAND AND NO/100 DOLLARS

PIMA COUNTY, ARIZONA (the "County), for value received, hereby promises to pay, solely from the sources hereinafter described, 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, from such sources, interest on the unpaid principal amount at the interest rate shown above.

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

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2010, 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 defined) at the close of business on the record date as explained herein 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 office of U.S. Bank National Association.

SPECIMEN

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
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

Number:
R-2

Denomination:
$1,185,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2014	December 2, 2009	721882 DD7

Registered Owner: CEDE & CO.

Principal Amount: ONE MILLION ONE HUNDRED EIGHTY-FIVE THOUSAND AND NO/100 DOLLARS

PIMA COUNTY, ARIZONA (the "County), for value received, hereby promises to pay, solely from the sources hereinafter described, 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, from such sources, interest on the unpaid principal amount at the interest rate shown above.

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

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2010, 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 as explained herein 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 office of U.S. Bank National Association.

SPECIMEN

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PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

Number:
R-3

Denomination:
$1,165,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2015	December 2, 2009	721882 DE5

Registered Owner: CEDE & CO.

Principal Amount: ONE MILLION ONE HUNDRED SIXTY-FIVE THOUSAND AND NO/100 DOLLARS

PIMA COUNTY, ARIZONA (the "County), for value received, hereby promises to pay solely from the sources hereinafter described, 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, from such sources, interest on the unpaid principal amount at the interest rate shown above.

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

Interest is payable on January 1 and July 1 of each year commencing July 1, 2010, 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 as explained herein 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 office of U.S. Bank National Association.

SPECIMEN

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PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

Number:
R-4

Denomination:
$1,140,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2016	December 2, 2009	721882 DF2

Registered Owner: CEDE & CO.

Principal Amount: ONE MILLION ONE HUNDRED FORTY THOUSAND AND NO/100 DOLLARS

PIMA COUNTY, ARIZONA (the "County), for value received, hereby promises to pay, solely from the sources hereinafter described, 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, from such sources, 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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SPECIMEN

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PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

Number:
R-5

Denomination:
$1,150,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2017	December 2, 2009	721882 DG0

Registered Owner: CEDE & CO.

Principal Amount: ONE MILLION ONE HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS

PIMA COUNTY, ARIZONA (the "County), for value received, hereby promises to pay, solely from the sources hereinafter described, 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, from such sources, 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 (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 as explained herein 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 office of U.S. Bank National Association.

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PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

Number:
R-6

Denomination:
$1,140,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.500%	July 1, 2018	December 2, 2009	721882 DH8

Registered Owner: CEDE & CO.

Principal Amount: ONE MILLION ONE HUNDRED FORTY THOUSAND AND NO/100 DOLLARS

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PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

Number:
R-7

Denomination:
$2,480,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2019	December 2, 2009	721882 DJ4

Registered Owner: CEDE & CO.

Principal Amount: TWO MILLION FOUR HUNDRED EIGHTY THOUSAND AND NO/100 DOLLARS

PIMA COUNTY, ARIZONA (the "County), for value received, hereby promises to pay, solely from the sources hereinafter described, 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, from such sources, interest on the unpaid principal amount at the interest rate shown above.

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

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2010, 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 as explained herein 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 office of U.S. Bank National Association.

SPECIMEN

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
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

Number: R-8

Denomination: $2,575,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2020	December 2, 2009	721882 DK1

Registered Owner: CEDE & CO.

Principal Amount: TWO MILLION FIVE HUNDRED SEVENTY-FIVE THOUSAND AND NO/100 DOLLARS

PIMA COUNTY, ARIZONA (the "County), for value received, hereby promises to pay, solely from the sources hereinafter described, 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, from such sources, interest on the unpaid principal amount at the interest rate shown above.

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

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2010, 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 as explained herein 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 office of U.S. Bank National Association.

SPECIMEN

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
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

Number:
R-9

Denomination:
$2,680,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2021	December 2, 2009	721882 DL9

Registered Owner: CEDE & CO.

Principal Amount: TWO MILLION SIX HUNDRED EIGHTY THOUSAND AND NO/100 DOLLARS

PIMA COUNTY, ARIZONA (the "County), for value received, hereby promises to pay, solely from the sources hereinafter described, 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, from such sources, interest on the unpaid principal amount at the interest rate shown above.

