$32,945,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

Closing Date: May 30, 2012

CLOSING DOCUMENTS

TERMS USED HEREIN

County	-	Pima County, Arizona
Bond Counsel	-	Squire Sanders (US) LLP
Underwriter	-	Robert W. Baird & Co. Incorporated
Bond Registrar and Paying Agent	-	U.S. Bank National Association
Depository Trustee	-	U.S. Bank National Association
Financial Advisor	-	RBC Capital Markets, LLC

		Tab No.
I.	COUNTY PROCEEDINGS AND RELATED DOCUMENTS:	
1.	Certified copy of Resolution No. 2012-24, passed, adopted and approved by the Board on April 10, 2012, authorizing the issuance and sale of the Bonds.	1
2.	Preliminary Official Statement, dated May 2, 2012, including a Notice Inviting Proposals for the Purchase of Street and Highway Revenue Bonds.	2
3.	Certificate of Award, dated May 14, 2012, including copies of Bids received.	3
4.	Official Statement, dated May 14, 2012.	4
5.	Depository Trust Agreement, dated as of May 1, 2012, between the County and the Depository Trustee.	5
6.	Bond Registrar, Transfer Agent and Paying Agent Agreement dated as of May 1, 2012, between the County and the Bond Registrar and Paying Agent.	6
7.	Continuing Disclosure Undertaking.	7

		Tab No.
8.	Blanket Issuer Letter of Representations executed by the County and acknowledged and accepted by The Depository Trust Company.	8
II.	VERIFICATION REPORT	
1.	Report of Grant Thornton LLP, dated the Closing Date, 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, with Exhibit A: Notices and Agendas of Board Meeting.	10
2.	Tax Compliance Certificate, with Attachment A: Definitions Attachment B: Underwriter's Certificate Attachment C-1: Compliance Policy Attachment C-2: Rebate Instructions Attachment D: Declaration of Official Intent to Reimburse Attachment E: Verification Report. (See Tab No. 9)	11
3.	Certificate of Depository Trustee and Bond Registrar and Paying Agent, with Exhibit A: Assistant Secretary's Certificate as to Signature Authority.	12
4.	Certificate as to Satisfaction of Debt Service Coverage Requirements.	13
5.	Certificate of Finance and Risk Management Director.	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, and Affidavit of Mailing.	19

		Tab No.
2.	Report of Bond and Security Issuance Pursuant to Arizona Revised Statutes Section 35-501(B), and Affidavit of Mailing	20
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
Squire Sanders (US) LLP	1
RBC Capital Markets, LLC	1
Robert W. Baird & Co. Incorporated	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, Robin Brigode, do hereby certify that I am the duly appointed and qualified, Clerk of the Board of Supervisors of Pima County, Arizona.

I further certify that the attached resolution entitled

RESOLUTION NO. 2012 - 24

(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 10th day of April, 2012, 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 24th day of May, 2012.

Robin Brigode

Clerk

RESOLUTION NO. 2012-_24

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF NOT EXCEEDING $37,000,000 PRINCIPAL AMOUNT OF PIMA COUNTY, ARIZONA, STREET AND HIGHWAY REVENUE BONDS, SERIES 2012; PROVIDING FOR THE PAYMENT OF THE 2012 BONDS; PROVIDING TERMS, COVENANTS AND CONDITIONS CONCERNING THE 2012 BONDS; PROVIDING FOR THE SALE THEREOF BY MEANS OF AN ONLINE BIDDING PROCESS; 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 2012 BONDS; AND APPOINTING AN INITIAL BOND REGISTRAR AND PAYING AGENT FOR THE 2012 BONDS.

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, 2008 Bonds and 2009 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"), Resolution No. 2008-43, adopted by the Board of Supervisors on February 12, 2008 (the "2008 Bond Resolution") and Resolution No. 2009-302, adopted by the Board of Supervisors on November 17, 2009 (the "2009 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"), $25,000,000 principal amount of its Street and Highway Revenue Bonds, Series 2008 (the "2008 Bonds") and $23,420,000 principal amount of its Street and Highway Revenue Bonds, Series 2009 (the "2009 Bonds"). This Resolution authorizes the issuance and sale of an additional not exceeding $37,000,000 principal amount of bonds (the "2012 Bonds"), of which a portion will be used to refund the Bonds to be Refunded to the extent provided in Section 9 of this Resolution, 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, the 2008 Bond Resolution and the 2009 Bond Resolution, as supplemented by this Resolution and as hereafter supplemented and amended, is herein referred to as the "Bond Resolution."

Section 2. Authorization. There is hereby authorized to be issued and sold not exceeding $37,000,000 principal amount of Pima County, Arizona, Street and Highway Revenue Bonds, Series 2012, pursuant to the Act for the purpose of (1) refunding the Bonds Being Refunded for which not less than 2.5% present value debt service savings can be achieved, (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 2012 Bonds. The exact principal amount of 2012 Bonds to be issued will be determined by the Director of Finance of the County or his designee as set forth in the Certificate of Award executed by the Chairman of the Board of Supervisors of the County following the sale of such 2012 Bonds pursuant to an online bidding process as provided in Section 9 of this Resolution (the "Certificate of Award").

Section 3. Terms. The 2012 Bonds will be dated the date of initial delivery thereof and will bear interest at a rate or rates not exceeding twelve per cent (12%) per annum, 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 2012 Bonds and payable on January 1, 2013 and semiannually thereafter on January 1 and July 1 during the term of the 2012 Bonds, all as provided in the Certificate of Award, the 2012 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 2012 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 2012 Bonds. Principal of the 2012 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 2012 Bonds will mature on July 1 in any or all of the years not more than twenty (20) years from the date of the 2012 Bonds and in principal amounts, all as provided in the Certificate of Award

Section 4. Prior Redemption.

A. Optional Redemption. The 2012 Bonds are subject to redemption on any date on or after July 1, 2022, or such other date specified in the Notice Inviting Bids transmitted pursuant to Section 9 of this Resolution, 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 2012 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 2012 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 2012 Bond shall affect the regularity of the proceedings for redemption of any other 2012 Bond.

C. Effect of Call for Redemption. On the date designated for redemption by notice given as herein provided, the 2012 Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such 2012 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 2012 Bonds or portions of 2012 Bonds so called for redemption shall cease to accrue, such 2012 Bonds shall cease to be entitled to any benefit or security hereunder and the owners of such 2012 Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and accrued interest and such 2012 Bonds shall be deemed paid and no longer outstanding.

D. Redemption of Less Than All of a 2012 Bond. The County may redeem a portion of any 2012 Bond in $5,000 increments. In that event, the registered owner shall submit the 2012 Bond for partial redemption and the Paying Agent shall make such partial payment and the Registrar shall cause to be issued a new 2012 Bond in a principal amount which reflects the redemption so made to be authenticated and delivered to the registered owner thereof.

Section 5. Form of 2012 Bonds.

A. The 2012 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 Certificate of Award and are approved by those officers executing the 2012 Bonds and the execution thereof by such officers shall constitute conclusive evidence of such approval.

B. The 2012 Bonds may have notations, legends or endorsements required by law, securities exchange rule or usage. Each 2012 Bond shall show the date of its authentication and registration.

Section 6. Book Entry Only System.

A. The 2012 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 2012 Bonds. One fully

registered 2012 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 2012 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 2012 Bonds will not receive certificates representing their interests in the 2012 Bonds and will not be deemed to be registered owners of the 2012 Bonds.

C. So long as the book entry only system is in operation, principal of and interest on the 2012 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 2012 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 2012 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 2012 Bonds one or more 2012 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 7. Execution of 2012 Bonds.

A. The 2012 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 2012 Bond no longer holds that office at the time the 2012 Bond is authenticated and registered, the 2012 Bond shall nevertheless be valid.

C. A 2012 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 2012 Bond has been authenticated and issued under this Resolution.

Section 8. Mutilated, Lost or Destroyed 2012 Bonds. In case any 2012 Bond becomes mutilated, destroyed or lost, the County shall cause to be executed and delivered a new 2012 Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated 2012 Bond or in lieu of and in substitution for such 2012 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 2012 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 2012 Bond was destroyed or lost, and furnishing the County with a sufficient indemnity bond pursuant to Section 47-8405, Arizona Revised Statutes.

Section 9. Sale of 2012 Bonds; Online Bidding Process; Award of 2012 Bonds.

A. The 2012 Bonds 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. Such Bonds, in a principal amount determined by the Director of Finance of the County or his designee and set forth in the Certificate of Award, will be issued for the purposes authorized pursuant to a special bond election held in and for the County on November 4, 1997 and, to the extent determined by the Director of Finance of the County or his designee pursuant to Section 18 of this Resolution, to refund the Bonds to be Refunded.

B. The 2012 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 2012 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 2012 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 2012 Bonds by delaying the receipt of bids for the 2012 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.

C. The Director of Finance of the County or his designee is hereby authorized and directed to cause the Notice Inviting Bids to be completed, executed and transmitted to RBC Capital Markets, LLC, Financial Advisor to the County, and circulated so as to be made known to potential bidders for the Bonds.

D. Electronic bids will be announced immediately after the deadline for submission of bids in the office of the Director of Finance. Unless all bids have been rejected by the Director of Finance of the County or his designee, the Chairman of 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, as determined by the Director of Finance of the County or his designee.

E. Acceptance of the winning bid and award of the 2012 Bonds to the winning bidder will be evidenced by the execution and delivery of the Certificate of Award by the Chairman of the Board of Supervisors and the Certificate of Award shall order the 2012 Bonds 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 and this Resolution. The 2012 Bonds will bear interest at the rates and mature in the principal amounts, all as set forth in the Certificate of Award.

F. Following the award thereof to the winning bidder, the Director of Finance of the County or his designee is hereby authorized and directed to cause the 2012 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.

Section 10. Registrar and Paying Agent.

A. The County will maintain an office or agency where 2012 Bonds may be presented for registration of transfer (the "Registrar") and an office or agency where 2012 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 2012 Bonds.

B. Initially, U.S. Bank National Association will act as Registrar and Paying Agent with respect to the 2012 Bonds. The County may change the Registrar or Paying Agent without notice to or consent of owners of the 2012 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 2012 Bonds all money held by the Paying Agent for the payment of principal of and interest and any premium on the 2012 Bonds.

D. The Registrar may appoint an authenticating agent acceptable to the County to authenticate 2012 Bonds. An authenticating agent may authenticate 2012 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 2012 Bonds, the registered owners of the 2012 Bonds and of transfers of the 2012 Bonds. When 2012 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 2012 Bonds registered in the name of the transferee of the same principal amount, maturity and rate of interest as the surrendered 2012 Bonds. Any 2012 Bond or 2012 Bonds may be exchanged at the designated office of the Registrar for a 2012 Bond or 2012 Bonds of the same maturity date and aggregate principal amount as the surrendered 2012 Bond or 2012 Bonds. The "Record Date" for the 2012 Bonds will be the close of business of the Registrar on the 15th day of the month preceding an interest payment date. The 2012 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 2012 Bonds for original issue in up to $37,000,000 aggregate principal amount upon the written request of the Director of Finance of the County or his designee. The aggregate principal amount of 2012 Bonds outstanding at any time may not exceed that amount except for replacement 2012 Bonds as to which the requirements of the Registrar and the County are met.

Section 11. 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 12. 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 maturity of the Bonds to be Refunded, as provided in the Depository Trust Agreement, as executed and delivered.

Section 13. Payment of the 2012 Bonds:

A. The 2012 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, the 2008 Bonds and the 2009 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, the 2009 Bonds and the 2012 Bonds, the "Parity Bonds") hereafter issued on a parity therewith. The 2012 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 2012 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 2012 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 2012 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 2012 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 14. Resolution a Contract. This Resolution shall constitute a contract between the County and the registered owners of the 2012 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 2012 Bonds then outstanding.

Section 15. Additional Bonds.

A. The County covenants and agrees with the holders of the 2012 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 2012 Bonds and other Parity Bonds.

Section 16. 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 2012 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 17. 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 and thereafter such Parity Bonds shall be entitled to payment only from the moneys or Defeasance Obligations deposited to provide for the payment of such Parity Bonds.

Section 18. Use of Proceeds.

A. Premium received for the 2012 Bonds shall be deposited in the Bond Fund in an amount specified by the Director of Finance of the County or his designee.

B. If any of the Bonds to be Refunded are to be refunded with proceeds from the sale of the 2012 Bonds, as determined by the Director of Finance of the County, such amount as shall be required by the Depository Trust Agreement shall be deposited with the Depository Trustee 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 2012 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 2012 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 19. Tax Covenants.

A. The County recognizes that the purchasers and owners of the 2012 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 2012 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 2012 Bonds in such manner and to such extent as may be necessary so that (i) the 2012 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 2012 Bonds will not be an item of tax preference under Section 57 of the Code. For purposes of this Section 18, 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 2012 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 2012 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 2012 Bonds (the "Tax Compliance Certificate") relating to the 2012 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 2012 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 2012 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 2012 Bonds; and (iii) give one or more appropriate certificates, for inclusion in the transcript of proceedings for the 2012 Bonds, setting for the reasonable expectations of the County regarding the amount and use of all the proceeds of the 2012 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 2012 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 neither of the 2012 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 2012 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 2012 Bonds to be issued in, or converted into, bearer or coupon form if such action would cause interest on the 2012 Bonds to be included in gross income for federal income tax purposes.

Section 20. Continuing Disclosure Undertaking. The County also recognizes that the initial purchaser of the 2012 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 2012 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 2012 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 21. Official Statement. The Director of Finance of the County or his designee is hereby authorized and directed to prepare or authorize to be prepared, and to complete a Preliminary Official Statement (the "Preliminary Official Statement") in connection with the original issuance of the 2012 Bonds, in substantially the form on file with the Clerk of the Board of Supervisors, and a final Official Statement (the "Official Statement") relating to the original issuance of the 2012 Bonds in substantially the form of the Preliminary Official Statement, with such additions, deletions and modifications consistent with this Resolution as shall be approved by the Director of Finance of the County or his designee. If and to the extent applicable, the Director of Finance of the County or his designee shall certify or otherwise represent that the Preliminary Official Statement, in original or revised form, is a "deemed final" official statement (except for permitted omissions) of the County as of a particular date and that a completed version is a "final" official statement for purposes of the Rule. The distribution and use of the Preliminary Official Statement and the final Official Statement by the County and the original purchaser of the 2012 Bonds is hereby authorized, ratified, confirmed and approved.

The Chairman or any member of this Board of Supervisors, the County Administrator of the County and the Director of Finance of the County or his designee are each further authorized to use and distribute, or authorize the use and distribution of, any supplements in connection with the original issuance of the 2012 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 22. 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 23. 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 2012 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 24. 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 2012 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.

PASSED, ADOPTED AND APPROVED by the Board of Supervisors of Pima County, Arizona, on April 10, 2012.

PIMA COUNTY, ARIZONA

By: _____
Chair, Board of Supervisors

APR 1 0 2012

ATTEST:

By: _____
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE SANDERS (US) LLP
Bond Counsel

By: _____
Timothy E. Pickrell

EXHIBIT A TO RESOLUTION NO. 2012-__

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

$_____
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

NOTICE IS HEREBY GIVEN that unconditional bids will be received to and including the hour of _____ a.m., Mountain Standard Time (M.S.T.), on _____, 2012, 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 2012 (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 Director of Finance of the County will consider the bids received and award the Street and Highway Revenue Bonds to the bidder offering the best bid or reject all bids. Award of the Street and Highway Revenue will be evidenced by a certificate of award signed by the Chairman of the Board of Supervisors of the County (the "Board of Supervisors").

TIME FOR RECEIPT OF BIDS: Bids will be received to and including the hour of _____ a.m., M.S.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 (the "Official Bid Form"), without alteration or interlineations. Subscription to the Ipreo LLC'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, LLC (the "Financial Advisor"), the County's Financial Advisor for the Street and Highway Revenue Bonds, 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 Ipreo LLC, 1359 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.

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 _____ percent (___%) per annum, payable on January 1, 2013, and semiannually thereafter on July 1 and January 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 (the "State" or "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 April 10, 2012 (the "Resolution"), and are being issued for the purpose of (1) refunding certain outstanding street and highway revenue bonds of the County, (2) providing funds for improvements to County streets and highways and (3) paying costs related 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 redemption prior to their respective maturity dates. The Street and Highway Revenue Bonds maturing on or after July 1, 20__ are subject to 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 two and one-half (2-1/2%) 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, Series 2008 and Series 2009, 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: 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.

The Financial Advisor has been authorized by the County to submit a 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 (US) LLP. 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; however, interest on the Street and Highway Revenue Bonds earned by certain corporations may be included in the calculation of adjusted gross earnings for purpose of federal corporate alternative minimum tax. In addition, interest on the Street and Highway Revenue 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.

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 at least ten percent (10%) of each maturity of the 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, LLC, 2398 East Camelback Road, Suite 700, Phoenix, Arizona 85016, Financial Advisor to the County, telephone number (602) 381-5368.

PIMA COUNTY, ARIZONA

/s/ Thomas Burke
Director of Finance

EXHIBIT B TO RESOLUTION NO. 2012-__

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 2012

Number:
_____

Denomination:
$_____

Interest Rate	Maturity Date	Original Issue Date	CUSIP
	July 1, 20__	_____, 2012	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 January 1, 2013, 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 $_____ of like tenor except as to maturity date, rate of interest and number, issued by the County to refund outstanding street and highway revenue bonds of the County and to provide funds 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, November 17, 2009 and April 10, 2012 (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, 20__re not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after July 1, 20__re subject to redemption on any date on or after July 1, 20__ at the election of the County, in whole or in part from maturities selected by the County and within any maturity by lot by the payment of a redemption price equal to the principal amount of each bond called for redemption plus accrued interest to the date fixed for redemption, without premium.

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

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

This bond is transferable by the registered owner in person or by attorney duly authorized in writing at the designated office of the Registrar upon surrender and cancellation of this bond, but only in the manner and subject to the limitation and upon payment of the charges provided in the 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 2012, 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
TEN ENT —	as tenants by the entireties
JT TEN —	as joint tenants with right of survivorship and not as tenants in common

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

_____
(State)

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

EXHIBIT C TO RESOLUTION NO. 2012-__

FORM OF DEPOSITORY TRUST AGREEMENT

DEPOSITORY TRUST AGREEMENT

between

PIMA COUNTY, ARIZONA

and

U.S. BANK NATIONAL ASSOCIATION

as Depository Trustee

Dated as of _____, 2012

providing payment for certain

PIMA COUNTY, ARIZONA

STREET AND HIGHWAY REVENUE BONDS, SERIES ____

DEPOSITORY TRUST AGREEMENT

THIS DEPOSITORY TRUST AGREEMENT, dated as of _____, 2012 (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 _____, 2012 (the "Bond Resolution"), has authorized the issuance and sale of the County's Street and Highway Revenue Bonds, Series 2012 (the "2012 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 2012 Bonds (the "Bond Proceeds"); and

WHEREAS, pursuant to the Bond Resolution, the County has sold and delivered the 2012 Bonds to the purchaser thereof against payment therefor and the Bond Proceeds shall be applied, in part, to pay the issuance costs of the 2012 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 ____, 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 _____, 2012, 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 Bond Fund of the County, but 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 (US) LLP,
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 ____

Maturity Date (July 1)	Outstanding Principal Amount	Principal Amount Refunded	Redemption Date	Redemption Price

Bond Registrar and Paying Agent: _____

EXHIBIT B
TO
DEPOSITORY TRUST AGREEMENT

ACQUIRED OBLIGATIONS

Type	Maturity Date	Par Amount	Coupon	Cost
SLGS-CI				
SLGS-CI				

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 ____
Dated: _____, 20__

Maturity Dates Being Refunded	Outstanding Balance	Principal Balances Being Refunded	CUSIP (_____)

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: _____, 2012.

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

SCHEDULE I

Costs and Expenses

Payee	Amount
TOTAL:	

This Preliminary Official Statement and the information contained herein are subject to completion or amendment in a Final Official Statement. The Bonds 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 the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the applicable securities laws of any such jurisdiction. Final written confirmation of the sale shall not be conclusive unless the Final Official Statement is delivered to the purchaser.

PRELIMINARY OFFICIAL STATEMENT DATED MAY 2, 2012

NEW ISSUE – BOOK-ENTRY-ONLY

RATINGS: See "Ratings" Herein

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

$33,205,000*
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

Dated: Date of Initial Delivery

Due: July 1, as shown below

The $33,205,000* Street and Highway Revenue Bonds, Series 2012 (the "Bonds") being issued by Pima County, Arizona (the "County") will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository of the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry-only form in amounts of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interests in the Bonds.

Interest on the Bonds is payable until maturity or prior redemption semiannually on January 1 and July 1 of each year (each an "Interest Payment Date"), commencing January 1, 2013 and principal of the Bonds will be payable annually in accordance with the schedule set forth below. So long as the Bonds are registered in the name of DTC, or its nominee, payments of principal of and interest on the Bonds will be made directly by the paying agent, initially U.S. Bank National Association (the "Paying Agent"), to DTC which, in turn, is obligated to remit such payments to its participants for subsequent distribution to beneficial owners of the Bonds as described herein. See Appendix F – "BOOK-ENTRY-ONLY SYSTEM."

The Bonds are subject to redemption prior to their stated maturities on or after July 1, 2022, as more fully described under "THE BONDS – Redemption Provisions" 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 are 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 FINANCE" 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	$885,000			2021	$1,265,000		
2014	3,680,000			2022	1,310,000		
2015	3,840,000			2023	1,360,000		
2016	4,000,000			2024	1,410,000		
2017	4,165,000			2025	1,465,000		
2018	4,335,000			2026	1,520,000		
2019	1,175,000			2027	1,575,000		
2020	1,220,000						

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 (US) LLP, 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 May 30, 2012.*

May __, 2012

SALE DATE AND TIME: MONDAY, MAY 14, 2012, 10:00 A.M., MOUNTAIN STANDARD TIME**

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* Preliminary, subject to change.

** Subject to postponement or cancellation, as described in the Notice Inviting Bids.

PIMA COUNTY, ARIZONA
BOARD OF SUPERVISORS

Ramón Valadez, *Chairman*

Sharon Bronson

Ann Day

Ray Carroll

Richard Eliás

COUNTY ADMINISTRATIVE OFFICIALS

ELECTED OFFICIALS

Bill Staples
County Assessor

Beth Ford
County Treasurer

Barbara LaWall
County Attorney

APPOINTED OFFICIALS

C. H. Huckelberry
County Administrator

Thomas Burke
Finance and Risk Management Director

FINANCIAL ADVISOR

RBC Capital Markets, LLC
Phoenix, Arizona

BOND COUNSEL

Squire Sanders (US) LLP
Phoenix, Arizona

BOND REGISTRAR AND PAYING AGENT

U.S. Bank National Association
Phoenix, Arizona

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

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

IN CONNECTION WITH THIS OFFERING, THE PURCHASER OF THE BONDS MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS, AND THE PURCHASER MAY OVERALLOT OR ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICES OF BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET IN ORDER TO FACILITATE THEIR DISTRIBUTION. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

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

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

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

TABLE OF CONTENTS

	Page
NOTICE INVITING BIDS FOR THE PURCHASE OF THE BONDS	NIB-1
INTRODUCTORY STATEMENT	1
THE BONDS	1
Authorization and Use of Funds	1
General Description	1
Redemption Provisions	2
Notice of Redemption	2
SECURITY AND SOURCE OF PAYMENT	2
General	2
Additional Parity Bonds	3
Amendment of Bond Resolution	3
Defeasance	3
PLAN OF FINANCE	4
MATHEMATICAL VERIFICATION	4
STREET AND HIGHWAY REVENUES	4
General	5
Distribution of Highway User Tax Revenues	6
Recent Legislation	6
Street and Highway Revenue – State of Arizona	7
Street and Highway Revenues Received by the County	8
STREET AND HIGHWAY REVENUE BONDED DEBT OUTSTANDING	9
STREET AND HIGHWAY REVENUE BOND DEBT SERVICE REQUIREMENTS AND DEBT SERVICE COVERAGE	10
LEGAL MATTERS	11
TAX MATTERS	11
General	11
Original Issue Discount and Original Issue Premium on Bonds	12
LITIGATION	13
RATINGS	13
CONTINUING SECONDARY MARKET DISCLOSURE	14
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, 2011

Appendix E — Form of Continuing Disclosure Undertaking

Appendix F — Book-Entry-Only System

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

$33,205,000*
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

NOTICE IS HEREBY GIVEN that unconditional bids will be received to and including the hour of 10:00 a.m., Mountain Standard Time (M.S.T.), on Monday, May 14, 2012, only through the facilities of PARITY® ("PARITY") by Pima County, Arizona (the "County"), for the purchase of all, but not less than all, of $33,205,000* aggregate principal amount of its Street and Highway User Revenue Bonds, Series 2012 (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 10:00 a.m., M.S.T. on the business day preceding the scheduled sale date. Submission of bids is further discussed below. The Director of Finance of the County will consider the bids received and award the Street and Highway Revenue Bonds on such date to the bidder offering the best bid or reject all bids. Award of the Street and Highway Revenue will be evidenced by a certificate of award signed by the Chairman of the Board of Supervisors of the County (the "Board of Supervisors").

TIME FOR RECEIPT OF BIDS: Bids will be received to and including the hour of 10:00 a.m., M.S.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 (the "Official Bid Form"), without alteration or interlineations. Subscription to the Ipreo LLC'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, LLC (the "Financial Advisor"), the County's Financial Advisor for the Street and Highway Revenue Bonds, 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 Ipreo LLC, 1359 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.

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 set forth in the winning bid, payable on January 1, 2013, and semiannually thereafter on July 1 and January 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:

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* Preliminary, subject to change. See "ADJUSTMENT OF PRINCIPAL PAYMENTS."

Due July 1	Principal Amount*	Due July 1	Principal Amount*
2013	$885,000	2021	$1,265,000
2014	3,680,000	2022	1,310,000
2015	3,840,000	2023	1,360,000
2016	4,000,000	2024	1,410,000
2017	4,165,000	2025	1,465,000
2018	4,335,000	2026	1,520,000
2019	1,175,000	2027	1,575,000
2020	1,220,000		

PURPOSE: The Street and Highway Revenue Bonds are being issued pursuant to the Constitution and laws of the State of Arizona (the "State" or "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 April 10, 2012 (the "Resolution"), and are being issued for the purpose of (1) refunding certain outstanding street and highway revenue bonds of the County, (2) providing funds for improvements to County streets and highways and (3) paying costs related to the issuance of the Street and Highway Revenue Bonds.

OPTIONAL REDEMPTION: The Street and Highway Revenue Bonds maturing on or before July 1, 2022 are not subject to redemption prior to their respective maturity dates. The Street and Highway Revenue Bonds maturing on or after July 1, 2023 are subject to redemption on any date on or after July 1, 2022 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.

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* Preliminary, subject to change. See "ADJUSTMENT OF PRINCIPAL PAYMENTS."

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 highest rate bid for any Street and Highway Revenue Bonds shall not exceed 5.00% 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.

ADJUSTMENT OF PRINCIPAL PAYMENTS. The principal amounts set forth in this Notice reflect certain estimates of the County with respect to the likely interest rates of the winning bid. **Potential bidders will be notified via PARITY by 2:00 p.m. M.S.T., on the day prior to the sale, of any change to the principal payment schedule for the Street and Highway Revenue Bonds to be utilized for the bidding process. The County reserves the right to change the principal payment schedule set forth in this Notice after the determination of the winning bidder, by increasing or decreasing the aggregate principal amount of the Street and Highway Revenue Bonds by not more than ten percent (10%) by adjusting one or more principal payments of the Street and Highway Revenue Bonds in increments of $5,000.** In such event, the winning bidder may not withdraw its bid or change the interest rates bid or the reoffering prices in its purchaser's certificate as a result of any changes made to the principal payments of the Street and Highway Revenue Bonds in accordance with this notice; *provided, however*, that the dollar amount of the price bid will be changed as necessary so that the percentage that net compensation to be paid to the winning bidder bears to the principal amount of the Street and Highway Revenue Bonds under the adjusted principal payment structure does not increase or decrease from what it would have been if no adjustment had been made to the principal amounts shown in the maturity schedule bid upon by the winning bidder.

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, Series 2008 and Series 2009, 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: 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.

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 (US) LLP. 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; however, interest on the Street and Highway Revenue Bonds earned by certain corporations may be included in the calculation of adjusted gross earnings for purpose of federal corporate alternative minimum tax. In addition, interest on the Street and Highway Revenue 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.

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 WINNING BIDDER: Simultaneously with or before delivery of the Street and Highway Revenue Bonds, the winning 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 at least ten percent (10%) of each maturity of the 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, LLC, 2398 East Camelback Road, Suite 700, Phoenix, Arizona 85016, Financial Advisor to the County for the sale of the Street and Highway Revenue Bonds, telephone number (602) 381-5368.

PIMA COUNTY, ARIZONA

/s/ Thomas Burke
Director of Finance

$33,205,000*
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

INTRODUCTORY STATEMENT

This Official Statement, including the cover page and the Appendices hereto, provides certain information in connection with the original sale and issuance by Pima County, Arizona (the "County") of its Street and Highway Revenue Bonds, Series 2012 (the "Bonds") identified on the cover page hereof.

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

References to provisions of 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 an authorizing resolution ordering the sale of the Bonds adopted by the Board of Supervisors of Pima County, Arizona (the "Board") on April 10, 2012 (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 $89,355,000* 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 amounts of $5,000 of principal due on a maturity date or any integral multiple thereof. As described herein

* Preliminary, subject to change.

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

The Bonds will bear interest from their dated date, payable semiannually on January 1 and July 1 (each an "Interest Payment Date"), commencing January 1, 2013. Interest on the Bonds will be paid by the bond registrar and paying agent, initially U.S. Bank National Association, or its successors (the "Bond Registrar and Paying Agent"), to the owners thereof (initially Cede & Co., as nominee for DTC) as shown on the registration books maintained by the Bond Registrar and Paying Agent, at the close of business on the fifteenth day of the month preceding each Interest Payment Date or if such day is a Saturday, Sunday or holiday on the next preceding business day (the "Record Date"). So long as the Bonds are in DTC's book-entry-only system, and thereafter at the written request and expense of the owners of $1,000,000 or more in aggregate principal amount of Bonds delivered to the Bond Registrar and Paying Agent prior to a Record Date, interest and principal will be paid by wire transfer to a bank account in the continental United States.

Redemption Provisions

The Bonds maturing on or before July 1, 2022 are not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after July 1, 2023 are subject to redemption on any date on or after July 1, 2022 at the election of the County, in whole or in part from maturities selected by the County and within any maturity by lot, by the payment of a redemption price equal to the principal amount of each Bond called for redemption plus accrued interest to the date fixed for redemption, without premium.

Notice of Redemption

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

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 $149,345,000* aggregate principal amount of street and highway revenue bonds of the County to be outstanding after the issuance of the Bonds ("Outstanding Parity Bonds") and any additional street and highway revenue bonds hereafter issued on a parity therewith ("Additional Parity Bonds" and together with the Bonds and Outstanding Parity Bonds, "Parity Bonds"). See "Additional Parity 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.

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* Preliminary, subject to change.

Additional Parity Bonds

Statutory Requirements. Arizona Revised Statutes Section 11-378 presently requires that in order for the County to issue Additional Parity 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 Parity 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 Parity Bonds to be outstanding following the issuance of the Additional Parity 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 Additional Parity 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 Parity 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 Parity Bonds equals not less than two times the maximum annual debt service on all Parity Bonds to be outstanding including the Additional Parity Bonds to be issued, (ii) the payments required to be made into the bond fund for Parity Bonds are current and (iii) no obligation payable from the bond fund for Parity Bonds is in default as to either principal or interest.

The County will have $89,355,000* 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 Parity 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 Additional 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 obligations issued or unconditionally guaranteed by the United States of America ("Government Obligations") or both, which, with the maturing principal of and interest on such 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 Government Obligations deposited with the trustee.

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* Preliminary, subject to change.

PLAN OF FINANCE

Refunding of Bonds Being Refunded. 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 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 following bonds (the "Bonds Being Refunded"):

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
1-15-2003	Series 2003	$35,000,000	7-1-2014 to 7-1-2018	$15,270,000	7-1-2013	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."

Use of Remaining Proceeds. The remaining net proceeds received from the sale of the Bonds will be used to make certain street and highway improvements within the County and to pay costs related to the issuance of the Bonds.

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, LLC, 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.

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* Preliminary, subject to change.

The following is a summary of certain information with respect to Street and Highway Revenues. This summary does not purport to be a complete description of the revenue sources and, accordingly, is qualified by reference to the relevant sections of the Arizona Revised Statutes ("A.R.S."). The State Legislature has in the past altered and may in the future alter the statutes governing these revenue sources and their allocation.

General

Street and Highway Revenues are deposited and held in the State highway user revenue fund established pursuant to A.R.S. Section 28-6533 (the "Arizona Highway User Revenue Fund") until distributed. The Street and Highway Revenues are distributed by the State, as described below, pursuant to a highway and transportation financing program established by the State Legislature for the benefit of the State and counties and cities within the State, including the County.

Street and Highway Revenues currently include all or a portion of (i) motor vehicle fuel taxes and use fuel 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, as described below.

Motor Vehicle Fuel Taxes and Use Fuel Taxes. Motor vehicle fuel taxes consist of motor vehicle fuel (gasoline) taxes and motor vehicle use fuel (primarily diesel) taxes. These are excise taxes imposed upon fuel used in the propulsion of a motor vehicle on the public highways of the State. The motor vehicle fuel (gasoline) tax is currently assessed at the rate of $.18 per gallon, and the use fuel (primarily diesel) tax is assessed at $.18 for vehicles under 26,001 pounds and other qualifying vehicles and $.26 per gallon for all other vehicles. The motor vehicle fuel tax is collected by ADOT from licensed suppliers for each gallon of gasoline possessed, used or consumed in the State and the motor vehicle 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 basis. The fee for passenger vehicles and non-commercial pickup trucks is $8, and the fee for motorcycles is $9, of which $1 is paid to the motorcycle education 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. All motor vehicle registration fees are deposited in the Arizona Highway User Revenue Fund.

Motor Carrier Fees. 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 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) 37.61% to the Arizona User Revenue Fund, (ii) 20.45% to the general fund of the county where the motor vehicle is registered, (iii) 4.91% to the counties in the State for any purposes related to transportation, on the basis that the population of the unincorporated area of each county bears to the population of the unincorporated areas of all counties in the State, (iv) 20.45% to the incorporated cities and towns of the county in proportion to the population of each, (v) 5.73% to the State Highway Fund, and (vi) 10.85% to the State general fund to aid school financial assistance. 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 Street and Highway Revenues.

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, off-highway user 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 de minimus statutory allocations are made, Highway User Tax Revenues are allocated in accordance with the following statutory formula: ADOT receives 50.5%, counties receive 19%, incorporated cities and towns receive 27.5% and incorporated cities with a population of 300,000 or more receive 3%. 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.

Effective June 30, 2005, in order to be eligible to receive its allocation of Street and Highway Revenues from the State, a county with a population of 400,000 or more persons or an incorporated city or town with a population of 30,000 or more persons that is located in such county is required to budget and spend local revenues for street and highway purposes at least equal to the average amount of local revenues budgeted and spent for street and highway purposes for any four of the five fiscal years during the period beginning with fiscal year 1981-82 and ending with fiscal year 1985-86. If such a county, city or town does not comply with these budgeting requirements, the next twelve monthly distributions received by such county, city or town will be reduced, beginning in April of the fiscal year following the fiscal year in which the requirement was not met, by one-twelfth of the difference between the amount distributed to the county, city or town in the year of noncompliance and the amount distributed to the county, city or town in fiscal year 1969-70.

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 State 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 Arizona Highway User Revenue Fund or (2) the allocation formulas for such moneys between (a) deposits into the State Highway Fund for use by ADOT, (b) distributions to cities, towns and counties, or (c) other allowable uses permitted by the State Constitution and proscribed by Arizona statute. The authority of the State Legislature to make such changes in the use of monies deposited into the Arizona Highway User Revenue Fund is subject to the requirement of the Arizona Constitution that the majority of the funds comprising the Street and Highway 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. See "Recent Legislation" below. 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.

Recent Legislation

From time to time legislation is enacted that alters or modifies the deposits of monies into, and the distribution of monies from, the Arizona Highway User Revenue Fund. The information provided below reflects the more significant legislative enactments affecting distributions to cities, towns and counties that have occurred since the State Legislature's 2005 regular session.

During the 2005 regular session, legislation was enacted (SB 1513) that distributed $59.6 million from the Arizona Highway User Revenue Fund to the Arizona Department of Public Safety (DPS) in fiscal year 2005-06.

During the 2006 regular session, legislation was enacted (HB 2863) that distributed $10.0 million from the Arizona Highway User Revenue Fund to the DPS in fiscal year 2006-07.

During the 2007 regular session, legislation was enacted (HB 2781) that distributed $10.0 million from the Arizona Highway User Revenue Fund to the DPS in fiscal year 2007-08. Other legislation was enacted (SB 2783) that distributed $6.69 million from the Arizona Highway User Revenue Fund to the State Highway Fund (in addition

to the normal 50.5% distribution) in fiscal year 2007-08 to construct two Motor Vehicle Division (MVD) service centers and an ADOT multiuse facility.

During the 2008 regular session, effective January 1, 2009, off-highway vehicle user fees were added to the Arizona Highway User Revenue Fund.

During the 2008 regular session, legislation was enacted (HB 2209) that distributed $84.9 million from the Arizona Highway User Revenue Fund to the DPS in fiscal year 2008-09.

During the 2009 regular session, legislation was enacted (SB 1188) that distributed $1.0 million from the Arizona Highway User Revenue Fund to the State's Economic Strength Project Fund to be expended for highway projects that provide economic benefits to the State and local jurisdictions in fiscal year 2009-10.

During the 2009 regular session, legislation was enacted (SB 1188) that distributed $78.1 million from the Arizona Highway User Revenue Fund to the DPS in fiscal year 2009-10.

During the 2010 seventh special session, legislation was enacted (HB 2001) that distributed $78.6 million from the Arizona Highway User Revenue Fund to the DPS in fiscal year 2010-11.

During the 2011 regular session, legislation was enacted (SB 1612) that distributes approximately $120.7 million from the Arizona Highway User Revenue Fund to DPS in fiscal year 2011-12. This bill also distributed approximately $86.9 million from the Arizona Highway User Revenue Fund to the State Highway Fund for MVD operations in fiscal year 2011-12. In addition, the bill requires a transfer of approximately $105.3 million from the State Highway Fund share of its Arizona Highway User Revenue Fund Vehicle License Tax distribution to the State General Fund in fiscal year 2011-12. Other legislation was enacted (SB 1616) that requires a transfer of approximately $4.1 million from the State Highway Fund share of its Arizona Highway User Revenue Fund distribution to the ten least populated Arizona counties in fiscal year 2011-12.

Street and Highway Revenue – State of Arizona

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

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
2011-12 (a)	$422,051	$314,141	$24,664	$37,979	$798,835
2010-11	634,983	478,165	36,300	55,626	1,205,073
2009-10	626,744	482,151	35,807	49,714	1,194,417
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

(a) Year-to-date data as of February 29, 2012.

Source: Arizona Department of Transportation, Administrative Services Division.

MOTOR VEHICLE REGISTRATIONS

Fiscal Year	State of Arizona		Pima County	
	Total Number of Vehicle Registrations	Percentage Change	Total Number of Vehicle Registrations	Percentage Change
2011-12 (a)	6,875,562	0.5%	941,113	(0.1%)
2010-11	6,839,659	1.5%	942,202	0.9%
2009-10	6,740,536	0.7%	933,618	0.9%
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%

(a) Data as of December 31, 2011.

Source: Arizona Department of Transportation, Motor Vehicle Division.

GALLONS OF MOTOR VEHICLE FUEL TAXED (a)

Fiscal Year	State of Arizona		Pima County	
	Total Gallons Taxed	Percentage Change	Total Gallons Taxed	Percentage Change
2010-11	3,297,606,899	0.9%	484,838,586	(0.1%)
2009-10	3,267,005,747	(0.6%)	485,399,602	6.4%
2008-09	3,285,188,099	(9.2%)	456,069,550	(11.3%)
2007-08	3,618,703,864	(1.0%)	513,915,238	1.6%
2006-07	3,653,842,216		505,852,375	

(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
2011-12	$45,800,000 (a)
2010-11	50,459,963
2009-10	50,535,192
2008-09	53,906,177
2007-08	57,847,328
2006-07	58,637,775

(a) The amount shown for fiscal year 2011-12 is estimated by the County. The information presented constitutes "forward looking statements" which must be read with an abundance of caution and may not be realized or may not occur in the future.

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	$3,650,000
1-15-03	35,000,000	Street & Highway Improvements	7-1-04/18	20,500,000
5-01-05	51,200,000	Street & Highway Improvements	7-1-09/20	40,655,000
1-01-07	21,000,000	Street & Highway Improvements	7-1-09/22	18,635,000
2-15-08	25,000,000	Street & Highway Improvements	7-1-09/22	24,550,000
12-02-09	23,420,000	Street & Highway Improvements and Refunding	7-1-13/24	23,420,000
Total Street and Highway Revenue Bonds Outstanding				$131,410,000
Less: The Bonds Being Refunded				(15,270,000)*
Plus: The Bonds Offered Herein				33,205,000*
Total Street and Highway Revenue Bonds to be Outstanding				$149,345,000*

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* Preliminary, subject to change.

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* (4)
			Principal*	Interest* (3)		
2011	$50,459,963					
2012	45,800,000	$15,939,806			$15,939,806	3.16
2013		15,316,075	$885,000	$1,352,412	17,553,487	2.87
2014		12,530,213	3,680,000	1,212,000	17,422,213	2.89
2015		12,523,588	3,840,000	1,074,000	17,437,588	2.89
2016		12,518,475	4,000,000	930,000	17,448,475	2.89
2017		12,514,288	4,165,000	780,000	17,459,288	2.89
2018		12,509,925	4,335,000	623,813	17,468,738	2.88
2019		13,874,688	1,175,000	461,250	15,510,938	3.25
2020		13,969,988	1,220,000	417,188	15,607,175	3.23
2021		8,463,100	1,265,000	371,438	10,099,538	4.99
2022		8,533,538	1,310,000	324,000	10,167,538	4.96
2023		3,136,600	1,360,000	274,875	4,771,475	10.57
2024		3,135,600	1,410,000	223,875	4,769,475	10.57
2025			1,465,000	171,000	1,636,000	30.84
2026			1,520,000	116,063	1,636,063	30.84
2027			1,575,000	59,063	1,634,063	30.88

(1) As reported by the Arizona Department of Transportation and the County for fiscal year 2010-11. As estimated by the County for fiscal year 2011-12. See "STREET AND HIGHWAY REVENUES – Street and Highway Revenues Received by the County."

(2) Net of the Bonds Being Refunded.

(3) The first interest payment date is January 1, 2013.

(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

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

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

TAX MATTERS

General

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

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

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

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

A portion of the interest on the Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or

credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Bonds. Bond Counsel will express no opinion regarding those consequences.

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

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, both the American Jobs Act of 2011 proposed by President Obama on September 12, 2011, and introduced into the Senate on September 13, 2011, and the federal budget for fiscal year 2013 as proposed by President Obama on February 13, 2012, contain provisions that could, among other things, result in additional federal income tax for tax years beginning after 2012 on taxpayers that own tax-exempt obligations, including the Bonds, if they have incomes above certain thresholds.

Prospective purchasers of the Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Bonds at other than their original issuance at the respective prices indicated on the inside cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

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

Original Issue Discount and Original Issue Premium on Bonds

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. The amount of OID that accrues each year to a corporate owner of a Discount

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

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

LITIGATION

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

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

RATINGS

Fitch Ratings ("Fitch") and Standard & Poor's Financial Services LLC, a division of the McGraw-Hill Companies, Inc. ("S&P") have assigned the Bonds 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 and 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, 2013 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notice of Listed Events"). The Annual Reports, the Notices of Listed Events and any other document or information required to be filed as set forth in Appendix E – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" will be filed by the County with the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access system ("EMMA") as described in such Form. The specific nature of the information to be contained in the Annual Reports and the Notices of Listed Events is set forth in such Form.

These covenants have been made in order to assist the underwriters of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). Pursuant to Arizona law, the ability of the County to provide information pursuant to such covenants is subject to annual appropriation to, among other things, cover the costs of preparing and disseminating the Annual Report and the Notices of Listed Events. A failure by the County to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

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

FINANCIAL STATEMENTS

Included as Appendix D of this Official Statement are excerpts of the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. 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, LLC 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.

The Financial Advisor is engaged by the County to, among other things, coordinate the preparation of the Official Statement, but is not obligated to undertake, and has not undertaken to make, an independent verification, and does not guarantee the accuracy, completeness, or fairness, of the information in this Official Statement.

ADDITIONAL INFORMATION

Additional information and copies of the Official Statement may be obtained from RBC Capital Markets, LLC, 2398 East Camelback Road, Suite 700, Phoenix, Arizona 85016 (telephone 602-381-5368), 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 2011 population of 986,081. Approximately 53% of the County's population resides in the City of Tucson, Arizona ("Tucson"), the County seat of government and southern Arizona's largest city.

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

	Pima County	City of Tucson	State of Arizona
2011 Estimate (a)	986,081	522,815	6,438,178
2010 Census	980,263	520,116	6,392,017
2000 Census	843,746	486,699	5,130,632
1990 Census	666,880	405,390	3,665,228
1980 Census	531,443	330,537	2,716,546
1970 Census	351,667	262,933	1,775,399

(a) Population estimates as of July 1, 2011 (released December 15, 2011) provided by the Office of Employment and Population Statistics, Arizona Department of Administration.