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Interest is payable on January 1 and July 1 of each year, commencing July 1, 2010, 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.

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SPECIMEN

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PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

Number:
R-10

Denomination:
$2,790,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2022	December 2, 2009	721882 DM7

Registered Owner: CEDE & CO.

Principal Amount: TWO MILLION SEVEN HUNDRED NINETY THOUSAND AND NO/100 DOLLARS

PIMA COUNTY, ARIZONA (the "County), for value received, hereby promises to pay, solely from the sources hereinafter described, 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, from such sources, interest on the unpaid principal amount at the interest rate shown above.

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SPECIMEN

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
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

Number: R-11

Denomination: $2,900,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2023	December 2, 2009	721882 DN5

Registered Owner: CEDE & CO.

Principal Amount: TWO MILLION NINE HUNDRED THOUSAND AND NO/100 DOLLARS

PIMA COUNTY, ARIZONA (the "County), for value received, hereby promises to pay, solely from the sources hereinafter described, 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, from such sources, interest on the unpaid principal amount at the interest rate shown above.

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

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2010, 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 as explained herein 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 office of U.S. Bank National Association.

SPECIMEN

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
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

Number:
R-12

Denomination:
$3,015,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2024	December 2, 2009	721882 DP0

Registered Owner: CEDE & CO.

Principal Amount: THREE MILLION FIFTEEN THOUSAND AND NO/100 DOLLARS

PIMA COUNTY, ARIZONA (the "County), for value received, hereby promises to pay, solely from the sources hereinafter described, 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, from such sources, interest on the unpaid principal amount at the interest rate shown above.

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

Interest is payable on January 1 and July 1 of each year, commencing July 1, 2010, 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 as explained herein 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 office of U.S. Bank National Association.

SPECIMEN

This bond is one of an issue of bonds in the total principal amount of $23,420,000 of like tenor except as to maturity date, rate of interest and number, issued by the County to provide funds to refund outstanding street and highway revenue bonds of the County and to make those certain street and highway improvements approved by a majority vote of qualified electors voting at elections duly called and held in and for the County on November 4, 1997 pursuant to resolutions of the Board of Supervisors of the County (the "Board of Supervisors") duly adopted prior to the issuance hereof and pursuant to the Constitution and laws of the State of Arizona.

This bond is issued under the laws of Arizona, including specifically Title 11, Chapter 2, Article 12 of the Arizona Revised Statutes (the "Act"), and Resolutions adopted by the Board of Supervisors of the County on May 19, 1998, January 8, 2002, January 21, 2003, May 10, 2005, January 16, 2007, February 12, 2008 and November 17, 2009 (collectively, the "Bond Resolution"). Reference is hereby made to the Act and the Bond 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 and interest thereon shall be payable solely from the revenues received by the County from highway user taxes, including motor vehicle fuel taxes, and all other taxes, fees, charges or other monies returned to the County pursuant to Title 28, Chapter 18, Article 2 and Section 42-6106 of the Arizona Revised Statutes (the "Pledged Revenues") on a parity of lien with certain outstanding bonds of the County and such additional bonds or obligations as may hereafter be issued on a parity therewith. The bonds shall not constitute a debt or general obligation of the County within the meaning of any constitutional or statutory debt limitation, nor shall payment of the bonds or interest or redemption premiums thereon be enforceable out of any funds other than the Pledged Revenues nor shall any owner of any bond have the right to compel any exercise of the taxing power of the County to make such payment. The County may issue additional bonds or obligations payable from the Pledged Revenues, on a parity with the bonds, upon satisfaction of the conditions set forth in the Act and the Bond Resolution.

Bonds maturing on or before July 1, 2019 are not subject to call for redemption prior to their respective maturity dates. The Bonds maturing on or after July 1, 2020 are subject to call for redemption on any date on or after July 1, 2019 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

SPECIMEN

in the manner and subject to the limitation and upon payment of the charges provided in the Bond 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 authorizing 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. Tithe 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 authorizing issuance of the Bonds.

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 happened 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.

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.

SPECIMEN

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

SPECIMEN

AUTHENTICATION CERTIFICATE

This bond is one of the Pima County, Arizona, Street and Highway Revenue Bonds, Series 2009, described in the Bond Resolution mentioned herein.