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

Organization

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

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

Mr. Thomas Burke was appointed Finance and Risk Management Director in January 2005 and had served as Deputy Director of Finance from May 2004. Prior to his move to Finance, Mr. Burke served as Deputy Director of Pima County's Department of Natural Resources, Parks and Recreation from 2003 to 2004. From 2000 to 2003, he was a Deputy County Attorney representing various Pima County departments including the County Assessor, County Treasurer and Public Works departments. From 1989 to 1998, Mr. Burke served as the Manager of Pima

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

Transportation

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

Economy

The economy of the County is based largely on a variety of service industries, trade, and government employment. Figures from the Arizona Department of Administration, Office of Employment and Population Statistics indicate that 354,600 persons were employed, on average (not including the agricultural industry), in the County in 2011. The following table presents the County's average annual total employment by industry for the periods indicated. During the recent recession, employment decreased in the County from 2008 through 2010, but has shown signs of stabilizing in 2011, as reflected in the information shown below.

TABLE 2
Pima County
Average Annual Employment (a)
Number of Persons Employed 2007-2011

Industry	2007	2008	2009	2010	2011
Goods Producing					
Construction	28,300	24,700	18,300	16,800	17,300
Manufacturing	27,500	27,200	25,100	24,000	23,400
Service Providing					
Trade, Transportation and Utilities	64,300	62,700	58,200	56,600	56,500
Information	5,900	5,300	4,700	4,300	4,100
Financial Activities	18,200	17,200	17,500	17,600	17,400
Professional and Business Services	52,600	51,400	47,100	45,700	46,000
Education and Health Services	54,700	57,100	58,500	58,300	59,200
Leisure and Hospitality	40,200	40,400	38,700	38,100	39,600
Other Services	15,800	15,700	14,700	14,300	14,400
Government	77,900	79,800	79,100	78,200	76,700
Total Wage & Salary Employment	385,400	381,500	361,900	353,900	354,600

(a) Numbers may not add due to rounding.

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

The average unemployment rate for the County in 2011 was 8.4%. The average annual unemployment rate for 2010 and 2009 was 9.4% and 8.8%, respectively. The table below shows comparative unemployment rates for the County, the State and the United States for the periods indicated. As reflected for the United States as a whole, the unemployment rate for Arizona and for the County saw significant increases in 2009 and 2010.

TABLE 3
Pima County
Comparative Employment Statistics (a)

Calendar Year	Pima County		Unemployment Rate		
	Average Employment	Average Unemployment	Pima County	Arizona	U.S.
2011	426,406	39,207	8.4%	9.5%	9.0%
2010	433,795	45,259	9.4%	10.5%	9.6%
2009	447,094	43,301	8.8%	9.7%	9.3%
2008	449,910	26,532	5.6%	5.9%	5.8%
2007	439,564	16,524	3.6%	3.8%	4.6%

(a) Data shown in table is not seasonally adjusted.

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

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

TABLE 4
Southern Arizona
Major Employers

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

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

Non-Governmental Employment

Average overall wage and salary employment in the County, excluding government employment, increased each year through 2007. From 2008 through 2010, average employment figures across all categories with the exception of financial activities and education and health services showed declines in employment. During that time, average non-governmental employment in the County fell by approximately 26,000 jobs, or approximately 8.6%. Employment figures in 2011 showed growth in some categories and declines in others, with overall employment up a slight 0.1%.

The average annual employment in service-providing categories in 2011 was 237,200. It is anticipated that as the County continues to grow in population and economic activity, service-providing employment will continue to provide the primary source of jobs in the County. As detailed in TABLE 2, employment in the Education and Health Services and Trade, Transportation and Utilities have been the primary areas of employment in the service-providing industry.

Government

While employment levels have fallen over the last two and one-half years, government employment plays an important role in the County with Federal, State and local government employees averaging approximately 76,700 in 2011. The State and Davis-Monthan Air Force Base are significant contributors to government employment in the County (see "Southern Arizona - Major Employers" listed in TABLE 4). Davis-Monthan Air Force Base is a major training ground for active duty members on the A-10 "Warthog" aircraft. The facility is also responsible for the education of tactical missile crews. Its storage capacity of 2,500 aircraft is the largest in the world. In the past, Davis-Monthan Air Force Base reportedly has been included on lists of installations considered for closure or realignment by the Defense Base Closure and Realignment Commission. There can be no assurances that Davis-Monthan Air Force Base will not be included on similar lists in the future. Any such closure or realignment would most likely be subject to review and approval by, among others, the Department of Defense and the President of the United States and would have a negative but unquantifiable effect on the County.

Manufacturing

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

Average annual employment in the manufacturing sector within the County in 2011 was 23,400, representing 6.6% of the County's total wage and salary employment base. Manufacturing employment in the County decreased each since 2007. During that time, average manufacturing employment fell by approximately 4,100 jobs, or approximately 14.9%.

The following table presents the major manufacturers in the County and Tucson metropolitan area as of March 2011:

TABLE 5
Southern Arizona
Major Manufacturers

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

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

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

Tourism

Tourism is an important economic mainstay in the County and the Tucson area. The County's climate, historical and cultural sites, location and proximity to vacation areas in California, Mexico, and other Southwest destinations attract vacationers, conventioneers and other visitors. The Metropolitan Tucson Convention and Visitors Bureau estimated that over 634 convention bookings with 213,238 convention delegates visited the Tucson area in fiscal year 2010-11, the most recent data available. In the Tucson area, the Bureau estimated that there were approximately 196 hotels and resorts with 16,720 rooms. Points of interest, recreational sites and sight-seeing attractions include the Arizona-Sonora Desert Museum, Kitt Peak National Observatory, Pima Air and Space Museum, Titan Missile Museum, Saguaro National Park, Mission San Xavier del Bac, Mount Lemmon, Sabino Canyon, Biosphere 2, and numerous resorts and golf courses.

According to the Arizona Hospitality Research & Resource Center, tourists in the County spent $1.3 billion in calendar year 2010, a slight decrease from tourism-related expenditures in calendar year 2009. In calendar year 2011, tourists in the County spent approximately $1.37 billion, an increase of 5.71% from the prior year.

The figures in the following table include the estimated tourist portion of amusement, bar and restaurant, hotel and motel, and retail gross sales. Shown below are tourist dollars expended in the County and State economies for 2007 through 2011 (the most current data reported).

TABLE 6
Total Tourist Expenditures
($ in millions)

Year	Pima County	State of Arizona
2011	$1,370	$ 9,549
2010	1,296	8,844
2009	1,304	8,795
2008	1,414	9,871
2007	1,542	10,604

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

Education

The University of Arizona (the "University") provides approximately 10,481 jobs to the area and is an important link to the economic growth of the County. Its presence as a research university has assisted in attracting new business enterprises over the years. The academic organization of the University is comprised of ten undergraduate colleges, five graduate colleges and a number of interdisciplinary programs. Enrollment figures for the fall semester of 2011 were estimated at 39,236 undergraduate and graduate full-time students. This enrollment includes students in continuing education programs, interns and residents, post-doctoral programs and on-campus non-credit students.

Pima County Community College offers two-year programs in vocational and technical education. Total student enrollment for Pima County Community College for 2010-11 was 62,973 students.

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

Wholesale and Retail Trade

Wholesale and retail trade includes restaurants, hotels, taverns, service stations, automobile repair shops, shopping malls and wholesale dealers. The largest individual employers in the retail sector (companies with more than 1,000 employees) are Wal-Mart Stores, Fry's Food and Drug Stores, Bashas' Inc., Walgreen Co., Safeway Stores Inc., 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% (not including a temporary 1.0% tax). In addition, cities and towns within the County generally levy a 2% to 4% sales tax. The County Regional Transportation Authority levies a county-wide 0.5% sales tax.

The following table sets forth retail sales figures in the County for the periods indicated. After many years of continued growth, retail sales in the County decreased by 7.14% in calendar year 2008 and by an additional 9.86% in calendar year 2009. While continuing to decrease in calendar year 2010, the rate of decline slowed to 2.20% and in calendar year 2011, retail sales in the County increased by 7.8% from the prior year.

TABLE 7
Pima County Retail Sales (a)

Year	Amount	% Change
2011	$6,904,863,298	7.8%
2010	6,402,891,553	(2.20%)
2009	6,547,084,057	(9.86%)
2008	7,263,583,414	(7.14%)
2007	7,822,497,932	1.05%

(a) Excludes food and gasoline sales.

Source: Arizona Department of Revenue.

Financial Institutions

The Federal Deposit Insurance Corporation (FDIC) collects deposit balances for commercial and savings banks as of June 30 of each year. The following table illustrates the summary of bank deposits of all FDIC-insured institutions within the County for the past five fiscal years. As of June 30, 2011, there were 19 institutions with 192 offices in the County, with a deposit balance of approximately $11.973 billion.

TABLE 8
Pima County
Bank Deposits

Year	Amount
2011	$11,973,000,000
2010	11,892,000,000
2009	11,502,000,000
2008	11,215,000,000
2007	11,643,000,000

Source: Federal Deposit Insurance Corporation.

Mining

According to the Arizona Mining Association, Arizona leads the nation in copper production, accounting for approximately 63% of the total U.S. mine production. However, the cyclical nature of this industry has caused consolidation of its resources to improve production. In the early 1980's, the Arizona copper industry's direct economic impact on the Arizona economy regularly exceeded $1.0 billion, peaking in 1981 at approximately $1.612 billion when the industry employed roughly 25,000 persons. Since that time, employment in this sector has significantly decreased, with employment in the mining industry within the County being approximately 1,900 in 2011 and 1,800 in 2010.

Agriculture

Agriculture plays a less significant role in the economy of the County as a whole, but a small portion of the County relies on agriculture as its leading economic source. Principal crops harvested are cotton, wheat and hay, as well as vegetables. The following table sets forth the total cash receipts for all crops and livestock products in the County for the most recent five years for which reports are available.

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

Year	Receipts
2010	$69,985,000
2009	62,422,000
2008	71,663,000
2007	73,400,000
2006	78,083,000

Source: *Arizona Agricultural Statistics,* September 2011.

Building Permits

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

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

TABLE 10
Pima County
Value of Building Permits

Year	Residential	Commercial	Industrial	Other	Total
2011(a)	$180,300,000	$189,815,000	$ 5,034,000	$36,659,000	$411,808,000
2010	242,191,000	182,847,000	355,000	91,163,000	516,556,000
2009	399,714,000	106,445,000	11,851,000	46,646,000	564,656,000
2008	598,774,000	290,225,000	17,799,000	114,784,000	1,021,582,000
2007	864,602,000	420,297,000	18,580,000	89,391,000	1,392,870,000

(a) Data shown is through September 30, 2011 and is the most current information reported as of the date of this Official Statement. The Arizona State University Morrison School, Realty Studies has indicated that the collection and reporting of this data has been suspended at this time.

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

TABLE 11
Pima County
New Housing Starts

Year	Total Housing Units Permitted
2011(a)	1,120
2010	1,238
2009	2,179
2008	3,207
2007	4,629

(a) Data shown is through September 30, 2011 and is the most current information reported as of the date of this Official Statement. The Arizona State University Morrison School, Realty Studies has indicated that the collection and reporting of this data has been suspended at this time.

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

APPENDIX B

PIMA COUNTY, ARIZONA
Financial Information

Introduction

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

Expenditure Limitation

Beginning in fiscal year 1981-82, the County became subject to an annual expenditure limitation which is set by the Arizona Economic Estimates Commission. This limitation is based on the County's annual expenditures for fiscal year 1979-80, with this base adjusted to reflect interim population, cost of living and boundary changes. Certain expenditures are specifically exempt from the limit, including expenditures made from federal funds and bond sale proceeds, as well as debt service payments. The limitations can be exceeded for certain emergency expenditures or if approved by the voters. The 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 2011-12 fiscal year was $501,752,817. The County's expenditures for the 2011-12 fiscal year were under the limit. The County's 2012-13 fiscal year expenditure limitation is $516,422,727 and the County anticipates that its expenditures for such year will be under the limit.

Ad Valorem Taxes

General

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

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

Secondary assessed valuation represents the value used in determining property tax levies for the payment of principal and interest on bonds, school district voter-approved budget overrides and special district taxes and the calculation of maximum bonded indebtedness allowed under the State's Constitutional debt limit. See "Debt

Limitation" herein. Under the secondary system, there is no limitation on annual increases in full cash value of any property. In addition, annual tax levies for voter-approved bonded indebtedness, overrides and special district taxes are unlimited.

Arizona law provides for a property valuation "freeze" for certain residential property owners sixty-five years of age and older. Owners of residential property may obtain such freeze against valuation increases (the "Property Valuation Protection Option") if the owner's total income from all sources does not exceed 400% (500% for two or more owners of the same property) of the "Social Security Income Benefit Rate." The Property Valuation Protection Option must be renewed every three years. If the property is sold to a person who does not qualify, the valuation reverts to its current full cash value. Any freeze on increases in full cash value will translate to the secondary assessed value of the affected property as hereinafter described.

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

Tax Procedures

The tax year in Arizona is defined as the calendar year, although tax procedures begin prior to January 1 of each tax year and continue through May of the succeeding calendar year. The first step in the tax process, for taxing entities other than certain special districts, is the determination of the full cash value of each individually-owned parcel of land within the State. Property valuations are established on most property by the individual county assessors, with the State Department of Revenue determining the valuation of centrally assessed properties such as gas, water and electrical utilities, railroads, mines and pipelines. The appropriate property classification assessment ratio is then applied to the full cash value to determine the assessed valuation for such parcel. The assessment ratios utilized over the five-year period 2008 through 2012 for each class of property are set forth below.

Property Tax Assessment Ratios
2008 through 2012

Property Classification (a)	2008	2009	2010	2011	2012
Mining, Utility, Commercial and Industrial (b)	23%	22%	21%	20%	20%
Agriculture and Vacant Land (b)	16%	16%	16%	16%	16%
Owner Occupied Residential	10%	10%	10%	10%	10%
Leased or Rented Residential	10%	10%	10%	10%	10%
Railroad, Private Car Company and Airline Flight Property (c)	20%	18%	17%	17%	15%

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

(b) For tax year 2011, full cash values up to $67,268 on commercial, industrial and agricultural personal property are exempt from taxation. For tax year 2012, full cash values up to $68,079 on commercial, industrial and agricultural personal property are exempt from taxation. This exemption is indexed annually for inflation. Any portion of the full cash value in excess of that amount will be assessed at the applicable rate. Effective January 1, 2011, the assessment ratio for mining, utilities, commercial and industrial property was reduced by one percentage point annually, resulting in an assessment ratio of 20% thereafter. The assessment ratio for mining, utilities, commercial and industrial property will be reduced to 19.5% for tax year 2013 and further reduced one-half of one percent for each year to 18% for 2016 and thereafter. The assessment ratio for agricultural and vacant property will be reduced to 15% for tax year 2016 and thereafter. From time to time, there are legislative proposals in the State, including proposals to reduce the assessment ratio for certain property, which, if enacted could alter or amend the matters referred to above. It cannot be predicted whether or in what form any such proposal might be enacted.

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

Source: State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

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

Delinquent Tax Procedures

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

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

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

Property Valuations

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

Valuations for 2011-12 Fiscal Year

Estimated Actual Valuation (a)	$70,163,492,245
Net Secondary Assessed Valuation	8,448,281,586
Net Primary Assessed Valuation	8,310,120,212

Estimated Valuations for 2012-13 Fiscal Year (b)

Net Secondary Assessed Valuation	$8,171,211,922
Net Primary Assessed Valuation	8,061,107,675

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

(b) Estimated valuations for the 2012-13 fiscal year provided by the Pima County Assessor. Valuations for the 2012-13 fiscal year are not official until approved by the Board of Supervisors on the third Monday in August for the following fiscal year. Although the final official valuations are not expected to differ materially from the estimated valuations, they are subject to positive or negative adjustments until approved by the Board of Supervisors.

Source: Pima County Assessor's Office and Pima County Department of Finance and Risk Management, Budget Division.

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
2011-12	$8,448,281,586	$70,163,492,245	12.04%
2010-11	9,342,561,193	77,358,317,302	12.08%
2009-10	9,860,980,900	80,653,625,457	12.23%
2008-09	9,594,861,519	79,245,821,370	12.11%
2007-08	8,220,395,835	66,494,590,856	12.36%

(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
2011-12	$3,487,959,628	(10.89%)	$8,448,281,586	(9.57%)	$61,700,292,915	(18.43%)
2010-11	3,914,105,239	(2.88%)	9,342,561,193	(5.26%)	75,643,290,656	(12.56%)
2009-10	4,030,242,132	3.46%	9,860,980,900	2.77%	86,504,734,898	0.48%
2008-09	3,895,581,900	11.80%	9,594,861,519	16.72%	86,090,579,647	19.84%
2007-08	3,484,462,013	15.52%	8,220,395,835	19.66%	71,837,099,233	32.07%

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

Net Secondary Assessed Valuations of Major Taxpayers

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

Taxpayer (a)	Use of Property	Estimated 2011-12 Net Secondary Assessed Valuation	As Percent of County's 2011-12 Net Secondary Assessed Valuation
Unisource Energy Corporation	Utility	$168,510,315	1.99%
Phelps Dodge Corporation	Mining	99,048,225	1.17%
Southwest Gas Corporation	Utility	64,532,727	0.76%
Asarco Inc	Mining	58,585,168	0.69%
CenturyLink Inc.	Telecommunications	51,942,320	0.61%
Trico Electric Co-op Inc.	Utility	21,216,663	0.25%
DND Neffson Company	Shopping Mall	17,931,198	0.21%
Target Corporation	Retail	17,519,397	0.21%
Northwest Hospital LLC	Healthcare	17,389,751	0.21%
Starr Pass Resort Developments LLC	Hospitality	16,153,061	0.19%
		$532,828,825	6.31%

(a) Some of such taxpayers or their parent corporations are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information (collectively, the "Filings") may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of the Filings can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR data base at http://www.sec.gov. No representative of the County, Bond Counsel, or the Financial Advisor to the County for the Bonds have examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

Source: Pima County Assessor.

Record of Real and Secured Personal Property Taxes Levied and Collected

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

Fiscal Year	Real and Secured Personal Property Tax Levy	Fiscal Year Collections (a)		Total Collections (b)	
		Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2011-12	$335,466,625	(c)	(c)	$192,321,958	57.33%
2010-11	352,275,617	$335,747,500	95.31%	346,760,186	98.43%
2009-10	353,593,620	338,592,132	95.76	351,677,834	99.44%
2008-09	322,901,974	309,375,563	95.81	321,813,935	99.66%
2007-08	305,699,225	294,220,625	96.25	304,678,747	99.67%
2006-07	283,253,437	273,299,741	96.49	282,618,821	99.78%

(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 February 29, 2012 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
2011-12	$3.4178	$1.4313	$4.8491
2010-11	3.3133	1.3665	4.6798
2009-10	3.3133	1.2784	4.5917
2008-09	3.3913	1.2789	4.6702
2007-08	3.6020	1.4654	5.0674

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

Debt Limitation

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

Net Secondary Assessed Valuation (FY 2011-12)	**$8,448,281,586**
15% Constitutional Limitation	1,267,242,238
Net Direct General Obligation Bonds Outstanding	452,750,000 (a)
Unused 15% Limitation	$ 814,492,238

(a) Does not include approximately $60,000,000 in principal amount of General Obligation Bonds the County plans to issue prior to the end of fiscal year 2012.

General Obligation Bonded Debt Outstanding (a)

The following chart lists the outstanding general obligation bonded debt of the County.

Date of Issue	Original Amount	Original Purpose	Maturity Dates	Average Int. Rates	Remaining Balance Outstanding
01-15-03	$50,000,000	Various Improvements	7-1-03/17	3.900%	$23,350,000
06-01-04	65,000,000	Various Improvements	7-1-05/19	4.207%	36,510,000
05-01-05	65,000,000	Various Improvements	7-1-06/20	4.016%	39,270,000
01-01-07	95,000,000	Various Improvements	7-1-07/21	4.028%	68,125,000
02-15-08	100,000,000	Various Improvements	7-1-08/22	3.934%	75,000,000
04-22-09	75,000,000	Various Improvements	7-1-09/23	3.913%	40,000,000
12-02-09	113,535,000	Various Improvements and Refunding	7-1-10/24	3.579%	95,495,000
05-25-11	75,000,000	Various Improvements	7-1-12/26	4.371%	75,000,000
Total General Obligation Bonded Debt Outstanding					$452,750,000

(a) Does not include approximately $60,000,000 in principal amount of General Obligation Bonds the County plans to issue prior to the end of fiscal year 2012 pursuant to a separate official statement.

Annual Debt Service Requirements of General Obligation Bonded Debt Outstanding (a)

The following chart indicates the general obligation debt service requirements of the County.

Fiscal Year June 30	Existing General Obligation Bonded Debt Outstanding		Total Debt Service Requirement
	Principal	Interest	
2012	$56,980,000	$17,335,378	$74,315,378
2013	39,025,000	15,467,494	54,492,494
2014	35,355,000	14,059,944	49,414,944
2015	34,665,000	12,638,544	47,303,544
2016	35,485,000	11,279,675	46,764,675
2017	36,780,000	9,892,669	46,672,669
2018	34,325,000	8,456,844	42,781,844
2019	37,565,000	7,145,019	44,710,019
2020	35,665,000	5,765,531	41,430,531
2021	31,900,000	4,448,056	36,348,056
2022	33,260,000	3,207,206	36,467,206
2023	20,910,000	1,855,706	22,765,706
2024	11,720,000	966,900	12,686,900
2025	4,445,000	455,750	4,900,750
2026	4,670,000	233,500	4,903,500

(a) Does not include debt service for approximately $60,000,000 in principal amount of General Obligation Bonds the County plans to issue prior to the end of fiscal year 2012 pursuant to a separate official statement.

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Net Direct and Overlapping General Obligation Bonded Debt

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

Jurisdiction	2011-12 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	$61,700,292,915	None	100%	None	$0.0000
Pima County	**8,448,281,586**	**$452,750,000 (f)**	**100%**	**$452,750,000 (f)**	**5.1115 (b)**
Pima County Flood Control District (c)	7,634,237,253	None	100%	None	0.2635
Elementary School Districts	386,922,014	11,705,000	100%	11,705,000	2.5115 (d)
Unified School Districts	8,041,601,370	642,190,000	100%	642,190,000	5.9595 (d)
Cities and Towns	4,797,679,176	222,360,610	100%	222,360,610	0.8585 (d)
Pima County Community College District	8,448,281,586	5,100,000	100%	5,100,000	1.1094
Total				$1,334,105,610	

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Jurisdiction	2011-12 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(g)	Combined Tax Rate Per $100 Assessed Valuation (d)(e)
State of Arizona	$61,700,292,915	None	None
Pima County	8,448,281,586	$452,750,000 (f)	$5.1115 (b)
Pima County Flood Control District (c)	7,634,237,253	None	0.2635
Pima County Community College District	8,448,281,586	5,100,000	1.1094
Elementary School Districts:			
San Fernando ESD #35	1,508,323	None	4.8541
Empire ESD #37	7,992,247	None	2.7531
Continental ESD #39	338,327,680	11,705,000	2.0258
Redington ESD #44	1,433,210	None	6.7630
Altar Valley ESD #51	37,660,554	None	6.5675
Unified School Districts:			
Tucson USD #1	3,388,422,554	306,905,000	6.9480
Marana USD #6	794,566,062	42,910,000	5.2047
Flowing Wells USD #8	212,616,183	23,945,000	5.9689
Amphitheater USD #10	1,549,556,877	95,635,000	5.4033
Sunnyside USD #12	455,197,919	28,420,000	6.9415
Tanque Verde USD #13	200,701,839	13,790,000	3.8042
Ajo USD #15	19,838,775	None	5.6740
Catalina Foothills USD #16	629,510,960	33,230,000	4.2095
Vail USD #20	471,044,778	49,550,000	4.6550
Sahuarita USD #30	319,085,451	47,805,000	5.4067
Indian Oasis USD #40	1,059,972	None	0.0000
Cities and Towns:			
City of Tucson	3,487,959,628	222,360,610	1.1621
City of South Tucson	24,687,760	None	2.6603
Town of Marana	454,567,513	None	0.0000
Town of Oro Valley	624,180,464	None	0.0000
Town of Sahuarita	206,283,811	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 Department of the Interior ("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 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 was subject to a number of conditions including settlement of certain Indian community water claims and other water claims and required certain Arizona legislation. All of the conditions have been met and the agreement was deemed effective by a final judgment issued by the U.S. District Court on November 21, 2007. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Arizona's Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this Official Statement, the tax levy is limited to fourteen cents per $100 of secondary assessed valuation, of which 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 $0.4259, the $0.3460 tax rate of the Free Library District, the $0.1000 tax rate of the Central Arizona Project and the $0.0418 tax rate of the Fire District Assistance Tax.

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

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

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

(f) Does not include approximately $60,000,000 in principal amount of General Obligation Bonds the County plans to issue prior to the end of fiscal year 2012.

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

Jurisdiction	Authorized But Unissued General Obligation Bonds
Pima County	$138,681,000*
Amphitheater Unified School District No. 10	81,000,000
Catalina Foothills Unified School District No. 16	6,075,000
Continental Elementary School District No. 39	4,815,000
Marana Unified School District No. 6	28,650,000
Sahuarita Unified School District No. 30	1,650,000
Sunnyside Unified School District No. 12	73,325,000

* Includes approximately $60,000,000 in principal amount of General Obligation Bonds the County plans to issue prior to the end of fiscal year 2012 pursuant to a separate official statement.

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 2011-12	
	Per Capita Net Debt (Pop. @ 986,081) (a)	**Secondary Assessed Valuation ($8,448,281,586)**	**Est. Actual Valuation ($70,163,492,245)**
Net Direct General Obligation Bonded Debt ($452,750,000*)	$ 459.14	5.36%	0.65%
Net Direct and Overlapping General Obligation Bonded Debt ($1,334,105,610*)	$1,352.94	15.79%	1.90%

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

* Does not include approximately $60,000,000 in principal amount of General Obligation Bonds the County plans to issue prior to the end of fiscal year 2012 pursuant to a separate official statement.

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	$ 3,650,000
1-15-03	35,000,000	Street & Highway Improvements	7-1-04/18	20,500,000
5-01-05	51,200,000	Street & Highway Improvements	7-1-09/20	40,655,000
1-01-07	21,000,000	Street & Highway Improvements	7-1-09/22	18,635,000
2-15-08	25,000,000	Street & Highway Improvements	7-1-09/22	24,550,000
12-02-09	23,420,000	Street & Highway Improvements and Refunding	7-1-13/24	23,420,000
Total Street and Highway Revenue Bonded Debt Outstanding				$131,410,000
Less: The Bonds Being Refunded				(15,270,000)*
Plus: The Bonds Offered Herein				33,205,000 *
Total Street and Highway Revenue Bonds to be Outstanding				$149,345,000 *

* Preliminary, subject to change.

Sewer Revenue Debt Outstanding

Senior Lien Obligations (a):

The following chart lists the outstanding sewer revenue obligations of the County that have a senior lien on the revenues of the County's wastewater system.

Date of Issue	Original Amount	Purpose	Remaining Maturity Dates	Balance Outstanding
03-01-96	$11,313,350	Refunding (b)	7-1-97/12	$ 1,104,537
05-01-04	25,770,000	Refunding	7-1-05/15	12,455,000
05-11-04	19,967,331	Sewer Improvements (b)(c)	7-1-05/24	15,518,232
01-01-07	50,000,000	Sewer Improvements	7-1-07/26	40,655,000
05-01-08	75,000,000	Sewer Improvements	7-1-09/23	73,580,000
05-06-09	18,940,000	Sewer Improvements	7-1-10/24	17,115,000
10-09-09	10,002,383	Sewer Improvements (b)	7-1-10/24	7,096,488
Total Senior Lien Sewer Obligations Outstanding				$167,524,257

(a) The County has covenanted to incur any additional debt only on a parity with senior lien obligations.
(b) Represents funds borrowed under separate Loan Agreements with the Water Infrastructure Finance Authority of Arizona ("WIFA").
(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.

Subordinate Lien Obligations:

The following chart lists the outstanding sewer revenue obligations of the County that have a subordinate lien on the revenues of the County's wastewater system.

Date of Issue	Original Amount	Purpose	Remaining Maturity Dates	Balance Outstanding
06-17-10	$165,000,000	Sewer Improvements	7-1-14/25	$165,000,000
03-30-11	43,625,000	Refunding	7-1-12/16	38,625,000
12-13-11	189,160,000	Sewer Improvements	7-1-12/26	189,160,000
Total Subordinate Lien Sewer Obligations Outstanding				$392,785,000

Certificates of Participation

The following chart indicates the outstanding certificates of participation of the County. Such amounts are payable from the unrestricted general funds of the County

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Remaining Balance Outstanding
09-01-99	$ 4,875,000	Refunding	1-1-13/14	$ 4,000,000
10-01-03	27,525,000	Refunding	1-1-05/18	14,565,000
05-01-07	30,320,000	New Money	7-1-08/22	24,245,000
06-10-09	34,400,000	New Money	6-1-10/12	4,400,000
02-04-10	20,000,000	New Money	6-1-11/19	18,250,000
Total Certificates of Participation Outstanding				$65,460,000

Retirement Plans

The County contributes to four separate defined benefit pension plans for the benefit of all full-time employees and elected officials. Please refer to "Note 9 - Retirement Plans" of Appendix F hereto for a more detailed description of these plans and the County contributions to the various plans.

The Arizona State Retirement System ("ASRS"), a cost-sharing, multiple employer defined benefit plan, has reported increases in its unfunded liabilities. The most recent annual reports for the ASRS may be accessed at: https://www.azasrs.gov/web/FinancialReports.do. The effect of the increase in ASRS' unfunded liabilities on the County, or on the County's and its employees' future annual contribution to ASRS, are projected to increase in future years.

The board for the ASRS has adopted contribution rates for fiscal years 2011, 2012 and 2013. For the year ended June 30, 2011, active plan members were required by statute to contribute at the actuarially determined rate of 9.85 percent (9.60 percent retirement and 0.25 percent long-term disability) of the members' annual covered payroll. The County was also required by statute to contribute at the actuarially determined rate of 9.85 percent (9.01 percent for retirement, 0.59 percent for health insurance premium, and 0.25 percent long-term disability) of the members' annual covered payroll. For fiscal year 2012 (starting July 1, 2011), the rate, including retirement and long-term disability, was increased to 10.10 percent for the County and to 11.39 percent for employees, and for fiscal year 2013 the rate projected by the actuary for the ASRS would require an increase to 10.48% for the County and 11.81% for member employees. Additional increases have been projected by the actuary through fiscal year 2018. The fiscal year 2012 and 2013 contribution rates reflect legislation that became effective July 1, 2011, whereby, employees are required to pay 53 percent of the contributions to ASRS and employers are required to pay 47 percent of the contributions to ASRS. This is a change from the past system that required equal contributions from the employee and the employer.

The change in the relative contribution amount paid to the ASRS by employees effective July 1, 2011 (explained above) was challenged by affected employees. On February 1, 2012, the Maricopa County Superior Court ruled that the law changing the contribution split is unconstitutional as to those public employees who were members of the ASRS prior to the date the law was enacted.

HB2264, passed by both the House and the Senate, provides that ASRS member contributions be reduced to 50 percent of the total contributions, from 53 percent, ASRS employer contributions be increased to 50 percent, from 47 percent and by June 30, 2012, ASRS employers (including the County) return employee contributions made in excess of 50 percent during the year ending June 30, 2012. The Governor has asked the Legislature not to send her any bills until the budget for 2012 is completed. Therefore, HB2264 may not be transmitted to the Governor's Office soon, and therefore is not in effect.

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

The Arizona Public Safety Personnel Retirement System ("PSPRS"), an agent multiple-employer defined benefit plan that covers public safety personnel who are regularly assigned to hazardous duties, for which the Arizona State Legislature establishes and may amend active plan members' contribution rate, has reported increases in its unfunded liabilities. The most recent annual reports for the PSPRS may be assessed at http://www.psprs.com/sys_psprs/ Annual_Reports/cato_annual_rpts_psprs.htm. The effect of the increase in the PSPRS's unfunded liabilities is expected to result in increased contributions by the County and its employees, however the specific impact on the County, or on the County's and its employees' future annual contributions to the PSPRS, cannot be determined at this time.

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

http://www.psprs.com/sys_eorp/Annual_reports/cato_Annual_rpts_CORP.htm. The effect of the increase in the EORP's unfunded liabilities is expected to result in increased contributions by the County and its employees, however the specific impact on the County, or on the County's and its employees' future annual contributions to the EORP, cannot be determined at this time.

For the year ended June 30, 2011, 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 29.16 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 statues to contribute 8.41 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 12.08 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.17 percent of covered payroll.

The Elected Officials Retirement Plan (EORP) (and the PSPRS as it relates to County Attorney Investigators) are relatively insignificant to the County's financial picture.

Other Post Employment Benefits

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

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

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

	Actual				
	2006-07	2007-08	2008-09	2009-10	2010-11
Revenues by Source:					
Taxes	$348,700	$381,862	$396,241	$423,443	$421,623
Special Assessments	521	556	441	536	330
Licenses and Permits	7,132	7,710	6,989	7,791	8,494
Intergovernmental	303,392	312,634	292,236	296,004	308,219
Charges for Services	63,508	58,890	55,346	60,376	54,491
Fines and Forfeits	6,550	6,480	6,283	8,443	6,786
Interest Income	13,988	14,218	5,335	4,612	1,723
Miscellaneous	17,544	21,752	22,414	17,442	14,162
Total Revenues	761,335	804,102	785,285	818,647	815,828
Expenditures by Fund:					
General	421,486	460,537	462,276	426,361	429,182
Special Revenues	199,498	218,307	196,677	195,926	204,612
Debt Service	69,689	76,764	121,091	108,092	96,484
Capital Projects	202,659	139,539	146,334	162,306	153,203
Total Expenditures	893,332	895,147	926,378	892,685	883,481
Excess of Revenues Over (Under) Expenditures	(131,997)	(91,045)	(141,093)	(74,038)	(67,653)
Other Financing Sources (Uses):					
Premium on bonds	1,429	1,964	675	1,909	3,276
Proceeds of Long-Term Debt	146,320	175,000	109,400	156,955	75,000
Payment to Escrow Agent	-	-	-	(32,361)	-
Gain on Investment	-	312	-	-	-
Operating Transfers In (Out)	(599)	714	4,867	445	4,708
Capital Leases	-	-	-	-	-
Sale of General Fixed Assets	1,426	27	876	1,118	59
Total Other Financing Sources (Uses)	148,576	178,017	115,818	128,066	83,043
Net Change in Fund Balance	16,579	86,972	(25,275)	54,028	15,390
Beginning Fund Balance, as restated	214,292	230,660	317,577	292,247	346,270
Changes in Reserve for Inventory	(209)	(55)	(55)	4	43
Changes in Reserve for Prepaids	(2)	-	-	(9)	27
Ending Fund Balance	$230,660	$317,577	$292,247	$346,270	$361,730

Source: Pima County Finance and Risk Management Department.

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

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

	Actual				
	2006-07	2007-08	2008-09	2009-10 (b)	2010-11
General					
Reserved	$ 8,889	$ 5,415	$ 4,363	$ -	$ -
Unreserved	48,671	35,438	35,803	-	-
Designated	-	29,536	-	-	-
Nonspendable	-	-	-	4,089	3,315
Restricted	-	-	-	522	336
Committed	-	-	-	-	-
Assigned	-	-	-	3,093	357
Unassigned	-	-	-	73,837	73,547
	57,560	**70,389**	**40,166**	**81,541**	**77,555**
Special Revenue					
Reserved	5,933	4,699	5,255	-	-
Unreserved	69,773	77,451	81,196	-	-
Designated	-	-	4,925	-	-
Nonspendable	-	-	-	2,011	2,011
Restricted	-	-	-	82,957	94,567
Committed	-	-	-	15,305	37,978
Assigned	-	-	-	3,221	4,368
Unassigned	-	-	-	(5,793)	(9,180)
	75,706	**82,150**	**91,376**	**97,701**	**129,744**
Debt Service					
Reserved	7,946	12,395	33,842	-	-
Unreserved	-	-	-	-	-
Assigned	-	-	-	40,868	35,903
	7,946	**12,395**	**33,842**	**40,868**	**35,903**
Capital Projects					
Reserved	120	-	42	-	-
Unreserved	89,328	152,643	126,821	-	-
Nonspendable	-	-	-	18	12
Restricted	-	-	-	124,830	112,668
Committed	-	-	-	1,487	6,639
Assigned	-	-	-	52	-
Unassigned	-	-	-	(227)	(791)
	89,448	**152,643**	**126,863**	**126,160**	**118,528**
Total Fund Balance	$230,660	$317,577	$292,247	$346,270	$361,730

Source: Pima County Finance and Risk Management Department.

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

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

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

	Actual				
	2006-07	2007-08	2008-09	2009-10 (b)	2010-11
Revenues by Source:					
Taxes	$252,350	$268,493	$281,749	$304,441	$301,493
Licenses and Permits	2,795	2,971	2,747	2,738	2,681
Intergovernmental	152,271	148,158	131,966	128,927	122,952
Charges for Services	33,604	32,307	35,330	40,356	35,361
Fines and Forfeits	5,526	5,020	4,720	7,011	5,344
Interest Income	3,321	3,343	1,084	1,198	418
Miscellaneous	6,828	8,314	7,099	4,868	4,722
Total Revenues	456,695	468,606	464,695	489,539	472,971
Expenditures:					
Current					
General Government	181,329	192,839	184,434	184,606	186,193
Public Safety	106,825	118,623	121,704	117,378	116,573
Health	2,526	2,906	2,767	2,702	2,792
Welfare	96,684	106,502	115,481	87,089	90,572
Culture & Recreation	14,694	16,325	15,580	14,671	14,183
Education & Econ. Opport.	16,407	17,418	16,368	13,996	12,949
Debt Service:					
Principal	1,785	3,115	3,510	3,635	3,800
Interest	1,230	2,805	2,426	2,281	2,113
Miscellaneous	6	4	6	3	7
Total Expenditures	421,486	460,537	462,276	426,361	429,182
Excess of Revenues Over (Under) Expenditures	35,209	8,069	2,419	63,178	43,789
Other Financing Sources (Uses):					
Sale of General Fixed Assets	-	-	371	204	11
Operating Transfers In (Out)	(29,224)	4,760	(33,013)	(22,007)	(47,786)
Total Other Financing Sources (Uses):	(29,224)	4,760	(32,642)	(21,803)	(47,775)
Net Change in Fund Balance	5,985	12,829	(30,223)	41,375	(3,986)
Beginning Fund Balance, as restated	51,575	57,560	70,389	40,166	81,541
Ending Fund Balance	$57,560	$70,389	$40,166	$81,541	$77,555

Source: Pima County Finance and Risk Management Department.

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

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Pima County, Arizona
Tucson, Arizona

Ladies and Gentlemen:

We have served as bond counsel relating to the issuance by Pima County, Arizona (the "County") of its $33,205,000* aggregate principal amount of bonds designated the Pima County, Arizona, Street and Highway Revenue Bonds, Series 2012 (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 April 10, 2012 (the "Bond Resolution"). Capitalized terms not defined in this letter are used as defined in the Bond Resolution.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Bonds, a copy of the signed and authenticated Bond of the first maturity, the Bond, 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, and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

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

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, 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; however, portions of the interest on the Bonds earned by certain corporations may be subject to a corporate alternative minimum tax. The interest on the Bonds is exempt from Arizona state income tax. We express no opinion as to any other tax consequences regarding the Bonds.

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

* Preliminary, subject to change.

delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the County.

In rendering those opinions with respect to treatment of the interest on the Bonds, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the County. Failure to comply with certain of those covenants subsequent to issuance of the Bonds may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

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

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

Respectfully submitted,

APPENDIX D

EXCERPTS FROM
PIMA COUNTY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2011

The following are excerpts from the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011 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, 2011. 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.

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of
Pima County, Arizona

We have audited the accompanying financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain departments, one major fund, and the component units, which account for the following percentages of the assets, liabilities, revenues, and expenses or expenditures of the opinion units affected:

Opinion Unit/Department	Assets	Liabilities	Revenues	Expenses/ Expenditures
Government-Wide Statements				
Governmental Activities:				
Stadium District	0.10%	0.03%	0.25%	0.60%
School Reserve Fund	0.10%	0.03%	0.51%	0.60%
Self-Insurance Trust	2.75%	5.21%	0.09%	0.72%
Business-Type Activities:				
Regional Wastewater Reclamation Department	94.82%	95.08%	39.95%	35.21%
Development Services	0.32%	0.16%	1.54%	2.17%
Self-Insurance Trust	0.00%	0.00%	0.00%	0.30%
Aggregate Discretely Presented Component Units:				
Southwestern Fair Commission	98.86%	94.20%	99.24%	97.36%
Sports & Tourism Authority	1.14%	5.80%	0.76%	2.64%
Fund Statements				
Major Fund:				
Regional Wastewater Reclamation Department Enterprise Fund	100.00%	100.00%	100.00%	100.00%
Aggregate Remaining Fund Information:				
Stadium District	0.32%	0.17%	0.77%	1.61%
School Reserve Fund	0.30%	0.15%	1.58%	1.65%
Development Services	0.49%	0.51%	2.25%	2.81%
Self-Insurance Trust	8.39%	29.70%	8.06%	6.09%

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, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of Pima County as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages 11 through 29, the Budgetary Comparison Schedule on pages 79 and 80, and the Schedule of Agent Retirement Plans' Funding Progress on page 81 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Debbie Davenport
Auditor General

December 19, 2011

Management's Discussion and Analysis

Management's Discussion and Analysis

This section of Pima County's comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the year ended June 30, 2011 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.

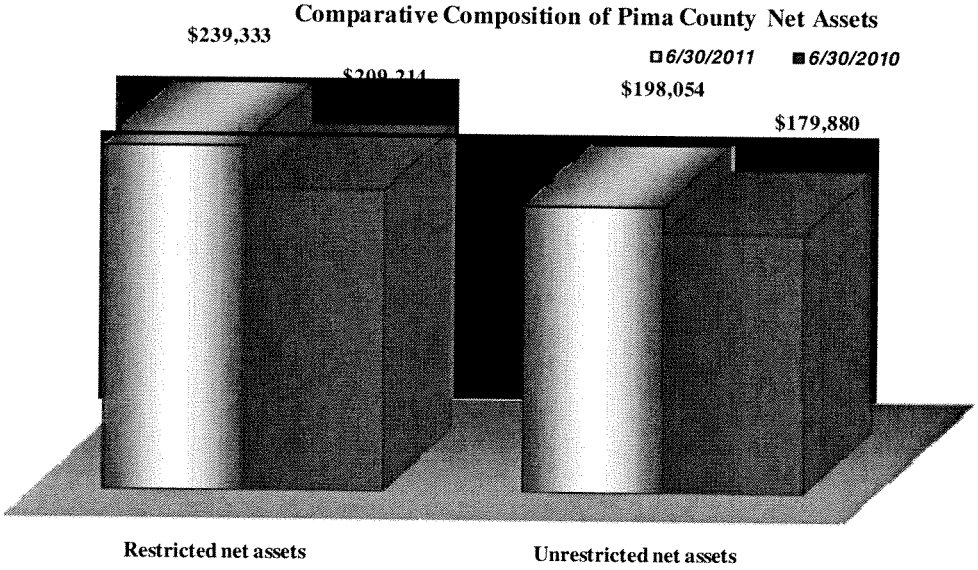
FINANCIAL HIGHLIGHTS

- At June 30, 2011, net assets for the County increased $160 million from the prior year. Increases were experienced in all net asset categories, with a $112 million increase in invested in capital assets, net of related debt, an increase of $30 million in restricted net assets and an increase of $18 million in unrestricted net assets.

- Assets of the County exceeded its liabilities by $2,148,945, an increase of 8.1% from the prior year. Of this amount, $198,054 is available for general government expenditures (unrestricted net assets). Unrestricted net assets increased by $18,174 from last year, or approximately 10.1%.

- $239,333 is restricted for specific purposes (restricted net assets), and $1,711,558 is invested in capital assets, net of related debt and accumulated depreciation.

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

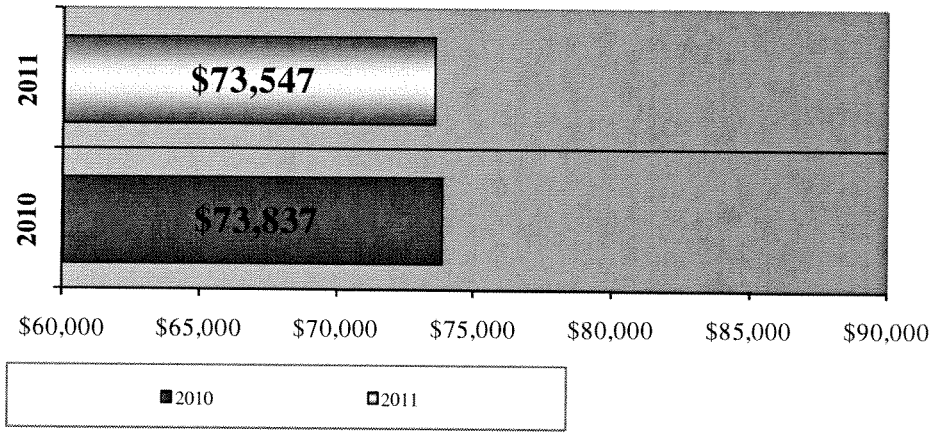


- General Fund revenues decreased by $16,568 from the prior year while expenditures only increased by $2,821.

- The General Fund unassigned fund balance decreased to $73,547, from $73,837 in the prior year. The unassigned fund balances comprise 92.8% of the total fund balance of $77,555.

General Fund - Unassigned Fund Balance

(in Millions)



OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

Discretely presented component units are included in the basic financial statements. They consist of two legally separate entities for which the County is financially accountable. The County reports the Southwestern Fair Commission, which operates the County Fairgrounds and the annual Pima County Fair, as a discretely presented component unit. The County is also presenting the Pima County Sports and Tourism Authority (S&TA) as a discrete component unit. S&TA is a nonprofit municipal corporation established to promote professional and amateur sports events and other suitable activities for the benefit of the public.