Date of Authentication: December 2, 2009

U.S. BANK NATIONAL ASSOCIATION
as Registrar

By: _____
Authorized Representative

SPECIMEN

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	UNIF GIFT/TRANS MIN ACT--
TEN ENT —	as tenants by the entireties	_____ Custodian _____
JT TEN —	as joint tenants with right of survivorship and not as tenants in common	(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.

SPECIMEN

STANDARD
&POOR'S

One Market
Steuart Tower, 15th Floor
San Francisco, CA 94105-1000
tel 415 371-5000
reference no.: 1087296

October 28, 2009

Pima County
Finance Department
130 West Congress Street, 10th Floor
Tucson, AZ 85701
Attention: Mr. Thomas Burke, Finance and Risk Management Director

Re: ***US$23,300,000 Pima County, Arizona, Street & Highway Revenue Bonds, Series 2009, dated: Date of Delivery, due: July 1, 2024***

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 division of The McGraw-Hill Companies, Inc.

Standard & Poor / PD

vb
enclosures
cc: Mr. Kurt M. Freund, Managing Director
RBC Capital Markets

STANDARD
&POOR'S

Standard & Poor's Ratings Services
Terms and Conditions
Applicable To
U.S. Public Finance Ratings

Request for a rating. Standard & Poor's issues public finance ratings for a fee upon request from an issuer, or from an underwriter, financial advisor, investor, insurance company, or other entity, provided that the obligor and issuer (if different from the obligor) each has knowledge of the request. The term "issuer/obligor" in these Terms and Conditions means the issuer and the obligor if the obligor is different from the issuer.

Agreement to Accept Terms and Conditions. Standard & Poor's assigns Public Finance ratings subject to the terms and conditions stated herein and in the rating letter. The issuer/obligor's use of a Standard & Poor's public finance rating constitutes agreement to comply in all respects with the terms and conditions contained herein and in the rating letter and acknowledges the issuer/obligor's understanding of the scope and limitations of the Standard & Poor's rating as stated herein and in the rating letter.

Fees and expenses. In consideration of our analytic review and issuance of the rating, the issuer/obligor agrees to pay Standard & Poor's a rating fee. Payment of the fee is not conditioned on Standard & Poor's issuance of any particular rating. In most cases an annual surveillance fee will be charged for so long as we maintain the rating. The issuer/obligor will reimburse Standard & Poor's for reasonable travel and legal expenses if such expenses are not included in the fee. Should the rating not be issued, the issuer/obligor agrees to compensate Standard & Poor's based on the time, effort, and charges incurred through the date upon which it is determined that the rating will not be issued.

Scope of Rating. The issuer/obligor understands and agrees that (i) an issuer rating reflects Standard & Poor's current opinion of the issuer/obligor's overall financial capacity to pay its financial obligations as they come due, (ii) an issue rating reflects Standard & Poor's current opinion of the likelihood that the issuer/obligor will make payments of principal and interest on a timely basis in accordance with the terms of the obligation, (iii) a rating is an opinion and is not a verifiable statement of fact, (iv) ratings are based on information supplied to Standard & Poor's by the issuer/obligor or by its agents and upon other information obtained by Standard & Poor's from other sources it considers reliable, (v) Standard & Poor's does not perform an audit in connection with any rating and a rating does not represent an audit by Standard & Poor's, (vi) Standard & Poor's relies on the issuer/obligor, its accountants, counsel, and other experts for the accuracy and completeness of the information submitted in connection with the rating and surveillance process, (vii) Standard & Poor's undertakes no duty of due diligence or independent verification of any information, (viii) Standard & Poor's 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, (ix) Standard & Poor's may raise, lower, suspend, place on CreditWatch, or withdraw a rating at any time, in Standard & Poor's sole discretion, and (x) a rating is not a "market" rating nor a recommendation to buy, hold, or sell any financial obligation.

Publication. Standard & Poor's reserves the right to publish, disseminate, or license others to publish or disseminate the rating and the rationale for the rating unless the issuer/obligor specifically requests that the rating be assigned and maintained on a confidential basis. If a confidential rating subsequently becomes public through disclosure by the issuer/obligor or a third party other than Standard & Poor's, Standard & Poor's reserves the right to publish it. Standard & Poor's may publish explanations of Standard & Poor's ratings criteria from time to time and nothing in this Agreement shall be construed as limiting Standard & Poor's ability to modify or refine Standard & Poor's criteria at any time as Standard & Poor's deems appropriate.

Information to be Provided by the Issuer/obligor. The issuer/obligor shall meet with Standard & Poor's for an analytic review at any reasonable time Standard & Poor's requests. The issuer/obligor also agrees to provide Standard & Poor's promptly with all information relevant to the rating and surveillance of the rating including information on material changes to information previously supplied to Standard & Poor's. The rating may be affected by Standard & Poor's opinion of the accuracy, completeness, timeliness, and reliability of information received from the issuer/obligor or its agents. Standard & Poor's undertakes no duty of due diligence or independent verification of

information provided by the issuer/obligor or its agents. Standard & Poor's reserves the right to withdraw the rating if the issuer/obligor or its agents fails to provide Standard & Poor's with accurate, complete, timely, or reliable information.

Standard & Poor's Not an Advisor, Fiduciary, or Expert. The issuer/obligor understands and agrees that Standard & Poor's is not acting as an investment, financial, or other advisor to the issuer/obligor and that the issuer/obligor should not and cannot rely upon the rating or any other information provided by Standard & Poor's as investment or financial advice. Nothing in this Agreement is intended to or should be construed as creating a fiduciary relationship between Standard & Poor's and the issuer/obligor or between Standard & Poor's and recipients of the rating. The issuer/obligor understands and agrees that Standard & Poor's has not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the U.S. Securities Act of 1933.

Limitation on Damages. The issuer/obligor agrees that Standard & Poor's, its officers, directors, shareholders, and employees shall not be liable to the issuer/obligor or any other person for any actions, damages, claims, liabilities, costs, expenses, or losses in any way arising out of or relating to the rating or the related analytic services provided for in an aggregate amount in excess of the aggregate fees paid to Standard & Poor's for the rating, except for Standard & Poor's gross negligence or willful misconduct. In no event shall Standard & Poor's, its officers, directors, shareholders, or employees be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, legal fees, or losses (including, without limitation, lost profits and opportunity costs). In furtherance and not in limitation of the foregoing, Standard & Poor's will not be liable in respect of any decisions made by the issuer/obligor or any other person as a result of the issuance of the rating or the related analytic services provided by Standard & Poor's hereunder or based on anything that appears to be advice or recommendations. 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. The issuer/obligor acknowledges and agrees that Standard & Poor's does not waive 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.

Term. This Agreement shall terminate when the ratings are withdrawn. Notwithstanding the foregoing, the paragraphs above, "Standard & Poor's Not an Advisor, Fiduciary, or Expert" and "Limitation on Damages", shall survive the termination of this Agreement or any withdrawal of a rating.

Third Parties. 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 to this Agreement or to 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.

Complete Agreement. This Agreement constitutes the complete agreement between the parties with respect to its subject matter. This Agreement may not be modified except in a writing signed by authorized representatives of both parties.

Governing Law. This Agreement and the rating letter shall be governed by the internal laws of the State of New York. The parties agree that the state and federal courts of New York shall be the exclusive forums for any dispute arising out of this Agreement and the parties hereby consent to the personal jurisdiction of such courts.

FitchRatings

111 Congress Avenue, Suite 2010
Austin, TX 78701

T 512 215 3737 / 888 262 4820
www.fitchratings.com

November 11, 2009

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.

Ratings assigned by Fitch are based on documents and information provided to us by issuers, obligors, and/or their experts and agents, and are subject to receipt of the final closing documents. Fitch does not audit or verify the truth or accuracy of such information.

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.

It is important that Fitch be provided with all information that may be material to its ratings so that they continue to accurately reflect the status of the rated issues. Ratings may be changed, withdrawn, suspended or placed on Rating Watch due to changes in, additions to or the inadequacy of information.

Ratings are not recommendations to buy, sell or hold securities. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect of any security.

The assignment of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement or other filing under U.S., U.K., or any other relevant securities laws.