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

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

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

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

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

The governmental fund financial statements can be found on pages 34-37. The combining statements for non-major governmental funds can be found on pages 84-87.

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

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

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

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

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

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

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 46-78.

Required Supplementary Information (RSI) is presented concerning the County's General Fund budgetary schedule and the schedule of retirement plans' funding progress. Required supplementary information can be found on pages 79-81.

Combining Statements and Other Schedules referred to earlier provide information for non-major governmental, enterprise, internal service and fiduciary funds and are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 84-114.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as a useful indicator of a government's financial position over time. County assets exceeded liabilities by $2,148,945 at June 30, 2011. 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, 2011 and 2010

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	$529,767	$536,514	$226,442	$293,569	$756,209	$830,083
Capital assets (net):						
Land, buildings, equipment, infrastructure & other assets	1,718,730	1,634,662	905,710	808,945	2,624,440	2,443,607
Total assets	2,248,497	2,171,176	1,132,152	1,102,514	3,380,649	3,273,690
Current and other liabilities	71,038	106,057	51,975	47,342	123,013	153,399
Long-term liabilities	715,013	714,248	393,678	417,588	1,108,691	1,131,836
Total liabilities	786,051	820,305	445,653	464,930	1,231,704	1,285,235
Net assets :						
Invested in capital assets, net of related debt	1,136,033	1,048,821	575,525	550,540	1,711,558	1,599,361
Restricted	161,807	152,084	77,526	57,130	239,333	209,214
Unrestricted	164,606	149,966	33,448	29,914	198,054	179,880
Total net assets	$1,462,446	$1,350,871	$686,499	$637,584	$2,148,945	$1,988,455

Assets

Current and other assets decreased by $73,874 primarily due to a decrease in restricted cash and cash equivalents of $95,636, mainly due to the spending of debt proceeds by the Regional Wastewater Reclamation department.

Capital assets increased by $180,883 primarily due to the following:

- A net increase of $15,692 in land for governmental activities.
- A net increase of $99,531 in construction in progress, with $26,228 for governmental activities and $73,303 for business-type activities.
- Buildings increased by $50,349 for governmental activities.
- Sewage conveyance systems increased by $36,737 for business-type activities.

Total liabilities for the primary government decreased by $53,531. Current liabilities decreased $30,386 mainly due to an overall decrease in accounts payable, with accounts payable for governmental activities decreasing $33,707 and accounts payable for business-type activities increasing by $9,734.

Net Assets

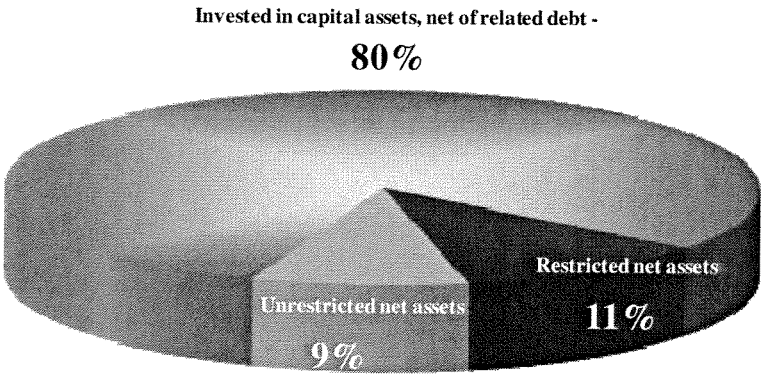
The largest portion of the County's net assets reflects its investment in capital assets (i.e. land, buildings, infrastructure and equipment), less any related outstanding debt used to acquire those assets. As of June 30, 2011, investment in capital assets totaled $1,711,558, comprising approximately 79.6% of total net assets. The County uses a portion of these capital assets to provide services to its citizens, with the other portion available to its citizens for use; consequently, these assets are *not* available for future spending.

The $112,197 increase in capital assets, net of related debt, is primarily due to the significant amount of capital project activity. Although the County's investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net assets for the primary government increased $18,174 mainly due to an increase in governmental activities of 9.8% ($14,640).

The table below provides the composition of net assets for the County as of June 30, 2011.

Composition of Net Assets



Restricted net assets represent resources that are subject to external restrictions on how they may be used. As of June 30, 2011, restricted net assets totaled $239,333 and comprised approximately 11.1% of total net assets. This represents a $30,119 increase in restricted net assets from the prior fiscal year.

The remaining balance of the County's net assets represents unrestricted net assets, which may be used to meet the County's ongoing obligations to citizens and creditors. As of June 30, 2011, unrestricted net assets totaled $198,054 and comprised approximately 9.2% of total net assets.

Governmental activities

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

Table 2

Governmental Activities
Schedule of Changes in Net Assets
For the Years Ended June 30, 2011 and 2010

	2011	2010	Variance Amount	Variance Percent
Program revenues:				
Charges for services	$ 60,077	$ 64,247	$ (4,170)	-6.5%
Operating grants and contributions	136,472	142,840	(6,368)	-4.5%
Capital grants and contributions	65,030	65,820	(790)	-1.2%
Total program revenues	261,579	272,907	(11,328)	-4.2%
General revenues:				
Property taxes	416,985	416,501	484	0.1%
State-shared taxes	111,804	108,970	2,834	2.6%
Investment earnings	2,153	5,266	(3,113)	-59.1%
Other general revenues	33,336	35,803	(2,467)	-6.9%
Total general revenues	564,278	566,540	(2,262)	-0.4%
Total revenues	825,857	839,447	(13,590)	-1.6%
Expenses:				
General government	218,843	218,504	339	0.2%
Public safety	146,395	145,697	698	0.5%
Highways and streets	73,348	68,691	4,657	6.8%
Sanitation	6,208	6,669	(461)	-6.9%
Health	36,475	33,086	3,389	10.2%
Welfare	90,521	87,107	3,414	3.9%
Culture and recreation	67,063	61,642	5,421	8.8%
Education and economic opportunity	56,626	52,023	4,603	8.8%
Amortization	(2,626)	428	(3,054)	-713.6%
Interest on long-term debt	26,079	26,403	(324)	-1.2%
Total expenses	718,932	700,250	18,682	2.7%
Excess before contributions and transfers	106,925	139,197	(32,272)	-23.2%
Transfers in	4,650	538	4,112	764.3%
Change in net assets	111,575	139,735	(28,160)	-20.2%
Ending net assets	$ 1,462,446	$ 1,350,871	$ 111,575	8.3%

As indicated in the above schedule, ending net assets for governmental activities increased by $111,575, an 8.3% increase. This increase is $28,160 less than the increase in the prior year primarily due to decreases in revenues and increases in expenses.

Factors affecting the $13,590 decrease in revenues from governmental activities:

- Charges for services decreased by $4,170 primarily due to a decrease of $559 in photo traffic enforcement fees, a decrease of $466 in voter registration fees, a decrease of $1,636 in corrections bureau staffing fees and a decrease of $1,781 in contributions from general government overhead allocation revenue.

- Revenue from operating grants and contributions decreased by $6,368 due primarily to three state revenue sources not being received in the current fiscal year, as follows:

    - Statewide election grant revenue of $953 was a one time grant received in fiscal year 2009-10.
    - Kino – University Physician's Hospital program revenue of $2,934 ended in fiscal year 2009-10.
    - Proposition 204 Hold Harmless ($3,818) program ended in fiscal year 2009-10.

Total expenses for governmental activities were $718,932, up 2.7% or $18,682 compared to the previous year's total of $700,250. Factors contributing to the increase in expenses:

- Highways and streets expenses increased by $4,657, of which $4,324 was related to expenses incurred in transportation capital projects. Two of the largest transportation projects were:
    - $3,926 for Tanque Verde: Catalina Hwy to Houghton Rd.
    - $3,354 for Magee/Cortaro Farms: Magee/LaCholla.

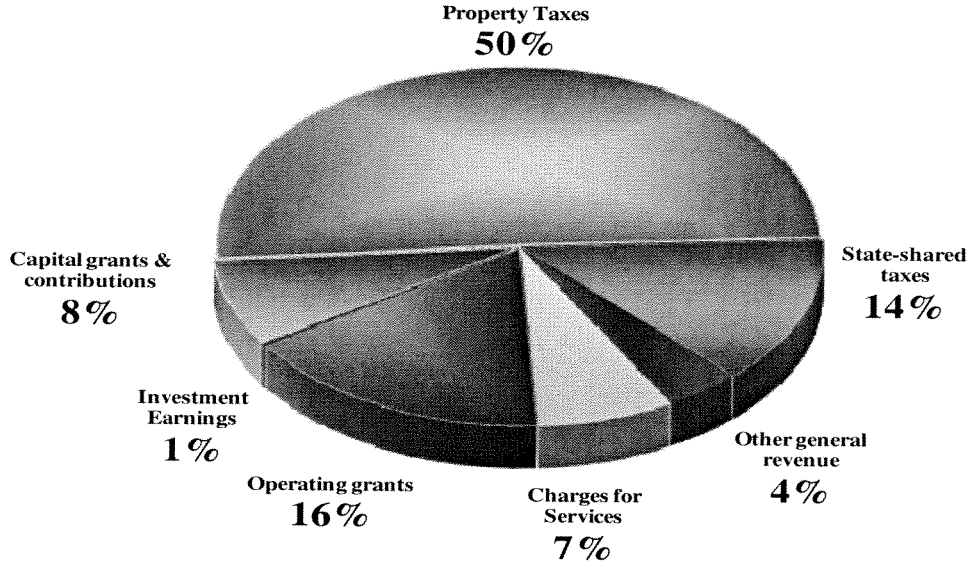
- Culture and recreation expenses increased by $5,421, of which $5,808 was related to expenses incurred in Library and Parks and Recreation capital projecs. Two of the largest culture and recreation projects were:
    - $2,954 for Wilmot Branch Library.
    - $2,414 for Eastside Sports Complex & Senior Center.

- The increase of $4,603 in education and economic opportunity was due mostly to grant related expenses for the following American Recovery and Reinvestment grants:
    - Pima Neighborhood Investment Partnership with Southern Arizona Land Trust for $2,486.
    - Pima Neighborhood Stabilization Program for $2,143.

The increase in the Transfers in line item of $4,112 was primarily due to an equity transfer of $4,596 from Pima Health System & Services to the General Fund.

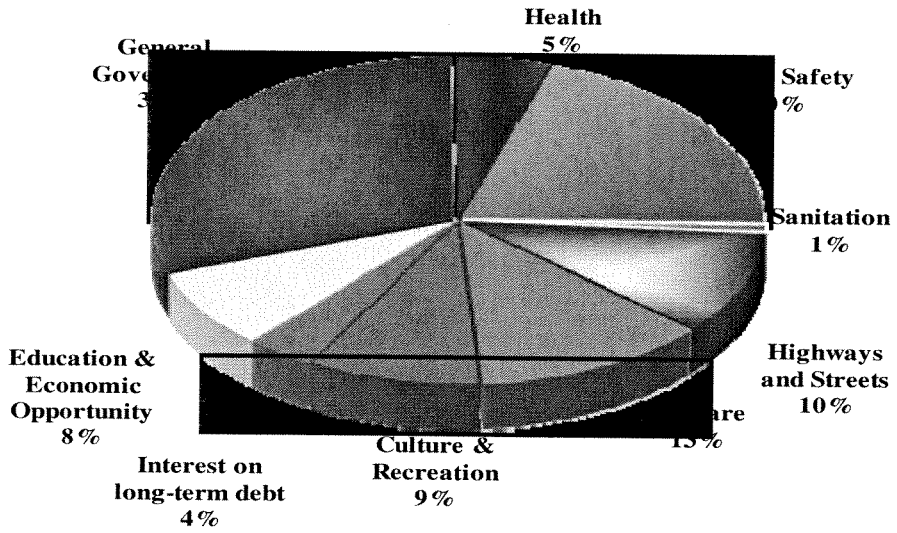
The chart below presents general and program revenues, as a percentage to total revenues. The amount provided from each revenue source for governmental activities, as a percentage to total revenue for governmental activities, has not changed significantly from the prior fiscal year. Property taxes, operating grants, and state-shared taxes continue to account for approximately 80% of the County's revenues.

General and Program Revenues - Governmental Activites



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

Expenses by Function - Governmental Activites



Each expense by function as a proportion to total expenses for governmental activities has not changed significantly from the prior fiscal year. General government, public safety, and welfare account for approximately two-thirds of the County's total expenses.

Business-type activities

Business-type activities, which are composed exclusively of enterprise funds, are intended to recover all or a significant portion of their costs through user fees and charges. Change in net assets for business-type activities added $48,915 or 30.5% to the County's $160,490 change in total net assets for the year ended June 30, 2011. 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, 2011 and 2010

	2011	2010	Variance Amount	Variance Percent
Program revenues:				
Charges for services	$ 363,421	$ 340,936	$ 22,485	6.6%
Operating grants and contributions	4,691	4,421	270	6.1%
Capital grants and contributions	4,192	9,319	(5,127)	-55.0%
Total program revenues	372,304	354,676	17,628	5.0%
General revenues:				
Investment earnings	900	1,236	(336)	-27.2%
Other general revenues	2,681	2,884	(203)	-7.0%
Total general revenues	3,581	4,120	(539)	-13.1%
Total revenues	375,885	358,796	17,089	4.8%
Expenses:				
Regional Wastewater Reclamation	113,495	110,618	2,877	2.6%
Pima Health System & Services	200,305	204,619	(4,314)	-2.1%
Development Services	6,982	7,924	(942)	-11.9%
Parking Garages	1,538	1,906	(368)	-19.3%
Total expenses	322,320	325,067	(2,747)	-0.8%
Excess before contributions and transfers	53,565	33,729	19,836	58.8%
Transfers in (out)	(4,650)	(538)	(4,112)	764.3%
Change in net assets	48,915	33,191	15,724	47.4%
Beginning net assets	637,584	604,393	33,191	5.5%
Ending net assets	$ 686,499	$ 637,584	$ 48,915	7.7%

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

- Charges for service revenue increased by $22,485 due primarily to an $18,187 increase in sewer fees associated with a rate increase effective July 1, 2010. There was also an increase in sewer connection revenue of $1,500 from the Tucson Housing Authority. Additionally, Pima Health System & Services had an increase of $4,531 in reinsurance claims less a $1,783 decrease in capitation revenues.

- The decrease in capital grants and contributions of $5,127 primarily resulted because of a downturn in construction activities.

- The decrease of $4,314 in expenses for Pima Health System & Services is primarily due to a decrease of $5,937 in medical and health care claims expenses.

- The decrease of $4,112 in the transfers in line item is primarily due to an equity transfer from Pima Health Systems & Services to the General Fund.

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, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Major Governmental Funds

General Fund
The General Fund is the chief operating fund of the County. At June 30, 2011, total fund balance of the General Fund was $77,555.

The net change in fund balance for the General Fund was a decrease of $3,986. Revenues decreased by $15,585 within four revenue streams: taxes, intergovernmental revenues, charges for services and fines and forfeits.

- Property taxes decreased $2,948 primarily due to lower assessed property valuations with the tax rates remaining constant.

- Intergovernmental revenue decreased by $5,975 primarily due to decreases in three revenue streams: shared vehicle license tax revenue decreased $1,029, state shared revenue tax decreased by $3,969, and $953 of revenue that was received last year for May 18, 2010 statewide elections was not received this year.

- Charges for Service revenue decreased by $4,995 primarily in three areas:
  - a $1,781 decrease in contributions from administration overhead allocations primarily from: Internal Service Fund Risk Management of $787, Transportation of $316, Library District of $304 and Development Services of $236.
  - a decrease in revenue from the City of Tucson for Correctional Housing of $1,635.
  - a decrease in revenue from photo traffic enforcement of $558 and voter registration of $466.

- Fines and forfeits decreased by $1,667 within two areas of Justice Courts: traffic fines decreased by $610 and forfeits decreased by $1,065.

Expenditures for the General Fund increased by $2,821 primarily due to:

- The net increase in Welfare expenditures of $3,483 reported within the Department of Institutional Health primarily due to changes in the following three areas:
    - Arizona long-term care contract expenditures increased by $13,278.
    - Kino—University Physician's Hospital expenditures decreased by $6,545.
    - Psychiatric expenditures decreased by $2,408.
- There was a decrease in Education and Economic Opportunity expenditures of $1,047 with three areas showing the most change:
    - Community services had a decrease of $457.
    - Community development & neighborhood conservation had a decrease of $276.
    - Community resources Kino/Sam Lena had a decrease of $165.

Budget to Actual Comparison for the General Fund
Overall, actual revenues were less than budgeted revenues by $2,579 and actual expenditures were less than budgeted expenditures by $58,486. No variances between the budget to actual amounts at the departmental level were significant enough to affect the County's ability to provide future services.

Capital Projects Fund
Revenues for the Capital Projects Fund increased by $14,926 and expenditures in capital outlay decreased by $9,103. The net change in fund balance was a decrease of $7,632.

- The majority of the increase in revenues was in intergovernmental revenues which had a $16,182 increase. The increase was primarily related to increases in American Recovery and Reinvestment Act funded grants received of $6,256 and from Regional Transportation Authority sales tax received of $10,562.
- Expenditures decreased by $9,103 in capital outlay primarily due to a decrease of $23,675 in open space land purchases offset by a $15,557 increase in building construction.

The fund reported a $101,190 deficiency of revenues under expenditures that was offset by both a $75,000 proceeds from the issuance of bonds and a net transfer in of $18,491, resulting in a $7,632 net decrease in the fund balance for the Capital Projects Fund.

Debt Service Fund
The fund accounts for the accumulation of resources for and the payment of principal and interest of general long-term debt. The net change in fund balance was a decrease of $4,965.

Secondary tax revenues remained relatively constant with a decrease of $662. Expenditures, mainly as a result of decreased principal payments, decreased $11,608 from last fiscal year.

Overview of all governmental funds

At June 30, 2011, the County's governmental funds reported combined fund balances of $361,730, an increase of $15,460 from the prior year. Approximately 17.1% of the combined fund balances, or $61,975, constitutes unassigned fund balance, which is available to meet the County's current and future needs.

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

Table 4

Governmental Funds
Revenues Classified by Source
For the Years Ended June 30, 2011 and 2010

	2011		2010		Variance	
	Amount	Percent	Amount	Percent	Amount	Percent
Taxes	$ 421,623	51.7%	$ 423,443	51.6%	$ (1,820)	-0.4%
Special assessments	330	0.1%	536	0.1%	(206)	-38.4%
Licenses and permits	8,494	1.0%	7,791	1.0%	703	9.0%
Intergovernmental	308,219	37.8%	296,004	36.2%	12,215	4.1%
Charges for services	54,491	6.7%	60,376	7.4%	(5,885)	-9.7%
Fines and forfeits	6,786	0.8%	8,443	1.0%	(1,657)	-19.6%
Interest	1,723	0.2%	4,612	0.6%	(2,889)	-62.6%
Miscellaneous	14,162	1.7%	17,442	2.1%	(3,280)	-18.8%
Total revenues	$ 815,828	100.0%	$ 818,647	100.0%	$ (2,819)	-0.3%

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

- The $12,215 increase in intergovernmental revenue was due primarily to a $16,182 increase within Capital Projects Fund, increase of $2,067 in Special Revenue Funds less a decrease of $5,975 in General Fund. The Capital Projects increase was due to an increase in ARRA stimulus grants of $6,256 and RTA sales tax revenue of $10,562. The increase in Special Revenue Funds was due to increases in ARRA stimulus grants received in FY11. The General Fund revenues decrease was primarily due to three prior year revenue sources not being received in fiscal year 2011: May 18 2010 Statewide elections of $953, Kino - University Physician's Hospital of $2,934 and Proposition 204 Hold Harmless program revenues of $3,818.

- The $5,885 decrease in charges for services was from three decreases in revenue sources within the General fund, including administration overhead allocation revenue collected from the County's funds of $1,781, Correctional Housing from the City of Tucson of $1,635 and General Government Fees of $1,376.

- Miscellaneous revenues decreased by $3,280 due primarily to a decrease of $3,164 of anti-racketeering monies received by the County Attorney's office.

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

Table 5

Governmental Funds
Expenditures by Function
For the Years Ended June 30, 2011 and 2010

Government Function	2011 Amount	2011 Percent	2010 Amount	2010 Percent	Variance Amount	Variance Percent
General government	$ 223,611	25.3%	$ 221,144	24.8%	$ 2,467	1.1%
Public safety	136,709	15.5%	136,744	15.3%	(35)	0.0%
Highways and streets	34,614	3.9%	34,274	3.8%	340	1.0%
Sanitation	5,375	0.6%	5,637	0.6%	(262)	-4.6%
Health	36,511	4.1%	32,737	3.7%	3,774	11.5%
Welfare	90,572	10.3%	87,089	9.8%	3,483	4.0%
Culture and recreation	49,986	5.7%	50,198	5.6%	(212)	-0.4%
Education and economic opportunity	50,432	5.7%	48,402	5.4%	2,030	4.2%
Capital outlay	153,203	17.3%	162,306	18.2%	(9,103)	-5.6%
Debt service:						
- Principal	76,361	8.6%	87,307	9.8%	(10,946)	-12.5%
- Interest	26,086	3.0%	26,414	3.0%	(328)	-1.2%
- Miscellaneous	21	0.0%	433	0.0%	(412)	-95.2%
Total expenditures	$ 883,481	100.0%	$ 892,685	100.0%	$ (9,204)	-1.0%

Total expenditures in governmental funds decreased during the year by $9,204 due to the following:

- Health expenditures increased by $3,774 due to increases in grant funded activities, specifically the Communities Putting Prevention to Work – ARRA program for $2,162 and Public Health Nursing –Child program for $1,451.

- Expenditures decreased by $9,103 in capital outlay primarily due to the net effect of decreases in cost for open space land acquisitions of $23,675 and an increase in costs of $15,557 for building construction.

- Debt service principal payments on debt decreased by $10,946 because of lower principal payments made on general obligation bonds.

Proprietary funds

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

The Internal Service Funds consist of the Self-Insurance Trust Fund and multiple smaller funds consisting of Fleet Services, Print Shop, and Wireless/Telecom. The change in net assets for all Internal Service Funds was $5,487 primarily from the operations of the Self-Insurance Trust Fund.

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

Table 6
Enterprise Funds
Schedule of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2011 and 2010

	2011	2010	Variance Amount	Variance Percent
Operating revenues:				
Net patient services	$ 205,814	$ 203,067	$ 2,747	1.4%
Charges for services	137,838	120,149	17,689	14.7%
Other	2,821	2,882	(61)	-2.1%
Total net operating revenues	346,473	326,098	20,375	6.2%
Operating expenses:				
Employee compensation	67,469	67,724	(255)	-0.4%
Medical claims	157,607	161,230	(3,623)	-2.2%
Operating supplies & services	8,986	8,791	195	2.2%
Utilities	5,845	5,765	80	1.4%
Sludge and refuse disposal	1,438	1,502	(64)	-4.3%
Repair and maintenance	7,611	6,760	851	12.6%
General and administrative	19,058	19,432	(374)	-1.9%
Consultants and professional services	8,157	7,568	589	7.8%
Depreciation and amortization	32,022	31,543	479	1.5%
Total operating expenses	308,193	310,315	(2,122)	-0.7%
Operating gain (loss)	38,280	15,783	22,497	142.5%
Nonoperating revenues (expenses):				
Intergovernmental revenue	4,856	6,412	(1,556)	-24.3%
Investment earnings	952	1,257	(305)	-24.3%
Sewer connection fees	19,624	17,705	1,919	10.8%
Interest expense	(9,567)	(8,738)	(829)	9.5%
Loss on disposal of capital assets	(596)	(2,259)	1,663	-73.6%
Amortization of deferred charges	(750)	(263)	(487)	185.2%
Premium tax	(4,099)	(4,117)	18	-0.4%
Total nonoperating revenues	10,420	9,997	423	4.2%
Income (loss) before contributions and transfers	48,700	25,780	22,920	88.9%
Capital contributions	4,027	7,319	(3,292)	-45.0%
Transfers in	866	26,001	(25,135)	-96.7%
Transfers (out)	(5,516)	(26,539)	21,023	-79.2%
Change in net assets	$ 48,077	$ 32,561	$ 15,516	47.7%

The increase in revenues, in addition to a decrease in expenses, contributed to an operating gain for all enterprise funds this year. Regional Wastewater Reclamation contributed approximately 71%, or $27,163 to the $38,280 in the operating gain for all enterprise funds.

- Net patient services increased by $2,747 due to an increase of $4,531 in reinsurance claims less $1,783 decrease in capitation revenues in Pima Health System & Services.

- Charges for service revenue increased by $17,689 due primarily to an $18,187 increase in Regional Wastewater Reclamation Sewer Utility Service fees for user fee volume and monthly standard service fees effective July 1, 2010.

- Medical and health care claims expense decreased $3,623 due to Pima Health System & Services lowering the rates/reimbursements to its providers because AHCCCS lowered its capitation rates paid to Pima Health System & Services.

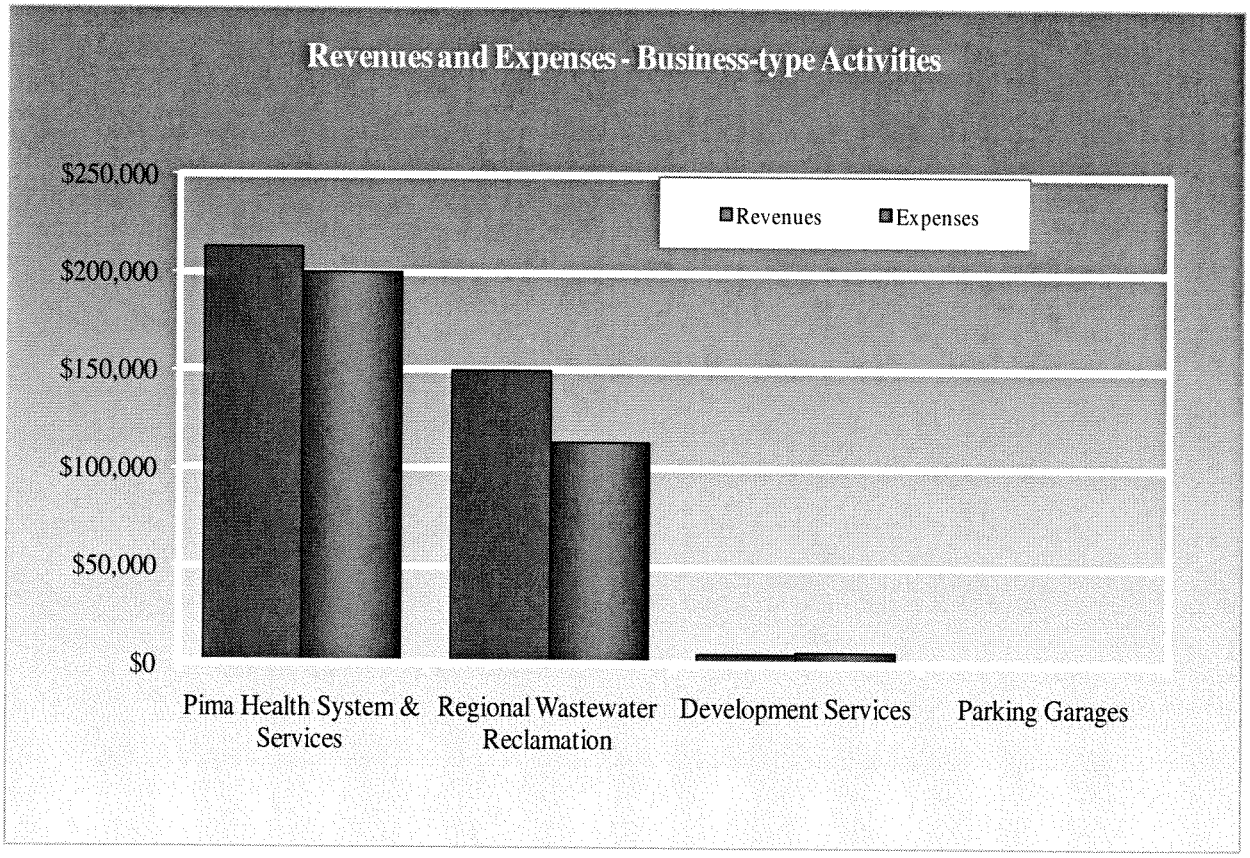
- The decrease of $1,556 in intergovernmental revenue is primarily a result of a $2,054 forgivable loan from WIFA that was not provided this year.

- There was an increase of $1,919 in sewer connection fee revenue due to $1,500 received from the Tucson Housing Authority.

- The decrease in capital contributions of $3,292 is due to a continuing decrease in construction activity.

- Transfers in and transfers out are significantly less this year. Transfers in the Regional Wastewater Reclamation fund were lower because of reduced construction activity and debt service requirements. In the current year, Pima Health System & Services transferred out $4,596 as an equity transfer to the General fund.

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



Capital Assets and Debt Administration

Capital Assets

The County's total investment in capital assets as of June 30, 2011 amounted to $2,624,440 (net of accumulated depreciation), an increase of 7.4% ($180,833). Of this amount, $84,068 (46.5%) came from governmental activities and $96,765 (53.5%) came from business-type activities. The County's investment in capital assets consists of land, buildings, sewage conveyance systems, infrastructure, equipment and construction in progress.

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

Table 7

Governmental and Business-type Activities
Capital Assets
For the Years Ended June 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	$ 448,790	$ 433,098	$ 15,409	$ 15,178	$ 464,199	$ 448,276
Construction in progress	202,977	176,749	165,481	92,178	368,458	268,927
Buildings and improvements	432,149	381,800	207,081	217,321	639,230	599,121
Infrastructure	593,946	600,634			593,946	600,634
Sewage conveyance systems			435,232	398,495	435,232	398,495
Equipment	40,868	42,381	82,507	85,773	123,375	128,154
Total	$ 1,718,730	$ 1,634,662	$ 905,710	$ 808,945	$ 2,624,440	$ 2,443,607

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

Governmental activities

- Land acquisitions increased $15,692, or 3.6% due primarily to the following acquisitions: land received as contributed capital of $8,997 for transportation purposes; land purchased for $626 on north Oracle Road; a purchase of $4,751 for parks and recreational purposes that includes land off of northwest Camino De Oeste and Sweetwater for $1,600, land related to the intersection of Tanque Verde and Houghton of $1,573; and land at north Camino De La Canada for $552.

- Construction in progress increased $26,228 or 14.8% compared to last fiscal year. Current major projects still in progress include:
    - the Regional Public Safety Communication System
    - La Canada Dr: Ina Rd to Calle Concordia
    - La Cholla Blvd I-10 to River Road
    - Interstate 19 - northbound Frontage Rd, Canoa to Continental
    - Justice Court/Municipal Court Complex
    - PimaCore Project

Business-type activities

- Construction in progress increased approximately $73,303, or 79.5%, mainly due to Regional Optimization Master Planning (ROMP) activities.

The County's infrastructure assets are recorded at historical cost and estimated historical cost in the government-wide financial statements. Additional information regarding the County's capital assets can be found in Note 5 of the financial statements on page 59-60.

Long-term Debt

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

Table 8

Long-Term Debt For the Years Ended June 30, 2011 and 2010		
	2011	**2010**
Bonds issued (at face value):		
General Obligation	$75,000	$113,535
Street and Highway Revenue		23,420
Sewer Revenue	43,625	
Sewer System Revenue Obligations		165,000
Certificate of Participation (COPs)		20,000
WIFA Loans Payable		8,002
Total	$ 118,625	$ 329,957

$75,000 in General Obligation Bonds were issued during the fiscal year. General Obligations bonds were issued to help finance the following areas: Parks & Recreation Facilities ($18,866), Sonoran Desert Open Space, Historic Preservation and Habitat Protection ($3,669), Public Health, Safety, Recreational and Cultural Facilities ($43,822), Flood Control & River Parks Improvements ($4,685), Solid Waste improvements ($501) and Psychiatric Urgent Care Facilities ($3,457).

The County received $43,625 in Sewer Revenue Refunding Bond proceeds. The net proceeds of the refunding was used to refund Sewer Revenue Bonds Series 1998 and Series 2001 and Wastewater loans payable Series 2000.

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

Table 9

Credit Ratings				
	Standard & Poor's		**Fitch Ratings**	
	Rating	**Date**	**Rating**	**Date**
Certificate of Participation (COPs)	A+	Apr-2011	AA-	Apr-2011
General Obligation	AA-	Apr-2011	AA	Apr-2011
Street and Highway Revenue	AA	Oct-2009	AA	Apr-2011
Sewer Bonds*	AA-	Nov-2011	AA	Nov-2011
Sewer Revenue Obligations	A+	Nov-2011	AA-	Nov-2011

* This excludes the 2011A Sewer Refunding bonds which have ratings equal to the Obligations.

The State constitution limits the amount of general obligation debt a governmental entity may issue to 6% of its net assessed valuation without voter approval. However, Pima County has voter approval for general obligation debt up to 15%. The current debt limitation for Pima County is $1,401,384, which is significantly in excess of Pima County's outstanding general obligation debt.

Additional information regarding the County's debt can be found in Note 7 of the financial statements on pages 63-70.

Economic Factors and Next Year's Budget

The continuing economic recession has put the County in an increasingly uncertain operating environment. After decreases in 2010 in areas such as population, non-agricultural jobs, retail jobs and housing permits, the local economy is expected to experience slight gains in the current year.

Pima Health System & Services Effect on County Budget

The combined County Budget for fiscal year 2011-12 is $1.295 billion, a decrease of 9.53% from the prior year. The majority of the decrease is due to a $136.4 million decrease in the Pima Health System & Services enterprise fund because the County's contracts with the Arizona Health Care Cost Containment System expired on September 30, 2011 and were not renewed. The Pima Health System & Services enterprise fund will not be reported after June 30, 2012

Primary property taxes

The contraction of the property tax base is expected to continue into the next few years. The Primary Net Assessed Value of the County experienced a net 0.51% decrease in fiscal year 2010-11, the first decrease in the primary property tax base since 1993. Market values of existing properties are expected to decrease by over 8% in the next fiscal year.

University Physician Healthcare Hospital

Beginning in fiscal year 2010-11, the County entered into a two year agreement with the Arizona Board of Regents (ABOR) on behalf of the University of Arizona College of Medicine for funding of the University Physician Healthcare Hospital as it transitioned into a newly structured, integrated two-hospital medical education system. $15 million of the remaining payment of the ABOR contract is budgeted for fiscal year 2011-12.

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
June 30, 2011
(in thousands)

Exhibit A - 1

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	$ 439,555	$ 80,139	$ 519,694	$ 1,039
Property taxes receivable (net)	17,897		17,897	
Interest receivable	154	53	207	
Internal balances	(883)	883		
Due from other governments	60,084	1,337	61,421	
Accounts receivable (net)	2,695	20,804	23,499	16
Inventories	2,569	3,924	6,493	57
Prepaids	3,460	191	3,651	65
Special assessments receivable	239		239	
Other assets	2,733	4,526	7,259	3
Restricted assets:				
Cash and cash equivalents	242	114,585	114,827	1,499
Loans receivable	1,022		1,022	
Capital assets not being depreciated:				
Land	448,790	15,409	464,199	
Construction in progress	202,977	165,481	368,458	
Capital assets being depreciated (net):				
Buildings and improvements	432,149	207,080	639,229	2,160
Sewage conveyance system		435,233	435,233	
Equipment	40,868	82,507	123,375	679
Infrastructure	593,946		593,946	
Total assets	2,248,497	1,132,152	3,380,649	5,518
Liabilities				
Accounts payable	18,591	24,502	43,093	241
Accrued medical and healthcare claims		19,544	19,544	
Interest payable	3	428	431	
Contract retentions	1,965		1,965	
Employee compensation	44,577	5,840	50,417	
Due to other governments	300	175	475	
Deposits and rebates	420		420	26
Deferred revenues	5,182	1,486	6,668	9
Noncurrent liabilities:				
Due within one year	88,053	16,805	104,858	
Due in more than one year	626,960	376,873	1,003,833	
Total liabilities	786,051	445,653	1,231,704	276
Net Assets				
Invested in capital assets, net of related debt	1,136,033	575,525	1,711,558	2,839
Restricted for:				
Facilities, justice, library, tax stabilization and community development	64,446		64,446	
Highways and streets	32,906		32,906	
Debt service		12,567	12,567	
Capital projects	60,381	24,236	84,617	
Regional wastewater		17,161	17,161	
Healthcare	4,074	23,562	27,636	
Unrestricted	164,606	33,448	198,054	2,403
Total net assets	$ 1,462,446	$ 686,499	$ 2,148,945	$ 5,242

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2011
(in thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 218,843	$ 27,802	$ 28,530	$ 1,257
Public safety	146,395	9,034	9,487	6,313
Highways and streets	73,348	4,891	50,772	52,821
Sanitation	6,208	3,699	1,092	
Health	36,475	11,436	12,687	
Welfare	90,521			
Culture and recreation	67,063	2,191	342	1,881
Education and economic opportunity	56,626	1,024	33,562	2,758
Amortization - unallocated	(2,626)			
Interest on long-term debt	26,079			
Total governmental activities	718,932	60,077	136,472	65,030
Business-type activities:				
Regional Wastewater Reclamation	113,495	148,010		4,027
Pima Health System & Services	200,305	207,652	4,691	
Development Services	6,982	5,688		165
Parking Garages	1,538	2,071		
Total business-type activities	322,320	363,421	4,691	4,192
Total primary government	$ 1,041,252	$ 423,498	$ 141,163	$ 69,222
Component units:				
Sports & Tourism Authority	$ 137	$ 33	$ 8	
Southwestern Fair Commission	5,044	5,247	120	
Total component units	$ 5,181	$ 5,280	$ 128	

General revenues:	
Property taxes, levied for general purposes	
Property taxes, levied for regional flood control district	
Property taxes, levied for library district	
Property taxes, levied for debt service	
Hotel/motel taxes, levied for sports facility and tourism	
Other taxes, levied for stadium district	
Unrestricted share of state sales tax	
Unrestricted share of state vehicle license tax	
Grants and contributions not restricted to specific programs	
Interest and penalties on delinquent taxes	
Investment earnings	
Miscellaneous	
Transfers	
Total general revenues and transfers	
Change in net assets	
Net assets at beginning of year	
Net assets at end of year	

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Assets				
Primary Government				
Governmental Activities	Business-type Activities	Total	Component Units	Functions/Programs
				Primary government:
				Governmental activities:
$ (161,254)		$ (161,254)		General government
(121,561)		(121,561)		Public safety
35,136		35,136		Highways and streets
(1,417)		(1,417)		Sanitation
(12,352)		(12,352)		Health
(90,521)		(90,521)		Welfare
(62,649)		(62,649)		Culture and recreation
(19,282)		(19,282)		Education and economic opportunity
2,626		2,626		Amortization - unallocated
(26,079)		(26,079)		Interest on long-term debt
(457,353)		(457,353)		**Total governmental activities**
				Business-type activities:
	$ 38,542	38,542		Regional Wastewater Reclamation
	12,038	12,038		Pima Health System & Services
	(1,129)	(1,129)		Development Services
	533	533		Parking Garages
	49,984	49,984		**Total business-type activities**
(457,353)	49,984	(407,369)		**Total primary government**
				Component units:
			$ (96)	Sports & Tourism Authority
			323	Southwestern Fair Commission
			$ 227	**Total component units**
				General revenues:
295,904		295,904		Property taxes, levied for general purposes
22,386		22,386		Property taxes, levied for regional flood control district
28,860		28,860		Property taxes, levied for library district
69,835		69,835		Property taxes, levied for debt service
5,591		5,591		Hotel/motel taxes, levied for sports facility and tourism
1,538		1,538		Other taxes, levied for stadium district
88,631		88,631		Unrestricted share of state sales tax
23,173		23,173		Unrestricted share of state vehicle license tax
4,527		4,527		Grants and contributions not restricted to specific programs
8,125		8,125		Interest and penalties on delinquent taxes
2,153	900	3,053		Investment earnings
13,555	2,681	16,236	241	Miscellaneous
4,650	(4,650)			Transfers
568,928	(1,069)	567,859	241	Total general revenues and transfers
111,575	48,915	160,490	468	Change in net assets
1,350,871	637,584	1,988,455	4,774	Net assets at beginning of year
$ 1,462,446	$ 686,499	$ 2,148,945	$ 5,242	Net assets at end of year

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Balance Sheet - Governmental Funds
June 30, 2011
(in thousands)

Exhibit A - 3

Assets	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 70,694	$ 123,135	$ 35,714	$ 132,132	$ 361,675
Property taxes receivable (net)	12,550		3,060	2,287	17,897
Interest receivable	41	17	33	49	139
Due from other funds	6,071	11		2,246	8,329
Due from other governments	21,836	18,073	17	20,117	60,043
Accounts receivable	999	15		1,515	2,529
Inventory				1,618	1,618
Prepaid expenditures	2,161	12		261	2,434
Special assessments receivable				239	239
Loan receivable	935			87	1,022
Other assets	219			1,018	1,237
Restricted cash equivalents		197		45	242
Total assets	$ 115,506	$ 141,460	$ 38,824	$ 161,614	$ 457,404
Liabilities and fund balances					
Liabilities:					
Accounts payable	$ 4,112	$ 7,690	$ 230	$ 6,103	$ 18,135
Interest payable	1			2	3
Contract retentions		1,965			1,965
Employee compensation	11,156	22		4,257	15,435
Due to other funds	1,209	408		6,092	7,709
Due to other governments	76			224	300
Deposits and rebates	221	197		2	420
Deferred revenues	21,176	12,650	2,691	15,190	51,707
Total liabilities	37,951	22,932	2,921	31,870	95,674
Fund balances:					
Nonspendable	3,315	12		2,011	5,338
Restricted	336	112,668		94,567	207,571
Committed		6,639		37,978	44,617
Assigned	357		35,903	4,368	40,628
Unassigned	73,547	(791)		(9,180)	63,576
Total fund balances	77,555	118,528	35,903	129,744	361,730
Total liabilities and fund balances	$ 115,506	$ 141,460	$ 38,824	$ 161,614	$ 457,404

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 4

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets

June 30, 2011

(in thousands)

Fund balances - total governmental funds		$ 361,730
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	$ 2,490,801	
Less accumulated depreciation	(790,831)	1,699,970
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	(587,231)	
Certificates of participation payable	(48,235)	
Loans and leases payable	(17,775)	
Unamortized deferred issuance costs reported as other assets	1,496	(651,745)
Some compensated absences are not due and payable shortly after June 30, 2011, and therefore are not reported in the governmental funds		
Employee compensation		(28,335)
Some liabilities are not due and payable shortly after June 30, 2011, and are therefore not reported in the governmental funds		
Landfill liability	(19,944)	
Pollution remediation liability	(1,033)	(20,977)
Deferred revenue in governmental funds is susceptible to full accrual on the government-wide statements		46,525
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		55,278
Net assets of governmental activities		$ 1,462,446

See accompanying notes to the financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 5

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011
(in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 301,493		$ 69,308	$ 50,822	$ 421,623
Special assessments				330	330
Licenses and permits	2,681			5,813	8,494
Intergovernmental	122,952	$ 47,288	19	137,960	308,219
Charges for services	35,361	3,895		15,235	54,491
Fines and forfeits	5,344			1,442	6,786
Investment earnings	418	265	350	690	1,723
Miscellaneous	4,722	565		8,875	14,162
Total revenues	472,971	52,013	69,677	221,167	815,828
Expenditures:					
Current:					
General government	186,193			37,418	223,611
Public safety	116,573			20,136	136,709
Highways and streets				34,614	34,614
Sanitation				5,375	5,375
Health	2,792			33,719	36,511
Welfare	90,572				90,572
Culture and recreation	14,183			35,803	49,986
Education and economic opportunity	12,949			37,483	50,432
Capital outlay		153,203			153,203
Debt service - principal	3,800		72,525	36	76,361
-interest	2,113		23,945	28	26,086
-miscellaneous	7		14		21
Total expenditures	429,182	153,203	96,484	204,612	883,481
Excess (deficiency) of revenues over (under) expenditures	43,789	(101,190)	(26,807)	16,555	(67,653)
Other financing sources (uses):					
Premium on bonds		67	3,209		3,276
Face amount of long-term debt		75,000			75,000
Proceeds from sale of capital assets	11			48	59
Transfers in	9,981	23,368	21,578	54,788	109,715
Transfers (out)	(57,767)	(4,877)	(2,945)	(39,418)	(105,007)
Total other financing sources (uses)	(47,775)	93,558	21,842	15,418	83,043
Net change in fund balances	(3,986)	(7,632)	(4,965)	31,973	15,390
Fund balances at beginning of year	81,541	126,160	40,868	97,701	346,270
Changes in nonspendable fund balance:					
Change in reserve for inventory				43	43
Change in reserve for prepaids				27	27
Fund balances at end of year	$ 77,555	$ 118,528	$ 35,903	$ 129,744	$ 361,730

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, 2011
(in thousands)

Net change in fund balances - total governmental funds		$ 15,390
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	$ 126,908	
Less current year depreciation	(55,037)	71,871
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		(78)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds but increases long-term liabilities in the statement of net assets. Repayment of the principal of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items		
Face amount of long-term debt	(75,000)	
Premium on bonds	(3,276)	
Debt service - principal payments	76,361	
Deferred issuance costs	170	
Amortization expense	2,626	881
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	17,270	
Property tax revenues	3,487	
Other	3,108	23,865
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	152	
Change in landfill liability	(320)	
Pollution remediation liability	702	
Net book value of capital asset disposals	(5,607)	
Change in reservation of fund balances	70	(5,003)
Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the net expense of the internal service funds is reported with governmental activities		4,649
Change in net assets of governmental activities		$ 111,575

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Net Assets - Proprietary Funds
June 30, 2011
(in thousands)

Exhibit A - 7

	Business-type Activities Enterprise Funds				
	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities-Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	$ 40,623	$ 32,806	$ 6,710	$ 80,139	$ 77,880
Restricted cash and cash equivalents		82,805		82,805	
Interest receivable	15	36	2	53	14
Due from other funds	44	2	7	53	1,767
Due from other governments	1,288		49	1,337	41
Accounts receivable (net)	2,976	17,679	149	20,804	166
Inventory	91	3,833		3,924	951
Prepaid expenses	78	36	77	191	1,025
Total current assets	45,115	137,197	6,994	189,306	81,844
Noncurrent assets:					
Restricted cash and cash equivalents		31,780		31,780	
Capital assets:					
Land and other improvements		13,641	1,768	15,409	592
Buildings and improvements	907	355,517	12,927	369,351	614
Sewage conveyance system		681,720		681,720	
Equipment	1,354	107,477	1,232	110,063	35,811
Less accumulated depreciation	(1,726)	(424,681)	(9,907)	(436,314)	(18,415)
Construction in progress		165,481		165,481	158
Total capital assets (net of accumulated depreciation)	535	899,155	6,020	905,710	18,760
Deferred financing costs		4,526		4,526	
Total noncurrent assets	535	935,461	6,020	942,016	18,760
Total assets	45,650	1,072,658	13,014	1,131,322	100,604
Liabilities					
Current liabilities:					
Accounts payable	310	24,117	75	24,502	456
Accrued medical and health care claims	19,544			19,544	
Employee compensation	1,079	4,040	721	5,840	807
Interest payable		428		428	
Due to other funds	599	323	22	944	1,494
Due to other governments	39		136	175	
Deferred revenues		1,486		1,486	
Current portion of sewer revenue bonds		13,120		13,120	
Current portion of wastewater loans payable		3,685		3,685	
Current portion of reported but unpaid losses					4,324
Current portion of incurred but not reported losses					3,156
Total current liabilities	21,571	47,199	954	69,724	10,237
Noncurrent liabilities:					
Contracts and notes		4,657		4,657	
Sewer revenue bonds and obligations payable		348,511		348,511	
Wastewater loans payable		23,705		23,705	
Reported but unpaid losses					19,132
Incurred but not reported losses					14,183
Total noncurrent liabilities		376,873		376,873	33,315
Total liabilities	21,571	424,072	954	446,597	43,552
Net assets					
Invested in capital assets, net of related debt	535	568,970	6,020	575,525	18,760
Restricted for:					
Debt service		12,567		12,567	
Capital projects		24,236		24,236	
Regional wastewater reclamation		17,161		17,161	
Healthcare	23,562			23,562	
Unrestricted	(18)	25,652	6,040	31,674	38,292
Total net assets	$ 24,079	$ 648,586	$ 12,060	684,725	$ 57,052
Some amounts reported for business-type activities in the Statement of Net Assets are different because certain internal service fund assets and liabilities are included with business-type activities.				1,774	
Net assets of business-type activities				$ 686,499	

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, 2011
(in thousands)

Exhibit A - 8

	Business-type Activities Enterprise Funds				
	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Operating revenues:					
Net patient services	$ 205,814			$ 205,814	
Charges for services	1,838	$ 128,241	$ 7,759	137,838	$ 39,483
Other	561	2,029	231	2,821	2,187
Total net operating revenues	208,213	130,270	7,990	346,473	41,670
Operating expenses:					
Employee compensation	26,992	34,598	5,879	67,469	6,947
Medical claims	157,607			157,607	
Operating supplies and services	746	8,200	40	8,986	6,240
Utilities	417	5,176	252	5,845	1,009
Sludge and refuse disposal		1,438		1,438	
Repair and maintenance	218	7,201	192	7,611	3,735
Incurred losses					9,099
Insurance premiums					3,981
General and administrative	8,499	8,676	1,883	19,058	2,271
Consultants and professional services	1,834	6,278	45	8,157	512
Depreciation	215	31,540	267	32,022	2,746
Total operating expenses	196,528	103,107	8,558	308,193	36,540
Operating income (loss)	11,685	27,163	(568)	38,280	5,130
Nonoperating revenues (expenses):					
Intergovernmental revenue	4,691		165	4,856	
Investment earnings	297	622	33	952	512
Sewer connection fees		19,624		19,624	
Interest expense	(50)	(9,517)		(9,567)	
Gain/(loss) on disposal of capital assets	5	(600)	(1)	(596)	(188)
Amortization of deferred charges		(750)		(750)	
Premium tax	(4,099)			(4,099)	
Total nonoperating revenues	844	9,379	197	10,420	324
Income (loss) before contributions and transfers	12,529	36,542	(371)	48,700	5,454
Capital contributions		4,027		4,027	13
Transfers in		172	694	866	72
Transfers (out)	(4,596)	(806)	(114)	(5,516)	(52)
Change in net assets	7,933	39,935	209	48,077	5,487
Net assets at beginning of year	16,146	608,651	11,851	636,648	51,565
Net assets at end of year	$ 24,079	$ 648,586	$ 12,060	684,725	$ 57,052

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.	838
Change in net assets of business-type activities	$ 48,915

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011
(in thousands)

Exhibit A - 9

	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities-Internal Service Funds
Cash flows from operating activities:					
Cash received from other funds for goods and services provided	$ 29		$ 102	$ 131	$ 39,483
Cash received from customers for goods and services provided	205,348	$ 126,894	8,025	340,267	
Cash received from miscellaneous operations	2,399	1,884	164	4,447	2,108
Cash payments to suppliers for goods and services	(169,902)	(27,176)	(1,444)	(198,522)	(17,117)
Cash payments to other funds for goods and services	(5,394)	(10,044)	(2,534)	(17,972)	(3,480)
Cash payments for incurred losses					(6,682)
Cash payments to employees for services	(22,795)	(34,509)	(4,621)	(61,925)	(6,096)
Net cash provided by (used for) operating activities	9,685	57,049	(308)	66,426	8,216
Cash flows from noncapital financing activities:					
Interest paid on short-term credit	(52)			(52)	
Cash transfers in from other funds	(4,596)		694	(3,902)	
Cash transfers out to other funds		(712)	(114)	(826)	20
Loans with other funds	(277)	212	4	(61)	(68)
Premium tax	(4,099)			(4,099)	
Intergovernmental revenues	4,341		129	4,470	
Net cash (used for) noncapital financing activities	(4,683)	(500)	713	(4,470)	(48)
Cash flows from capital and related financing activities:					
Proceeds from issuance of bonds and loans		43,625		43,625	
Principal paid on bonds and loans		(67,184)		(67,184)	
Interest paid on bonds and loans		(9,586)		(9,586)	
Sewer connection fees		19,210		19,210	
Proceeds from sale or transfer of capital assets	5			5	98
Proceeds from intergovernmental contract		279		279	
Purchase of capital assets	(32)	(117,292)	(13)	(117,337)	(3,628)
Net cash (used for) capital and related financing activities	(27)	(130,948)	(13)	(130,988)	(3,530)
Cash flows from investing activities:					
Interest received on cash and investments	323	645	36	1,004	579
Net cash provided by investing activities	323	645	36	1,004	579
Net increase in cash and cash equivalents	5,298	(73,754)	428	(68,028)	5,217
Cash and cash equivalents at beginning of year	35,325	221,145	6,282	262,752	72,663
Cash and cash equivalents at end of year	$ 40,623	$ 147,391	$ 6,710	$ 194,724	$ 77,880

(continued)

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011
(in thousands)

Exhibit A - 9.1

(continued)

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities-Internal Service Funds
Operating income (loss)	$ 11,685	$ 27,163	$ (568)	$ 38,280	$ 5,130
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	215	31,540	267	32,022	2,746
Changes in assets and liabilities:					
Decrease (increase) in assets:					
Accounts receivable	1,176	(1,492)	189	(127)	(151)
Due from other governments	(77)		10	(67)	72
Inventory and other assets	(10)	(130)		(140)	(567)
Prepaid expenses	159	115	(23)	251	(328)
Increase (decrease) in liabilities:					
Accounts payable	(733)	472	(216)	(477)	(1,200)
Due to other governments	(1,527)	(708)	21	(2,214)	
Reported but unpaid losses					1,591
Incurred but not reported losses					826
Other current liabilities	(1,203)	89	12	(1,102)	97
Net cash provided by (used for) operating activities	$ 9,685	$ 57,049	$ (308)	$ 66,426	$ 8,216

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2011:

Regional Wastewater Reclamation Enterprise Fund received developer-built conveyance systems with an estimated fair value of $4,038. This contribution was recorded as an increase in capital assets and capital contributions.

Regional Wastewater Reclamation Enterprise Fund recorded a Board of Supervisors' approved connection fee credit agreement of $93. This credit was recorded as an increase to deferred revenue and a decrease to capital contributions.

Regional Wastewater Reclamation Enterprise Fund retired expired Sewer Credit Agreements totaling $82. This transaction was recorded as a decrease to deferred revenue and an increase in capital contributions.

Regional Wastewater Reclamation Enterprise Fund retired capital assets with a net book value of $600.

Regional Wastewater Reclamation Enterprise Fund received capital assets with a net book value of $78 from the County's general government.

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

Internal Service Funds received a capital contribution with a net book value of $13.

Internal Service Funds sold capital assets with a net book value of $286.

PIMA COUNTY, ARIZONA

Exhibit A - 10

Statement of Fiduciary Net Assets - Fiduciary Funds

June 30, 2011

(in thousands)

	Investment Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	$ 398,180	$ 63,426
Interest receivable	96	
Due from other governments		3,340
Total assets	398,276	$ 66,766
Liabilities		
Employee compensation		$ 1,971
Due to other governments		43,628
Deposits and rebates		21,167
Total liabilities		$ 66,766
Net Assets		
Held in trust for pool participants	$ 398,276	

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2011
(in thousands)

Exhibit A - 11

	Investment Trust Funds
Additions	
Contributions from participants	$ 2,856,747
Total contributions	2,856,747
Investment earnings	1,282
Total investment earnings	1,282
Total additions	2,858,029
Deductions	
Distributions to participants	2,781,934
Total deductions	2,781,934
Change in net assets	76,095
Net assets held in trust July 1, 2010	322,181
Net assets held in trust June 30, 2011	$ 398,276

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Combining Statement of Net Assets
Component Units
June 30, 2011
(in thousands)

Exhibit A - 12

	Sports & Tourism Authority	Southwestern Fair Commission	Total Component Units
ASSETS			
Cash and cash equivalents	$ 44	$ 995	$ 1,039
Accounts receivable (net)	16		16
Inventories		57	57
Prepaids		65	65
Other assets	3		3
Restricted assets:			
Cash and cash equivalents		1,499	1,499
Capital assets (net):			
Buildings and improvements		2,160	2,160
Equipment		679	679
Total assets	63	5,455	5,518
LIABILITIES			
Accounts payable	16	225	241
Interest payable			
Deposits and rebates		26	26
Deferred Revenues		9	9
Total liabilities	16	260	276
NET ASSETS			
Invested in capital assets, net of related debt		2,839	2,839
Unrestricted	47	2,356	2,403
Total net assets	$ 47	$ 5,195	$ 5,242

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2011
(in thousnads)

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue: S&TA	Net (Expense) Revenue: SFC	Net (Expense) Revenue: Total
Sports & Tourism Authority						
Operations	$ 137	$ 33	$ 8	$ (96)		$ (96)
Total PC Sports & Tourism Authority (S&TA)	137	33	8	(96)		(96)
Southwestern Fair Commission (SFC)						
Operations	5,044	5,247	120		$ 323	323
Total SFC	5,044	5,247	120		323	323
Total component units	$ 5,181	$ 5,280	$ 128	(96)	323	227
General revenues:						
Miscellaneous				71	170	241
Total general revenues				71	170	241
Change in net assets				(25)	493	468
Net assets at beginning of year				72	4,702	4,774
Net assets at end of year				$ 47	$ 5,195	$ 5,242

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.

A. Reporting Entity

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

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

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

The Pima County Library District was established in 1986 when legislation allowed full taxing authority and the ability to enter into agreements with other jurisdictions for the provision of library services. The Pima County Board of Supervisors is the Board of Directors of the District. The Library District is reported as a special revenue fund (blended component unit) in these financial statements. Separate financial statements for the District are not available.

The Pima County Regional Flood Control District was established in 1978. The District is responsible for floodplain management activities for the unincorporated areas of Pima County (except national forests, parks, monuments and Native American Nations), the City of South Tucson and the Town of Sahuarita. The Pima County Board of Supervisors is the Board of Directors for the Regional 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.

Note 1: Summary of Significant Accounting Policies (continued)

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

Related Organization:

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

B. Basis of Accounting

Primary government:

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

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

The County may fund certain programs by a combination of restricted, committed, assigned and/or unassigned (general) revenues. When an expenditure/expense is incurred that can be paid from either restricted or unrestricted fund balances/net assets, the County uses restricted fund balance first. When an expenditure is incurred that can be paid from more than one category of unrestricted fund balances, the County will use committed amounts first, followed by assigned amounts and lastly unassigned amounts.

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

Note 1: Summary of Significant Accounting Policies (continued)

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form such as inventories, or are legally or contractually required to be maintained intact.

Restricted fund balances are those that have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations.

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

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

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

The County does not have a minimum fund balance policy in place.

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.

C. Basis of Presentation

The basic financial statements include both government-wide and fund-based financial statements. The government-wide statements focus on the County as a whole, while the fund-based 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 fund's 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 capital facilities and other capital assets, other than those financed by proprietary funds.

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

The County reports the following major enterprise funds:

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

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

The County reports the following fund types:

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

Note 1: Summary of Significant Accounting Policies (continued)

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

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

D. Cash and Investments

Primary government:

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

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

E. Inventories and Prepaids

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

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

Inventories 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 using the first-in, first-out method.

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

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

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

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 units):

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

Discretely presented component 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 5 to 40 years.

S&TA had no capital assets to report on June 30, 2011.

H. Investment Earnings

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

Note 1: Summary of Significant Accounting Policies (continued)

I. Compensated Absences

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

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

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

Note 2: Fund Balance Classifications

The table below details the fund balance categories and classifications:

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	CAFR Total
Fund balances:					
Nonspendable:					
Inventory				$ 1,618	$ 1,618
Prepaid expenses	$ 2,161	$ 12		261	2,434
Loan receivable	935			87	1,022
Permanent fund principal				45	45
Other assets held for resale	219				219
Total nonspendable	3,315	12		2,011	5,338
Restricted for:					
Capital Projects					
Streets and highways		35,835			35,835
Other		67,212			67,212
Judicial activities				23,339	23,339
Flood Control District		9,621		13,851	23,472
Health				3,923	3,923
Law enforcement				3,797	3,797
Library District				16,088	16,088
Parks and recreation				66	66
School reserve				1,412	1,412
Social services				745	745
Streets and highways				28,236	28,236
Tire fund				1,311	1,311
Other purposes	336			1,799	2,135
Total restricted	336	112,668		94,567	207,571
Committed to:					
Sports promotion (Stadium)		1		4,440	4,441
Other purposes		6,638		33,538	40,176
Total committed		6,639		37,978	44,617
Assigned to:					
Debt service reserve			$ 35,903		35,903
Judicial activities	99			19	118
Health				453	453
Parks and recreation				1,326	1,326
Landfill				2,009	2,009
Law enforcement				(28)	(28)
School Reserve				591	591
Social services				(2)	(2)
Other purposes	258				258
Total assigned	357		35,903	4,368	40,628
Unassigned:	73,547	(791)		(9,180)	63,576
Total fund balances	$ 77,555	$ 118,528	$ 35,903	$ 129,744	$ 361,730

Note 3: Cash and Investments

Primary Government

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

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

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.

2. Corporate bonds, debentures and notes must be rated within the top three ratings by a nationally recognized rating agency.

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

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

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

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

Foreign currency risk—Statutes do not allow foreign investments.

Deposits—At June 30, 2011, the carrying amount of the County's deposits was $8,000 and the bank balance was $40,892.

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, 2011, $1,251 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, 2011, the County's investments consisted of $302,415 invested in marketable securities and $785,658 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, 2011, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
Commercial paper	A1/P1	S&P / Moody's	$ 67,481
Corporate bonds	A-/A3	S&P / Moody's	105,936
Federal Farm Credit Bank	AAA/Aaa	S&P / Moody's	7,707
Federal Home Loan Bank	AAA/Aaa	S&P / Moody's	24,143
Fannie Mae (Federal National Mortgage Association)	AAA/Aaa	S&P / Moody's	9,996
Freddie Mac (Federal Home Loan Mortgage Corp)	AAA/Aaa	S&P / Moody's	10,998
Money market mutual fund	AAAm/Aaa	S&P / Moody's	11,177
State Treasurer Investment Pool 5	AAAf	S&P	487,537
State Treasurer Investment Pool 500	Unrated		48,673
State Treasurer Investment Pool 7	Unrated		249,448
Total			$1,023,096

Custodial credit risk—For an investment, custodial risk is the risk that, in the event of the counterparty's failure, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no formal policy with respect to custodial credit risk. Of the County's $1,088,073 of investments, $291,238, consisting of the commercial paper, corporate bonds, Federal Farm Credit Bank, Federal Home Loan Bank, Fannie Mae and Freddie Mac discount notes and U.S. Treasury notes, is uninsured and held by a counterparty in the County's name in book entry form.

Concentration of credit risk—The County has no formal policy with respect to limiting the amount the Treasurer may invest in any one issuer. The County's exposure as of June 30, 2011 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, 2011, the County had the following investments:

Investment Type	Amount	Weighted Average Maturity (Years)
State Treasurer Investment Pool 5	$ 487,537	0.07
State Treasurer Investment Pool 500	48,673	5.32
State Treasurer Investment Pool 7	249,448	0.13
Commercial paper	67,481	0.21
Corporate bonds	105,936	0.96
Federal Farm Credit Bank	7,707	0.05
Federal Home Loan Bank	24,143	0.70
Fannie Mae (Federal National Mortgage Association)	9,996	0.49
Freddie Mac (Federal Home Loan Mortgage Corp)	10,998	0.46
U.S. Treasury	64,977	1.87
Money market mutual fund	11,177	0.12
Total	$ 1,088,073	

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

	Cash on Hand	Amount of Deposits	Amount of Investments	Total
Cash, deposits and investments:	$ 54	$ 8,000	$ 1,088,073	$ 1,096,127

	Governmental Activities	Business-type Activities	Investment Trust Funds	Agency Funds	Totals
Statement of Net Assets:					
Cash and cash equivalents	$ 439,555	$ 80,139	$ 398,180	$ 63,426	$ 981,300
Restricted cash and cash equivalents	242	114,585			114,827
Total	$ 439,797	$ 194,724	$ 398,180	$ 63,426	$ 1,096,127

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	$ 67,500	0.1-0.2%	07/11-12/11	$ 67,481
Corporate bonds	101,414	0.3-7.3%	07/11-05/14	105,936
Federal Farm Credit Bank	7,500	5.4%	07/11	7,707
Federal Home Loan Bank	23,975	0.3-1.8%	12/11-12/12	24,143
Fannie Mae (Federal National Mortgage Association)	10,000	N/A	12/11	9,996
Freddie Mac (Federal Home Loan Mortgage Corp)	10,955	1.1%	12/11	10,998
U.S. Treasury	62,290	1.1-4.8%	12/11-07/14	64,977
State Treasurer Investment Pool 5	328,461	N/A	N/A	328,461
Interest Receivable	96	N/A	N/A	96
Total assets				619,795
Less: Reduction of Pool's assets-outstanding warrants				(14,309)
Total				$ 605,486

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	$ 456,659
External participants	148,827
Total assets	605,486
Total liabilities	0
Total net assets held in trust	$ 605,486
Statement of Changes in Net Assets	
Total additions	$ 7,392,740
Total deductions	(7,395,447)
Net decrease	(2,707)
Net assets held in trust:	
July 1, 2010	608,193
June 30, 2011	$ 605,486

Note 4: Due from Other Governments

Governmental activities:

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Internal Service Funds	Total Governmental Activities
Federal government:						
Grants and contributions	$ 121	$ 8,554		$ 9,986		$ 18,661
State of Arizona:						
Taxes and shared revenues	19,857	228		7,364		27,449
Grants and contributions				1,099	$ 1	1,100
City of Tucson:						
Reimbursement for services	1,605		$ 17	1,602	39	3,263
Other governments:						
Reimbursement for services	253	9,291		66	1	9,611
Total due from other governments fund based statements	$ 21,836	$ 18,073	$ 17	$ 20,117	$ 41	$ 60,084

Business-type activities:

	Pima Health System & Services	Other Enterprise Funds	Business-type Activities Total
Federal government:			
Grants and contributions	$ 641		$ 641
State of Arizona:			
Reimbursement for services	132		132
Grants and contributions	507		507
Other local governments:			
Reimbursement for services		$ 49	49
Grants and contributions	8		8
Total due from other governments fund based statements	$ 1,288	$ 49	$ 1,337

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 433,098	$ 16,501	$ (809)	$ 448,790
Construction in progress	176,749	114,749	(88,521)	202,977
Total capital assets not being depreciated	609,847	131,250	(89,330)	651,767
Capital assets being depreciated:				
Buildings and improvements	539,662	66,439	(4,156)	601,945
Infrastructure	1,128,701	28,500	(1,603)	1,155,598
Equipment	115,881	10,186	(7,401)	118,666
Total capital assets being depreciated	1,784,244	105,125	(13,160)	1,876,209
Less accumulated depreciation for:				
Buildings and improvements	(157,862)	(13,511)	1,577	(169,796)
Infrastructure	(528,067)	(34,100)	515	(561,652)
Equipment	(73,500)	(10,213)	5,915	(77,798)
Total accumulated depreciation	(759,429)	(57,824)	8,007	(809,246)
Total capital assets being depreciated, net	1,024,815	47,301	(5,153)	1,066,963
Governmental activities capital assets, net	$ 1,634,662	$ 178,551	$ (94,483)	$ 1,718,730

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 15,178	$ 231		$ 15,409
Construction in progress	92,178	115,927	$ (42,624)	165,481
Total capital assets not being depreciated	107,356	116,158	(42,624)	180,890
Capital assets being depreciated:				
Buildings and improvements	368,081	4,069	(2,799)	369,351
Sewage conveyance system	632,633	49,109	(22)	681,720
Equipment	106,177	4,320	(434)	110,063
Total capital assets being depreciated	1,106,891	57,498	(3,255)	1,161,134
Less accumulated depreciation for:				
Buildings and improvements	(150,760)	(12,073)	563	(162,270)
Sewage conveyance system	(234,138)	(12,367)	17	(246,488)
Equipment	(20,404)	(7,582)	430	(27,556)
Total accumulated depreciation	(405,302)	(32,022)	1,010	(436,314)
Total capital assets being depreciated, net	701,589	25,476	(2,245)	724,820
Business-type activities capital assets, net	$ 808,945	$ 141,634	$ (44,869)	$ 905,710

Note 5: Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	$ 7,733
Public safety	10,719
Highways and streets	29,186
Sanitation	159
Health	676
Welfare	17
Culture and recreation	5,609
Education and economic opportunity	938
Internal service funds	2,746
Total governmental activities depreciation expense	$ 57,783
Business-type activities:	
Pima Health System & Services	$ 215
Parking Garages	219
Regional Wastewater Reclamation	31,540
Development Services	48
Total business-type activities depreciation expense	$ 32,022

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Discretely presented component units:				
Southwestern Fair Commission (SFC):				
Capital assets being depreciated:				
Buildings and improvements	$ 4,488	$ 546	$ (17)	$ 5,017
Equipment	2,328	152	(63)	2,417
Total capital assets being depreciated	6,816	698	(80)	7,434
Less accumulated depreciation for:				
Buildings and improvements	(2,695)	(175)	13	(2,857)
Equipment	(1,650)	(151)	63	(1,738)
Total accumulated depreciation	(4,345)	(326)	76	(4,595)
Total capital assets being depreciated, net	2,471	372	(4)	2,839
SFC capital assets, net	$ 2,471	$ 372	$ (4)	$ 2,839

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, 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 $40,795 reported in the Fund at June 30, 2011, 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.

	2011	2010
Claims liabilities - beginning	$ 38,378	$ 36,994
Current-year claims and changes in estimates	9,099	9,893
Claims payment	(6,682)	(8,509)
Claims liabilities balance - ending	$ 40,795	$ 38,378

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.

The following lawsuit is currently pending against Pima County:

Estate of Jack Rappeport v. Royal and Pima County - a petition has been asserted by the Estate of Jack Rappeport against Anita Royal, in her capacity as the Pima County Public Fiduciary, and Pima County. In January 2007, the

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

Public Fiduciary's Office was appointed conservator of an elderly woman suffering from dementia. When she passed away, the Estate of Jack Rappeport took from her any claims she might have against the Public Fiduciary's Office and filed the pending Petition/Complaint alleging gross malfeasance. Currently, Pima County on behalf of the Public Fiduciary's motion seeking dismissal of most of the lawsuit/petition is pending. No discovery or disclosure has yet been conducted or exchanged. If Rappeport did prevail upon the bulk of its claims, the potential loss could exceed $1 million. The likelihood of the potential loss in excess of $1 million is unknown at this time.

Pollution Remediation

The County has estimated and reported an environmental liability of $1,033 in the government-wide financial statements for governmental activities (in noncurrent liabilities). Remediation efforts are currently underway at one County site: El Camino del Cerro.

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

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

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, 2011.

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Due within 1 year
Governmental activities:					
General obligation bonds	$ 417,995	$ 75,000	$ 40,245	$ 452,750	$ 56,980
Plus unamortized deferred amount	2,266	3,276	2,436	3,106	1,393
Total general obligation bonds	420,261	78,276	42,681	455,856	58,373
Transportation revenue bonds	141,940		10,530	131,410	11,015
Plus unamortized deferred amount	286		321	(35)	135
Total transportation revenue bonds	142,226		10,851	131,375	11,150
Certificates of participation	70,320		23,425	46,895	8,165
Plus unamortized deferred amount	2,318		978	1,340	298
Total certificates of participation	72,638		24,403	48,235	8,463
Capital leases payable:					
Jail capital lease	20,690		2,125	18,565	2,230
Less unamortized deferred amount	(1,340)		(550)	(790)	(144)
Other capital leases	36		36		
Total capital leases	19,386		1,611	17,775	2,086
Reported but unpaid losses (Note 6)	21,865	8,273	6,682	23,456	4,324
Incurred but not reported losses (Note 6)	16,513	826		17,339	3,156
Landfill closure and post-closure care costs (Note 8)	19,624	789	469	19,944	
Pollution remediation (Note 6)	1,735		702	1,033	501
Total governmental activities long-term liabilities	$ 714,248	$ 88,164	$ 87,399	$ 715,013	$ 88,053

Note 7: Long-Term Liabilities (continued)

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Due within 1 year
Business-type activities:					
Sewer revenue bonds	$ 167,110	$ 43,625	$ 28,305	$ 182,430	$ 13,120
Less unamortized deferred amount	(175)	2,044	(483)	2,352	
Total revenue bonds payable	166,935	45,669	27,822	184,782	13,120
Sewer revenue obligations	165,000			165,000	
Plus unamortized deferred amount	13,138		1,289	11,849	
Total revenue obligations payable	178,138		1,289	176,849	
Regional Wastewater Reclamation (RWR) loans payable	66,283		38,879	27,404	3,685
Less unamortized deferred amount	(73)		(59)	(14)	
Total loans payable	66,210		38,820	27,390	3,685
Contracts and notes	6,305	4,721	6,369	4,657	
Total business-type activities long-term liabilities	$ 417,588	$ 50,390	$ 74,300	$ 393,678	$ 16,805

GENERAL OBLIGATION BONDS OUTSTANDING

Governmental Activities

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

General obligation bonds payable at June 30, 2011, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, $9,530 from the May 20, 1997, $121,276 from the May 18, 2004, and $7,875 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, 2011
Series of 2003	50,000	4.00 - 4.25%	2012-17	$ 23,350
Series of 2004	65,000	3.00 - 5.00%	2012-19	36,510
Series of 2005	65,000	3.50 - 5.00%	2012-20	39,270
Series of 2007	95,000	3.00 - 4.50%	2012-21	68,125
Series of 2008	100,000	3.50 - 4.00%	2012-22	75,000
Series of 2009	75,000	3.00 - 4.13%	2012-23	40,000
Series of 2009A	90,000	3.00 - 4.00%	2012-24	78,315
Series of 2009A Refunding	23,535	3.00 - 3.50%	2012-16	17,180
Series of 2011	75,000	1.50 - 5.00%	2012-26	75,000
G.O. bonds outstanding				452,750
Plus unamortized deferred amount:				3,106
		Total G.O. bonds outstanding		$ 455,856

Note 7: Long-Term Liabilities (continued)

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2011.

Year Ending June 30,	Principal	Interest
2012	$ 56,980	$ 17,335
2013	39,025	15,467
2014	35,355	14,060
2015	34,665	12,639
2016	35,485	11,280
2017 - 2021	176,235	35,708
2022 - 2026	75,005	6,719
Total	$ 452,750	$ 113,208

TRANSPORTATION BONDS PAYABLE

Governmental Activities

(Payments made from street and highway revenues)

Pima County transportation revenue bonds were issued to provide monies to construct improvements to the County's streets and highways. Of the total amount originally authorized, $107,800 from the November 4, 1997 bond election remains unissued.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2011
Series of 2002	$ 55,000	4.38%	2012	$ 3,650
Series of 2003	35,000	4.00 - 4.38%	2012-18	20,500
Series of 2005	51,200	3.50 - 5.00%	2012-20	40,655
Series of 2007	21,000	3.25 - 4.75%	2012-22	18,635
Series of 2008	25,000	3.00 - 4.50%	2012-22	24,550
Series of 2009	15,000	3.00 - 4.00%	2012-24	15,000
Series of 2009 Refunding	8,420	3.00 - 4.00%	2012-24	8,420
Transportation bonds outstanding				131,410
Less unamortized deferred amount:				(35)
Total transportation bonds outstanding				$ 131,375

The following schedule details transportation bond debt service requirements to maturity at June 30, 2011.

Year Ending June 30,	Principal	Interest
2012	$ 11,015	$ 5,244
2013	11,170	4,785
2014	11,600	4,354
2015	12,055	3,906
2016	12,540	3,435
2017-2021	59,125	9,165
2022-2024	13,905	901
Total	$ 131,410	$ 31,790

Note 7: Long-Term Liabilities (continued)

Pima County has pledged future highway user revenues, net of specified operating expenses, to repay $131,410 in transportation revenue bonds issued between 2002 and 2010. Proceeds from the bonds provide financing for construction of various highways and streets within Pima County. The bonds are payable from net highway user revenues and are payable through 2024. Annual principal and interest payments on the bonds are expected to require approximately 88 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $163,200. Principal and interest paid for bonds in the current year and total customer net revenues were $16,239 and $18,159, 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 2007A for $28,765 to finance the acquisition of and improvements to a 22-story office tower located in downtown Tucson and to acquire and construct replacement facilities for the Pima County Community Services Department. On June 10, 2009, the County issued Certificates of Participation Series 2009 for $34,400 to finance capital costs for public infrastructure of the County, including expansion and upgrades to the County's sewer treatment system. On February 4, 2010, the County issued Certificates of Participation Series 2010 for $20,000 to finance the replacement computer enterprise system composed of servers and other hardware, computer terminals, software and system training. The new enterprise system will serve the County with finance, budget, procurement, human resources and material management systems.

The following schedule details outstanding Certificates of Participation payable at June 30, 2011.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2011
Series of 2007A	$ 28,765	4.00 - 5.00%	2012-22	$ 24,245
Series of 2009	34,400	4.00%	2012	4,400
Series of 2010	20,000	2.00 - 5.25%	2012-19	18,250
Certificates of participation outstanding				46,895
Plus unamortized deferred amount:				1,340
Total certificates of participation outstanding				$ 48,235

The following schedule details debt service requirements to maturity for the County's Certificates of Participation payable at June 30, 2011.

Year Ending June 30,	Principal	Interest
2012	$ 8,165	$ 2,052
2013	3,875	1,766
2014	4,020	1,627
2015	4,170	1,472
2016	4,345	1,297
2017 - 2021	19,550	3,204
2022	2,770	139
Total	$ 46,895	$ 11,557

Note 7: Long-Term Liabilities (continued)

CAPITAL LEASES

Governmental Activities

On February 1, 1997, the County entered into an agreement to sell certain jail facilities and then lease them back for a 15-year term. The jail facilities were sold for $34,500, and the proceeds were used to finance the construction of the baseball stadium. On September 1, 1999 and October 1, 2003, Pima County amended the capital lease agreement between U.S. Bank Trust National Association and Pima County. The amendments extended the lease term to 2014 and 2018 respectively, increased the range of interest rates and increased the County's obligation under the lease agreement. The net book value of assets acquired through capital leases consists of $16,606 of buildings.

The following schedule details capital lease debt service requirements to maturity at June 30, 2011.

Governmental Activities:

	Buildings	
Year Ending June 30,	Principal	Interest
2012	$ 2,230	$ 774
2013	2,780	647
2014	2,485	511
2015	2,605	399
2016	2,710	293
2017 - 2018	5,755	243
	$ 18,565	$ 2,867

SEWER REVENUE BONDS AND LOANS

Business-type Activities

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

Pima County sewer revenue bonds, as presented below, were issued to provide monies to construct improvements to the County's Regional Wastewater Reclamation system. As of June 30, 2011, the County has issued the total amount originally authorized from the May 18, 2004 bond election.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2011
Series of 2004 Refunding	25,770	4.60 - 5.50%	2012-15	$ 12,455
Series of 2007	50,000	3.75 - 5.00%	2012-26	40,655
Series of 2008	75,000	4.00 - 5.00%	2012-23	73,580
Series of 2009	18,940	3.25 - 4.25%	2012-24	17,115
Series of 2011 Refunding	43,625	2.00 - 5.00%	2012-16	38,625
Sewer revenue bonds outstanding				182,430
Plus unamortized deferred amount:				2,352
Total sewer revenue bonds outstanding				$ 184,782

Note 7: Long-Term Liabilities (continued)

The following schedule details sewer revenue bond debt service requirements to maturity at June 30, 2011.

Year Ending June 30,	Principal	Interest
2012	$ 13,120	$ 7,923
2013	14,895	7,347
2014	16,765	6,661
2015	17,555	5,882
2016	15,950	5,057
2017 - 2021	62,175	16,870
2022 - 2026	41,970	3,830
Total	$ 182,430	$ 53,570

On June 17, 2010, Pima County entered into an agreement, whereby future revenues were pledged, that provided monies to be used primarily to pay a portion of the capital project costs associated with the construction, expansion and improvement of sewer treatment facilities and conveyance systems for the county-wide sewer system, including the Ina Road and Roger Road Wastewater Reclamation Facilities.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2011
Series of 2010	$ 165,000	2.50 - 5.00%	2014-25	$ 165,000
Sewer revenue obligations outstanding				165,000
Plus unamortized deferred amount:				11,849
Total sewer revenue obligations outstanding				$ 176,849

The following schedule details sewer revenue obligation debt service requirements to maturity at June 30, 2011.

Year Ending June 30,	Principal	Interest
2012		$ 8,026
2013		8,026
2014	$ 2,000	8,026
2015	2,000	7,946
2016	2,000	7,891
2017 - 2021	79,765	31,960
2022 - 2026	79,235	10,146
Total	$ 165,000	$ 82,021

Note 7: Long-Term Liabilities (continued)

In prior years, the Regional Wastewater Reclamation Enterprise Fund entered into loan agreements (1996 to provide funds for the defeasance of prior sewer revenue bonds, and 1997 and 2004 which were used for construction and improvement of wastewater treatment facilities). In October 2009, the County entered into an additional loan agreement for the funding of construction of wastewater treatment facilities. Interest is payable semiannually and is calculated based on the principal amount of the loan outstanding during such period.

Issue	Issue Amount	Interest Rate	Maturities	Outstanding June 30, 2011
1996 Loans payable	$ 11,313	3.19%	2012	$ 2,729
1997 Loans payable	7,500	2.95%	2011	657
2004 Loans payable	19,967	1.81%	2012-24	16,463
2009 Loans payable	8,002	0.96%	2012-24	7,555
Loans payable				27,404
Less unamortized deferred amount:				(14)
		Total loans payable		$ 27,390

The following schedule details loans payable debt service requirements to maturity at June 30, 2011.

Year Ending June 30,	Principal	Interest
2012	$ 3,685	$ 792
2013	2,550	687
2014	1,489	622
2015	1,535	576
2016	1,581	529
2017 - 2021	8,658	1,881
2022 - 2026	7,906	490
Total	$ 27,404	$ 5,577

Pima County has pledged future user charges, net of specified operating expenses, to repay $182,430 in sewer revenue bonds issued between 1998 and 2011, $27,404 in sewer revenue loans issued between 1996 and 2009, and $165,000 in sewer revenue obligations issued in 2010. Proceeds from the bonds, loans and obligations provided financing for construction of various treatment facilities and sewer infrastructure within Pima County. The bonds, loans and obligations are payable from net sewer revenues and are payable through fiscal year 2026. Annual principal and interest payments on the bonds and obligations are expected to require approximately 37 percent of net revenues. The annual principal and interest payments on the loans are expected to require approximately 14 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $236,000. Total principal and interest remaining to be paid on the loans is $32,981. Total principal and interest remaining to be paid on the obligations is $247,021. Principal and interest paid for bonds, loans and obligations in the current year and total customer net revenues were $20,943, $10,473, and $84,005, respectively.

REFUNDED SEWER REVENUE BONDS AND LOANS

In March 2011, the County issued for the Regional Wastewater Reclamation Enterprise Fund $43,625 in Sewer Revenue Refunding Bonds, Series 2011A. The net proceeds of the refunding bonds were used to advance refund $6,115 of the Sewer Revenue Bonds, (Series 1998); $8,765 of the Sewer Revenue Bonds (Series 2001); and $30,827 of the Wastewater Loans payable (Series 2000). Accordingly, the refunded sewer revenue bonds and the wastewater loans payable are considered defeased and the related liabilities are not included in the financial statements.

Note 7: Long-Term Liabilities (continued)

As a result of the Sewer Revenue Refunding Bonds Series 2011A issue, the County decreased its total debt service payment by $1,871. This resulted in an economic gain of $1,745.

CONTRACTS AND NOTES

Business-type Activities

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

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

LEGAL DEBT MARGIN

County General Obligation Bonds

General obligation debt may not exceed 6 percent of the value of the County's taxable property as of the latest assessment. However, with voter approval, debt may be incurred up to 15 percent of the value of taxable property. Pima County has received voter approval for all general obligation debt. The legal debt margin at June 30, 2011, is as follows:

Net assessed valuation		$ 9,342,561
Debt Limit (15% of net assessed valuation):		1,401,384
Less amount of debt applicable to debt limit:		
General obligation bonds outstanding	$ 452,750	
Less fund balance in debt service fund available for payment of general obligation bond principal	(27,904)	424,846
Legal debt margin available		$ 976,538

Note 8: Landfill Liabilities

Solid Waste Landfill Closure and Post-Closure Care Costs:

State and federal laws and regulations require the County to place a final cover on its solid waste landfill sites when these sites stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after their closure. Although closure and post-closure care costs will not be paid until near or after the date the landfills stop accepting waste, the County records a portion of these closure and post-closure care costs as a long-term liability in each period, based on landfill capacity used as of each balance sheet date. The $19,944 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 $5,984 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, 2011; actual costs may change due to inflation, changes in technology or changes in regulations.

Note 8: Landfill Liabilities (continued)

Landfill Site	Capacity Used June 30, 2011	Estimated Remaining Service Life
Ajo	70%	41 Years
Sahuarita	49%	30 Years
Tangerine	93%	8 Years

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

According to state and federal laws and regulations, the County must comply with the local government financial test requirements that ensure the County can meet the costs of landfill closure, post-closure and corrective action when needed. The County is in compliance with these requirements. The Ina Road Landfill facility is closed to municipal solid waste and only receives green waste and construction debris. It is not subject to the closure and post-closure cost requirements referred to above. Pima County estimates that it will cost approximately $10,374 when closure occurs and plans to fund the costs with proceeds of general obligation bonds and with solid waste tipping fees. At this time, there is no closure date available.

Note 9: Retirement Plans

Pension Plan Descriptions

The County contributes to the Arizona State Retirement System (**ASRS**), the Corrections Officer Retirement Plan (**CORP**), the Public Safety Personnel Retirement System (**PSPRS**), consisting of Pima County Sheriffs and Pima County - County Attorney Investigators, and the Elected Officials Retirement Plan (**EORP**). The **EORP** and the **PSPRS** - Pima County, County Attorney Investigators, are not described due to their relative insignificance to the County's financial statements. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retirees' average compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee's monthly compensation. Health insurance premium benefits are generally paid as a fixed dollar amount per month towards the retiree's healthcare insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

The **ASRS** administers a cost-sharing multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health insurance premium plan; and a cost-sharing multiple-employer defined benefit long-term disability plan that covers employees of the State of Arizona and employees of participating political subdivisions, including general employees of the County, and school districts. The **ASRS** is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

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

Note 9: Retirement Plans (continued)

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 Board of Trustees of **PSPRS** and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

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

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

Funding Policy

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

Cost-sharing plans

For the year ended June 30, 2011, active **ASRS** members were required by statute to contribute at the actuarially determined rate of 9.85 percent (9.6 percent for retirement and 0.25 percent for long-term disability) of the members' annual covered payroll. The County is required by statute to contribute at an actuarially determined rate. For the year ended June 30, 2011 the County contributed 9.85 percent (9.01 percent for retirement, 0.59 percent for health insurance premium, and 0.25 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2010 the County contributed 9.4 percent (8.34 percent for retirement, 0.66 percent for health insurance premium, and 0.40 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2009 the County contributed 9.45 percent (7.99 percent for retirement, 0.96 percent for health insurance premium, and 0.50 percent for long-term disability) of the members' annual covered payroll.

	ASRS Retirement Fund	Health Benefit Supplement Fund	Long-term Disability Fund
Year ended June 30,			
2011	$ 21,774	$ 1,426	$ 604
2010	$ 20,234	$ 1,601	$ 970
2009	$ 20,127	$ 2,418	$ 1,259

Note 9: Retirement Plans (continued)

Agent plans

For the year ended June 30, 2011, 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 29.16 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 8.41 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 12.08 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.17 percent of covered payroll.

Actuarial methods and assumptions

The contribution requirements for the year ended June 30, 2011 were established by the June 30, 2009 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 2011 contribution requirements, are as follows:

	PSPRS	CORP
Actuarial valuation date	June 30, 2009	June 30, 2009
Actuarial cost method	Projected unit credit	Projected unit credit
Actuarial Assumptions:		
Investment rate of return	8.50%	8.50%
Projected salary increases	5.50% - 8.50%	5.50% - 8.50%
includes inflation at	5.50%	5.50%
Amortization method	Level percent-of-pay closed	Level percent-of-pay closed
Remaining amortization period	27 Years for unfunded actuarial accrued liability, 20 years for excess	27 Years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year Smoothed market value	7-year Smoothed market value

Note 9: Retirement Plans (continued)

Annual Pension and Healthcare Cost

The County's pension/healthcare cost for the PSPRS and CORP agent plans for the year ended June 30, 2011, and related information follows:

	PSPRS		CORP	
	Pension	Health Insurance	Pension	Health Insurance
Annual pension/Healthcare cost	$ 8,303	$ 624	$ 1,824	$ 282
Contibutions made	$ 8,535	$ 392	$ 1,963	$ 142

Trend Information

Annual pension cost information for the current and 2 preceding years follows for the PSPRS and CORP agent plans. Annual healthcare cost information for the same periods is included.

Plan	Year Ended June 30	Annual Pension/ Healthcare Cost	Percentage of Annual Cost Contributed	Net Pension/ Healthcare Obligation
PSPRS				
Pension	2011	$ 8,303	103%	
Health insurance	2011	$ 624	62.9%	$ 232
Pension	2010	$ 8,761	102%	
Health insurance	2010	$ 591	74.5%	$ 151
Pension	2009	$ 8,268	100%	
Health insurance	2009	$ 627	73.8%	$ 164
CORP				
Pension	2011	$ 1,824	108%	
Health insurance	2011	$ 282	50.4%	$ 140
Pension	2010	$ 1,943	102%	
Health insurance	2010	$ 232	78.8%	$ 49
Pension	2009	$ 2,162	100%	
Health insurance	2009	$ 236	77.1%	$ 54

Note 9: Retirement Plans (continued)

Funded Status

The funded status of the plans, as of the most recent valuation date June 30, 2011, along with the actuarial assumptions and methods used in those valuations follow. Additionally, the required schedule of funding progress, presented as Exhibit B-2 following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

	PSPRS		CORP	
	Pension	Health Insurance	Pension	Health Insurance
Actuarial accrued liability	$ 242,778	$ 7,353	$ 75,051	$ 3,261
Actuarial value of assets	$ 149,088	0	$ 51,477	0
Unfunded actuarial accrued liability (funding excess)	$ 93,690	$ 7,353	$ 23,574	$ 3,261
Funded ratio	61.4 %	0 %	68.6 %	0 %
Covered payroll	$ 30,805	$ 30,805	$ 20,441	$ 20,441
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	304.1 %	23.9 %	115.3 %	16.0 %

	PSPRS	CORP
Actuarial valuation date	June 30, 2011	June 30, 2011
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment rate of return	8.25%	8.25%
Projected salary increases	5.00% - 8.00%	5.00% - 8.00%
includes inflation at	5.00%	5.00%
Amortization method	Level percentage closed	Level percentage closed
Remaining amortization period	25 Years for unfunded , 20 years for overfunded	25 Years for unfunded , 20 years for overfunded
Asset valuation method	7-year smoothed market	7-year smoothed market

Note 10: Interfund Transactions

A. Interfund Assets/Liabilities

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

Amounts recorded as due from:

Amounts recorded as due to:	General	Capital Projects	Other Governmental	PHS & Services	RWR	Other Enterprise	Internal Services	Total
General		$ 10	$ 252	$ 44		$ 5	$ 898	$ 1,209
Capital Projects	$ 144		238		$ 1		25	408
Other Governmental	5,212	1	250		1		628	6,092
Pima Health System & Services	577						22	599
RWR	118		44			2	159	323
Other Enterprise	7						15	22
Internal Services	13		1,462				19	1,494
Total	$ 6,071	$ 11	$ 2,246	$ 44	$ 2	$ 7	$ 1,766	$ 10,147

B. Transfers

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

Amounts recorded as transfers out:

Amounts recorded as transfers in:	General	Capital Projects	Debt Service	Other Governmental	PHS & Services	RWR	Other Enterprise	Internal Services	Total
General				$ 5,385	$ 4,596				$ 9,981
Capital Projects	$ 5,271		$ 176	17,782		$ 25	$ 114		23,368
Debt Service		$ 4,502		16,243		781		$ 52	21,578
Other Governmental	51,802	303	2,675	8					54,788
RWR			94						94
Other Enterprise	694								694
Internal Service		72							72
Total	$ 57,767	$ 4,877	$ 2,945	$ 39,418	$ 4,596	$ 806	$ 114	$ 52	$ 110,575

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

Note 10: Interfund Transactions (continued)

		Transfer from	Transfer to
	$ 78	Government activities	RWR
Total	$ 78		

Note 11: Construction and Other Significant Commitments

At June 30, 2011, Pima County had the following major contractual commitments related to Environmental Quality, Facilities Management, General Government, Natural Resources, Parks & Recreation, Pima Health Systems and Services, Regional Wastewater Reclamation and Transportation.