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: 135710)

Notice of Rating Action

Bond Description	Rating Type	Action	Rating	Outlook/ Watch	Eff Date	Notes
Pima County (AZ) COPs ser 2008	Long Term	New Rating	A+	RO:Sta	09-Nov-2009	
Pima County (AZ) COPs ser 2009	Long Term	New Rating	A+	RO:Sta	09-Nov-2009	
Pima County (AZ) COPs ser 2009A	Long Term	New Rating	A+	RO:Sta	09-Nov-2009	
Pima County (AZ) GO bonds ser 1998	Long Term	Affirmed	AA-	RO:Sta	09-Nov-2009	
Pima County (AZ) GO bonds ser 1999	Long Term	Affirmed	AA-	RO:Sta	09-Nov-2009	
Pima County (AZ) GO bonds ser 2000	Long Term	Affirmed	AA-	RO:Sta	09-Nov-2009	
Pima County (AZ) GO bonds ser 2002	Long Term	Affirmed	AA-	RO:Sta	09-Nov-2009	
Pima County (AZ) GO bonds ser 2003	Long Term	Affirmed	AA-	RO:Sta	09-Nov-2009	
Pima County (AZ) GO bonds ser 2004	Long Term	Affirmed	AA-	RO:Sta	09-Nov-2009	
Pima County (AZ) GO bonds ser 2005	Long Term	Affirmed	AA-	RO:Sta	09-Nov-2009	
Pima County (AZ) GO bonds ser 2007	Long Term	Affirmed	AA-	RO:Sta	09-Nov-2009	
Pima County (AZ) GO bonds ser 2008	Long Term	Affirmed	AA-	RO:Sta	09-Nov-2009	
Pima County (AZ) GO bonds ser 2009	Long Term	Affirmed	AA-	RO:Sta	09-Nov-2009	
Pima County (AZ) GO bonds ser 2009A	Long Term	Affirmed	AA-	RO:Sta	09-Nov-2009	
Pima County (AZ) street & hwy rev bonds ser 2002	Long Term	Affirmed	AA-	RO:Sta	09-Nov-2009	
Pima County (AZ) street & hwy rev bonds ser 2003	Long Term	Affirmed	AA-	RO:Sta	09-Nov-2009	
Pima County (AZ) street & hwy rev bonds ser 2005	Long Term	Affirmed	AA-	RO:Sta	09-Nov-2009	
Pima County (AZ) street & hwy rev bonds ser 2007	Long Term	Affirmed	AA-	RO:Sta	09-Nov-2009	
Pima County (AZ) street & hwy rev bonds ser 2008	Long Term	Affirmed	AA-	RO:Sta	09-Nov-2009	
Pima County (AZ) street & hwy rev bonds ser 2009	Long Term	Affirmed	AA-	RO:Sta	09-Nov-2009	

Key: RO: Rating Outlook, RW: Rating Watch; Pos: Positive, Neg: Negative, Sta: Stable, Evo: Evolving

RBC Capital Markets®

REVISED FINAL

SETTLEMENT, DELIVERY & CLOSING PROCEDURES

ISSUE:

$23,420,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2009

BONDS DATED:

December 2, 2009

INTEREST PAYMENT DATES:

Interest payable semiannually on January 1 and July 1 of each year, commencing July 1, 2010.

MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES:

See Exhibit A.

CLOSING:

The Closing will be held on **Wednesday, December 2, 2009** at 8:00 a.m. (MST) at the offices of Squire, Sanders & Dempsey, Two Renaissance Square, 40 North Central Avenue, Suite 2700, Phoenix, AZ 85004. Mr. Tim Pickrell will conduct the closing (602) 528-4031, Fax: (602) 253-8129.

PARTICIPANTS:

See Exhibit B.

REGISTRATION & AUTHENTICATION:

After the Bonds have been registered and executed, 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	$23,420,000.00
Plus: Net Premium	440,141.80
Less: Underwriters' Discount	(234,045.80)
Less: Good Faith Deposit	(468,400.00)
Remaining Purchase Price	$23,157,696.00

FLOW OF FUNDS:

(A) On the day of closing, Citigroup Capital Markets will wire transfer **$8,568,977.27**, representing the amount necessary to purchase the escrow securities and to pay costs of issuance to:

U.S. Bank N.A.
ABA # 091000022
BNF: US Bank Trust
Acct. #180121167365
Ref: 13508600, Pima Cnty HURF Dep Esc 2009
Attn: Luisa Kanashiro

(B) On the day of closing, Citigroup Capital Markets will wire transfer the remaining purchase price of **$14,588,718.73**:

Bank of America, Arizona
Phoenix, Arizona
ABA #026009593
Credit to Pima County Treasurer
Account #412724156
Reference: PC Street Bonds 2009

Confirmation of the receipt of funds will be made with Cheryl Cruz at the Pima County Treasurer's Office at (520) 740-8826 or (520) 740-8775.