Environmental Quality
At June 30, 2011, the Pima County Environmental Quality Department had contractual commitments related to service contracts of $8,256. Funding for these expenditures will be provided from general fund revenues.

Facilities Management
At June 30, 2011, the Pima County Facilities Management Department had contractual commitments related to service contracts of $13,508. Funding for these expenditures will be provided from general fund revenues.

General Government
At June 30, 2011, Pima County had contractual commitments related to service contracts for Finance and Risk Management of $15,068, Fleet Services of $9,364, Human Resources of $95,140, Institutional Health of $34,674 and Sheriff of $50,996. Funding for these expenditures will be provided from general fund revenues. Real Property had contractual commitments related to land acquisitions of $4,612, for which the funding of these expenditures will be provided by general obligation bonds.

Natural Resources, Parks and Recreation
At June 30, 2011, Pima County had contractual commitments related to construction contracts for Natural Resources, Parks and Recreation of $16,830. Funding for these expenditures will be provided from general obligation bonds.

Pima Health Systems and Services
At June 30, 2011, Pima County had contractual commitments related to service contracts for Pima Health Systems and Services of $160,739. Funding for these expenditures will be primarily provided from federal and state funding sources.

Regional Wastewater Reclamation
At June 30, 2011, the Regional Wastewater Reclamation Enterprise Fund had construction contractual commitments of $17,648 and other contractual commitments related to service contracts of $6,301. Funding for these expenses will be primarily from Sewer Revenue Bonds and related fees.

Note 11: Construction and Other Significant Commitments (continued)

Transportation
At June 30, 2011, the Pima County Transportation Department had construction contractual commitments of $16,237 and other contractual commitments related to service contracts of $5,044. Funding for these expenditures will be primarily provided from Transportation Revenue Bonds and Highway User Tax Revenue, the primary source of revenue for the Transportation Department.

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

The following non-major governmental funds reported fund balance deficits at June 30, 2011:

	6/30/2011
Special District Fund	$ 177
Employment and Training Fund	196
Other Special Revenue Fund - Grants	2,579
Total	$ 2,952

These deficits can be eliminated in the future through normal operations.

Note 13: Subsequent Events

Pima County's contracts with the Arizona Health Care Cost Containment System expired on September 30, 2011. As such, Pima County's management discontinued certain operations of the Fund that include the pending sale of Posada Del Sol Nursing Home.

As a result, the Pima Health System and Services Fund is scheduled to close during fiscal year 2012.

APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

$33,205,000*
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

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

This Continuing Disclosure Undertaking (this "Undertaking") is executed and delivered by Pima County, Arizona (the "County"), in connection with the issuance and sale of $33,205,000* Street and Highway Revenue Bonds, Series 2012 (the "Bonds"), being issued pursuant to a resolution adopted by the Board of Supervisors of the County on April 10, 2012 (the "Bond Resolution").

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

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

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

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

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

"Commission" means the Securities and Exchange Commission.

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

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

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

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

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* Preliminary, subject to change.

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

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

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

3. CUSIP Number/Final Official Statement. The base CUSIP Number of the Bonds is 721882. The Final Official Statement relating to the Bonds is dated _____, 2012.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PIMA COUNTY, ARIZONA

By:_____
Thomas Burke
Finance and Risk Management Director

Dated: [Closing Date]

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS

"Annual Financial Information" means quantitative financial information and operating data concerning the operations of the County of the type set forth in the Official Statement 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."

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, 2013. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements when available.

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

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

EXHIBIT II

EVENTS FOR WHICH NOTICE OF OCCURRENCE OF LISTED EVENTS IS REQUIRED

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

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

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

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

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

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

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

9. Defeasances;

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

11. Rating changes;

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

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

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

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

APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

THE INFORMATION PROVIDED IN THIS APPENDIX HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE COUNTY, BOND COUNSEL, OR THE 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 a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

Principal, interest and redemption payments on the Bonds will be made by the Bond Registrar and Paying Agent to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Bond Registrar and Paying Agent, on payable 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 Bond Registrar and Paying Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

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

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

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

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

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

PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

CERTIFICATE OF AWARD

The undersigned Chairman for the Board of Supervisors of Pima County, Arizona (the "County"), pursuant to authority granted by Resolution No. 2012-24 adopted on April 10, 2012 (the "Bond Resolution"), relating to the issuance and sale by the County of not-to-exceed $37,000,000 Street and Highway Revenue Bonds, Series 2012 (the "Series 2012 Bonds"), hereby makes the following determinations.

Capitalized terms used herein and not defined herein shall have the definitions set forth or incorporated in the Bond Resolution.

1. Attached as Exhibit A hereto are copies of all bids received for the Series 2012 Bonds by 10:00 A.M. M.S.T. on May 14, 2012, pursuant to the "Notice Inviting Bids for the Purchase of Street and Highway Revenue Bonds," dated May 2, 2012 (the "Notice Inviting Bids").

2. Following receipt and review of bids, it was determined that the bid submitted by Robert W. Baird & Co., Incorporated (the "Purchaser") was the bid resulting in the lowest true interest cost to the County, as determined by the Director of Finance of the County or his designee.

3. The principal payment schedule for the Series 2012 Bonds, as adjusted as described under "Adjustment of Principal Payments" in the Notice Inviting Bids, and the interest rates per annum and yields for the Series 2012 Bonds are shown below:

Maturity (July 1)	Principal Amount	Interest Rate	Yield
2013	$885,000	3.00%	0.40%
2014	3,610,000	4.00	0.57
2015	3,765,000	4.00	0.75
2016	3,935,000	5.00	0.97
2017	4,145,000	4.00	1.10
2018	4,330,000	4.00	1.30
2019	1,190,000	3.00	1.60
2020	1,225,000	3.00	1.75
2021	1,260,000	3.00	2.00
2022	1,300,000	4.00	2.15
2023	1,350,000	4.00	2.40*
2024	1,405,000	4.00	2.50*
2025	1,460,000	4.00	2.60*
2026	1,520,000	3.00	3.00
2027	1,565,000	3.00	3.05

* Yield calculated to July 1, 2022, the first optional redemption date

4. The Series 2012 Bonds maturing on or prior to July 1, 2022 will not be subject to redemption prior to maturity. The Series 2012 Bonds maturing on or after July 1, 2023 will be subject to redemption, at the election of the County, in whole or in part from maturities selected by the County and within any maturity by lot, at any time on or after July 1, 2022, at a redemption price equal to the principal amount of the Series 2012 Bonds to be redeemed plus accrued interest to the date fixed for redemption, but without premium.

5. The Series 2012 Bonds are hereby sold and awarded to the Purchaser, determined by the undersigned in accordance with the Notice Inviting Bids, at an aggregate purchase price of $36,354,406.44 (which amount represents the principal amount of $32,945,000, plus net original issue premium of $3,659,882.20, and less the Purchaser's gross compensation of $250,475.76).

6. The date of delivery and payment of the Series 2012 Bonds shall be May 30, 2012, or such other date agreed to by the County and the Purchaser pursuant to the Notice Inviting Bids.

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, I have set my hand on behalf of the County this 14th day of May, 2012.

PIMA COUNTY, ARIZONA

Chairman, Board of Supervisors

[Signature page of Certificate of Award]

EXHIBIT A

BIDS RECEIVED

Pursuant to "Notice Inviting Bids for the Purchase of Street and Highway Revenue Bonds"
dated May 2, 2012

12:11:34 p.m. MST | Upcoming Calendar | Overview | Compare | Summary

Bid Results

Pima County
$33,205,000 Street and Highway Revenue Bonds, Series 2012

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	Robert W. Baird & Co., Inc.	2.055841
☐	Morgan Stanley & Co Inc.	2.082635
☐	Wells Fargo Bank, National Association	2.093007
☐	J.P. Morgan Securities LLC	2.119371
☐	US Bancorp Investments, Inc.	2.129296
☐	Stifel, Nicolaus & Co., Inc.	2.150521
☐	Citigroup Global Markets Inc.	2.189301
☐	Hutchinson, Shockey, Erley & Co.	2.253715

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

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Result | Excel

Bids Comparison

PARITY

Pima County
$33,205,000 Street and Highway Revenue Bonds, Series 2012

Robert W. Baird & Co., Inc. - Red Bank, NJ

Maturity	Amount	Coupon
07/01/2013	885M	3.0000
07/01/2014	3,680M	4.0000
07/01/2015	3,840M	4.0000
07/01/2016	4,000M	5.0000
07/01/2017	4,165M	4.0000
07/01/2018	4,335M	4.0000
07/01/2019	1,175M	3.0000
07/01/2020	1,220M	3.0000
07/01/2021	1,265M	3.0000
07/01/2022	1,310M	4.0000
07/01/2023	1,360M	4.0000
07/01/2024	1,410M	4.0000
07/01/2025	1,465M	4.0000
07/01/2026	1,520M	3.0000
07/01/2027	1,575M	3.0000

TIC 2.055841

Purchase Price $36,641,798.70

Morgan Stanley & Co Inc. - New York, NY

Maturity	Amount	Coupon
07/01/2013	885M	4.0000
07/01/2014	3,680M	3.0000
07/01/2015	3,840M	4.0000
07/01/2016	4,000M	5.0000
07/01/2017	4,165M	4.0000
07/01/2018	4,335M	4.0000
07/01/2019	1,175M	3.0000
07/01/2020	1,220M	3.0000
07/01/2021	1,265M	3.0000
07/01/2022	1,310M	4.0000
07/01/2023	1,360M	3.0000
07/01/2024	1,410M	3.0000
07/01/2025	1,465M	3.0000
07/01/2026	1,520M	3.0000
07/01/2027	1,575M	3.0000

TIC 2.082635

Purchase Price $36,067,271.00

Wells Fargo Bank, National Association - Charlotte, NC

Maturity	Amount	Coupon
07/01/2013	885M	2.0000
07/01/2014	3,680M	5.0000
07/01/2015	3,840M	5.0000
07/01/2016	4,000M	5.0000
07/01/2017	4,165M	5.0000
07/01/2018	4,335M	5.0000
07/01/2019	1,175M	5.0000
07/01/2020	1,220M	5.0000
07/01/2021	1,265M	5.0000
07/01/2022	1,310M	5.0000
07/01/2023	1,360M	5.0000
07/01/2024	1,410M	5.0000
07/01/2025	1,465M	5.0000
07/01/2026	1,520M	3.0000
07/01/2027	1,575M	5.0000

TIC 2.093007

Purchase Price $38,704,852.45

J.P. Morgan Securities LLC - New York, NY

Maturity	Amount	Coupon
07/01/2013	885M	2.0000
07/01/2014	3,680M	3.0000
07/01/2015	3,840M	5.0000
07/01/2016	4,000M	5.0000
07/01/2017	4,165M	5.0000
07/01/2018	4,335M	5.0000
07/01/2019	1,175M	5.0000
07/01/2020	1,220M	5.0000
07/01/2021	1,265M	4.0000
07/01/2022	1,310M	4.0000
07/01/2023	1,360M	5.0000
07/01/2024	1,410M	5.0000
07/01/2025	1,465M	3.0000
07/01/2026	1,520M	3.0000

US Bancorp Investments, Inc. - New York, NY

Maturity	Amount	Coupon
07/01/2013	885M	3.0000
07/01/2014	3,680M	5.0000
07/01/2015	3,840M	5.0000
07/01/2016	4,000M	5.0000
07/01/2017	4,165M	5.0000
07/01/2018	4,335M	5.0000
07/01/2019	1,175M	5.0000
07/01/2020	1,220M	5.0000
07/01/2021	1,265M	5.0000
07/01/2022	1,310M	5.0000
07/01/2023	1,360M	4.0000
07/01/2024	1,410M	4.0000
07/01/2025	1,465M	3.0000
07/01/2026	1,520M	3.0000

Stifel, Nicolaus & Co., Inc. - San Francisco, CA

Maturity	Amount	Coupon
07/01/2013	885M	3.0000
07/01/2014	3,680M	5.0000
07/01/2015	3,840M	5.0000
07/01/2016	4,000M	5.0000
07/01/2017	4,165M	5.0000
07/01/2018	4,335M	5.0000
07/01/2019	1,175M	5.0000
07/01/2020	1,220M	5.0000
07/01/2021	1,265M	5.0000
07/01/2022	1,310M	5.0000
07/01/2023	1,360M	4.0000
07/01/2024	1,410M	4.0000
07/01/2025	1,465M	3.0000
07/01/2026	1,520M	3.0000

07/01/2027	1,575M	3.1250

TIC 2.119371

Purchase Price$37,560,345.61

07/01/2027	1,575M	3.0000

TIC 2.129296

Purchase Price$37,611,128.76

07/01/2027	1,575M	3.0000

TIC 2.150521

Purchase Price$37,564,559.05

Citigroup Global Markets Inc. - Los Angeles, CA

Maturity	Amount	Coupon
07/01/2013	885M	4.0000
07/01/2014	3,680M	4.0000
07/01/2015	3,840M	4.0000
07/01/2016	4,000M	5.0000
07/01/2017	4,165M	4.0000
07/01/2018	4,335M	4.0000
07/01/2019	1,175M	4.0000
07/01/2020	1,220M	4.0000
07/01/2021	1,265M	5.0000
07/01/2022	1,310M	5.0000
07/01/2023	1,360M	4.0000
07/01/2024	1,410M	4.0000
07/01/2025	1,465M	4.0000
07/01/2026	1,520M	4.0000
07/01/2027	1,575M	4.0000

TIC 2.189301

Purchase Price$37,239,407.50

Hutchinson, Shockey, Erley & Co. - Chicago, IL

Maturity	Amount	Coupon
07/01/2013	885M	3.0000
07/01/2014	3,680M	5.0000
07/01/2015	3,840M	5.0000
07/01/2016	4,000M	5.0000
07/01/2017	4,165M	2.0000
07/01/2018	4,335M	5.0000
07/01/2019	1,175M	3.0000
07/01/2020	1,220M	4.0000
07/01/2021	1,265M	3.0000
07/01/2022	1,310M	4.0000
07/01/2023	1,360M	5.0000
07/01/2024	1,410M	4.0000
07/01/2025	1,465M	4.0000
07/01/2026	1,520M	3.0000
07/01/2027	1,575M	3.1000

TIC 2.253715

Purchase Price$36,492,975.95

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Upcoming Calendar | Overview | Result | Excel

Robert W. Baird & Co., Inc. - Red Bank , NJ's Bid

PARITY

Pima County
$33,205,000 Street and Highway Revenue Bonds, Series 2012

For the aggregate principal amount of $33,205,000.00, we will pay you $36,641,798.70, 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	885M	3.0000	
07/01/2014	3,680M	4.0000	
07/01/2015	3,840M	4.0000	
07/01/2016	4,000M	5.0000	
07/01/2017	4,165M	4.0000	
07/01/2018	4,335M	4.0000	
07/01/2019	1,175M	3.0000	
07/01/2020	1,220M	3.0000	
07/01/2021	1,265M	3.0000	
07/01/2022	1,310M	4.0000	
07/01/2023	1,360M	4.0000	
07/01/2024	1,410M	4.0000	
07/01/2025	1,465M	4.0000	
07/01/2026	1,520M	3.0000	
07/01/2027	1,575M	3.0000	

Total Interest Cost:	$8,355,638.33
Premium:	$3,436,798.70
Net Interest Cost:	$4,918,839.63
TIC:	2.055841
Total Insurance Premium:	$0.00

Time Last Bid Received On:05/14/2012 9:50:46 PDST

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: Robert W. Baird & Co., Inc., Red Bank , NJ
Contact: charles massaro
Title: director
Telephone:732-576-4410
Fax: 732-576-4420

Issuer Name: Pima County Company Name: _____

Accepted By: _____ Accepted By: _____

Date: _____ Date: _____

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Result

Robert W. Baird & Co., Inc.'s Reoffering Scale

PARITY

Pima County

$33,205,000 Street and Highway Revenue Bonds, Series 2012

Maturity Date	Amount $	Coupon %	Yield %	Dollar Price	Call Date
07/01/2013	885M	3.0000	0.4000	102.814	
07/01/2014	3,680M	4.0000	0.5700	107.102	
07/01/2015	3,840M	4.0000	0.7500	109.895	
07/01/2016	4,000M	5.0000	0.9700	116.105	
07/01/2017	4,165M	4.0000	1.1000	114.305	
07/01/2018	4,335M	4.0000	1.3000	115.749	
07/01/2019	1,175M	3.0000	1.6000	109.342	
07/01/2020	1,220M	3.0000	1.7500	109.385	
07/01/2021	1,265M	3.0000	2.0000	108.269	
07/01/2022	1,310M	4.0000	2.1500	116.693	
07/01/2023	1,360M	4.0000	2.4000	114.255	07/01/2022
07/01/2024	1,410M	4.0000	2.5000	113.297	07/01/2022
07/01/2025	1,465M	4.0000	2.6000	112.348	07/01/2022
07/01/2026	1,520M	3.0000	3.0000	100.000	
07/01/2027	1,575M	3.0000	3.0500	99.397	

Accrued Interest: $0.00

Gross Production: $36,894,251.20

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OFFICIAL STATEMENT

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

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

$32,945,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

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

The $32,945,000 Street and Highway Revenue Bonds, Series 2012 (the "Bonds") being issued by Pima County, Arizona (the "County") will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository of the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry-only form in amounts of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interests in the Bonds.

Interest on the Bonds is payable until maturity or prior redemption semiannually on January 1 and July 1 of each year (each an "Interest Payment Date"), commencing January 1, 2013 and principal of the Bonds will be payable annually in accordance with the schedule set forth below. So long as the Bonds are registered in the name of DTC, or its nominee, payments of principal of and interest on the Bonds will be made directly by the paying agent, initially U.S. Bank National Association (the "Paying Agent"), to DTC which, in turn, is obligated to remit such payments to its participants for subsequent distribution to beneficial owners of the Bonds as described herein. See Appendix F – "BOOK-ENTRY-ONLY SYSTEM."

The Bonds are subject to redemption prior to their stated maturities on or after July 1, 2022, as more fully described under "THE BONDS – Redemption Provisions" 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 are 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 FINANCE" 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	$885,000	3.00%	0.40%	2021	$1,260,000	3.00%	2.00%
2014	3,610,000	4.00	0.57	2022	1,300,000	4.00	2.15
2015	3,765,000	4.00	0.75	2023	1,350,000	4.00	2.40*
2016	3,935,000	5.00	0.97	2024	1,405,000	4.00	2.50*
2017	4,145,000	4.00	1.10	2025	1,460,000	4.00	2.60*
2018	4,330,000	4.00	1.30	2026	1,520,000	3.00	3.00
2019	1,190,000	3.00	1.60	2027	1,565,000	3.00	3.05
2020	1,225,000	3.00	1.75				

* Yield calculated to July 1, 2022, the first optional redemption date.

This cover page contains only a brief description of the Bonds and the security therefor. It is not intended to be a summary of material information with respect to the Bonds. Investors 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 (US) LLP, 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 May 30, 2012.

May 14, 2012

PIMA COUNTY, ARIZONA
BOARD OF SUPERVISORS

Ramón Valadez, *Chairman*

Sharon Bronson

Ray Carroll

Ann Day

Richard Eliás

COUNTY ADMINISTRATIVE OFFICIALS

ELECTED OFFICIALS

Bill Staples
County Assessor

Beth Ford
County Treasurer

Barbara LaWall
County Attorney

APPOINTED OFFICIALS

C. H. Huckelberry
County Administrator

Thomas Burke
Finance and Risk Management Director

FINANCIAL ADVISOR

RBC Capital Markets, LLC
Phoenix, Arizona

BOND COUNSEL

Squire Sanders (US) LLP
Phoenix, Arizona

BOND REGISTRAR AND PAYING AGENT

U.S. Bank National Association
Phoenix, Arizona

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

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

IN CONNECTION WITH THIS OFFERING, THE PURCHASER OF THE BONDS MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS, AND THE PURCHASER MAY OVERALLOT OR ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICES OF BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET IN ORDER TO FACILITATE THEIR DISTRIBUTION. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

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

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

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

TABLE OF CONTENTS

	Page
INTRODUCTORY STATEMENT	1
THE BONDS	1
Authorization and Use of Funds	1
General Description	1
Redemption Provisions	2
Notice of Redemption	2
SECURITY AND SOURCE OF PAYMENT	2
General	2
Additional Parity Bonds	2
Amendment of Bond Resolution	3
Defeasance	3
PLAN OF FINANCE	4
MATHEMATICAL VERIFICATION	4
STREET AND HIGHWAY REVENUES	4
General	5
Distribution of Highway User Tax Revenues	6
Recent Legislation	6
Street and Highway Revenue – State of Arizona	7
Street and Highway Revenues Received by the County	8
STREET AND HIGHWAY REVENUE BONDED DEBT OUTSTANDING	9
STREET AND HIGHWAY REVENUE BOND DEBT SERVICE REQUIREMENTS AND DEBT SERVICE COVERAGE	10
LEGAL MATTERS	11
TAX MATTERS	11
General	11
Original Issue Discount and Original Issue Premium on Bonds	12
LITIGATION	13
RATINGS	13
CONTINUING SECONDARY MARKET DISCLOSURE	14
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, 2011

Appendix E — Form of Continuing Disclosure Undertaking

Appendix F — Book-Entry-Only System

$32,945,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

INTRODUCTORY STATEMENT

This Official Statement, including the cover page and the Appendices hereto, provides certain information in connection with the original sale and issuance by Pima County, Arizona (the "County") of its Street and Highway Revenue Bonds, Series 2012 (the "Bonds") identified on the cover page hereof.

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

References to provisions of 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 an authorizing resolution ordering the sale of the Bonds adopted by the Board of Supervisors of Pima County, Arizona (the "Board") on April 10, 2012 (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 $89,375,000 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 amounts of $5,000 of principal due on a maturity date or any integral multiple thereof. As described herein in Appendix F – "BOOK-ENTRY-ONLY SYSTEM," the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. So long as DTC, or its nominee, is the

registered owner of all of the Bonds, all payments on the Bonds will be made directly to DTC for payment to the owners as described herein in Appendix F – "BOOK-ENTRY-ONLY SYSTEM."

The Bonds will bear interest from their dated date, payable semiannually on January 1 and July 1 (each an "Interest Payment Date"), commencing January 1, 2013. Interest on the Bonds will be paid by the bond registrar and paying agent, initially U.S. Bank National Association, or its successors (the "Bond Registrar and Paying Agent"), to the owners thereof (initially Cede & Co., as nominee for DTC) as shown on the registration books maintained by the Bond Registrar and Paying Agent, at the close of business on the fifteenth day of the month preceding each Interest Payment Date or if such day is a Saturday, Sunday or holiday on the next preceding business day (the "Record Date"). So long as the Bonds are in DTC's book-entry-only system, and thereafter at the written request and expense of the owners of $1,000,000 or more in aggregate principal amount of Bonds delivered to the Bond Registrar and Paying Agent prior to a Record Date, interest and principal will be paid by wire transfer to a bank account in the continental United States.

Redemption Provisions

The Bonds maturing on or before July 1, 2022 are not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after July 1, 2023 are subject to redemption on any date on or after July 1, 2022 at the election of the County, in whole or in part from maturities selected by the County and within any maturity by lot, by the payment of a redemption price equal to the principal amount of each Bond called for redemption plus accrued interest to the date fixed for redemption, without premium.

Notice of Redemption

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

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 $149,085,000 aggregate principal amount of street and highway revenue bonds of the County to be outstanding after the issuance of the Bonds ("Outstanding Parity Bonds") and any additional street and highway revenue bonds hereafter issued on a parity therewith ("Additional Parity Bonds" and together with the Bonds and Outstanding Parity Bonds, "Parity Bonds"). See "Additional Parity 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 Parity Bonds

Statutory Requirements. Arizona Revised Statutes Section 11-378 presently requires that in order for the County to issue Additional Parity 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 Parity 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 Parity Bonds to be outstanding following the issuance of the Additional Parity 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 Additional Parity 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 Parity 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 Parity Bonds equals not less than two times the maximum annual debt service on all Parity Bonds to be outstanding including the Additional Parity Bonds to be issued, (ii) the payments required to be made into the bond fund for Parity Bonds are current and (iii) no obligation payable from the bond fund for Parity Bonds is in default as to either principal or interest.

The County will have $89,375,000 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 Parity 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 Additional 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 obligations issued or unconditionally guaranteed by the United States of America ("Government Obligations") or both, which, with the maturing principal of and interest on such 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 Government Obligations deposited with the trustee.

PLAN OF FINANCE

Refunding of Bonds Being Refunded. 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 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 following bonds (the "Bonds Being Refunded"):

Issue (Dated Date)	Street and Highway Revenue Bonds	Original Principal Amount	Maturity Dates to be Refunded	Principal Amount Being Refunded	Redemption Date	Redemption Premium on Bonds Being Refunded
1-15-2003	Series 2003	$35,000,000	7-1-2014 to 7-1-2018	$15,270,000	7-1-2013	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."

Use of Remaining Proceeds. The remaining net proceeds received from the sale of the Bonds will be used to make certain street and highway improvements within the County and to pay costs related to the issuance of the Bonds.

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, LLC, 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 certain information with respect to Street and Highway Revenues. This summary does not purport to be a complete description of the revenue sources and, accordingly, is qualified by

reference to the relevant sections of the Arizona Revised Statutes ("A.R.S."). The State Legislature has in the past altered and may in the future alter the statutes governing these revenue sources and their allocation.

General

Street and Highway Revenues are deposited and held in the State highway user revenue fund established pursuant to A.R.S. Section 28-6533 (the "Arizona Highway User Revenue Fund") until distributed. The Street and Highway Revenues are distributed by the State, as described below, pursuant to a highway and transportation financing program established by the State Legislature for the benefit of the State and counties and cities within the State, including the County.

Street and Highway Revenues currently include all or a portion of (i) motor vehicle fuel taxes and use fuel 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, as described below.

Motor Vehicle Fuel Taxes and Use Fuel Taxes. Motor vehicle fuel taxes consist of motor vehicle fuel (gasoline) taxes and motor vehicle use fuel (primarily diesel) taxes. These are excise taxes imposed upon fuel used in the propulsion of a motor vehicle on the public highways of the State. The motor vehicle fuel (gasoline) tax is currently assessed at the rate of $.18 per gallon, and the use fuel (primarily diesel) tax is assessed at $.18 for vehicles under 26,001 pounds and other qualifying vehicles and $.26 per gallon for all other vehicles. The motor vehicle fuel tax is collected by ADOT from licensed suppliers for each gallon of gasoline possessed, used or consumed in the State and the motor vehicle 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 basis. The fee for passenger vehicles and non-commercial pickup trucks is $8, and the fee for motorcycles is $9, of which $1 is paid to the motorcycle education 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. All motor vehicle registration fees are deposited in the Arizona Highway User Revenue Fund.

Motor Carrier Fees. 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 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) 37.61% to the Arizona User Revenue Fund, (ii) 20.45% to the general fund of the county where the motor vehicle is registered, (iii) 4.91% to the counties in the State for any purposes related to transportation, on the basis that the population of the unincorporated area of each county bears to the population of the unincorporated areas of all counties in the State, (iv) 20.45% to the incorporated cities and towns of the county in proportion to the population of each, (v) 5.73% to the State Highway Fund, and (vi) 10.85% to the State general fund to aid school financial assistance. 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 Street and Highway Revenues.

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, off-highway user 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 de minimus statutory allocations are made, Highway User Tax Revenues are allocated in accordance with the following statutory formula: ADOT receives 50.5%, counties receive 19%, incorporated cities and towns receive 27.5% and incorporated cities with a population of 300,000 or more receive 3%. 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.

Effective June 30, 2005, in order to be eligible to receive its allocation of Street and Highway Revenues from the State, a county with a population of 400,000 or more persons or an incorporated city or town with a population of 30,000 or more persons that is located in such county is required to budget and spend local revenues for street and highway purposes at least equal to the average amount of local revenues budgeted and spent for street and highway purposes for any four of the five fiscal years during the period beginning with fiscal year 1981-82 and ending with fiscal year 1985-86. If such a county, city or town does not comply with these budgeting requirements, the next twelve monthly distributions received by such county, city or town will be reduced, beginning in April of the fiscal year following the fiscal year in which the requirement was not met, by one-twelfth of the difference between the amount distributed to the county, city or town in the year of noncompliance and the amount distributed to the county, city or town in fiscal year 1969-70.

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 State 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 Arizona Highway User Revenue Fund or (2) the allocation formulas for such moneys between (a) deposits into the State Highway Fund for use by ADOT, (b) distributions to cities, towns and counties, or (c) other allowable uses permitted by the State Constitution and proscribed by Arizona statute. The authority of the State Legislature to make such changes in the use of monies deposited into the Arizona Highway User Revenue Fund is subject to the requirement of the Arizona Constitution that the majority of the funds comprising the Street and Highway 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. See "Recent Legislation" below. 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.

Recent Legislation

From time to time legislation is enacted that alters or modifies the deposits of monies into, and the distribution of monies from, the Arizona Highway User Revenue Fund. The information provided below reflects the more significant legislative enactments affecting distributions to cities, towns and counties that have occurred since the State Legislature's 2005 regular session.

During the 2005 regular session, legislation was enacted (SB 1513) that distributed $59.6 million from the Arizona Highway User Revenue Fund to the Arizona Department of Public Safety (DPS) in fiscal year 2005-06.

During the 2006 regular session, legislation was enacted (HB 2863) that distributed $10.0 million from the Arizona Highway User Revenue Fund to the DPS in fiscal year 2006-07.

During the 2007 regular session, legislation was enacted (HB 2781) that distributed $10.0 million from the Arizona Highway User Revenue Fund to the DPS in fiscal year 2007-08. Other legislation was enacted (SB 2783) that distributed $6.69 million from the Arizona Highway User Revenue Fund to the State Highway Fund (in addition

to the normal 50.5% distribution) in fiscal year 2007-08 to construct two Motor Vehicle Division (MVD) service centers and an ADOT multiuse facility.

During the 2008 regular session, effective January 1, 2009, off-highway vehicle user fees were added to the Arizona Highway User Revenue Fund.

During the 2008 regular session, legislation was enacted (HB 2209) that distributed $84.9 million from the Arizona Highway User Revenue Fund to the DPS in fiscal year 2008-09.

During the 2009 regular session, legislation was enacted (SB 1188) that distributed $1.0 million from the Arizona Highway User Revenue Fund to the State's Economic Strength Project Fund to be expended for highway projects that provide economic benefits to the State and local jurisdictions in fiscal year 2009-10.

During the 2009 regular session, legislation was enacted (SB 1188) that distributed $78.1 million from the Arizona Highway User Revenue Fund to the DPS in fiscal year 2009-10.

During the 2010 seventh special session, legislation was enacted (HB 2001) that distributed $78.6 million from the Arizona Highway User Revenue Fund to the DPS in fiscal year 2010-11.

During the 2011 regular session, legislation was enacted (SB 1612) that distributes approximately $120.7 million from the Arizona Highway User Revenue Fund to DPS in fiscal year 2011-12. This bill also distributed approximately $86.9 million from the Arizona Highway User Revenue Fund to the State Highway Fund for MVD operations in fiscal year 2011-12. In addition, the bill requires a transfer of approximately $105.3 million from the State Highway Fund share of its Arizona Highway User Revenue Fund Vehicle License Tax distribution to the State General Fund in fiscal year 2011-12. Other legislation was enacted (SB 1616) that requires a transfer of approximately $4.1 million from the State Highway Fund share of its Arizona Highway User Revenue Fund distribution to the ten least populated Arizona counties in fiscal year 2011-12.

Street and Highway Revenue – State of Arizona

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

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
2011-12 (a)	$422,051	$314,141	$24,664	$37,979	$798,835
2010-11	634,983	478,165	36,300	55,626	1,205,073
2009-10	626,744	482,151	35,807	49,714	1,194,417
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

(a) Year-to-date data as of February 29, 2012.

Source: Arizona Department of Transportation, Administrative Services Division.

MOTOR VEHICLE REGISTRATIONS

Fiscal Year	State of Arizona		Pima County	
	Total Number of Vehicle Registrations	Percentage Change	Total Number of Vehicle Registrations	Percentage Change
2011-12 (a)	6,875,562	0.5%	941,113	(0.1%)
2010-11	6,839,659	1.5%	942,202	0.9%
2009-10	6,740,536	0.7%	933,618	0.9%
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%

(a) Data as of December 31, 2011.

Source: Arizona Department of Transportation, Motor Vehicle Division.

GALLONS OF MOTOR VEHICLE FUEL TAXED (a)

Fiscal Year	State of Arizona		Pima County	
	Total Gallons Taxed	Percentage Change	Total Gallons Taxed	Percentage Change
2010-11	3,297,606,899	0.9%	484,838,586	(0.1%)
2009-10	3,267,005,747	(0.6%)	485,399,602	6.4%
2008-09	3,285,188,099	(9.2%)	456,069,550	(11.3%)
2007-08	3,618,703,864	(1.0%)	513,915,238	1.6%
2006-07	3,653,842,216		505,852,375	

(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
2011-12	$45,800,000 (a)
2010-11	50,459,963
2009-10	50,535,192
2008-09	53,906,177
2007-08	57,847,328
2006-07	58,637,775

(a) The amount shown for fiscal year 2011-12 is estimated by the County. The information presented constitutes "forward looking statements" which must be read with an abundance of caution and may not be realized or may not occur in the future.

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	$3,650,000
1-15-03	35,000,000	Street & Highway Improvements	7-1-04/18	20,500,000
5-01-05	51,200,000	Street & Highway Improvements	7-1-09/20	40,655,000
1-01-07	21,000,000	Street & Highway Improvements	7-1-09/22	18,635,000
2-15-08	25,000,000	Street & Highway Improvements	7-1-09/22	24,550,000
12-02-09	23,420,000	Street & Highway Improvements and Refunding	7-1-13/24	23,420,000
Total Street and Highway Revenue Bonds Outstanding				$131,410,000
Less: The Bonds Being Refunded				(15,270,000)
Plus: The Bonds Offered Herein				32,945,000
Total Street and Highway Revenue Bonds to be Outstanding				$149,085,000

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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 (4)
			Principal	Interest (3)		
2011	$50,459,963					
2012	45,800,000	$15,939,806			$15,939,806	3.16
2013		15,316,075	$885,000	$1,390,983	17,592,058	2.86
2014		12,530,213	3,610,000	1,254,150	17,394,363	2.90
2015		12,523,588	3,765,000	1,109,750	17,398,338	2.90
2016		12,518,475	3,935,000	959,150	17,412,625	2.89
2017		12,514,288	4,145,000	762,400	17,421,688	2.89
2018		12,509,925	4,330,000	596,600	17,436,525	2.89
2019		13,874,688	1,190,000	423,400	15,488,088	3.25
2020		13,969,988	1,225,000	387,700	15,582,688	3.23
2021		8,463,100	1,260,000	350,950	10,074,050	5.00
2022		8,533,538	1,300,000	313,150	10,146,688	4.97
2023		3,136,600	1,350,000	261,150	4,747,750	10.62
2024		3,135,600	1,405,000	207,150	4,747,750	10.62
2025			1,460,000	150,950	1,610,950	31.32
2026			1,520,000	92,550	1,612,550	31.29
2027			1,565,000	46,950	1,611,950	31.30

(1) As reported by the Arizona Department of Transportation and the County for fiscal year 2010-11. As estimated by the County for fiscal year 2011-12. See "STREET AND HIGHWAY REVENUES – Street and Highway Revenues Received by the County."

(2) Net of the Bonds Being Refunded.

(3) The first interest payment date is January 1, 2013.

(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

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

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

TAX MATTERS

General

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

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

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

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

A portion of the interest on the Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or

credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Bonds. Bond Counsel will express no opinion regarding those consequences.

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

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, both the American Jobs Act of 2011 proposed by President Obama on September 12, 2011, and introduced into the Senate on September 13, 2011, and the federal budget for fiscal year 2013 as proposed by President Obama on February 13, 2012, contain provisions that could, among other things, result in additional federal income tax for tax years beginning after 2012 on taxpayers that own tax-exempt obligations, including the Bonds, if they have incomes above certain thresholds.

Prospective purchasers of the Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Bonds at other than their original issuance at the respective prices indicated on the inside cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

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

Original Issue Discount and Original Issue Premium on Bonds

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. The amount of OID that accrues each year to a corporate owner of a Discount

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

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

LITIGATION

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

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

RATINGS

Fitch Ratings ("Fitch") and Standard & Poor's Financial Services LLC, a division of the McGraw-Hill Companies, Inc. ("S&P") have assigned the Bonds 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 and 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, 2013 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notice of Listed Events"). The Annual Reports, the Notices of Listed Events and any other document or information required to be filed as set forth in Appendix E – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" will be filed by the County with the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access system ("EMMA") as described in such Form. The specific nature of the information to be contained in the Annual Reports and the Notices of Listed Events is set forth in such Form.

These covenants have been made in order to assist the underwriters of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). Pursuant to Arizona law, the ability of the County to provide information pursuant to such covenants is subject to annual appropriation to, among other things, cover the costs of preparing and disseminating the Annual Report and the Notices of Listed Events. A failure by the County to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

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

FINANCIAL STATEMENTS

Included as Appendix D of this Official Statement are excerpts of the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. 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, LLC 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.

The Financial Advisor is engaged by the County to, among other things, coordinate the preparation of the Official Statement, but is not obligated to undertake, and has not undertaken to make, an independent verification, and does not guarantee the accuracy, completeness, or fairness, of the information in this Official Statement.

ADDITIONAL INFORMATION

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

Official Statement has been derived by the County from official and other sources and is believed by the County to be accurate and reliable. Information other than that obtained from official records of the County has not been independently confirmed or verified by the County and its accuracy is not guaranteed.

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

By: */s/ Ramón Valadez*
Chairman, Board of Supervisors

By: */s/ C.H. Huckelberry*
County Administrator

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APPENDIX A

PIMA COUNTY, ARIZONA
General Economic and Demographic Information

General Information

Pima County, Arizona (the "County") is located in the southern portion of the State of Arizona ("Arizona" or the "State"), with a section of its southern boundary bordering Mexico. The boundaries of the County encompass an area of approximately 9,184 square miles. Organized in 1864 by the Arizona Territorial Legislature as one of the State's four original counties, the County is today the second most populous county in Arizona with an estimated 2011 population of 986,081. Approximately 53% of the County's population resides in the City of Tucson, Arizona ("Tucson"), the County seat of government and southern Arizona's largest city.

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

	Pima County	City of Tucson	State of Arizona
2011 Estimate (a)	986,081	522,815	6,438,178
2010 Census	980,263	520,116	6,392,017
2000 Census	843,746	486,699	5,130,632
1990 Census	666,880	405,390	3,665,228
1980 Census	531,443	330,537	2,716,546
1970 Census	351,667	262,933	1,775,399

(a) Population estimates as of July 1, 2011 (released December 15, 2011) provided by the Office of Employment and Population Statistics, Arizona Department of Administration.

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

Organization

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

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

Mr. Thomas Burke was appointed Finance and Risk Management Director in January 2005 and had served as Deputy Director of Finance from May 2004. Prior to his move to Finance, Mr. Burke served as Deputy Director of Pima County's Department of Natural Resources, Parks and Recreation from 2003 to 2004. From 2000 to 2003, he was a Deputy County Attorney representing various Pima County departments including the County Assessor, County Treasurer and Public Works departments. From 1989 to 1998, Mr. Burke served as the Manager of Pima

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

Transportation

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

Economy

The economy of the County is based largely on a variety of service industries, trade, and government employment. Figures from the Arizona Department of Administration, Office of Employment and Population Statistics indicate that 354,600 persons were employed, on average (not including the agricultural industry), in the County in 2011. The following table presents the County's average annual total employment by industry for the periods indicated. During the recent recession, employment decreased in the County from 2008 through 2010, but has shown signs of stabilizing in 2011, as reflected in the information shown below.

TABLE 2
Pima County
Average Annual Employment (a)
Number of Persons Employed 2007-2011

Industry	2007	2008	2009	2010	2011
Goods Producing					
Construction	28,300	24,700	18,300	16,800	17,300
Manufacturing	27,500	27,200	25,100	24,000	23,400
Service Providing					
Trade, Transportation and Utilities	64,300	62,700	58,200	56,600	56,500
Information	5,900	5,300	4,700	4,300	4,100
Financial Activities	18,200	17,200	17,500	17,600	17,400
Professional and Business Services	52,600	51,400	47,100	45,700	46,000
Education and Health Services	54,700	57,100	58,500	58,300	59,200
Leisure and Hospitality	40,200	40,400	38,700	38,100	39,600
Other Services	15,800	15,700	14,700	14,300	14,400
Government	77,900	79,800	79,100	78,200	76,700
Total Wage & Salary Employment	385,400	381,500	361,900	353,900	354,600

(a) Numbers may not add due to rounding.

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

The average unemployment rate for the County in 2011 was 8.4%. The average annual unemployment rate for 2010 and 2009 was 9.4% and 8.8%, respectively. The table below shows comparative unemployment rates for the County, the State and the United States for the periods indicated. As reflected for the United States as a whole, the unemployment rate for Arizona and for the County saw significant increases in 2009 and 2010.

TABLE 3
Pima County
Comparative Employment Statistics (a)

Calendar Year	Pima County Average Employment	Pima County Average Unemployment	Unemployment Rate Pima County	Arizona	U.S.
2011	426,406	39,207	8.4%	9.5%	9.0%
2010	433,795	45,259	9.4%	10.5%	9.6%
2009	447,094	43,301	8.8%	9.7%	9.3%
2008	449,910	26,532	5.6%	5.9%	5.8%
2007	439,564	16,524	3.6%	3.8%	4.6%

(a) Data shown in table is not seasonally adjusted.

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

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

TABLE 4
Southern Arizona
Major Employers

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

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

Non-Governmental Employment

Average overall wage and salary employment in the County, excluding government employment, increased each year through 2007. From 2008 through 2010, average employment figures across all categories with the exception of financial activities and education and health services showed declines in employment. During that time, average non-governmental employment in the County fell by approximately 26,000 jobs, or approximately 8.6%. Employment figures in 2011 showed growth in some categories and declines in others, with overall employment up a slight 0.1%.

The average annual employment in service-providing categories in 2011 was 237,200. It is anticipated that as the County continues to grow in population and economic activity, service-providing employment will continue to provide the primary source of jobs in the County. As detailed in TABLE 2, employment in the Education and Health Services and Trade, Transportation and Utilities have been the primary areas of employment in the service-providing industry.

Government

While employment levels have fallen over the last two and one-half years, government employment plays an important role in the County with Federal, State and local government employees averaging approximately 76,700 in 2011. The State and Davis-Monthan Air Force Base are significant contributors to government employment in the County (see "Southern Arizona - Major Employers" listed in TABLE 4). Davis-Monthan Air Force Base is a major training ground for active duty members on the A-10 "Warthog" aircraft. The facility is also responsible for the education of tactical missile crews. Its storage capacity of 2,500 aircraft is the largest in the world. In the past, Davis-Monthan Air Force Base reportedly has been included on lists of installations considered for closure or realignment by the Defense Base Closure and Realignment Commission. There can be no assurances that Davis-Monthan Air Force Base will not be included on similar lists in the future. Any such closure or realignment would most likely be subject to review and approval by, among others, the Department of Defense and the President of the United States and would have a negative but unquantifiable effect on the County.

Manufacturing

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

Average annual employment in the manufacturing sector within the County in 2011 was 23,400, representing 6.6% of the County's total wage and salary employment base. Manufacturing employment in the County decreased each since 2007. During that time, average manufacturing employment fell by approximately 4,100 jobs, or approximately 14.9%.

The following table presents the major manufacturers in the County and Tucson metropolitan area as of March 2011:

TABLE 5
Southern Arizona
Major Manufacturers

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

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

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

Tourism

Tourism is an important economic mainstay in the County and the Tucson area. The County's climate, historical and cultural sites, location and proximity to vacation areas in California, Mexico, and other Southwest destinations attract vacationers, conventioneers and other visitors. The Metropolitan Tucson Convention and Visitors Bureau estimated that over 634 convention bookings with 213,238 convention delegates visited the Tucson area in fiscal year 2010-11, the most recent data available. In the Tucson area, the Bureau estimated that there were approximately 196 hotels and resorts with 16,720 rooms. Points of interest, recreational sites and sight-seeing attractions include the Arizona-Sonora Desert Museum, Kitt Peak National Observatory, Pima Air and Space Museum, Titan Missile Museum, Saguaro National Park, Mission San Xavier del Bac, Mount Lemmon, Sabino Canyon, Biosphere 2, and numerous resorts and golf courses.

According to the Arizona Hospitality Research & Resource Center, tourists in the County spent $1.3 billion in calendar year 2010, a slight decrease from tourism-related expenditures in calendar year 2009. In calendar year 2011, tourists in the County spent approximately $1.37 billion, an increase of 5.71% from the prior year.

The figures in the following table include the estimated tourist portion of amusement, bar and restaurant, hotel and motel, and retail gross sales. Shown below are tourist dollars expended in the County and State economies for 2007 through 2011 (the most current data reported).

TABLE 6
Total Tourist Expenditures
($ in millions)

Year	Pima County	State of Arizona
2011	$1,370	$ 9,549
2010	1,296	8,844
2009	1,304	8,795
2008	1,414	9,871
2007	1,542	10,604

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

Education

The University of Arizona (the "University") provides approximately 10,481 jobs to the area and is an important link to the economic growth of the County. Its presence as a research university has assisted in attracting new business enterprises over the years. The academic organization of the University is comprised of ten undergraduate colleges, five graduate colleges and a number of interdisciplinary programs. Enrollment figures for the fall semester of 2011 were estimated at 39,236 undergraduate and graduate full-time students. This enrollment includes students in continuing education programs, interns and residents, post-doctoral programs and on-campus non-credit students.

Pima County Community College offers two-year programs in vocational and technical education. Total student enrollment for Pima County Community College for 2010-11 was 62,973 students.

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

Wholesale and Retail Trade

Wholesale and retail trade includes restaurants, hotels, taverns, service stations, automobile repair shops, shopping malls and wholesale dealers. The largest individual employers in the retail sector (companies with more than 1,000 employees) are Wal-Mart Stores, Fry's Food and Drug Stores, Bashas' Inc., Walgreen Co., Safeway Stores Inc., 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% (not including a temporary 1.0% tax). In addition, cities and towns within the County generally levy a 2% to 4% sales tax. The County Regional Transportation Authority levies a county-wide 0.5% sales tax.

The following table sets forth retail sales figures in the County for the periods indicated. After many years of continued growth, retail sales in the County decreased by 7.14% in calendar year 2008 and by an additional 9.86% in calendar year 2009. While continuing to decrease in calendar year 2010, the rate of decline slowed to 2.20% and in calendar year 2011, retail sales in the County increased by 7.8% from the prior year.

TABLE 7
Pima County Retail Sales (a)

Year	Amount	% Change
2011	$6,904,863,298	7.8%
2010	6,402,891,553	(2.20%)
2009	6,547,084,057	(9.86%)
2008	7,263,583,414	(7.14%)
2007	7,822,497,932	1.05%

(a) Excludes food and gasoline sales.

Source: Arizona Department of Revenue.

Financial Institutions

The Federal Deposit Insurance Corporation (FDIC) collects deposit balances for commercial and savings banks as of June 30 of each year. The following table illustrates the summary of bank deposits of all FDIC-insured institutions within the County for the past five fiscal years. As of June 30, 2011, there were 19 institutions with 192 offices in the County, with a deposit balance of approximately $11.973 billion.

TABLE 8
Pima County
Bank Deposits

Year	Amount
2011	$11,973,000,000
2010	11,892,000,000
2009	11,502,000,000
2008	11,215,000,000
2007	11,643,000,000

Source: Federal Deposit Insurance Corporation.

Mining

According to the Arizona Mining Association, Arizona leads the nation in copper production, accounting for approximately 63% of the total U.S. mine production. However, the cyclical nature of this industry has caused consolidation of its resources to improve production. In the early 1980's, the Arizona copper industry's direct economic impact on the Arizona economy regularly exceeded $1.0 billion, peaking in 1981 at approximately $1.612 billion when the industry employed roughly 25,000 persons. Since that time, employment in this sector has significantly decreased, with employment in the mining industry within the County being approximately 1,900 in 2011 and 1,800 in 2010.

Agriculture

Agriculture plays a less significant role in the economy of the County as a whole, but a small portion of the County relies on agriculture as its leading economic source. Principal crops harvested are cotton, wheat and hay, as well as vegetables. The following table sets forth the total cash receipts for all crops and livestock products in the County for the most recent five years for which reports are available.

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

Year	Receipts
2010	$69,985,000
2009	62,422,000
2008	71,663,000
2007	73,400,000
2006	78,083,000

Source: *Arizona Agricultural Statistics,* September 2011.

Building Permits

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

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

TABLE 10
Pima County
Value of Building Permits

Year	Residential	Commercial	Industrial	Other	Total
2011(a)	$180,300,000	$189,815,000	$ 5,034,000	$36,659,000	$411,808,000
2010	242,191,000	182,847,000	355,000	91,163,000	516,556,000
2009	399,714,000	106,445,000	11,851,000	46,646,000	564,656,000
2008	598,774,000	290,225,000	17,799,000	114,784,000	1,021,582,000
2007	864,602,000	420,297,000	18,580,000	89,391,000	1,392,870,000

(a) Data shown is through September 30, 2011 and is the most current information reported as of the date of this Official Statement. The Arizona State University Morrison School, Realty Studies has indicated that the collection and reporting of this data has been suspended at this time.

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

TABLE 11
Pima County
New Housing Starts

Year	Total Housing Units Permitted
2011(a)	1,120
2010	1,238
2009	2,179
2008	3,207
2007	4,629

(a) Data shown is through September 30, 2011 and is the most current information reported as of the date of this Official Statement. The Arizona State University Morrison School, Realty Studies has indicated that the collection and reporting of this data has been suspended at this time.

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

APPENDIX B

PIMA COUNTY, ARIZONA
Financial Information

Introduction

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

Expenditure Limitation

Beginning in fiscal year 1981-82, the County became subject to an annual expenditure limitation which is set by the Arizona Economic Estimates Commission. This limitation is based on the County's annual expenditures for fiscal year 1979-80, with this base adjusted to reflect interim population, cost of living and boundary changes. Certain expenditures are specifically exempt from the limit, including expenditures made from federal funds and bond sale proceeds, as well as debt service payments. The limitations can be exceeded for certain emergency expenditures or if approved by the voters. The 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 2011-12 fiscal year was $501,752,817. The County's expenditures for the 2011-12 fiscal year were under the limit. The County's 2012-13 fiscal year expenditure limitation is $516,422,727 and the County anticipates that its expenditures for such year will be under the limit.

Ad Valorem Taxes

General

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

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

Secondary assessed valuation represents the value used in determining property tax levies for the payment of principal and interest on bonds, school district voter-approved budget overrides and special district taxes and the calculation of maximum bonded indebtedness allowed under the State's Constitutional debt limit. See "Debt

Limitation" herein. Under the secondary system, there is no limitation on annual increases in full cash value of any property. In addition, annual tax levies for voter-approved bonded indebtedness, overrides and special district taxes are unlimited.

Arizona law provides for a property valuation "freeze" for certain residential property owners sixty-five years of age and older. Owners of residential property may obtain such freeze against valuation increases (the "Property Valuation Protection Option") if the owner's total income from all sources does not exceed 400% (500% for two or more owners of the same property) of the "Social Security Income Benefit Rate." The Property Valuation Protection Option must be renewed every three years. If the property is sold to a person who does not qualify, the valuation reverts to its current full cash value. Any freeze on increases in full cash value will translate to the secondary assessed value of the affected property as hereinafter described.

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

Tax Procedures

The tax year in Arizona is defined as the calendar year, although tax procedures begin prior to January 1 of each tax year and continue through May of the succeeding calendar year. The first step in the tax process, for taxing entities other than certain special districts, is the determination of the full cash value of each individually-owned parcel of land within the State. Property valuations are established on most property by the individual county assessors, with the State Department of Revenue determining the valuation of centrally assessed properties such as gas, water and electrical utilities, railroads, mines and pipelines. The appropriate property classification assessment ratio is then applied to the full cash value to determine the assessed valuation for such parcel. The assessment ratios utilized over the five-year period 2008 through 2012 for each class of property are set forth below.

Property Tax Assessment Ratios
2008 through 2012

Property Classification (a)	2008	2009	2010	2011	2012
Mining, Utility, Commercial and Industrial (b)	23%	22%	21%	20%	20%
Agriculture and Vacant Land (b)	16%	16%	16%	16%	16%
Owner Occupied Residential	10%	10%	10%	10%	10%
Leased or Rented Residential	10%	10%	10%	10%	10%
Railroad, Private Car Company and Airline Flight Property (c)	20%	18%	17%	17%	15%

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

(b) For tax year 2011, full cash values up to $67,268 on commercial, industrial and agricultural personal property are exempt from taxation. For tax year 2012, full cash values up to $68,079 on commercial, industrial and agricultural personal property are exempt from taxation. This exemption is indexed annually for inflation. Any portion of the full cash value in excess of that amount will be assessed at the applicable rate. Effective January 1, 2011, the assessment ratio for mining, utilities, commercial and industrial property was reduced by one percentage point annually, resulting in an assessment ratio of 20% thereafter. The assessment ratio for mining, utilities, commercial and industrial property will be reduced to 19.5% for tax year 2013 and further reduced one-half of one percent for each year to 18% for 2016 and thereafter. The assessment ratio for agricultural and vacant property will be reduced to 15% for tax year 2016 and thereafter. From time to time, there are legislative proposals in the State, including proposals to reduce the assessment ratio for certain property, which, if enacted could alter or amend the matters referred to above. It cannot be predicted whether or in what form any such proposal might be enacted.

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

Source: State and County Abstract of the Assessment Roll, Arizona Department of Revenue.

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

Delinquent Tax Procedures

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

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

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

Property Valuations

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

Valuations for 2011-12 Fiscal Year

Estimated Actual Valuation (a)	$70,163,492,245
Net Secondary Assessed Valuation	8,448,281,586
Net Primary Assessed Valuation	8,310,120,212

Estimated Valuations for 2012-13 Fiscal Year (b)

Net Secondary Assessed Valuation	$8,171,211,922
Net Primary Assessed Valuation	8,061,107,675

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

(b) Estimated valuations for the 2012-13 fiscal year provided by the Pima County Assessor. Valuations for the 2012-13 fiscal year are not official until approved by the Board of Supervisors on the third Monday in August for the following fiscal year. Although the final official valuations are not expected to differ materially from the estimated valuations, they are subject to positive or negative adjustments until approved by the Board of Supervisors.

Source: Pima County Assessor's Office and Pima County Department of Finance and Risk Management, Budget Division.

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
2011-12	$8,448,281,586	$70,163,492,245	12.04%
2010-11	9,342,561,193	77,358,317,302	12.08%
2009-10	9,860,980,900	80,653,625,457	12.23%
2008-09	9,594,861,519	79,245,821,370	12.11%
2007-08	8,220,395,835	66,494,590,856	12.36%

(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
2011-12	$3,487,959,628	(10.89%)	$8,448,281,586	(9.57%)	$61,700,292,915	(18.43%)
2010-11	3,914,105,239	(2.88%)	9,342,561,193	(5.26%)	75,643,290,656	(12.56%)
2009-10	4,030,242,132	3.46%	9,860,980,900	2.77%	86,504,734,898	0.48%
2008-09	3,895,581,900	11.80%	9,594,861,519	16.72%	86,090,579,647	19.84%
2007-08	3,484,462,013	15.52%	8,220,395,835	19.66%	71,837,099,233	32.07%

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

Net Secondary Assessed Valuations of Major Taxpayers

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

Taxpayer (a)	Use of Property	Estimated 2011-12 Net Secondary Assessed Valuation	As Percent of County's 2011-12 Net Secondary Assessed Valuation
Unisource Energy Corporation	Utility	$168,510,315	1.99%
Phelps Dodge Corporation	Mining	99,048,225	1.17%
Southwest Gas Corporation	Utility	64,532,727	0.76%
Asarco Inc	Mining	58,585,168	0.69%
CenturyLink Inc.	Telecommunications	51,942,320	0.61%
Trico Electric Co-op Inc.	Utility	21,216,663	0.25%
DND Neffson Company	Shopping Mall	17,931,198	0.21%
Target Corporation	Retail	17,519,397	0.21%
Northwest Hospital LLC	Healthcare	17,389,751	0.21%
Starr Pass Resort Developments LLC	Hospitality	16,153,061	0.19%
		$532,828,825	6.31%

(a) Some of such taxpayers or their parent corporations are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information (collectively, the "Filings") may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of the Filings can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR data base at http://www.sec.gov. No representative of the County, Bond Counsel, or the Financial Advisor to the County for the Bonds have examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

Source: Pima County Assessor.

Record of Real and Secured Personal Property Taxes Levied and Collected

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

Fiscal Year	Real and Secured Personal Property Tax Levy	Fiscal Year Collections (a)		Total Collections (b)	
		Amount	Percent of Tax Levy	Amount	Percent of Tax Levy
2011-12	$335,466,625	(c)	(c)	$192,321,958	57.33%
2010-11	352,275,617	$335,747,500	95.31%	346,760,186	98.43%
2009-10	353,593,620	338,592,132	95.76	351,677,834	99.44%
2008-09	322,901,974	309,375,563	95.81	321,813,935	99.66%
2007-08	305,699,225	294,220,625	96.25	304,678,747	99.67%
2006-07	283,253,437	273,299,741	96.49	282,618,821	99.78%

(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 February 29, 2012 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
2011-12	$3.4178	$1.4313	$4.8491
2010-11	3.3133	1.3665	4.6798
2009-10	3.3133	1.2784	4.5917
2008-09	3.3913	1.2789	4.6702
2007-08	3.6020	1.4654	5.0674

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

Debt Limitation

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

Net Secondary Assessed Valuation (FY 2011-12)	**$8,448,281,586**
15% Constitutional Limitation	1,267,242,238
Net Direct General Obligation Bonds Outstanding	452,750,000 (a)
Unused 15% Limitation	$ 814,492,238

(a) Does not include approximately $60,000,000 in principal amount of General Obligation Bonds the County plans to issue prior to the end of fiscal year 2012.

General Obligation Bonded Debt Outstanding (a)

The following chart lists the outstanding general obligation bonded debt of the County.

Date of Issue	Original Amount	Original Purpose	Maturity Dates	Average Int. Rates	Remaining Balance Outstanding
01-15-03	$50,000,000	Various Improvements	7-1-03/17	3.900%	$23,350,000
06-01-04	65,000,000	Various Improvements	7-1-05/19	4.207%	36,510,000
05-01-05	65,000,000	Various Improvements	7-1-06/20	4.016%	39,270,000
01-01-07	95,000,000	Various Improvements	7-1-07/21	4.028%	68,125,000
02-15-08	100,000,000	Various Improvements	7-1-08/22	3.934%	75,000,000
04-22-09	75,000,000	Various Improvements	7-1-09/23	3.913%	40,000,000
12-02-09	113,535,000	Various Improvements and Refunding	7-1-10/24	3.579%	95,495,000
05-25-11	75,000,000	Various Improvements	7-1-12/26	4.371%	75,000,000
Total General Obligation Bonded Debt Outstanding					$452,750,000

(a) Does not include approximately $60,000,000 in principal amount of General Obligation Bonds the County plans to issue prior to the end of fiscal year 2012 pursuant to a separate official statement.

Annual Debt Service Requirements of General Obligation Bonded Debt Outstanding (a)

The following chart indicates the general obligation debt service requirements of the County.

Fiscal Year June 30	Existing General Obligation Bonded Debt Outstanding		Total Debt Service Requirement
	Principal	Interest	
2012	$56,980,000	$17,335,378	$74,315,378
2013	39,025,000	15,467,494	54,492,494
2014	35,355,000	14,059,944	49,414,944
2015	34,665,000	12,638,544	47,303,544
2016	35,485,000	11,279,675	46,764,675
2017	36,780,000	9,892,669	46,672,669
2018	34,325,000	8,456,844	42,781,844
2019	37,565,000	7,145,019	44,710,019
2020	35,665,000	5,765,531	41,430,531
2021	31,900,000	4,448,056	36,348,056
2022	33,260,000	3,207,206	36,467,206
2023	20,910,000	1,855,706	22,765,706
2024	11,720,000	966,900	12,686,900
2025	4,445,000	455,750	4,900,750
2026	4,670,000	233,500	4,903,500

(a) Does not include debt service for approximately $60,000,000 in principal amount of General Obligation Bonds the County plans to issue prior to the end of fiscal year 2012 pursuant to a separate official statement.

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Net Direct and Overlapping General Obligation Bonded Debt

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

Jurisdiction	2011-12 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	$61,700,292,915	None	100%	None	$0.0000
Pima County	**8,448,281,586**	**$452,750,000 (f)**	**100%**	**$452,750,000 (f)**	**5.1115 (b)**
Pima County Flood Control District (c)	7,634,237,253	None	100%	None	0.2635
Elementary School Districts	386,922,014	11,705,000	100%	11,705,000	2.5115 (d)
Unified School Districts	8,041,601,370	642,190,000	100%	642,190,000	5.9595 (d)
Cities and Towns	4,797,679,176	222,360,610	100%	222,360,610	0.8585 (d)
Pima County Community College District	8,448,281,586	5,100,000	100%	5,100,000	1.1094
Total				$1,334,105,610	

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Jurisdiction	2011-12 Net Secondary Assessed Valuation	General Obligation Bonded Debt Outstanding (a)(g)	Combined Tax Rate Per $100 Assessed Valuation (d)(e)
State of Arizona	$61,700,292,915	None	None
Pima County	8,448,281,586	$452,750,000 (f)	$5.1115 (b)
Pima County Flood Control District (c)	7,634,237,253	None	0.2635
Pima County Community College District	8,448,281,586	5,100,000	1.1094
Elementary School Districts:			
San Fernando ESD #35	1,508,323	None	4.8541
Empire ESD #37	7,992,247	None	2.7531
Continental ESD #39	338,327,680	11,705,000	2.0258
Redington ESD #44	1,433,210	None	6.7630
Altar Valley ESD #51	37,660,554	None	6.5675
Unified School Districts:			
Tucson USD #1	3,388,422,554	306,905,000	6.9480
Marana USD #6	794,566,062	42,910,000	5.2047
Flowing Wells USD #8	212,616,183	23,945,000	5.9689
Amphitheater USD #10	1,549,556,877	95,635,000	5.4033
Sunnyside USD #12	455,197,919	28,420,000	6.9415
Tanque Verde USD #13	200,701,839	13,790,000	3.8042
Ajo USD #15	19,838,775	None	5.6740
Catalina Foothills USD #16	629,510,960	33,230,000	4.2095
Vail USD #20	471,044,778	49,550,000	4.6550
Sahuarita USD #30	319,085,451	47,805,000	5.4067
Indian Oasis USD #40	1,059,972	None	0.0000
Cities and Towns:			
City of Tucson	3,487,959,628	222,360,610	1.1621
City of South Tucson	24,687,760	None	2.6603
Town of Marana	454,567,513	None	0.0000
Town of Oro Valley	624,180,464	None	0.0000
Town of Sahuarita	206,283,811	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 Department of the Interior ("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 2003, the United States and CAWCD agreed to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payment of the operation, maintenance and replacement costs and the application of certain revenues and credits against such obligations and costs. Under the agreement, CAWCD's obligation for substantially all of the CAP features that have been constructed so far will be set at $1.646 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of CAP at no additional cost to CAWCD. Of the $1.646 billion repayment obligation, 73% will be interest bearing and the remaining 27% will be non-interest bearing. These percentages will be fixed for the entire 50-year repayment period, which commenced October l, 1993.

Effectiveness of the agreement was subject to a number of conditions including settlement of certain Indian community water claims and other water claims and required certain Arizona legislation. All of the conditions have been met and the agreement was deemed effective by a final judgment issued by the U.S. District Court on November 21, 2007. CAWCD is a multi-county water conservation district having boundaries coterminous with the exterior boundaries of Arizona's Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the CAP and to assist in the repayment to the United States of the CAP capital costs. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of CAP water) and a tax levy against all taxable property within CAWCD's boundaries. At the date of this Official Statement, the tax levy is limited to fourteen cents per $100 of secondary assessed valuation, of which 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 $0.4259, the $0.3460 tax rate of the Free Library District, the $0.1000 tax rate of the Central Arizona Project and the $0.0418 tax rate of the Fire District Assistance Tax.

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

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

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

(f) Does not include approximately $60,000,000 in principal amount of General Obligation Bonds the County plans to issue prior to the end of fiscal year 2012.

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

Jurisdiction	Authorized But Unissued General Obligation Bonds
Pima County	$138,681,000*
Amphitheater Unified School District No. 10	81,000,000
Catalina Foothills Unified School District No. 16	6,075,000
Continental Elementary School District No. 39	4,815,000
Marana Unified School District No. 6	28,650,000
Sahuarita Unified School District No. 30	1,650,000
Sunnyside Unified School District No. 12	73,325,000

* Includes approximately $60,000,000 in principal amount of General Obligation Bonds the County plans to issue prior to the end of fiscal year 2012 pursuant to a separate official statement.

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 2011-12	
	Per Capita Net Debt (Pop. @ 986,081) (a)	**Secondary Assessed Valuation ($8,448,281,586)**	**Est. Actual Valuation ($70,163,492,245)**
Net Direct General Obligation Bonded Debt ($452,750,000*)	$ 459.14	5.36%	0.65%
Net Direct and Overlapping General Obligation Bonded Debt ($1,334,105,610*)	$1,352.94	15.79%	1.90%

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

* Does not include approximately $60,000,000 in principal amount of General Obligation Bonds the County plans to issue prior to the end of fiscal year 2012 pursuant to a separate official statement.

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	$ 3,650,000
1-15-03	35,000,000	Street & Highway Improvements	7-1-04/18	20,500,000
5-01-05	51,200,000	Street & Highway Improvements	7-1-09/20	40,655,000
1-01-07	21,000,000	Street & Highway Improvements	7-1-09/22	18,635,000
2-15-08	25,000,000	Street & Highway Improvements	7-1-09/22	24,550,000
12-02-09	23,420,000	Street & Highway Improvements and Refunding	7-1-13/24	23,420,000
Total Street and Highway Revenue Bonded Debt Outstanding				$131,410,000
Less: The Bonds Being Refunded				(15,270,000)
Plus: The Bonds Offered Herein				32,945,000
Total Street and Highway Revenue Bonds to be Outstanding				$149,085,000

Sewer Revenue Debt Outstanding

Senior Lien Obligations (a):

The following chart lists the outstanding sewer revenue obligations of the County that have a senior lien on the revenues of the County's wastewater system.

Date of Issue	Original Amount	Purpose	Remaining Maturity Dates	Balance Outstanding
03-01-96	$11,313,350	Refunding (b)	7-1-97/12	$ 1,104,537
05-01-04	25,770,000	Refunding	7-1-05/15	12,455,000
05-11-04	19,967,331	Sewer Improvements (b)(c)	7-1-05/24	15,518,232
01-01-07	50,000,000	Sewer Improvements	7-1-07/26	40,655,000
05-01-08	75,000,000	Sewer Improvements	7-1-09/23	73,580,000
05-06-09	18,940,000	Sewer Improvements	7-1-10/24	17,115,000
10-09-09	10,002,383	Sewer Improvements (b)	7-1-10/24	7,096,488
Total Senior Lien Sewer Obligations Outstanding				$167,524,257

(a) The County has covenanted to incur any additional debt only on a parity with senior lien obligations.
(b) Represents funds borrowed under separate Loan Agreements with the Water Infrastructure Finance Authority of Arizona ("WIFA").
(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.

Subordinate Lien Obligations:

The following chart lists the outstanding sewer revenue obligations of the County that have a subordinate lien on the revenues of the County's wastewater system.

Date of Issue	Original Amount	Purpose	Remaining Maturity Dates	Balance Outstanding
06-17-10	$165,000,000	Sewer Improvements	7-1-14/25	$165,000,000
03-30-11	43,625,000	Refunding	7-1-12/16	38,625,000
12-13-11	189,160,000	Sewer Improvements	7-1-12/26	189,160,000
Total Subordinate Lien Sewer Obligations Outstanding				$392,785,000

Certificates of Participation

The following chart indicates the outstanding certificates of participation of the County. Such amounts are payable from the unrestricted general funds of the County

Date of Issue	Original Amount	Purpose	Original Maturity Dates	Remaining Balance Outstanding
09-01-99	$ 4,875,000	Refunding	1-1-13/14	$ 4,000,000
10-01-03	27,525,000	Refunding	1-1-05/18	14,565,000
05-01-07	30,320,000	New Money	7-1-08/22	24,245,000
06-10-09	34,400,000	New Money	6-1-10/12	4,400,000
02-04-10	20,000,000	New Money	6-1-11/19	18,250,000
Total Certificates of Participation Outstanding				$65,460,000

Retirement Plans

The County contributes to four separate defined benefit pension plans for the benefit of all full-time employees and elected officials. Please refer to "Note 9 - Retirement Plans" of Appendix F hereto for a more detailed description of these plans and the County contributions to the various plans.

The Arizona State Retirement System ("ASRS"), a cost-sharing, multiple employer defined benefit plan, has reported increases in its unfunded liabilities. The most recent annual reports for the ASRS may be accessed at: https://www.azasrs.gov/web/FinancialReports.do. The effect of the increase in ASRS' unfunded liabilities on the County, or on the County's and its employees' future annual contribution to ASRS, are projected to increase in future years.

The board for the ASRS has adopted contribution rates for fiscal years 2011, 2012 and 2013. For the year ended June 30, 2011, active plan members were required by statute to contribute at the actuarially determined rate of 9.85 percent (9.60 percent retirement and 0.25 percent long-term disability) of the members' annual covered payroll. The County was also required by statute to contribute at the actuarially determined rate of 9.85 percent (9.01 percent for retirement, 0.59 percent for health insurance premium, and 0.25 percent long-term disability) of the members' annual covered payroll. For fiscal year 2012 (starting July 1, 2011), the rate, including retirement and long-term disability, was increased to 10.10 percent for the County and to 11.39 percent for employees, and for fiscal year 2013 the rate projected by the actuary for the ASRS would require an increase to 10.48% for the County and 11.81% for member employees. Additional increases have been projected by the actuary through fiscal year 2018. The fiscal year 2012 and 2013 contribution rates reflect legislation (the "Contribution Legislation") that became effective July 1, 2011, whereby, employees were required to pay 53 percent of the contributions to ASRS and employers were required to pay 47 percent of the contributions to ASRS. This was a change from the past system that required equal contributions from the employee and the employer.

The change in the relative contribution amount paid to the ASRS by employees effective July 1, 2011 (explained above) was challenged by affected employees. On February 1, 2012, the Maricopa County Superior Court ruled that the law changing the contribution split is unconstitutional as to those public employees who were members of the ASRS prior to the date the law was enacted. It is unknown at this time if ASRS will appeal this decision, or the impact of the decision in light of the legislation discussed below.

HB2264 was signed into law by the Governor on May 7, 2012, and effectively reverses the effect on contribution rates of the Contribution Legislation by providing that ASRS member contributions be reduced to 50 percent of the total contributions (from the 53 percent required in the Contribution Legislation); ASRS employer contributions be increased to 50 percent (from the 47 percent required in the Contribution Legislation); and by June 30, 2012, that ASRS employers (including the County) return any contributions made by employee members in excess of 50 percent during the year ending June 30, 2012. The impact to the County of these changes is not expected to be adversely material.

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

The Arizona Public Safety Personnel Retirement System ("PSPRS"), an agent multiple-employer defined benefit plan that covers public safety personnel who are regularly assigned to hazardous duties, for which the Arizona State Legislature establishes and may amend active plan members' contribution rate, has reported increases in its unfunded liabilities. The most recent annual reports for the PSPRS may be assessed at http://www.psprs.com/sys_psprs/ Annual_Reports/cato_annual_rpts_psprs.htm. The effect of the increase in the PSPRS's unfunded liabilities is expected to result in increased contributions by the County and its employees, however the specific impact on the County, or on the County's and its employees' future annual contributions to the PSPRS, cannot be determined at this time.

The Corrections Officers Retirement Plan ("CORP"), an agent multiple-employer defined benefit plan that covers certain County employees whose primary duties require direct inmate contact, for which the Arizona State

Legislature establishes and may amend active plan members' and the County's contribution rates, has reported increases in its unfunded liabilities. The most recent annual reports for the EORP may be accessed at: http://www.psprs.com/sys_eorp/Annual_reports/cato_Annual_rpts_CORP.htm. The effect of the increase in the EORP's unfunded liabilities is expected to result in increased contributions by the County and its employees, however the specific impact on the County, or on the County's and its employees' future annual contributions to the EORP, cannot be determined at this time.

For the year ended June 30, 2011, 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 29.16 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 statues to contribute 8.41 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 12.08 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.17 percent of covered payroll.

The Elected Officials Retirement Plan (EORP) (and the PSPRS as it relates to County Attorney Investigators) are relatively insignificant to the County's financial picture.

Other Post Employment Benefits

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

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

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

	Actual				
	2006-07	**2007-08**	**2008-09**	**2009-10**	**2010-11**
Revenues by Source:					
Taxes	$348,700	$381,862	$396,241	$423,443	$421,623
Special Assessments	521	556	441	536	330
Licenses and Permits	7,132	7,710	6,989	7,791	8,494
Intergovernmental	303,392	312,634	292,236	296,004	308,219
Charges for Services	63,508	58,890	55,346	60,376	54,491
Fines and Forfeits	6,550	6,480	6,283	8,443	6,786
Interest Income	13,988	14,218	5,335	4,612	1,723
Miscellaneous	17,544	21,752	22,414	17,442	14,162
Total Revenues	761,335	804,102	785,285	818,647	815,828
Expenditures by Fund:					
General	421,486	460,537	462,276	426,361	429,182
Special Revenues	199,498	218,307	196,677	195,926	204,612
Debt Service	69,689	76,764	121,091	108,092	96,484
Capital Projects	202,659	139,539	146,334	162,306	153,203
Total Expenditures	893,332	895,147	926,378	892,685	883,481
Excess of Revenues Over (Under) Expenditures	(131,997)	(91,045)	(141,093)	(74,038)	(67,653)
Other Financing Sources (Uses):					
Premium on bonds	1,429	1,964	675	1,909	3,276
Proceeds of Long-Term Debt	146,320	175,000	109,400	156,955	75,000
Payment to Escrow Agent	-	-	-	(32,361)	-
Gain on Investment	-	312	-	-	-
Operating Transfers In (Out)	(599)	714	4,867	445	4,708
Capital Leases	-	-	-	-	-
Sale of General Fixed Assets	1,426	27	876	1,118	59
Total Other Financing Sources (Uses)	148,576	178,017	115,818	128,066	83,043
Net Change in Fund Balance	16,579	86,972	(25,275)	54,028	15,390
Beginning Fund Balance, as restated	214,292	230,660	317,577	292,247	346,270
Changes in Reserve for Inventory	(209)	(55)	(55)	4	43
Changes in Reserve for Prepaids	(2)	-	-	(9)	27
Ending Fund Balance	$230,660	$317,577	$292,247	$346,270	$361,730

Source: Pima County Finance and Risk Management Department.

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

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

	Actual				
	2006-07	2007-08	2008-09	2009-10 (b)	2010-11
General					
Reserved	$ 8,889	$ 5,415	$ 4,363	$ -	$ -
Unreserved	48,671	35,438	35,803	-	-
Designated	-	29,536	-	-	-
Nonspendable	-	-	-	4,089	3,315
Restricted	-	-	-	522	336
Committed	-	-	-	-	-
Assigned	-	-	-	3,093	357
Unassigned	-	-	-	73,837	73,547
	57,560	**70,389**	**40,166**	**81,541**	**77,555**
Special Revenue					
Reserved	5,933	4,699	5,255	-	-
Unreserved	69,773	77,451	81,196	-	-
Designated	-	-	4,925	-	-
Nonspendable	-	-	-	2,011	2,011
Restricted	-	-	-	82,957	94,567
Committed	-	-	-	15,305	37,978
Assigned	-	-	-	3,221	4,368
Unassigned	-	-	-	(5,793)	(9,180)
	75,706	**82,150**	**91,376**	**97,701**	**129,744**
Debt Service					
Reserved	7,946	12,395	33,842	-	-
Unreserved	-	-	-	-	-
Assigned	-	-	-	40,868	35,903
	7,946	**12,395**	**33,842**	**40,868**	**35,903**
Capital Projects					
Reserved	120	-	42	-	-
Unreserved	89,328	152,643	126,821	-	-
Nonspendable	-	-	-	18	12
Restricted	-	-	-	124,830	112,668
Committed	-	-	-	1,487	6,639
Assigned	-	-	-	52	-
Unassigned	-	-	-	(227)	(791)
	89,448	**152,643**	**126,863**	**126,160**	**118,528**
Total Fund Balance	$230,660	$317,577	$292,247	$346,270	$361,730

Source: Pima County Finance and Risk Management Department.

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

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

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

	Actual				
	2006-07	2007-08	2008-09	2009-10 (b)	2010-11
Revenues by Source:					
Taxes	$252,350	$268,493	$281,749	$304,441	$301,493
Licenses and Permits	2,795	2,971	2,747	2,738	2,681
Intergovernmental	152,271	148,158	131,966	128,927	122,952
Charges for Services	33,604	32,307	35,330	40,356	35,361
Fines and Forfeits	5,526	5,020	4,720	7,011	5,344
Interest Income	3,321	3,343	1,084	1,198	418
Miscellaneous	6,828	8,314	7,099	4,868	4,722
Total Revenues	456,695	468,606	464,695	489,539	472,971
Expenditures:					
Current					
General Government	181,329	192,839	184,434	184,606	186,193
Public Safety	106,825	118,623	121,704	117,378	116,573
Health	2,526	2,906	2,767	2,702	2,792
Welfare	96,684	106,502	115,481	87,089	90,572
Culture & Recreation	14,694	16,325	15,580	14,671	14,183
Education & Econ. Opport.	16,407	17,418	16,368	13,996	12,949
Debt Service:					
Principal	1,785	3,115	3,510	3,635	3,800
Interest	1,230	2,805	2,426	2,281	2,113
Miscellaneous	6	4	6	3	7
Total Expenditures	421,486	460,537	462,276	426,361	429,182
Excess of Revenues Over (Under) Expenditures	35,209	8,069	2,419	63,178	43,789
Other Financing Sources (Uses):					
Sale of General Fixed Assets	-	-	371	204	11
Operating Transfers In (Out)	(29,224)	4,760	(33,013)	(22,007)	(47,786)
Total Other Financing Sources (Uses):	(29,224)	4,760	(32,642)	(21,803)	(47,775)
Net Change in Fund Balance	5,985	12,829	(30,223)	41,375	(3,986)
Beginning Fund Balance, as restated	51,575	57,560	70,389	40,166	81,541
Ending Fund Balance	$57,560	$70,389	$40,166	$81,541	$77,555

Source: Pima County Finance and Risk Management Department.

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

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Pima County, Arizona
Tucson, Arizona

Ladies and Gentlemen:

We have served as bond counsel relating to the issuance by Pima County, Arizona (the "County") of its $32,945,000 aggregate principal amount of bonds designated the Pima County, Arizona, Street and Highway Revenue Bonds, Series 2012 (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 April 10, 2012 (the "Bond Resolution"). Capitalized terms not defined in this letter are used as defined in the Bond Resolution.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Bonds, a copy of the signed and authenticated Bond of the first maturity, the Bond, 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, and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

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

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, 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; however, portions of the interest on the Bonds earned by certain corporations may be subject to a corporate alternative minimum tax. The interest on the Bonds is exempt from Arizona state income tax. We express no opinion as to any other tax consequences regarding the Bonds.

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

In rendering those opinions with respect to treatment of the interest on the Bonds, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the County. Failure to comply with certain of those covenants subsequent to issuance of the Bonds may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

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

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

Respectfully submitted,

APPENDIX D

EXCERPTS FROM
PIMA COUNTY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2011

The following are excerpts from the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011 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, 2011. These are the most recent audited financial statements available to the County. These financial statements are not current and may not represent the current financial position of the County.

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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of
Pima County, Arizona

We have audited the accompanying financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of Pima County as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain departments, one major fund, and the component units, which account for the following percentages of the assets, liabilities, revenues, and expenses or expenditures of the opinion units affected:

Opinion Unit/Department	Assets	Liabilities	Revenues	Expenses/ Expenditures
Government-Wide Statements				
Governmental Activities:				
Stadium District	0.10%	0.03%	0.25%	0.60%
School Reserve Fund	0.10%	0.03%	0.51%	0.60%
Self-Insurance Trust	2.75%	5.21%	0.09%	0.72%
Business-Type Activities:				
Regional Wastewater Reclamation Department	94.82%	95.08%	39.95%	35.21%
Development Services	0.32%	0.16%	1.54%	2.17%
Self-Insurance Trust	0.00%	0.00%	0.00%	0.30%
Aggregate Discretely Presented Component Units:				
Southwestern Fair Commission	98.86%	94.20%	99.24%	97.36%
Sports & Tourism Authority	1.14%	5.80%	0.76%	2.64%
Fund Statements				
Major Fund:				
Regional Wastewater Reclamation Department Enterprise Fund	100.00%	100.00%	100.00%	100.00%
Aggregate Remaining Fund Information:				
Stadium District	0.32%	0.17%	0.77%	1.61%
School Reserve Fund	0.30%	0.15%	1.58%	1.65%
Development Services	0.49%	0.51%	2.25%	2.81%
Self-Insurance Trust	8.39%	29.70%	8.06%	6.09%

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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, aggregate discretely presented component units, each major fund, and aggregate remaining fund information of Pima County as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages 11 through 29, the Budgetary Comparison Schedule on pages 79 and 80, and the Schedule of Agent Retirement Plans' Funding Progress on page 81 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Debbie Davenport
Auditor General

December 19, 2011

Management's Discussion and Analysis

This section of Pima County's comprehensive annual financial report presents a discussion and analysis of the County's financial performance during the year ended June 30, 2011 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.

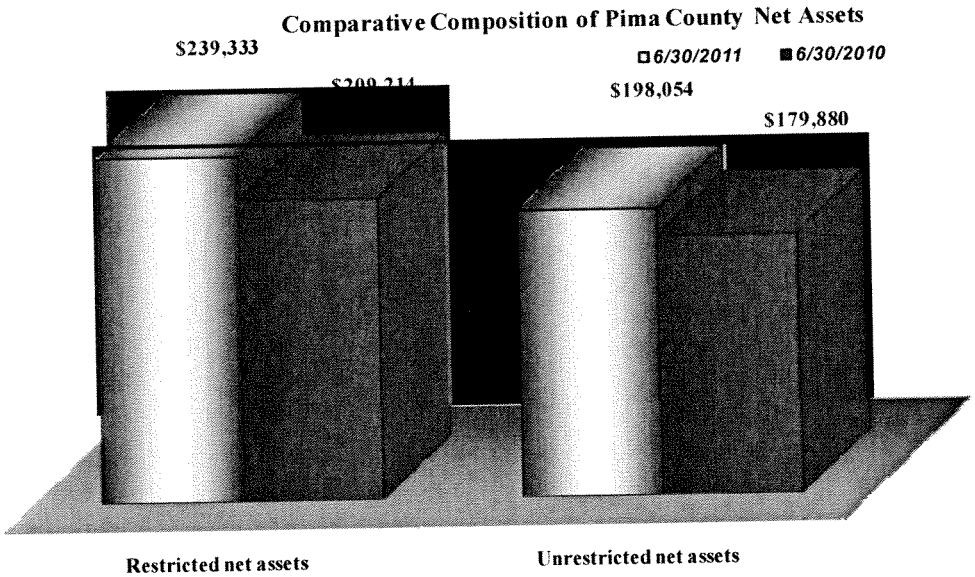
FINANCIAL HIGHLIGHTS

- At June 30, 2011, net assets for the County increased $160 million from the prior year. Increases were experienced in all net asset categories, with a $112 million increase in invested in capital assets, net of related debt, an increase of $30 million in restricted net assets and an increase of $18 million in unrestricted net assets.

- Assets of the County exceeded its liabilities by $2,148,945, an increase of 8.1% from the prior year. Of this amount, $198,054 is available for general government expenditures (unrestricted net assets). Unrestricted net assets increased by $18,174 from last year, or approximately 10.1%.

- $239,333 is restricted for specific purposes (restricted net assets), and $1,711,558 is invested in capital assets, net of related debt and accumulated depreciation.

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

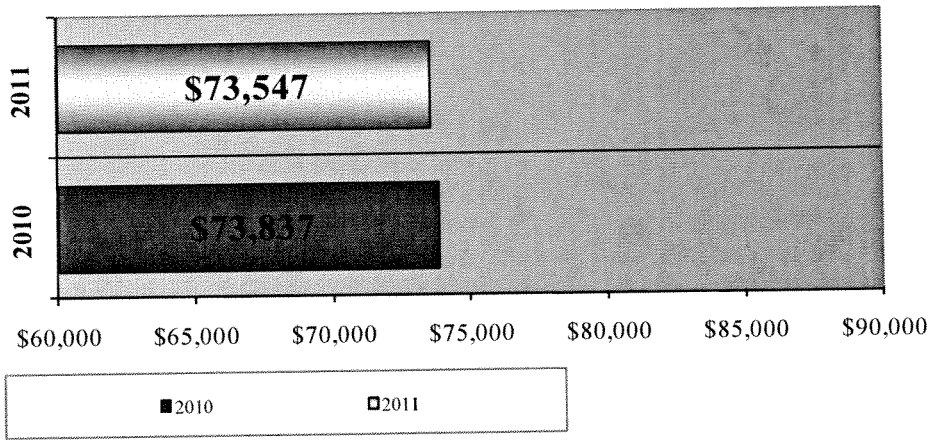


- General Fund revenues decreased by $16,568 from the prior year while expenditures only increased by $2,821.

- The General Fund unassigned fund balance decreased to $73,547, from $73,837 in the prior year. The unassigned fund balances comprise 92.8% of the total fund balance of $77,555.

General Fund - Unassigned Fund Balance

(in Millions)



OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

Discretely presented component units are included in the basic financial statements. They consist of two legally separate entities for which the County is financially accountable. The County reports the Southwestern Fair Commission, which operates the County Fairgrounds and the annual Pima County Fair, as a discretely presented component unit. The County is also presenting the Pima County Sports and Tourism Authority (S&TA) as a discrete component unit. S&TA is a nonprofit municipal corporation established to promote professional and amateur sports events and other suitable activities for the benefit of the public.

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

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

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

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

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

The governmental fund financial statements can be found on pages 34-37. The combining statements for non-major governmental funds can be found on pages 84-87.

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

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

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

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

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

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

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 46-78.

Required Supplementary Information (RSI) is presented concerning the County's General Fund budgetary schedule and the schedule of retirement plans' funding progress. Required supplementary information can be found on pages 79-81.

Combining Statements and Other Schedules referred to earlier provide information for non-major governmental, enterprise, internal service and fiduciary funds and are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 84-114.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as a useful indicator of a government's financial position over time. County assets exceeded liabilities by $2,148,945 at June 30, 2011. 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, 2011 and 2010

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	$529,767	$536,514	$226,442	$293,569	$756,209	$830,083
Capital assets (net):						
Land, buildings, equipment, infrastructure & other assets	1,718,730	1,634,662	905,710	808,945	2,624,440	2,443,607
Total assets	2,248,497	2,171,176	1,132,152	1,102,514	3,380,649	3,273,690
Current and other liabilities	71,038	106,057	51,975	47,342	123,013	153,399
Long-term liabilities	715,013	714,248	393,678	417,588	1,108,691	1,131,836
Total liabilities	786,051	820,305	445,653	464,930	1,231,704	1,285,235
Net assets :						
Invested in capital assets, net of related debt	1,136,033	1,048,821	575,525	550,540	1,711,558	1,599,361
Restricted	161,807	152,084	77,526	57,130	239,333	209,214
Unrestricted	164,606	149,966	33,448	29,914	198,054	179,880
Total net assets	$1,462,446	$1,350,871	$686,499	$637,584	$2,148,945	$1,988,455

Assets

Current and other assets decreased by $73,874 primarily due to a decrease in restricted cash and cash equivalents of $95,636, mainly due to the spending of debt proceeds by the Regional Wastewater Reclamation department.

Capital assets increased by $180,883 primarily due to the following:

- A net increase of $15,692 in land for governmental activities.
- A net increase of $99,531 in construction in progress, with $26,228 for governmental activities and $73,303 for business-type activities.
- Buildings increased by $50,349 for governmental activities.
- Sewage conveyance systems increased by $36,737 for business-type activities.

Total liabilities for the primary government decreased by $53,531. Current liabilities decreased $30,386 mainly due to an overall decrease in accounts payable, with accounts payable for governmental activities decreasing $33,707 and accounts payable for business-type activities increasing by $9,734.

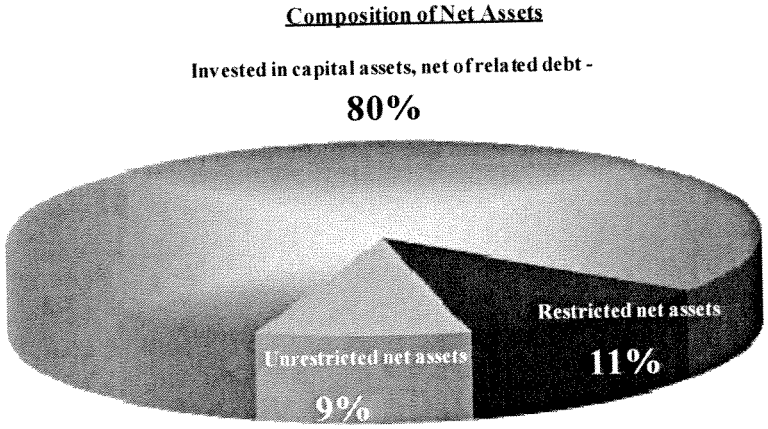
Net Assets

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, 2011, investment in capital assets totaled $1,711,558, comprising approximately 79.6% of total net assets. The County uses a portion of these capital assets to provide services to its citizens, with the other portion available to its citizens for use; consequently, these assets are *not* available for future spending.