USES

The amount listed under (A) and (B) above will be applied as follows:

(A) **$91,006.00** in proceeds received by US Bank will be held in a separate fund and used to pay approved costs of issuance.
(B) **$8,477,971.27** in proceeds received by US Bank will be used to fund an initial cash deposit and purchase the escrow securities.
(C) **$14,531,600.00** in proceeds (plus the **$468,400.00** Good Faith Deposit) received by the County Treasurer will be held in a separate fund and used for construction costs.
(D) **$57,118.73** in proceeds received by the County Treasurer will be deposited into the debt service fund and used to pay interest on the bonds on July 1, 2010.

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 Citigroup Capital Markets, via the DTC closing desk (212) 855-3752.

EXHIBIT A

$23,420,000
PIMA COUNTY, ARIZONA
Street and Highway Revenue Bonds
Series 2009

Principal and Interest Payments

Dated: 12/2/2009 **Delivery: 12/02/2009**

Date	Principal (a)	Coupon	Interest	Total Debt Service	Fiscal Year Debt Service	CUSIP # (721882)
7/1/2010			$506,650.83	$506,650.83	$506,650.83	
1/1/2011			436,350.00	436,350.00		
7/1/2011			436,350.00	436,350.00	872,700.00	
1/1/2012			436,350.00	436,350.00		
7/1/2012			436,350.00	436,350.00	872,700.00	
1/1/2013			436,350.00	436,350.00		
7/1/2013	$1,200,000.00	3.00%	436,350.00	1,636,350.00	2,072,700.00	DC 9
1/1/2014			418,350.00	418,350.00		
7/1/2014	1,185,000.00	3.00%	418,350.00	1,603,350.00	2,021,700.00	DD 7
1/1/2015			400,575.00	400,575.00		
7/1/2015	1,165,000.00	3.00%	400,575.00	1,565,575.00	1,966,150.00	DE 5
1/1/2016			383,100.00	383,100.00		
7/1/2016	1,140,000.00	3.00%	383,100.00	1,523,100.00	1,906,200.00	DF 2
1/1/2017			366,000.00	366,000.00		
7/1/2017	1,150,000.00	3.00%	366,000.00	1,516,000.00	1,882,000.00	DG 0
1/1/2018			348,750.00	348,750.00		
7/1/2018	1,140,000.00	3.50%	348,750.00	1,488,750.00	1,837,500.00	DH 8
1/1/2019			328,800.00	328,800.00		
7/1/2019	2,480,000.00	4.00%	328,800.00	2,808,800.00	3,137,600.00	DJ 4
1/1/2020			279,200.00	279,200.00		
7/1/2020	2,575,000.00	4.00%	279,200.00	2,854,200.00	3,133,400.00	DK 1
1/1/2021			227,700.00	227,700.00		
7/1/2021	2,680,000.00	4.00%	227,700.00	2,907,700.00	3,135,400.00	DL 9
1/1/2022			174,100.00	174,100.00		
7/1/2022	2,790,000.00	4.00%	174,100.00	2,964,100.00	3,138,200.00	DM 7
1/1/2023			118,300.00	118,300.00		
7/1/2023	2,900,000.00	4.00%	118,300.00	3,018,300.00	3,136,600.00	DN 5
1/1/2024			60,300.00	60,300.00		
7/1/2024	3,015,000.00	4.00%	60,300.00	3,075,300.00	3,135,600.00	DP 0
Total	$23,420,000.00		$9,335,100.83	$32,755,100.83	$32,755,100.83	

(a) The Series 2009 Bonds maturing on or after July 1, 2020 are subject to redemption prior to maturity on or after July 1, 2019 at Par.

-Prepared By-
RBC Capital Markets
11/24/2009

EXHIBIT B

$23,420,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2009

DISTRIBUTION LIST

PIMA COUNTY

Finance and Risk Management Department
130 West Congress, 10th Floor
Tucson, AZ 85701
Fax: (520) 740-8171

Tom Burke
Finance and Risk Management Director
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County Attorney's Office
130 West Congress
Tucson, Arizona 85701

Regina Nassen
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Austin, TX 78701
Fax: (512) 215-3738

Steve M. Murray
Senior Director
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e-mail: steve.murray@fitchratings.com

Standard & Poor's Corporation
One Market, Steuart Tower 15th Floor
San Francisco, California
94105-1000
Fax: (415) 371-5090

Matthew Reining
(415) 371-5044
e-mail: matthew_reining@sandp.com

EXHIBIT B

REGISTRAR & PAYING AGENT

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101 North First Avenue, Suite 1600
Phoenix, Arizona 85003
Fax: (602) 257-5433

Brenda Black
(602) 257-5331
e-mail: brenda.black@usbank.com

PURCHASER

Citigroup Global Markets
390 Greenwich Street, 2nd Floor
New York, New York 10013

Tasha Bartuzik
(213) 486-8871
e-mail: tasha.bartuzik@citi.com

Mary Jo Murphy
(212) 723-7095
e-mail: mary.jo.murphy@citi.com

PIMA COUNTY TREASURER

Pima County Treasurer's Office
115 North Church
Tucson, AZ 85701
Fax: (520) 884-4809

Beth Ford
County Treasurer
(520) 740-8341
e-mail: beth.ford@pima.gov

DEPARTMENT OF THE TREASURY

BUREAU OF THE PUBLIC DEBT

PARKERSBURG, WV 26106-1328

SUBSCRIPTION CONFIRMATION

State and Local Government Series Securities

Treasury Case Number:	200904657
Program Type:	Time Deposit
Issue Amount:	$8,477,971.00
Issue Date:	12/02/2009
Owner Name:	Pima County, Arizona
TIN:	86-6000543
Rate Table Date:	11/17/2009
Status:	Complete
Confirmation Date:	11/17/2009
Confirmation Time:	06:43 PM EST

View a Subscription Before Issue - Time Deposit

Treasury Case Number	200904657
Status	Complete
Issue Date	12/02/2009
Issue Amount	$8,477,971.00
Rate Table Date	11/17/2009

Taxpayer Identification Number	86-6000543
Underlying Bond Issue	Pima County, Arizona Street and Highway Revenue Bonds Series 2009
Owner Name	Pima County, Arizona
Address Line 1	c/o U.S. Bank National Association
Line 2	101 North First Avenue, Suite 1600
Line 3	
City	Phoenix
State	AZ
Zip Code	85003
Contact Name	Brenda Black
Telephone	602-257-5331
Fax	602-257-5433
E-mail	brenda.black@usbank.com

ABA Routing Number	091000022
Bank Reference Number	
Bank Name	US Bank
Address Line 1	Corporate Trust Services
Line 2	633 West Fifth Street, 24th Floor
Line 3	
City	Los Angeles
State	CA
Zip Code	90071
Contact Name	Brenda Black
Telephone	602-257-5331
Fax	602-257-5433
E-mail	brenda.black@usbank.com

ABA Routing Number	091000022
Bank Name	US Bank
Contact Name	Brenda Black
Telephone	602-257-5331
Fax	602-257-5433
E-mail	brenda.black@usbank.com

ABA Routing Number 091000022
Bank Name US Bank
Address Line 1 Corporate Trust Services
Line 2 633 West Fifth Street, 24th Floor
Line 3
City Los Angeles
State CA
Zip Code 90071
Contact Name Brenda Black
Telephone 602-257-5331
Fax 602-257-5433
E-mail brenda.black@usbank.com

ABA Routing Number 091000022
Account Name US Bank
Account Number 173100077762
Account Type Checking

ABA/TIN 091000022
Organization Name US Bank
Address Line 1 Corporate Trust Services
Line 2 633 West Fifth Street, 24th Floor
Line 3
City Los Angeles
State CA
Zip Code 90071
Contact Name Luisa Kanashiro
Telephone 213-615-6027
Fax 213-615-6199
E-mail luisa.kanashiro@usbank.com

No Viewers Assigned

Security Number	Security Type	Principal Amount	Interest Rate	Maturity Date	First Interest Payment Date	Se Desc
1	C of I	$8,477,971.00	0.040000000%	01/01/2010		