The $112,197 increase in capital assets, net of related debt, is primarily due to the significant amount of capital project activity. Although the County's investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net assets for the primary government increased $18,174 mainly due to an increase in governmental activities of 9.8% ($14,640).

The table below provides the composition of net assets for the County as of June 30, 2011.



Restricted net assets represent resources that are subject to external restrictions on how they may be used. As of June 30, 2011, restricted net assets totaled $239,333 and comprised approximately 11.1% of total net assets. This represents a $30,119 increase in restricted net assets from the prior fiscal year.

The remaining balance of the County's net assets represents unrestricted net assets, which may be used to meet the County's ongoing obligations to citizens and creditors. As of June 30, 2011, unrestricted net assets totaled $198,054 and comprised approximately 9.2% of total net assets.

Governmental activities

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

Table 2

Governmental Activities
Schedule of Changes in Net Assets
For the Years Ended June 30, 2011 and 2010

	2011	2010	Variance Amount	Variance Percent
Program revenues:				
Charges for services	$ 60,077	$ 64,247	$ (4,170)	-6.5%
Operating grants and contributions	136,472	142,840	(6,368)	-4.5%
Capital grants and contributions	65,030	65,820	(790)	-1.2%
Total program revenues	261,579	272,907	(11,328)	-4.2%
General revenues:				
Property taxes	416,985	416,501	484	0.1%
State-shared taxes	111,804	108,970	2,834	2.6%
Investment earnings	2,153	5,266	(3,113)	-59.1%
Other general revenues	33,336	35,803	(2,467)	-6.9%
Total general revenues	564,278	566,540	(2,262)	-0.4%
Total revenues	825,857	839,447	(13,590)	-1.6%
Expenses:				
General government	218,843	218,504	339	0.2%
Public safety	146,395	145,697	698	0.5%
Highways and streets	73,348	68,691	4,657	6.8%
Sanitation	6,208	6,669	(461)	-6.9%
Health	36,475	33,086	3,389	10.2%
Welfare	90,521	87,107	3,414	3.9%
Culture and recreation	67,063	61,642	5,421	8.8%
Education and economic opportunity	56,626	52,023	4,603	8.8%
Amortization	(2,626)	428	(3,054)	-713.6%
Interest on long-term debt	26,079	26,403	(324)	-1.2%
Total expenses	718,932	700,250	18,682	2.7%
Excess before contributions and transfers	106,925	139,197	(32,272)	-23.2%
Transfers in	4,650	538	4,112	764.3%
Change in net assets	111,575	139,735	(28,160)	-20.2%
Ending net assets	$ 1,462,446	$ 1,350,871	$ 111,575	8.3%

As indicated in the above schedule, ending net assets for governmental activities increased by $111,575, an 8.3% increase. This increase is $28,160 less than the increase in the prior year primarily due to decreases in revenues and increases in expenses.

Factors affecting the $13,590 decrease in revenues from governmental activities:

- Charges for services decreased by $4,170 primarily due to a decrease of $559 in photo traffic enforcement fees, a decrease of $466 in voter registration fees, a decrease of $1,636 in corrections bureau staffing fees and a decrease of $1,781 in contributions from general government overhead allocation revenue.

- Revenue from operating grants and contributions decreased by $6,368 due primarily to three state revenue sources not being received in the current fiscal year, as follows:

    - Statewide election grant revenue of $953 was a one time grant received in fiscal year 2009-10.
    - Kino – University Physician's Hospital program revenue of $2,934 ended in fiscal year 2009-10.
    - Proposition 204 Hold Harmless ($3,818) program ended in fiscal year 2009-10.

Total expenses for governmental activities were $718,932, up 2.7% or $18,682 compared to the previous year's total of $700,250. Factors contributing to the increase in expenses:

- Highways and streets expenses increased by $4,657, of which $4,324 was related to expenses incurred in transportation capital projects. Two of the largest transportation projects were:
    - $3,926 for Tanque Verde: Catalina Hwy to Houghton Rd.
    - $3,354 for Magee/Cortaro Farms: Magee/LaCholla.

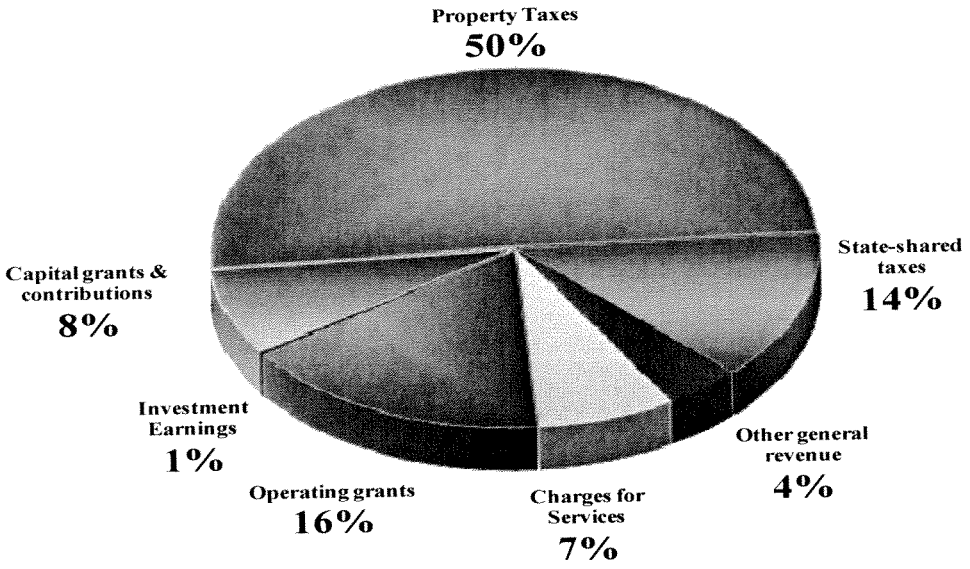
- Culture and recreation expenses increased by $5,421, of which $5,808 was related to expenses incurred in Library and Parks and Recreation capital projecs. Two of the largest culture and recreation projects were:
    - $2,954 for Wilmot Branch Library.
    - $2,414 for Eastside Sports Complex & Senior Center.

- The increase of $4,603 in education and economic opportunity was due mostly to grant related expenses for the following American Recovery and Reinvestment grants:
    - Pima Neighborhood Investment Partnership with Southern Arizona Land Trust for $2,486.
    - Pima Neighborhood Stabilization Program for $2,143.

The increase in the Transfers in line item of $4,112 was primarily due to an equity transfer of $4,596 from Pima Health System & Services to the General Fund.

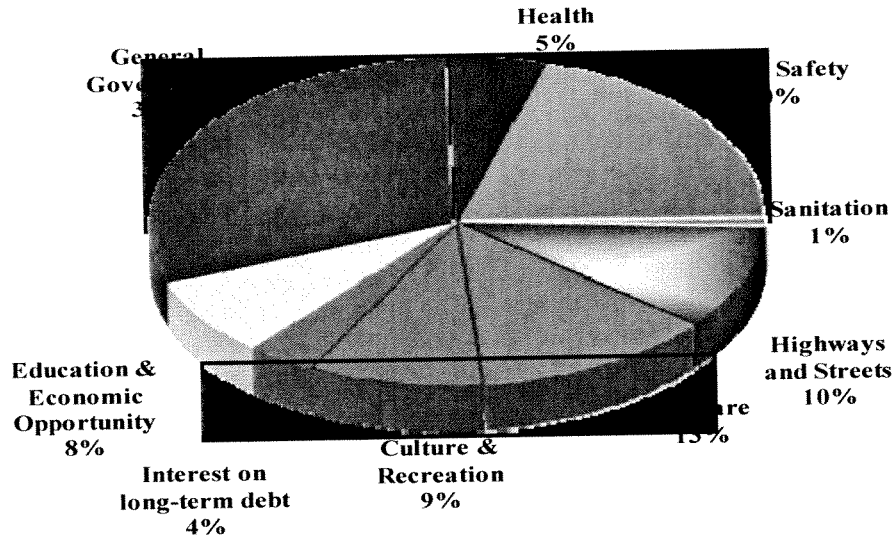
The chart below presents general and program revenues, as a percentage to total revenues. The amount provided from each revenue source for governmental activities, as a percentage to total revenue for governmental activities, has not changed significantly from the prior fiscal year. Property taxes, operating grants, and state-shared taxes continue to account for approximately 80% of the County's revenues.

General and Program Revenues - Governmental Activites



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

Expenses by Function - Governmental Activites



Each expense by function as a proportion to total expenses for governmental activities has not changed significantly from the prior fiscal year. General government, public safety, and welfare account for approximately two-thirds of the County's total expenses.

Business-type activities

Business-type activities, which are composed exclusively of enterprise funds, are intended to recover all or a significant portion of their costs through user fees and charges. Change in net assets for business-type activities added $48,915 or 30.5% to the County's $160,490 change in total net assets for the year ended June 30, 2011. 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, 2011 and 2010

	2011	2010	Variance Amount	Variance Percent
Program revenues:				
Charges for services	$ 363,421	$ 340,936	$ 22,485	6.6%
Operating grants and contributions	4,691	4,421	270	6.1%
Capital grants and contributions	4,192	9,319	(5,127)	-55.0%
Total program revenues	372,304	354,676	17,628	5.0%
General revenues:				
Investment earnings	900	1,236	(336)	-27.2%
Other general revenues	2,681	2,884	(203)	-7.0%
Total general revenues	3,581	4,120	(539)	-13.1%
Total revenues	375,885	358,796	17,089	4.8%
Expenses:				
Regional Wastewater Reclamation	113,495	110,618	2,877	2.6%
Pima Health System & Services	200,305	204,619	(4,314)	-2.1%
Development Services	6,982	7,924	(942)	-11.9%
Parking Garages	1,538	1,906	(368)	-19.3%
Total expenses	322,320	325,067	(2,747)	-0.8%
Excess before contributions and transfers	53,565	33,729	19,836	58.8%
Transfers in (out)	(4,650)	(538)	(4,112)	764.3%
Change in net assets	48,915	33,191	15,724	47.4%
Beginning net assets	637,584	604,393	33,191	5.5%
Ending net assets	$ 686,499	$ 637,584	$ 48,915	7.7%

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

- Charges for service revenue increased by $22,485 due primarily to an $18,187 increase in sewer fees associated with a rate increase effective July 1, 2010. There was also an increase in sewer connection revenue of $1,500 from the Tucson Housing Authority. Additionally, Pima Health System & Services had an increase of $4,531 in reinsurance claims less a $1,783 decrease in capitation revenues.

- The decrease in capital grants and contributions of $5,127 primarily resulted because of a downturn in construction activities.

- The decrease of $4,314 in expenses for Pima Health System & Services is primarily due to a decrease of $5,937 in medical and health care claims expenses.

- The decrease of $4,112 in the transfers in line item is primarily due to an equity transfer from Pima Health Systems & Services to the General Fund.

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, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Major Governmental Funds

General Fund
The General Fund is the chief operating fund of the County. At June 30, 2011, total fund balance of the General Fund was $77,555.

The net change in fund balance for the General Fund was a decrease of $3,986. Revenues decreased by $15,585 within four revenue streams: taxes, intergovernmental revenues, charges for services and fines and forfeits.

- Property taxes decreased $2,948 primarily due to lower assessed property valuations with the tax rates remaining constant.

- Intergovernmental revenue decreased by $5,975 primarily due to decreases in three revenue streams: shared vehicle license tax revenue decreased $1,029, state shared revenue tax decreased by $3,969, and $953 of revenue that was received last year for May 18, 2010 statewide elections was not received this year.

- Charges for Service revenue decreased by $4,995 primarily in three areas:
  - a $1,781 decrease in contributions from administration overhead allocations primarily from: Internal Service Fund Risk Management of $787, Transportation of $316, Library District of $304 and Development Services of $236.
  - a decrease in revenue from the City of Tucson for Correctional Housing of $1,635.
  - a decrease in revenue from photo traffic enforcement of $558 and voter registration of $466.

- Fines and forfeits decreased by $1,667 within two areas of Justice Courts: traffic fines decreased by $610 and forfeits decreased by $1,065.

Expenditures for the General Fund increased by $2,821 primarily due to:

- The net increase in Welfare expenditures of $3,483 reported within the Department of Institutional Health primarily due to changes in the following three areas:
    - Arizona long-term care contract expenditures increased by $13,278.
    - Kino—University Physician's Hospital expenditures decreased by $6,545.
    - Psychiatric expenditures decreased by $2,408.
- There was a decrease in Education and Economic Opportunity expenditures of $1,047 with three areas showing the most change:
    - Community services had a decrease of $457.
    - Community development & neighborhood conservation had a decrease of $276.
    - Community resources Kino/Sam Lena had a decrease of $165.

Budget to Actual Comparison for the General Fund
Overall, actual revenues were less than budgeted revenues by $2,579 and actual expenditures were less than budgeted expenditures by $58,486. No variances between the budget to actual amounts at the departmental level were significant enough to affect the County's ability to provide future services.

Capital Projects Fund
Revenues for the Capital Projects Fund increased by $14,926 and expenditures in capital outlay decreased by $9,103. The net change in fund balance was a decrease of $7,632.

- The majority of the increase in revenues was in intergovernmental revenues which had a $16,182 increase. The increase was primarily related to increases in American Recovery and Reinvestment Act funded grants received of $6,256 and from Regional Transportation Authority sales tax received of $10,562.
- Expenditures decreased by $9,103 in capital outlay primarily due to a decrease of $23,675 in open space land purchases offset by a $15,557 increase in building construction.

The fund reported a $101,190 deficiency of revenues under expenditures that was offset by both a $75,000 proceeds from the issuance of bonds and a net transfer in of $18,491, resulting in a $7,632 net decrease in the fund balance for the Capital Projects Fund.

Debt Service Fund
The fund accounts for the accumulation of resources for and the payment of principal and interest of general long-term debt. The net change in fund balance was a decrease of $4,965.

Secondary tax revenues remained relatively constant with a decrease of $662. Expenditures, mainly as a result of decreased principal payments, decreased $11,608 from last fiscal year.

Overview of all governmental funds

At June 30, 2011, the County's governmental funds reported combined fund balances of $361,730, an increase of $15,460 from the prior year. Approximately 17.1% of the combined fund balances, or $61,975, constitutes unassigned fund balance, which is available to meet the County's current and future needs.

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

Table 4

Governmental Funds
Revenues Classified by Source
For the Years Ended June 30, 2011 and 2010

	2011		2010		Variance	
	Amount	Percent	Amount	Percent	Amount	Percent
Taxes	$ 421,623	51.7%	$ 423,443	51.6%	$ (1,820)	-0.4%
Special assessments	330	0.1%	536	0.1%	(206)	-38.4%
Licenses and permits	8,494	1.0%	7,791	1.0%	703	9.0%
Intergovernmental	308,219	37.8%	296,004	36.2%	12,215	4.1%
Charges for services	54,491	6.7%	60,376	7.4%	(5,885)	-9.7%
Fines and forfeits	6,786	0.8%	8,443	1.0%	(1,657)	-19.6%
Interest	1,723	0.2%	4,612	0.6%	(2,889)	-62.6%
Miscellaneous	14,162	1.7%	17,442	2.1%	(3,280)	-18.8%
Total revenues	$ 815,828	100.0%	$ 818,647	100.0%	$ (2,819)	-0.3%

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

- The $12,215 increase in intergovernmental revenue was due primarily to a $16,182 increase within Capital Projects Fund, increase of $2,067 in Special Revenue Funds less a decrease of $5,975 in General Fund. The Capital Projects increase was due to an increase in ARRA stimulus grants of $6,256 and RTA sales tax revenue of $10,562. The increase in Special Revenue Funds was due to increases in ARRA stimulus grants received in FY11. The General Fund revenues decrease was primarily due to three prior year revenue sources not being received in fiscal year 2011: May 18 2010 Statewide elections of $953, Kino - University Physician's Hospital of $2,934 and Proposition 204 Hold Harmless program revenues of $3,818.

- The $5,885 decrease in charges for services was from three decreases in revenue sources within the General fund, including administration overhead allocation revenue collected from the County's funds of $1,781, Correctional Housing from the City of Tucson of $1,635 and General Government Fees of $1,376.

- Miscellaneous revenues decreased by $3,280 due primarily to a decrease of $3,164 of anti-racketeering monies received by the County Attorney's office.

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

Table 5

Governmental Funds
Expenditures by Function
For the Years Ended June 30, 2011 and 2010

Government Function	2011 Amount	2011 Percent	2010 Amount	2010 Percent	Variance Amount	Variance Percent
General government	$ 223,611	25.3%	$ 221,144	24.8%	$ 2,467	1.1%
Public safety	136,709	15.5%	136,744	15.3%	(35)	0.0%
Highways and streets	34,614	3.9%	34,274	3.8%	340	1.0%
Sanitation	5,375	0.6%	5,637	0.6%	(262)	-4.6%
Health	36,511	4.1%	32,737	3.7%	3,774	11.5%
Welfare	90,572	10.3%	87,089	9.8%	3,483	4.0%
Culture and recreation	49,986	5.7%	50,198	5.6%	(212)	-0.4%
Education and economic opportunity	50,432	5.7%	48,402	5.4%	2,030	4.2%
Capital outlay	153,203	17.3%	162,306	18.2%	(9,103)	-5.6%
Debt service:						
- Principal	76,361	8.6%	87,307	9.8%	(10,946)	-12.5%
- Interest	26,086	3.0%	26,414	3.0%	(328)	-1.2%
- Miscellaneous	21	0.0%	433	0.0%	(412)	-95.2%
Total expenditures	$ 883,481	100.0%	$ 892,685	100.0%	$ (9,204)	-1.0%

Total expenditures in governmental funds decreased during the year by $9,204 due to the following:

- Health expenditures increased by $3,774 due to increases in grant funded activities, specifically the Communities Putting Prevention to Work – ARRA program for $2,162 and Public Health Nursing –Child program for $1,451.

- Expenditures decreased by $9,103 in capital outlay primarily due to the net effect of decreases in cost for open space land acquisitions of $23,675 and an increase in costs of $15,557 for building construction.

- Debt service principal payments on debt decreased by $10,946 because of lower principal payments made on general obligation bonds.

Proprietary funds

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

The Internal Service Funds consist of the Self-Insurance Trust Fund and multiple smaller funds consisting of Fleet Services, Print Shop, and Wireless/Telecom. The change in net assets for all Internal Service Funds was $5,487 primarily from the operations of the Self-Insurance Trust Fund.

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

Table 6
Enterprise Funds
Schedule of Revenues, Expenses and Changes in Net Assets
For the Years Ended June 30, 2011 and 2010

	2011	2010	Variance Amount	Variance Percent
Operating revenues:				
Net patient services	$ 205,814	$ 203,067	$ 2,747	1.4%
Charges for services	137,838	120,149	17,689	14.7%
Other	2,821	2,882	(61)	-2.1%
Total net operating revenues	346,473	326,098	20,375	6.2%
Operating expenses:				
Employee compensation	67,469	67,724	(255)	-0.4%
Medical claims	157,607	161,230	(3,623)	-2.2%
Operating supplies & services	8,986	8,791	195	2.2%
Utilities	5,845	5,765	80	1.4%
Sludge and refuse disposal	1,438	1,502	(64)	-4.3%
Repair and maintenance	7,611	6,760	851	12.6%
General and administrative	19,058	19,432	(374)	-1.9%
Consultants and professional services	8,157	7,568	589	7.8%
Depreciation and amortization	32,022	31,543	479	1.5%
Total operating expenses	308,193	310,315	(2,122)	-0.7%
Operating gain (loss)	38,280	15,783	22,497	142.5%
Nonoperating revenues (expenses):				
Intergovernmental revenue	4,856	6,412	(1,556)	-24.3%
Investment earnings	952	1,257	(305)	-24.3%
Sewer connection fees	19,624	17,705	1,919	10.8%
Interest expense	(9,567)	(8,738)	(829)	9.5%
Loss on disposal of capital assets	(596)	(2,259)	1,663	-73.6%
Amortization of deferred charges	(750)	(263)	(487)	185.2%
Premium tax	(4,099)	(4,117)	18	-0.4%
Total nonoperating revenues	10,420	9,997	423	4.2%
Income (loss) before contributions and transfers	48,700	25,780	22,920	88.9%
Capital contributions	4,027	7,319	(3,292)	-45.0%
Transfers in	866	26,001	(25,135)	-96.7%
Transfers (out)	(5,516)	(26,539)	21,023	-79.2%
Change in net assets	$ 48,077	$ 32,561	$ 15,516	47.7%

The increase in revenues, in addition to a decrease in expenses, contributed to an operating gain for all enterprise funds this year. Regional Wastewater Reclamation contributed approximately 71%, or $27,163 to the $38,280 in the operating gain for all enterprise funds.

- Net patient services increased by $2,747 due to an increase of $4,531 in reinsurance claims less $1,783 decrease in capitation revenues in Pima Health System & Services.

- Charges for service revenue increased by $17,689 due primarily to an $18,187 increase in Regional Wastewater Reclamation Sewer Utility Service fees for user fee volume and monthly standard service fees effective July 1, 2010.

- Medical and health care claims expense decreased $3,623 due to Pima Health System & Services lowering the rates/reimbursements to its providers because AHCCCS lowered its capitation rates paid to Pima Health System & Services.

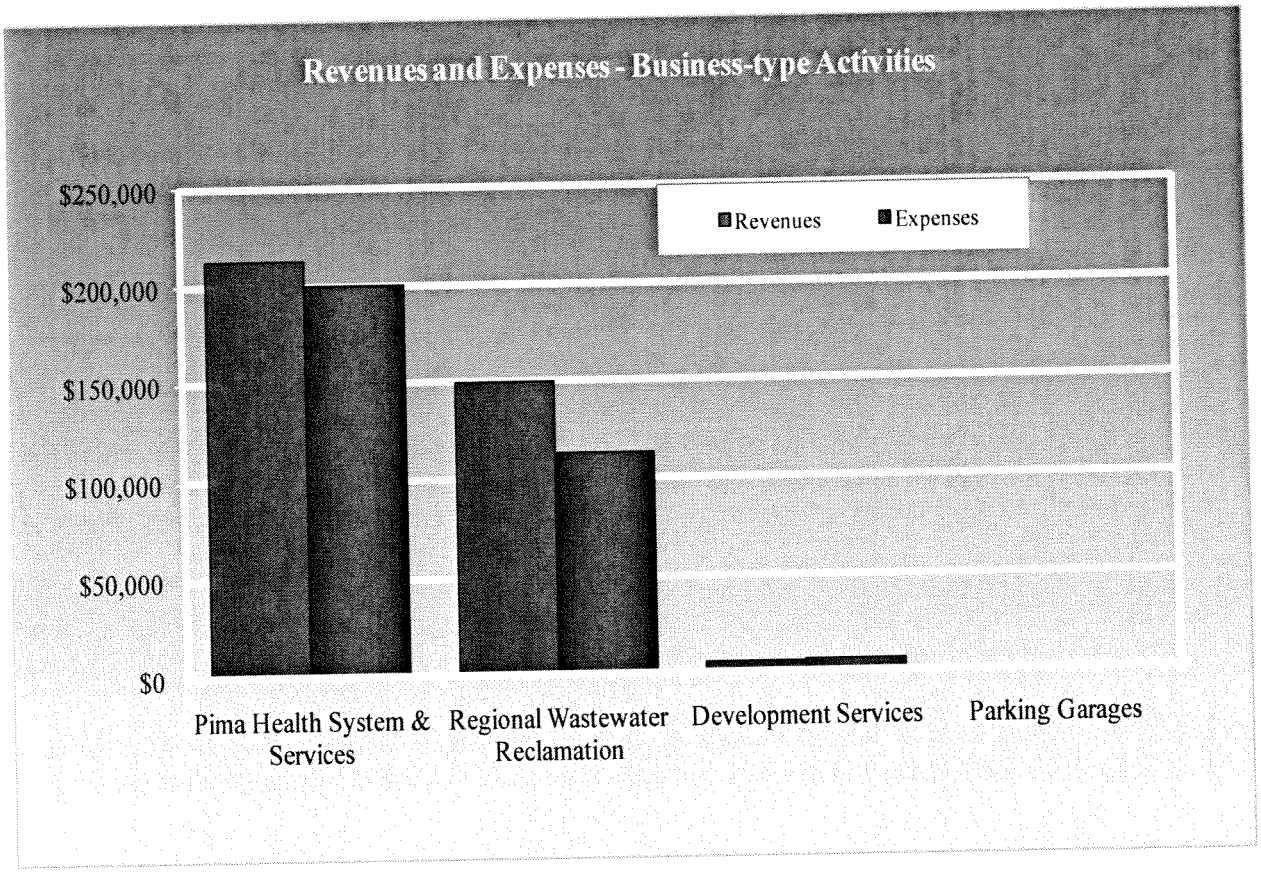
- The decrease of $1,556 in intergovernmental revenue is primarily a result of a $2,054 forgivable loan from WIFA that was not provided this year.

- There was an increase of $1,919 in sewer connection fee revenue due to $1,500 received from the Tucson Housing Authority.

- The decrease in capital contributions of $3,292 is due to a continuing decrease in construction activity.

- Transfers in and transfers out are significantly less this year. Transfers in the Regional Wastewater Reclamation fund were lower because of reduced construction activity and debt service requirements. In the current year, Pima Health System & Services transferred out $4,596 as an equity transfer to the General fund.

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



Capital Assets and Debt Administration

Capital Assets

The County's total investment in capital assets as of June 30, 2011 amounted to $2,624,440 (net of accumulated depreciation), an increase of 7.4% ($180,833). Of this amount, $84,068 (46.5%) came from governmental activities and $96,765 (53.5%) came from business-type activities. The County's investment in capital assets consists of land, buildings, sewage conveyance systems, infrastructure, equipment and construction in progress.

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

Table 7

Governmental and Business-type Activities
Capital Assets
For the Years Ended June 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	$ 448,790	$ 433,098	$ 15,409	$ 15,178	$ 464,199	$ 448,276
Construction in progress	202,977	176,749	165,481	92,178	368,458	268,927
Buildings and improvements	432,149	381,800	207,081	217,321	639,230	599,121
Infrastructure	593,946	600,634			593,946	600,634
Sewage conveyance systems			435,232	398,495	435,232	398,495
Equipment	40,868	42,381	82,507	85,773	123,375	128,154
Total	$ 1,718,730	$ 1,634,662	$ 905,710	$ 808,945	$ 2,624,440	$ 2,443,607

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

Governmental activities

- Land acquisitions increased $15,692, or 3.6% due primarily to the following acquisitions: land received as contributed capital of $8,997 for transportation purposes; land purchased for $626 on north Oracle Road; a purchase of $4,751 for parks and recreational purposes that includes land off of northwest Camino De Oeste and Sweetwater for $1,600, land related to the intersection of Tanque Verde and Houghton of $1,573; and land at north Camino De La Canada for $552.

- Construction in progress increased $26,228 or 14.8% compared to last fiscal year. Current major projects still in progress include:
  - the Regional Public Safety Communication System
  - La Canada Dr: Ina Rd to Calle Concordia
  - La Cholla Blvd I-10 to River Road
  - Interstate 19 - northbound Frontage Rd, Canoa to Continental
  - Justice Court/Municipal Court Complex
  - PimaCore Project

Business-type activities

- Construction in progress increased approximately $73,303, or 79.5%, mainly due to Regional Optimization Master Planning (ROMP) activities.

The County's infrastructure assets are recorded at historical cost and estimated historical cost in the government-wide financial statements. Additional information regarding the County's capital assets can be found in Note 5 of the financial statements on page 59-60.

Long-term Debt

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

Table 8

Long-Term Debt For the Years Ended June 30, 2011 and 2010		
	2011	**2010**
Bonds issued (at face value):		
General Obligation	$75,000	$113,535
Street and Highway Revenue		23,420
Sewer Revenue	43,625	
Sewer System Revenue Obligations		165,000
Certificate of Participation (COPs)		20,000
WIFA Loans Payable		8,002
Total	$ 118,625	$ 329,957

$75,000 in General Obligation Bonds were issued during the fiscal year. General Obligations bonds were issued to help finance the following areas: Parks & Recreation Facilities ($18,866), Sonoran Desert Open Space, Historic Preservation and Habitat Protection ($3,669), Public Health, Safety, Recreational and Cultural Facilities ($43,822), Flood Control & River Parks Improvements ($4,685), Solid Waste improvements ($501) and Psychiatric Urgent Care Facilities ($3,457).

The County received $43,625 in Sewer Revenue Refunding Bond proceeds. The net proceeds of the refunding was used to refund Sewer Revenue Bonds Series 1998 and Series 2001 and Wastewater loans payable Series 2000.

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

Table 9

Credit Ratings				
	Standard & Poor's		**Fitch Ratings**	
	Rating	**Date**	**Rating**	**Date**
Certificate of Participation (COPs)	A+	Apr-2011	AA-	Apr-2011
General Obligation	AA-	Apr-2011	AA	Apr-2011
Street and Highway Revenue	AA	Oct-2009	AA	Apr-2011
Sewer Bonds*	AA-	Nov-2011	AA	Nov-2011
Sewer Revenue Obligations	A+	Nov-2011	AA-	Nov-2011

* This excludes the 2011A Sewer Refunding bonds which have ratings equal to the Obligations.

The State constitution limits the amount of general obligation debt a governmental entity may issue to 6% of its net assessed valuation without voter approval. However, Pima County has voter approval for general obligation debt up to 15%. The current debt limitation for Pima County is $1,401,384, which is significantly in excess of Pima County's outstanding general obligation debt.

Additional information regarding the County's debt can be found in Note 7 of the financial statements on pages 63-70.

Economic Factors and Next Year's Budget

The continuing economic recession has put the County in an increasingly uncertain operating environment. After decreases in 2010 in areas such as population, non-agricultural jobs, retail jobs and housing permits, the local economy is expected to experience slight gains in the current year.

Pima Health System & Services Effect on County Budget

The combined County Budget for fiscal year 2011-12 is $1.295 billion, a decrease of 9.53% from the prior year. The majority of the decrease is due to a $136.4 million decrease in the Pima Health System & Services enterprise fund because the County's contracts with the Arizona Health Care Cost Containment System expired on September 30, 2011 and were not renewed. The Pima Health System & Services enterprise fund will not be reported after June 30, 2012

Primary property taxes

The contraction of the property tax base is expected to continue into the next few years. The Primary Net Assessed Value of the County experienced a net 0.51% decrease in fiscal year 2010-11, the first decrease in the primary property tax base since 1993. Market values of existing properties are expected to decrease by over 8% in the next fiscal year.

University Physician Healthcare Hospital

Beginning in fiscal year 2010-11, the County entered into a two year agreement with the Arizona Board of Regents (ABOR) on behalf of the University of Arizona College of Medicine for funding of the University Physician Healthcare Hospital as it transitioned into a newly structured, integrated two-hospital medical education system. $15 million of the remaining payment of the ABOR contract is budgeted for fiscal year 2011-12.

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
June 30, 2011
(in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	$ 439,555	$ 80,139	$ 519,694	$ 1,039
Property taxes receivable (net)	17,897		17,897	
Interest receivable	154	53	207	
Internal balances	(883)	883		
Due from other governments	60,084	1,337	61,421	
Accounts receivable (net)	2,695	20,804	23,499	16
Inventories	2,569	3,924	6,493	57
Prepaids	3,460	191	3,651	65
Special assessments receivable	239		239	
Other assets	2,733	4,526	7,259	3
Restricted assets:				
Cash and cash equivalents	242	114,585	114,827	1,499
Loans receivable	1,022		1,022	
Capital assets not being depreciated:				
Land	448,790	15,409	464,199	
Construction in progress	202,977	165,481	368,458	
Capital assets being depreciated (net):				
Buildings and improvements	432,149	207,080	639,229	2,160
Sewage conveyance system		435,233	435,233	
Equipment	40,868	82,507	123,375	679
Infrastructure	593,946		593,946	
Total assets	2,248,497	1,132,152	3,380,649	5,518
Liabilities				
Accounts payable	18,591	24,502	43,093	241
Accrued medical and healthcare claims		19,544	19,544	
Interest payable	3	428	431	
Contract retentions	1,965		1,965	
Employee compensation	44,577	5,840	50,417	
Due to other governments	300	175	475	
Deposits and rebates	420		420	26
Deferred revenues	5,182	1,486	6,668	9
Noncurrent liabilities:				
Due within one year	88,053	16,805	104,858	
Due in more than one year	626,960	376,873	1,003,833	
Total liabilities	786,051	445,653	1,231,704	276
Net Assets				
Invested in capital assets, net of related debt	1,136,033	575,525	1,711,558	2,839
Restricted for:				
Facilities, justice, library, tax stabilization and community development	64,446		64,446	
Highways and streets	32,906		32,906	
Debt service		12,567	12,567	
Capital projects	60,381	24,236	84,617	
Regional wastewater		17,161	17,161	
Healthcare	4,074	23,562	27,636	
Unrestricted	164,606	33,448	198,054	2,403
Total net assets	$ 1,462,446	$ 686,499	$ 2,148,945	$ 5,242

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2011
(in thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 218,843	$ 27,802	$ 28,530	$ 1,257
Public safety	146,395	9,034	9,487	6,313
Highways and streets	73,348	4,891	50,772	52,821
Sanitation	6,208	3,699	1,092	
Health	36,475	11,436	12,687	
Welfare	90,521			
Culture and recreation	67,063	2,191	342	1,881
Education and economic opportunity	56,626	1,024	33,562	2,758
Amortization - unallocated	(2,626)			
Interest on long-term debt	26,079			
Total governmental activities	718,932	60,077	136,472	65,030
Business-type activities:				
Regional Wastewater Reclamation	113,495	148,010		4,027
Pima Health System & Services	200,305	207,652	4,691	
Development Services	6,982	5,688		165
Parking Garages	1,538	2,071		
Total business-type activities	322,320	363,421	4,691	4,192
Total primary government	$ 1,041,252	$ 423,498	$ 141,163	$ 69,222
Component units:				
Sports & Tourism Authority	$ 137	$ 33	$ 8	
Southwestern Fair Commission	5,044	5,247	120	
Total component units	$ 5,181	$ 5,280	$ 128	
General revenues:				
Property taxes, levied for general purposes				
Property taxes, levied for regional flood control district				
Property taxes, levied for library district				
Property taxes, levied for debt service				
Hotel/motel taxes, levied for sports facility and tourism				
Other taxes, levied for stadium district				
Unrestricted share of state sales tax				
Unrestricted share of state vehicle license tax				
Grants and contributions not restricted to specific programs				
Interest and penalties on delinquent taxes				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets at beginning of year				
Net assets at end of year				

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Assets				
Primary Government				
Governmental Activities	Business-type Activities	Total	Component Units	Functions/Programs
				Primary government:
				Governmental activities:
$ (161,254)		$ (161,254)		General government
(121,561)		(121,561)		Public safety
35,136		35,136		Highways and streets
(1,417)		(1,417)		Sanitation
(12,352)		(12,352)		Health
(90,521)		(90,521)		Welfare
(62,649)		(62,649)		Culture and recreation
(19,282)		(19,282)		Education and economic opportunity
2,626		2,626		Amortization - unallocated
(26,079)		(26,079)		Interest on long-term debt
(457,353)		(457,353)		**Total governmental activities**
				Business-type activities:
	$ 38,542	38,542		Regional Wastewater Reclamation
	12,038	12,038		Pima Health System & Services
	(1,129)	(1,129)		Development Services
	533	533		Parking Garages
	49,984	49,984		**Total business-type activities**
(457,353)	49,984	(407,369)		**Total primary government**
				Component units:
			$ (96)	Sports & Tourism Authority
			323	Southwestern Fair Commission
			$ 227	**Total component units**
				General revenues:
295,904		295,904		Property taxes, levied for general purposes
22,386		22,386		Property taxes, levied for regional flood control district
28,860		28,860		Property taxes, levied for library district
69,835		69,835		Property taxes, levied for debt service
5,591		5,591		Hotel/motel taxes, levied for sports facility and tourism
1,538		1,538		Other taxes, levied for stadium district
88,631		88,631		Unrestricted share of state sales tax
23,173		23,173		Unrestricted share of state vehicle license tax
4,527		4,527		Grants and contributions not restricted to specific programs
8,125		8,125		Interest and penalties on delinquent taxes
2,153	900	3,053		Investment earnings
13,555	2,681	16,236	241	Miscellaneous
4,650	(4,650)			Transfers
568,928	(1,069)	567,859	241	Total general revenues and transfers
111,575	48,915	160,490	468	Change in net assets
1,350,871	637,584	1,988,455	4,774	Net assets at beginning of year
$ 1,462,446	$ 686,499	$ 2,148,945	$ 5,242	Net assets at end of year

See accompanying notes to financial statements

Exhibit A - 3

PIMA COUNTY, ARIZONA
Balance Sheet - Governmental Funds
June 30, 2011
(in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 70,694	$ 123,135	$ 35,714	$ 132,132	$ 361,675
Property taxes receivable (net)	12,550		3,060	2,287	17,897
Interest receivable	41	17	33	49	139
Due from other funds	6,071	11		2,246	8,329
Due from other governments	21,836	18,073	17	20,117	60,043
Accounts receivable	999	15		1,515	2,529
Inventory				1,618	1,618
Prepaid expenditures	2,161	12		261	2,434
Special assessments receivable				239	239
Loan receivable	935			87	1,022
Other assets	219			1,018	1,237
Restricted cash equivalents		197		45	242
Total assets	$ 115,506	$ 141,460	$ 38,824	$ 161,614	$ 457,404
Liabilities and fund balances					
Liabilities:					
Accounts payable	$ 4,112	$ 7,690	$ 230	$ 6,103	$ 18,135
Interest payable	1			2	3
Contract retentions		1,965			1,965
Employee compensation	11,156	22		4,257	15,435
Due to other funds	1,209	408		6,092	7,709
Due to other governments	76			224	300
Deposits and rebates	221	197		2	420
Deferred revenues	21,176	12,650	2,691	15,190	51,707
Total liabilities	37,951	22,932	2,921	31,870	95,674
Fund balances:					
Nonspendable	3,315	12		2,011	5,338
Restricted	336	112,668		94,567	207,571
Committed		6,639		37,978	44,617
Assigned	357		35,903	4,368	40,628
Unassigned	73,547	(791)		(9,180)	63,576
Total fund balances	77,555	118,528	35,903	129,744	361,730
Total liabilities and fund balances	$ 115,506	$ 141,460	$ 38,824	$ 161,614	$ 457,404

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, 2011
(in thousands)

Fund balances - total governmental funds		$ 361,730
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	$ 2,490,801	
Less accumulated depreciation	(790,831)	1,699,970
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	(587,231)	
Certificates of participation payable	(48,235)	
Loans and leases payable	(17,775)	
Unamortized deferred issuance costs reported as other assets	1,496	(651,745)
Some compensated absences are not due and payable shortly after June 30, 2011, and therefore are not reported in the governmental funds		
Employee compensation		(28,335)
Some liabilities are not due and payable shortly after June 30, 2011, and are therefore not reported in the governmental funds		
Landfill liability	(19,944)	
Pollution remediation liability	(1,033)	(20,977)
Deferred revenue in governmental funds is susceptible to full accrual on the government-wide statements		46,525
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		55,278
Net assets of governmental activities		$ 1,462,446

See accompanying notes to the financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 5

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011
(in thousands)

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 301,493		$ 69,308	$ 50,822	$ 421,623
Special assessments				330	330
Licenses and permits	2,681			5,813	8,494
Intergovernmental	122,952	$ 47,288	19	137,960	308,219
Charges for services	35,361	3,895		15,235	54,491
Fines and forfeits	5,344			1,442	6,786
Investment earnings	418	265	350	690	1,723
Miscellaneous	4,722	565		8,875	14,162
Total revenues	472,971	52,013	69,677	221,167	815,828
Expenditures:					
Current:					
General government	186,193			37,418	223,611
Public safety	116,573			20,136	136,709
Highways and streets				34,614	34,614
Sanitation				5,375	5,375
Health	2,792			33,719	36,511
Welfare	90,572				90,572
Culture and recreation	14,183			35,803	49,986
Education and economic opportunity	12,949			37,483	50,432
Capital outlay		153,203			153,203
Debt service - principal	3,800		72,525	36	76,361
-interest	2,113		23,945	28	26,086
-miscellaneous	7		14		21
Total expenditures	429,182	153,203	96,484	204,612	883,481
Excess (deficiency) of revenues over (under) expenditures	43,789	(101,190)	(26,807)	16,555	(67,653)
Other financing sources (uses):					
Premium on bonds		67	3,209		3,276
Face amount of long-term debt		75,000			75,000
Proceeds from sale of capital assets	11			48	59
Transfers in	9,981	23,368	21,578	54,788	109,715
Transfers (out)	(57,767)	(4,877)	(2,945)	(39,418)	(105,007)
Total other financing sources (uses)	(47,775)	93,558	21,842	15,418	83,043
Net change in fund balances	(3,986)	(7,632)	(4,965)	31,973	15,390
Fund balances at beginning of year	81,541	126,160	40,868	97,701	346,270
Changes in nonspendable fund balance:					
Change in reserve for inventory				43	43
Change in reserve for prepaids				27	27
Fund balances at end of year	$ 77,555	$ 118,528	$ 35,903	$ 129,744	$ 361,730

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, 2011
(in thousands)

Net change in fund balances - total governmental funds		$ 15,390
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	$ 126,908	
Less current year depreciation	(55,037)	71,871
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		(78)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds but increases long-term liabilities in the statement of net assets. Repayment of the principal of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items		
Face amount of long-term debt	(75,000)	
Premium on bonds	(3,276)	
Debt service - principal payments	76,361	
Deferred issuance costs	170	
Amortization expense	2,626	881
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	17,270	
Property tax revenues	3,487	
Other	3,108	23,865
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	152	
Change in landfill liability	(320)	
Pollution remediation liability	702	
Net book value of capital asset disposals	(5,607)	
Change in reservation of fund balances	70	(5,003)
Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the net expense of the internal service funds is reported with governmental activities		4,649
Change in net assets of governmental activities		$ 111,575

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Net Assets - Proprietary Funds
June 30, 2011
(in thousands)

Exhibit A - 7

	Business-type Activities Enterprise Funds				
	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities-Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	$ 40,623	$ 32,806	$ 6,710	$ 80,139	$ 77,880
Restricted cash and cash equivalents		82,805		82,805	
Interest receivable	15	36	2	53	14
Due from other funds	44	2	7	53	1,767
Due from other governments	1,288		49	1,337	41
Accounts receivable (net)	2,976	17,679	149	20,804	166
Inventory	91	3,833		3,924	951
Prepaid expenses	78	36	77	191	1,025
Total current assets	45,115	137,197	6,994	189,306	81,844
Noncurrent assets:					
Restricted cash and cash equivalents		31,780		31,780	
Capital assets:					
Land and other improvements		13,641	1,768	15,409	592
Buildings and improvements	907	355,517	12,927	369,351	614
Sewage conveyance system		681,720		681,720	
Equipment	1,354	107,477	1,232	110,063	35,811
Less accumulated depreciation	(1,726)	(424,681)	(9,907)	(436,314)	(18,415)
Construction in progress		165,481		165,481	158
Total capital assets (net of accumulated depreciation)	535	899,155	6,020	905,710	18,760
Deferred financing costs		4,526		4,526	
Total noncurrent assets	535	935,461	6,020	942,016	18,760
Total assets	45,650	1,072,658	13,014	1,131,322	100,604
Liabilities					
Current liabilities:					
Accounts payable	310	24,117	75	24,502	456
Accrued medical and health care claims	19,544			19,544	
Employee compensation	1,079	4,040	721	5,840	807
Interest payable		428		428	
Due to other funds	599	323	22	944	1,494
Due to other governments	39		136	175	
Deferred revenues		1,486		1,486	
Current portion of sewer revenue bonds		13,120		13,120	
Current portion of wastewater loans payable		3,685		3,685	
Current portion of reported but unpaid losses					4,324
Current portion of incurred but not reported losses					3,156
Total current liabilities	21,571	47,199	954	69,724	10,237
Noncurrent liabilities:					
Contracts and notes		4,657		4,657	
Sewer revenue bonds and obligations payable		348,511		348,511	
Wastewater loans payable		23,705		23,705	
Reported but unpaid losses					19,132
Incurred but not reported losses					14,183
Total noncurrent liabilities		376,873		376,873	33,315
Total liabilities	21,571	424,072	954	446,597	43,552
Net assets					
Invested in capital assets, net of related debt	535	568,970	6,020	575,525	18,760
Restricted for:					
Debt service		12,567		12,567	
Capital projects		24,236		24,236	
Regional wastewater reclamation		17,161		17,161	
Healthcare	23,562			23,562	
Unrestricted	(18)	25,652	6,040	31,674	38,292
Total net assets	$ 24,079	$ 648,586	$ 12,060	684,725	$ 57,052
Some amounts reported for business-type activities in the Statement of Net Assets are different because certain internal service fund assets and liabilities are included with business-type activities.				1,774	
Net assets of business-type activities				$ 686,499	

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, 2011
(in thousands)

Exhibit A - 8

	Business-type Activities Enterprise Funds				
	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities-Internal Service Funds
Operating revenues:					
Net patient services	$ 205,814			$ 205,814	
Charges for services	1,838	$ 128,241	$ 7,759	137,838	$ 39,483
Other	561	2,029	231	2,821	2,187
Total net operating revenues	208,213	130,270	7,990	346,473	41,670
Operating expenses:					
Employee compensation	26,992	34,598	5,879	67,469	6,947
Medical claims	157,607			157,607	
Operating supplies and services	746	8,200	40	8,986	6,240
Utilities	417	5,176	252	5,845	1,009
Sludge and refuse disposal		1,438		1,438	
Repair and maintenance	218	7,201	192	7,611	3,735
Incurred losses					9,099
Insurance premiums					3,981
General and administrative	8,499	8,676	1,883	19,058	2,271
Consultants and professional services	1,834	6,278	45	8,157	512
Depreciation	215	31,540	267	32,022	2,746
Total operating expenses	196,528	103,107	8,558	308,193	36,540
Operating income (loss)	11,685	27,163	(568)	38,280	5,130
Nonoperating revenues (expenses):					
Intergovernmental revenue	4,691		165	4,856	
Investment earnings	297	622	33	952	512
Sewer connection fees		19,624		19,624	
Interest expense	(50)	(9,517)		(9,567)	
Gain/(loss) on disposal of capital assets	5	(600)	(1)	(596)	(188)
Amortization of deferred charges		(750)		(750)	
Premium tax	(4,099)			(4,099)	
Total nonoperating revenues	844	9,379	197	10,420	324
Income (loss) before contributions and transfers	12,529	36,542	(371)	48,700	5,454
Capital contributions		4,027		4,027	13
Transfers in		172	694	866	72
Transfers (out)	(4,596)	(806)	(114)	(5,516)	(52)
Change in net assets	7,933	39,935	209	48,077	5,487
Net assets at beginning of year	16,146	608,651	11,851	636,648	51,565
Net assets at end of year	$ 24,079	$ 648,586	$ 12,060	684,725	$ 57,052

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.	838
Change in net assets of business-type activities	$ 48,915

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011
(in thousands)

	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities-Internal Service Funds
Cash flows from operating activities:					
Cash received from other funds for goods and services provided	$ 29		$ 102	$ 131	$ 39,483
Cash received from customers for goods and services provided	205,348	$ 126,894	8,025	340,267	
Cash received from miscellaneous operations	2,399	1,884	164	4,447	2,108
Cash payments to suppliers for goods and services	(169,902)	(27,176)	(1,444)	(198,522)	(17,117)
Cash payments to other funds for goods and services	(5,394)	(10,044)	(2,534)	(17,972)	(3,480)
Cash payments for incurred losses					(6,682)
Cash payments to employees for services	(22,795)	(34,509)	(4,621)	(61,925)	(6,096)
Net cash provided by (used for) operating activities	9,685	57,049	(308)	66,426	8,216
Cash flows from noncapital financing activities:					
Interest paid on short-term credit	(52)			(52)	
Cash transfers in from other funds	(4,596)		694	(3,902)	
Cash transfers out to other funds		(712)	(114)	(826)	20
Loans with other funds	(277)	212	4	(61)	(68)
Premium tax	(4,099)			(4,099)	
Intergovernmental revenues	4,341		129	4,470	
Net cash (used for) noncapital financing activities	(4,683)	(500)	713	(4,470)	(48)
Cash flows from capital and related financing activities:					
Proceeds from issuance of bonds and loans		43,625		43,625	
Principal paid on bonds and loans		(67,184)		(67,184)	
Interest paid on bonds and loans		(9,586)		(9,586)	
Sewer connection fees		19,210		19,210	
Proceeds from sale or transfer of capital assets	5			5	98
Proceeds from intergovernmental contract		279		279	
Purchase of capital assets	(32)	(117,292)	(13)	(117,337)	(3,628)
Net cash (used for) capital and related financing activities	(27)	(130,948)	(13)	(130,988)	(3,530)
Cash flows from investing activities:					
Interest received on cash and investments	323	645	36	1,004	579
Net cash provided by investing activities	323	645	36	1,004	579
Net increase in cash and cash equivalents	5,298	(73,754)	428	(68,028)	5,217
Cash and cash equivalents at beginning of year	35,325	221,145	6,282	262,752	72,663
Cash and cash equivalents at end of year	$ 40,623	$ 147,391	$ 6,710	$ 194,724	$ 77,880

(continued)

PIMA COUNTY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011
(in thousands)

Exhibit A - 9.1

(continued)

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	Pima Health System & Services	Regional Wastewater Reclamation	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities-Internal Service Funds
Operating income (loss)	$ 11,685	$ 27,163	$ (568)	$ 38,280	$ 5,130
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	215	31,540	267	32,022	2,746
Changes in assets and liabilities:					
Decrease (increase) in assets:					
Accounts receivable	1,176	(1,492)	189	(127)	(151)
Due from other governments	(77)		10	(67)	72
Inventory and other assets	(10)	(130)		(140)	(567)
Prepaid expenses	159	115	(23)	251	(328)
Increase (decrease) in liabilities:					
Accounts payable	(733)	472	(216)	(477)	(1,200)
Due to other governments	(1,527)	(708)	21	(2,214)	
Reported but unpaid losses					1,591
Incurred but not reported losses					826
Other current liabilities	(1,203)	89	12	(1,102)	97
Net cash provided by (used for) operating activities	$ 9,685	$ 57,049	$ (308)	$ 66,426	$ 8,216

Noncash investing, capital, and noncapital financing activities during the year ended June 30, 2011:

Regional Wastewater Reclamation Enterprise Fund received developer-built conveyance systems with an estimated fair value of $4,038. This contribution was recorded as an increase in capital assets and capital contributions.

Regional Wastewater Reclamation Enterprise Fund recorded a Board of Supervisors' approved connection fee credit agreement of $93. This credit was recorded as an increase to deferred revenue and a decrease to capital contributions.

Regional Wastewater Reclamation Enterprise Fund retired expired Sewer Credit Agreements totaling $82. This transaction was recorded as a decrease to deferred revenue and an increase in capital contributions.

Regional Wastewater Reclamation Enterprise Fund retired capital assets with a net book value of $600.

Regional Wastewater Reclamation Enterprise Fund received capital assets with a net book value of $78 from the County's general government.

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

Internal Service Funds received a capital contribution with a net book value of $13.

Internal Service Funds sold capital assets with a net book value of $286.

PIMA COUNTY, ARIZONA
Statement of Fiduciary Net Assets - Fiduciary Funds
June 30, 2011
(in thousands)

	Investment Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	$ 398,180	$ 63,426
Interest receivable	96	
Due from other governments		3,340
Total assets	398,276	$ 66,766
Liabilities		
Employee compensation		$ 1,971
Due to other governments		43,628
Deposits and rebates		21,167
Total liabilities		$ 66,766
Net Assets		
Held in trust for pool participants	$ 398,276	

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA

Exhibit A - 11

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2011
(in thousands)

	Investment Trust Funds
Additions	
Contributions from participants	$ 2,856,747
Total contributions	2,856,747
Investment earnings	1,282
Total investment earnings	1,282
Total additions	2,858,029
Deductions	
Distributions to participants	2,781,934
Total deductions	2,781,934
Change in net assets	76,095
Net assets held in trust July 1, 2010	322,181
Net assets held in trust June 30, 2011	$ 398,276

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Combining Statement of Net Assets
Component Units
June 30, 2011
(in thousands)

Exhibit A - 12

	Sports & Tourism Authority	Southwestern Fair Commission	Total Component Units
ASSETS			
Cash and cash equivalents	$ 44	$ 995	$ 1,039
Accounts receivable (net)	16		16
Inventories		57	57
Prepaids		65	65
Other assets	3		3
Restricted assets:			
Cash and cash equivalents		1,499	1,499
Capital assets (net):			
Buildings and improvements		2,160	2,160
Equipment		679	679
Total assets	63	5,455	5,518
LIABILITIES			
Accounts payable	16	225	241
Interest payable			
Deposits and rebates		26	26
Deferred Revenues		9	9
Total liabilities	16	260	276
NET ASSETS			
Invested in capital assets, net of related debt		2,839	2,839
Unrestricted	47	2,356	2,403
Total net assets	$ 47	$ 5,195	$ 5,242

See accompanying notes to financial statements

PIMA COUNTY, ARIZONA
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2011
(in thousnads)

		Program Revenues		Net (Expense) Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	S&TA	SFC	Total
Sports & Tourism Authority						
Operations	$ 137	$ 33	$ 8	$ (96)	$	$ (96)
Total PC Sports & Tourism Authority (S&TA)	137	33	8	(96)		(96)
Southwestern Fair Commission (SFC)						
Operations	5,044	5,247	120		$ 323	323
Total SFC	5,044	5,247	120		323	323
Total component units	$ 5,181	$ 5,280	$ 128	(96)	323	227
General revenues:						
Miscellaneous				71	170	241
Total general revenues				71	170	241
Change in net assets				(25)	493	468
Net assets at beginning of year				72	4,702	4,774
Net assets at end of year				$ 47	$ 5,195	$ 5,242

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.

A. Reporting Entity

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

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

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

The Pima County Library District was established in 1986 when legislation allowed full taxing authority and the ability to enter into agreements with other jurisdictions for the provision of library services. The Pima County Board of Supervisors is the Board of Directors of the District. The Library District is reported as a special revenue fund (blended component unit) in these financial statements. Separate financial statements for the District are not available.

The Pima County Regional Flood Control District was established in 1978. The District is responsible for floodplain management activities for the unincorporated areas of Pima County (except national forests, parks, monuments and Native American Nations), the City of South Tucson and the Town of Sahuarita. The Pima County Board of Supervisors is the Board of Directors for the Regional 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.

Note 1: Summary of Significant Accounting Policies (continued)

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

Related Organization:

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

B. Basis of Accounting

Primary government:

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

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

The County may fund certain programs by a combination of restricted, committed, assigned and/or unassigned (general) revenues. When an expenditure/expense is incurred that can be paid from either restricted or unrestricted fund balances/net assets, the County uses restricted fund balance first. When an expenditure is incurred that can be paid from more than one category of unrestricted fund balances, the County will use committed amounts first, followed by assigned amounts and lastly unassigned amounts.

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

Note 1: Summary of Significant Accounting Policies (continued)

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form such as inventories, or are legally or contractually required to be maintained intact.

Restricted fund balances are those that have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations.

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

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

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

The County does not have a minimum fund balance policy in place.

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.

C. Basis of Presentation

The basic financial statements include both government-wide and fund-based financial statements. The government-wide statements focus on the County as a whole, while the fund-based 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 fund's 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 capital facilities and other capital assets, other than those financed by proprietary funds.

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

The County reports the following major enterprise funds:

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

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

The County reports the following fund types:

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

Note 1: Summary of Significant Accounting Policies (continued)

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

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

D. Cash and Investments

Primary government:

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

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

E. Inventories and Prepaids

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

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

Inventories 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 using the first-in, first-out method.

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

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

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

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 units):

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

Discretely presented component 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 5 to 40 years.

S&TA had no capital assets to report on June 30, 2011.

H. Investment Earnings

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

Note 1: Summary of Significant Accounting Policies (continued)

I. Compensated Absences

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

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

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

Note 2: Fund Balance Classifications

The table below details the fund balance categories and classifications:

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	CAFR Total
Fund balances:					
Nonspendable:					
Inventory				$ 1,618	$ 1,618
Prepaid expenses	$ 2,161	$ 12		261	2,434
Loan receivable	935			87	1,022
Permanent fund principal				45	45
Other assets held for resale	219				219
Total nonspendable	3,315	12		2,011	5,338
Restricted for:					
Capital Projects					
Streets and highways		35,835			35,835
Other		67,212			67,212
Judicial activities				23,339	23,339
Flood Control District		9,621		13,851	23,472
Health				3,923	3,923
Law enforcement				3,797	3,797
Library District				16,088	16,088
Parks and recreation				66	66
School reserve				1,412	1,412
Social services				745	745
Streets and highways				28,236	28,236
Tire fund				1,311	1,311
Other purposes	336			1,799	2,135
Total restricted	336	112,668		94,567	207,571
Committed to:					
Sports promotion (Stadium)		1		4,440	4,441
Other purposes		6,638		33,538	40,176
Total committed		6,639		37,978	44,617
Assigned to:					
Debt service reserve			$ 35,903		35,903
Judicial activities	99			19	118
Health				453	453
Parks and recreation				1,326	1,326
Landfill				2,009	2,009
Law enforcement				(28)	(28)
School Reserve				591	591
Social services				(2)	(2)
Other purposes	258				258
Total assigned	357		35,903	4,368	40,628
Unassigned:	73,547	(791)		(9,180)	63,576
Total fund balances	$ 77,555	$ 118,528	$ 35,903	$ 129,744	$ 361,730

Note 3: Cash and Investments

Primary Government

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

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

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.

2. Corporate bonds, debentures and notes must be rated within the top three ratings by a nationally recognized rating agency.

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

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

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

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

Foreign currency risk—Statutes do not allow foreign investments.

Deposits—At June 30, 2011, the carrying amount of the County's deposits was $8,000 and the bank balance was $40,892.

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, 2011, $1,251 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, 2011, the County's investments consisted of $302,415 invested in marketable securities and $785,658 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, 2011, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
Commercial paper	A1/P1	S&P / Moody's	$ 67,481
Corporate bonds	A-/A3	S&P / Moody's	105,936
Federal Farm Credit Bank	AAA/Aaa	S&P / Moody's	7,707
Federal Home Loan Bank	AAA/Aaa	S&P / Moody's	24,143
Fannie Mae (Federal National Mortgage Association)	AAA/Aaa	S&P / Moody's	9,996
Freddie Mac (Federal Home Loan Mortgage Corp)	AAA/Aaa	S&P / Moody's	10,998
Money market mutual fund	AAAm/Aaa	S&P / Moody's	11,177
State Treasurer Investment Pool 5	AAAf	S&P	487,537
State Treasurer Investment Pool 500	Unrated		48,673
State Treasurer Investment Pool 7	Unrated		249,448
Total			$1,023,096

Custodial credit risk—For an investment, custodial risk is the risk that, in the event of the counterparty's failure, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no formal policy with respect to custodial credit risk. Of the County's $1,088,073 of investments, $291,238, consisting of the commercial paper, corporate bonds, Federal Farm Credit Bank, Federal Home Loan Bank, Fannie Mae and Freddie Mac discount notes and U.S. Treasury notes, is uninsured and held by a counterparty in the County's name in book entry form.

Concentration of credit risk—The County has no formal policy with respect to limiting the amount the Treasurer may invest in any one issuer. The County's exposure as of June 30, 2011 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, 2011, the County had the following investments:

Investment Type	Amount	Weighted Average Maturity (Years)
State Treasurer Investment Pool 5	$ 487,537	0.07
State Treasurer Investment Pool 500	48,673	5.32
State Treasurer Investment Pool 7	249,448	0.13
Commercial paper	67,481	0.21
Corporate bonds	105,936	0.96
Federal Farm Credit Bank	7,707	0.05
Federal Home Loan Bank	24,143	0.70
Fannie Mae (Federal National Mortgage Association)	9,996	0.49
Freddie Mac (Federal Home Loan Mortgage Corp)	10,998	0.46
U.S. Treasury	64,977	1.87
Money market mutual fund	11,177	0.12
Total	$ 1,088,073	

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

	Cash on Hand	Amount of Deposits	Amount of Investments	Total
Cash, deposits and investments:	$ 54	$ 8,000	$ 1,088,073	$ 1,096,127

	Governmental Activities	Business-type Activities	Investment Trust Funds	Agency Funds	Totals
Statement of Net Assets:					
Cash and cash equivalents	$ 439,555	$ 80,139	$ 398,180	$ 63,426	$ 981,300
Restricted cash and cash equivalents	242	114,585			114,827
Total	$ 439,797	$ 194,724	$ 398,180	$ 63,426	$ 1,096,127

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	$ 67,500	0.1-0.2%	07/11-12/11	$ 67,481
Corporate bonds	101,414	0.3-7.3%	07/11-05/14	105,936
Federal Farm Credit Bank	7,500	5.4%	07/11	7,707
Federal Home Loan Bank	23,975	0.3-1.8%	12/11-12/12	24,143
Fannie Mae (Federal National Mortgage Association)	10,000	N/A	12/11	9,996
Freddie Mac (Federal Home Loan Mortgage Corp)	10,955	1.1%	12/11	10,998
U.S. Treasury	62,290	1.1-4.8%	12/11-07/14	64,977
State Treasurer Investment Pool 5	328,461	N/A	N/A	328,461
Interest Receivable	96	N/A	N/A	96
Total assets				619,795
Less: Reduction of Pool's assets-outstanding warrants				(14,309)
Total				$ 605,486

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	$ 456,659
External participants	148,827
Total assets	605,486
Total liabilities	0
Total net assets held in trust	$ 605,486
Statement of Changes in Net Assets	
Total additions	$ 7,392,740
Total deductions	(7,395,447)
Net decrease	(2,707)
Net assets held in trust:	
July 1, 2010	608,193
June 30, 2011	$ 605,486

Note 4: Due from Other Governments

Governmental activities:

	General Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Internal Service Funds	Total Governmental Activities
Federal government:						
Grants and contributions	$ 121	$ 8,554		$ 9,986		$ 18,661
State of Arizona:						
Taxes and shared revenues	19,857	228		7,364		27,449
Grants and contributions				1,099	$ 1	1,100
City of Tucson:						
Reimbursement for services	1,605		$ 17	1,602	39	3,263
Other governments:						
Reimbursement for services	253	9,291		66	1	9,611
Total due from other governments fund based statements	$ 21,836	$ 18,073	$ 17	$ 20,117	$ 41	$ 60,084

Business-type activities:

	Pima Health System & Services	Other Enterprise Funds	Business-type Activities Total
Federal government:			
Grants and contributions	$ 641		$ 641
State of Arizona:			
Reimbursement for services	132		132
Grants and contributions	507		507
Other local governments:			
Reimbursement for services		$ 49	49
Grants and contributions	8		8
Total due from other governments fund based statements	$ 1,288	$ 49	$ 1,337

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 433,098	$ 16,501	$ (809)	$ 448,790
Construction in progress	176,749	114,749	(88,521)	202,977
Total capital assets not being depreciated	609,847	131,250	(89,330)	651,767
Capital assets being depreciated:				
Buildings and improvements	539,662	66,439	(4,156)	601,945
Infrastructure	1,128,701	28,500	(1,603)	1,155,598
Equipment	115,881	10,186	(7,401)	118,666
Total capital assets being depreciated	1,784,244	105,125	(13,160)	1,876,209
Less accumulated depreciation for:				
Buildings and improvements	(157,862)	(13,511)	1,577	(169,796)
Infrastructure	(528,067)	(34,100)	515	(561,652)
Equipment	(73,500)	(10,213)	5,915	(77,798)
Total accumulated depreciation	(759,429)	(57,824)	8,007	(809,246)
Total capital assets being depreciated, net	1,024,815	47,301	(5,153)	1,066,963
Governmental activities capital assets, net	$ 1,634,662	$ 178,551	$ (94,483)	$ 1,718,730

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 15,178	$ 231		$ 15,409
Construction in progress	92,178	115,927	$ (42,624)	165,481
Total capital assets not being depreciated	107,356	116,158	(42,624)	180,890
Capital assets being depreciated:				
Buildings and improvements	368,081	4,069	(2,799)	369,351
Sewage conveyance system	632,633	49,109	(22)	681,720
Equipment	106,177	4,320	(434)	110,063
Total capital assets being depreciated	1,106,891	57,498	(3,255)	1,161,134
Less accumulated depreciation for:				
Buildings and improvements	(150,760)	(12,073)	563	(162,270)
Sewage conveyance system	(234,138)	(12,367)	17	(246,488)
Equipment	(20,404)	(7,582)	430	(27,556)
Total accumulated depreciation	(405,302)	(32,022)	1,010	(436,314)
Total capital assets being depreciated, net	701,589	25,476	(2,245)	724,820
Business-type activities capital assets, net	$ 808,945	$ 141,634	$ (44,869)	$ 905,710

Note 5: Capital Assets (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	$ 7,733
Public safety	10,719
Highways and streets	29,186
Sanitation	159
Health	676
Welfare	17
Culture and recreation	5,609
Education and economic opportunity	938
Internal service funds	2,746
Total governmental activities depreciation expense	$ 57,783
Business-type activities:	
Pima Health System & Services	$ 215
Parking Garages	219
Regional Wastewater Reclamation	31,540
Development Services	48
Total business-type activities depreciation expense	$ 32,022

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Discretely presented component units:				
Southwestern Fair Commission (SFC):				
Capital assets being depreciated:				
Buildings and improvements	$ 4,488	$ 546	$ (17)	$ 5,017
Equipment	2,328	152	(63)	2,417
Total capital assets being depreciated	6,816	698	(80)	7,434
Less accumulated depreciation for:				
Buildings and improvements	(2,695)	(175)	13	(2,857)
Equipment	(1,650)	(151)	63	(1,738)
Total accumulated depreciation	(4,345)	(326)	76	(4,595)
Total capital assets being depreciated, net	2,471	372	(4)	2,839
SFC capital assets, net	$ 2,471	$ 372	$ (4)	$ 2,839

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, 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 $40,795 reported in the Fund at June 30, 2011, 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.

	2011	2010
Claims liabilities - beginning	$ 38,378	$ 36,994
Current-year claims and changes in estimates	9,099	9,893
Claims payment	(6,682)	(8,509)
Claims liabilities balance - ending	$ 40,795	$ 38,378

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.

The following lawsuit is currently pending against Pima County:

Estate of Jack Rappeport v. Royal and Pima County - a petition has been asserted by the Estate of Jack Rappeport against Anita Royal, in her capacity as the Pima County Public Fiduciary, and Pima County. In January 2007, the

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

Public Fiduciary's Office was appointed conservator of an elderly woman suffering from dementia. When she passed away, the Estate of Jack Rappeport took from her any claims she might have against the Public Fiduciary's Office and filed the pending Petition/Complaint alleging gross malfeasance. Currently, Pima County on behalf of the Public Fiduciary's motion seeking dismissal of most of the lawsuit/petition is pending. No discovery or disclosure has yet been conducted or exchanged. If Rappeport did prevail upon the bulk of its claims, the potential loss could exceed $1 million. The likelihood of the potential loss in excess of $1 million is unknown at this time.

Pollution Remediation

The County has estimated and reported an environmental liability of $1,033 in the government-wide financial statements for governmental activities (in noncurrent liabilities). Remediation efforts are currently underway at one County site: El Camino del Cerro.

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

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

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, 2011.

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Due within 1 year
Governmental activities:					
General obligation bonds	$ 417,995	$ 75,000	$ 40,245	$ 452,750	$ 56,980
Plus unamortized deferred amount	2,266	3,276	2,436	3,106	1,393
Total general obligation bonds	420,261	78,276	42,681	455,856	58,373
Transportation revenue bonds	141,940		10,530	131,410	11,015
Plus unamortized deferred amount	286		321	(35)	135
Total transportation revenue bonds	142,226		10,851	131,375	11,150
Certificates of participation	70,320		23,425	46,895	8,165
Plus unamortized deferred amount	2,318		978	1,340	298
Total certificates of participation	72,638		24,403	48,235	8,463
Capital leases payable:					
Jail capital lease	20,690		2,125	18,565	2,230
Less unamortized deferred amount	(1,340)		(550)	(790)	(144)
Other capital leases	36		36		
Total capital leases	19,386		1,611	17,775	2,086
Reported but unpaid losses (Note 6)	21,865	8,273	6,682	23,456	4,324
Incurred but not reported losses (Note 6)	16,513	826		17,339	3,156
Landfill closure and post-closure care costs (Note 8)	19,624	789	469	19,944	
Pollution remediation (Note 6)	1,735		702	1,033	501
Total governmental activities long-term liabilities	$ 714,248	$ 88,164	$ 87,399	$ 715,013	$ 88,053

Note 7: Long-Term Liabilities (continued)

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Due within 1 year
Business-type activities:					
Sewer revenue bonds	$ 167,110	$ 43,625	$ 28,305	$ 182,430	$ 13,120
Less unamortized deferred amount	(175)	2,044	(483)	2,352	
Total revenue bonds payable	166,935	45,669	27,822	184,782	13,120
Sewer revenue obligations	165,000			165,000	
Plus unamortized deferred amount	13,138		1,289	11,849	
Total revenue obligations payable	178,138		1,289	176,849	
Regional Wastewater Reclamation (RWR) loans payable	66,283		38,879	27,404	3,685
Less unamortized deferred amount	(73)		(59)	(14)	
Total loans payable	66,210		38,820	27,390	3,685
Contracts and notes	6,305	4,721	6,369	4,657	
Total business-type activities long-term liabilities	$ 417,588	$ 50,390	$ 74,300	$ 393,678	$ 16,805

GENERAL OBLIGATION BONDS OUTSTANDING

Governmental Activities

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

General obligation bonds payable at June 30, 2011, consisted of the outstanding general obligation bonds presented below. Of the total amounts originally authorized, $9,530 from the May 20, 1997, $121,276 from the May 18, 2004, and $7,875 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, 2011
Series of 2003	50,000	4.00 - 4.25%	2012-17	$ 23,350
Series of 2004	65,000	3.00 - 5.00%	2012-19	36,510
Series of 2005	65,000	3.50 - 5.00%	2012-20	39,270
Series of 2007	95,000	3.00 - 4.50%	2012-21	68,125
Series of 2008	100,000	3.50 - 4.00%	2012-22	75,000
Series of 2009	75,000	3.00 - 4.13%	2012-23	40,000
Series of 2009A	90,000	3.00 - 4.00%	2012-24	78,315
Series of 2009A Refunding	23,535	3.00 - 3.50%	2012-16	17,180
Series of 2011	75,000	1.50 - 5.00%	2012-26	75,000
G.O. bonds outstanding				452,750
Plus unamortized deferred amount:				3,106
			Total G.O. bonds outstanding	$ 455,856

Note 7: Long-Term Liabilities (continued)

The following schedule details general obligation bond debt service requirements to maturity at June 30, 2011.

Year Ending June 30,	Principal	Interest
2012	$ 56,980	$ 17,335
2013	39,025	15,467
2014	35,355	14,060
2015	34,665	12,639
2016	35,485	11,280
2017 - 2021	176,235	35,708
2022 - 2026	75,005	6,719
Total	$ 452,750	$ 113,208

TRANSPORTATION BONDS PAYABLE

Governmental Activities

(Payments made from street and highway revenues)

Pima County transportation revenue bonds were issued to provide monies to construct improvements to the County's streets and highways. Of the total amount originally authorized, $107,800 from the November 4, 1997 bond election remains unissued.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2011
Series of 2002	$ 55,000	4.38%	2012	$ 3,650
Series of 2003	35,000	4.00 - 4.38%	2012-18	20,500
Series of 2005	51,200	3.50 - 5.00%	2012-20	40,655
Series of 2007	21,000	3.25 - 4.75%	2012-22	18,635
Series of 2008	25,000	3.00 - 4.50%	2012-22	24,550
Series of 2009	15,000	3.00 - 4.00%	2012-24	15,000
Series of 2009 Refunding	8,420	3.00 - 4.00%	2012-24	8,420
Transportation bonds outstanding				131,410
Less unamortized deferred amount:				(35)
Total transportation bonds outstanding				$ 131,375

The following schedule details transportation bond debt service requirements to maturity at June 30, 2011.

Year Ending June 30,	Principal	Interest
2012	$ 11,015	$ 5,244
2013	11,170	4,785
2014	11,600	4,354
2015	12,055	3,906
2016	12,540	3,435
2017-2021	59,125	9,165
2022-2024	13,905	901
Total	$ 131,410	$ 31,790

Note 7: Long-Term Liabilities (continued)

Pima County has pledged future highway user revenues, net of specified operating expenses, to repay $131,410 in transportation revenue bonds issued between 2002 and 2010. Proceeds from the bonds provide financing for construction of various highways and streets within Pima County. The bonds are payable from net highway user revenues and are payable through 2024. Annual principal and interest payments on the bonds are expected to require approximately 88 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $163,200. Principal and interest paid for bonds in the current year and total customer net revenues were $16,239 and $18,159, 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 2007A for $28,765 to finance the acquisition of and improvements to a 22-story office tower located in downtown Tucson and to acquire and construct replacement facilities for the Pima County Community Services Department. On June 10, 2009, the County issued Certificates of Participation Series 2009 for $34,400 to finance capital costs for public infrastructure of the County, including expansion and upgrades to the County's sewer treatment system. On February 4, 2010, the County issued Certificates of Participation Series 2010 for $20,000 to finance the replacement computer enterprise system composed of servers and other hardware, computer terminals, software and system training. The new enterprise system will serve the County with finance, budget, procurement, human resources and material management systems.

The following schedule details outstanding Certificates of Participation payable at June 30, 2011.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2011
Series of 2007A	$ 28,765	4.00 - 5.00%	2012-22	$ 24,245
Series of 2009	34,400	4.00%	2012	4,400
Series of 2010	20,000	2.00 - 5.25%	2012-19	18,250
Certificates of participation outstanding				46,895
Plus unamortized deferred amount:				1,340
Total certificates of participation outstanding				$ 48,235

The following schedule details debt service requirements to maturity for the County's Certificates of Participation payable at June 30, 2011.

Year Ending June 30,	Principal	Interest
2012	$ 8,165	$ 2,052
2013	3,875	1,766
2014	4,020	1,627
2015	4,170	1,472
2016	4,345	1,297
2017 - 2021	19,550	3,204
2022	2,770	139
Total	$ 46,895	$ 11,557

Note 7: Long-Term Liabilities (continued)

CAPITAL LEASES

Governmental Activities

On February 1, 1997, the County entered into an agreement to sell certain jail facilities and then lease them back for a 15-year term. The jail facilities were sold for $34,500, and the proceeds were used to finance the construction of the baseball stadium. On September 1, 1999 and October 1, 2003, Pima County amended the capital lease agreement between U.S. Bank Trust National Association and Pima County. The amendments extended the lease term to 2014 and 2018 respectively, increased the range of interest rates and increased the County's obligation under the lease agreement. The net book value of assets acquired through capital leases consists of $16,606 of buildings.

The following schedule details capital lease debt service requirements to maturity at June 30, 2011.

Governmental Activities:

	Buildings	
Year Ending June 30,	Principal	Interest
2012	$ 2,230	$ 774
2013	2,780	647
2014	2,485	511
2015	2,605	399
2016	2,710	293
2017 - 2018	5,755	243
	$ 18,565	$ 2,867

SEWER REVENUE BONDS AND LOANS

Business-type Activities

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

Pima County sewer revenue bonds, as presented below, were issued to provide monies to construct improvements to the County's Regional Wastewater Reclamation system. As of June 30, 2011, the County has issued the total amount originally authorized from the May 18, 2004 bond election.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2011
Series of 2004 Refunding	25,770	4.60 - 5.50%	2012-15	$ 12,455
Series of 2007	50,000	3.75 - 5.00%	2012-26	40,655
Series of 2008	75,000	4.00 - 5.00%	2012-23	73,580
Series of 2009	18,940	3.25 - 4.25%	2012-24	17,115
Series of 2011 Refunding	43,625	2.00 - 5.00%	2012-16	38,625
Sewer revenue bonds outstanding				182,430
Plus unamortized deferred amount:				2,352
Total sewer revenue bonds outstanding				$ 184,782

Note 7: Long-Term Liabilities (continued)

The following schedule details sewer revenue bond debt service requirements to maturity at June 30, 2011.

Year Ending June 30,	Principal	Interest
2012	$ 13,120	$ 7,923
2013	14,895	7,347
2014	16,765	6,661
2015	17,555	5,882
2016	15,950	5,057
2017 - 2021	62,175	16,870
2022 - 2026	41,970	3,830
Total	$ 182,430	$ 53,570

On June 17, 2010, Pima County entered into an agreement, whereby future revenues were pledged, that provided monies to be used primarily to pay a portion of the capital project costs associated with the construction, expansion and improvement of sewer treatment facilities and conveyance systems for the county-wide sewer system, including the Ina Road and Roger Road Wastewater Reclamation Facilities.

Issue	Issue Amount	Interest Rates	Maturities	Outstanding June 30, 2011
Series of 2010	$ 165,000	2.50 - 5.00%	2014-25	$ 165,000
Sewer revenue obligations outstanding				165,000
Plus unamortized deferred amount:				11,849
Total sewer revenue obligations outstanding				$ 176,849

The following schedule details sewer revenue obligation debt service requirements to maturity at June 30, 2011.

Year Ending June 30,	Principal	Interest
2012		$ 8,026
2013		8,026
2014	$ 2,000	8,026
2015	2,000	7,946
2016	2,000	7,891
2017 - 2021	79,765	31,960
2022 - 2026	79,235	10,146
Total	$ 165,000	$ 82,021

Note 7: Long-Term Liabilities (continued)

In prior years, the Regional Wastewater Reclamation Enterprise Fund entered into loan agreements (1996 to provide funds for the defeasance of prior sewer revenue bonds, and 1997 and 2004 which were used for construction and improvement of wastewater treatment facilities). In October 2009, the County entered into an additional loan agreement for the funding of construction of wastewater treatment facilities. Interest is payable semiannually and is calculated based on the principal amount of the loan outstanding during such period.

Issue	Issue Amount	Interest Rate	Maturities	Outstanding June 30, 2011
1996 Loans payable	$ 11,313	3.19%	2012	$ 2,729
1997 Loans payable	7,500	2.95%	2011	657
2004 Loans payable	19,967	1.81%	2012-24	16,463
2009 Loans payable	8,002	0.96%	2012-24	7,555
Loans payable				27,404
Less unamortized deferred amount:				(14)
		Total loans payable		$ 27,390

The following schedule details loans payable debt service requirements to maturity at June 30, 2011.

Year Ending June 30,	Principal	Interest
2012	$ 3,685	$ 792
2013	2,550	687
2014	1,489	622
2015	1,535	576
2016	1,581	529
2017 - 2021	8,658	1,881
2022 - 2026	7,906	490
Total	$ 27,404	$ 5,577

Pima County has pledged future user charges, net of specified operating expenses, to repay $182,430 in sewer revenue bonds issued between 1998 and 2011, $27,404 in sewer revenue loans issued between 1996 and 2009, and $165,000 in sewer revenue obligations issued in 2010. Proceeds from the bonds, loans and obligations provided financing for construction of various treatment facilities and sewer infrastructure within Pima County. The bonds, loans and obligations are payable from net sewer revenues and are payable through fiscal year 2026. Annual principal and interest payments on the bonds and obligations are expected to require approximately 37 percent of net revenues. The annual principal and interest payments on the loans are expected to require approximately 14 percent of net revenues. Total principal and interest remaining to be paid on the bonds is $236,000. Total principal and interest remaining to be paid on the loans is $32,981. Total principal and interest remaining to be paid on the obligations is $247,021. Principal and interest paid for bonds, loans and obligations in the current year and total customer net revenues were $20,943, $10,473, and $84,005, respectively.

REFUNDED SEWER REVENUE BONDS AND LOANS

In March 2011, the County issued for the Regional Wastewater Reclamation Enterprise Fund $43,625 in Sewer Revenue Refunding Bonds, Series 2011A. The net proceeds of the refunding bonds were used to advance refund $6,115 of the Sewer Revenue Bonds, (Series 1998); $8,765 of the Sewer Revenue Bonds (Series 2001); and $30,827 of the Wastewater Loans payable (Series 2000). Accordingly, the refunded sewer revenue bonds and the wastewater loans payable are considered defeased and the related liabilities are not included in the financial statements.

Note 7: Long-Term Liabilities (continued)

As a result of the Sewer Revenue Refunding Bonds Series 2011A issue, the County decreased its total debt service payment by $1,871. This resulted in an economic gain of $1,745.

CONTRACTS AND NOTES

Business-type Activities

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

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

LEGAL DEBT MARGIN

County General Obligation Bonds

General obligation debt may not exceed 6 percent of the value of the County's taxable property as of the latest assessment. However, with voter approval, debt may be incurred up to 15 percent of the value of taxable property. Pima County has received voter approval for all general obligation debt. The legal debt margin at June 30, 2011, is as follows:

Net assessed valuation		$ 9,342,561
Debt Limit (15% of net assessed valuation):		1,401,384
Less amount of debt applicable to debt limit:		
General obligation bonds outstanding	$ 452,750	
Less fund balance in debt service fund available for payment of general obligation bond principal	(27,904)	424,846
Legal debt margin available		$ 976,538

Note 8: Landfill Liabilities

Solid Waste Landfill Closure and Post-Closure Care Costs:

State and federal laws and regulations require the County to place a final cover on its solid waste landfill sites when these sites stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after their closure. Although closure and post-closure care costs will not be paid until near or after the date the landfills stop accepting waste, the County records a portion of these closure and post-closure care costs as a long-term liability in each period, based on landfill capacity used as of each balance sheet date. The $19,944 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 $5,984 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, 2011; actual costs may change due to inflation, changes in technology or changes in regulations.

Note 8: Landfill Liabilities (continued)

Landfill Site	Capacity Used June 30, 2011	Estimated Remaining Service Life
Ajo	70%	41 Years
Sahuarita	49%	30 Years
Tangerine	93%	8 Years

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

According to state and federal laws and regulations, the County must comply with the local government financial test requirements that ensure the County can meet the costs of landfill closure, post-closure and corrective action when needed. The County is in compliance with these requirements. The Ina Road Landfill facility is closed to municipal solid waste and only receives green waste and construction debris. It is not subject to the closure and post-closure cost requirements referred to above. Pima County estimates that it will cost approximately $10,374 when closure occurs and plans to fund the costs with proceeds of general obligation bonds and with solid waste tipping fees. At this time, there is no closure date available.

Note 9: Retirement Plans

Pension Plan Descriptions

The County contributes to the Arizona State Retirement System **(ASRS),** the Corrections Officer Retirement Plan **(CORP),** the Public Safety Personnel Retirement System **(PSPRS),** consisting of Pima County Sheriffs and Pima County - County Attorney Investigators, and the Elected Officials Retirement Plan **(EORP).** The **EORP** and the **PSPRS** - Pima County, County Attorney Investigators, are not described due to their relative insignificance to the County's financial statements. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retirees' average compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee's monthly compensation. Health insurance premium benefits are generally paid as a fixed dollar amount per month towards the retiree's healthcare insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

The **ASRS** administers a cost-sharing multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health insurance premium plan; and a cost-sharing multiple-employer defined benefit long-term disability plan that covers employees of the State of Arizona and employees of participating political subdivisions, including general employees of the County, and school districts. The **ASRS** is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

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

Note 9: Retirement Plans (continued)

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 Board of Trustees of **PSPRS** and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

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

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

Funding Policy

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

Cost-sharing plans

For the year ended June 30, 2011, active **ASRS** members were required by statute to contribute at the actuarially determined rate of 9.85 percent (9.6 percent for retirement and 0.25 percent for long-term disability) of the members' annual covered payroll. The County is required by statute to contribute at an actuarially determined rate. For the year ended June 30, 2011 the County contributed 9.85 percent (9.01 percent for retirement, 0.59 percent for health insurance premium, and 0.25 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2010 the County contributed 9.4 percent (8.34 percent for retirement, 0.66 percent for health insurance premium, and 0.40 percent for long-term disability) of the members' annual covered payroll. For the year ended June 30, 2009 the County contributed 9.45 percent (7.99 percent for retirement, 0.96 percent for health insurance premium, and 0.50 percent for long-term disability) of the members' annual covered payroll.

	ASRS Retirement Fund	Health Benefit Supplement Fund	Long-term Disability Fund
Year ended June 30,			
2011	$ 21,774	$ 1,426	$ 604
2010	$ 20,234	$ 1,601	$ 970
2009	$ 20,127	$ 2,418	$ 1,259

Note 9: Retirement Plans (continued)

Agent plans

For the year ended June 30, 2011, 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 29.16 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 8.41 percent of the members' annual covered payroll, and the County was required to contribute at the actuarially determined rate of 12.08 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.17 percent of covered payroll.

Actuarial methods and assumptions

The contribution requirements for the year ended June 30, 2011 were established by the June 30, 2009 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 2011 contribution requirements, are as follows:

	PSPRS	CORP
Actuarial valuation date	June 30, 2009	June 30, 2009
Actuarial cost method	Projected unit credit	Projected unit credit
Actuarial Assumptions:		
Investment rate of return	8.50%	8.50%
Projected salary increases	5.50% - 8.50%	5.50% - 8.50%
includes inflation at	5.50%	5.50%
Amortization method	Level percent-of-pay closed	Level percent-of-pay closed
Remaining amortization period	27 Years for unfunded actuarial accrued liability, 20 years for excess	27 Years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year Smoothed market value	7-year Smoothed market value

Note 9: Retirement Plans (continued)

Annual Pension and Healthcare Cost

The County's pension/healthcare cost for the PSPRS and CORP agent plans for the year ended June 30, 2011, and related information follows:

	PSPRS		CORP	
	Pension	Health Insurance	Pension	Health Insurance
Annual pension/Healthcare cost	$ 8,303	$ 624	$ 1,824	$ 282
Contributions made	$ 8,535	$ 392	$ 1,963	$ 142

Trend Information

Annual pension cost information for the current and 2 preceding years follows for the PSPRS and CORP agent plans. Annual healthcare cost information for the same periods is included.

Plan	Year Ended June 30	Annual Pension/ Healthcare Cost	Percentage of Annual Cost Contributed	Net Pension/ Healthcare Obligation
PSPRS				
Pension	2011	$ 8,303	103%	
Health insurance	2011	$ 624	62.9%	$ 232
Pension	2010	$ 8,761	102%	
Health insurance	2010	$ 591	74.5%	$ 151
Pension	2009	$ 8,268	100%	
Health insurance	2009	$ 627	73.8%	$ 164
CORP				
Pension	2011	$ 1,824	108%	
Health insurance	2011	$ 282	50.4%	$ 140
Pension	2010	$ 1,943	102%	
Health insurance	2010	$ 232	78.8%	$ 49
Pension	2009	$ 2,162	100%	
Health insurance	2009	$ 236	77.1%	$ 54

Note 9: Retirement Plans (continued)

Funded Status

The funded status of the plans, as of the most recent valuation date June 30, 2011, along with the actuarial assumptions and methods used in those valuations follow. Additionally, the required schedule of funding progress, presented as Exhibit B-2 following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

	PSPRS		CORP	
	Pension	Health Insurance	Pension	Health Insurance
Actuarial accrued liability	$ 242,778	$ 7,353	$ 75,051	$ 3,261
Actuarial value of assets	$ 149,088	0	$ 51,477	0
Unfunded actuarial accrued liability (funding excess)	$ 93,690	$ 7,353	$ 23,574	$ 3,261
Funded ratio	61.4 %	0 %	68.6 %	0 %
Covered payroll	$ 30,805	$ 30,805	$ 20,441	$ 20,441
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	304.1 %	23.9 %	115.3 %	16.0 %

	PSPRS	CORP
Actuarial valuation date	June 30, 2011	June 30, 2011
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment rate of return	8.25%	8.25%
Projected salary increases	5.00% - 8.00%	5.00% - 8.00%
includes inflation at	5.00%	5.00%
Amortization method	Level percentage closed	Level percentage closed
Remaining amortization period	25 Years for unfunded , 20 years for overfunded	25 Years for unfunded , 20 years for overfunded
Asset valuation method	7-year smoothed market	7-year smoothed market

Note 10: Interfund Transactions

A. Interfund Assets/Liabilities

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

Amounts recorded as due from:

Amounts recorded as due to:	General	Capital Projects	Other Governmental	PHS & Services	RWR	Other Enterprise	Internal Services	Total
General		$ 10	$ 252	$ 44		$ 5	$ 898	$ 1,209
Capital Projects	$ 144		238		$ 1		25	408
Other Governmental	5,212	1	250		1		628	6,092
Pima Health System & Services	577						22	599
RWR	118		44			2	159	323
Other Enterprise	7						15	22
Internal Services	13		1,462				19	1,494
Total	$ 6,071	$ 11	$ 2,246	$ 44	$ 2	$ 7	$ 1,766	$ 10,147

B. Transfers

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

Amounts recorded as transfers out:

Amounts recorded as transfers in:	General	Capital Projects	Debt Service	Other Governmental	PHS & Services	RWR	Other Enterprise	Internal Services	Total
General				$ 5,385	$ 4,596				$ 9,981
Capital Projects	$ 5,271		$ 176	17,782		$ 25	$ 114		23,368
Debt Service		$ 4,502		16,243		781		$ 52	21,578
Other Governmental	51,802	303	2,675	8					54,788
RWR			94						94
Other Enterprise	694								694
Internal Service		72							72
Total	$ 57,767	$ 4,877	$ 2,945	$ 39,418	$ 4,596	$ 806	$ 114	$ 52	$ 110,575

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

Note 10: Interfund Transactions (continued)

		Transfer from	Transfer to
	$ 78	Government activities	RWR
Total	$ 78		

Note 11: Construction and Other Significant Commitments

At June 30, 2011, Pima County had the following major contractual commitments related to Environmental Quality, Facilities Management, General Government, Natural Resources, Parks & Recreation, Pima Health Systems and Services, Regional Wastewater Reclamation and Transportation.

Environmental Quality
At June 30, 2011, the Pima County Environmental Quality Department had contractual commitments related to service contracts of $8,256. Funding for these expenditures will be provided from general fund revenues.

Facilities Management
At June 30, 2011, the Pima County Facilities Management Department had contractual commitments related to service contracts of $13,508. Funding for these expenditures will be provided from general fund revenues.

General Government
At June 30, 2011, Pima County had contractual commitments related to service contracts for Finance and Risk Management of $15,068, Fleet Services of $9,364, Human Resources of $95,140, Institutional Health of $34,674 and Sheriff of $50,996. Funding for these expenditures will be provided from general fund revenues. Real Property had contractual commitments related to land acquisitions of $4,612, for which the funding of these expenditures will be provided by general obligation bonds.

Natural Resources, Parks and Recreation
At June 30, 2011, Pima County had contractual commitments related to construction contracts for Natural Resources, Parks and Recreation of $16,830. Funding for these expenditures will be provided from general obligation bonds.

Pima Health Systems and Services
At June 30, 2011, Pima County had contractual commitments related to service contracts for Pima Health Systems and Services of $160,739. Funding for these expenditures will be primarily provided from federal and state funding sources.

Regional Wastewater Reclamation
At June 30, 2011, the Regional Wastewater Reclamation Enterprise Fund had construction contractual commitments of $17,648 and other contractual commitments related to service contracts of $6,301. Funding for these expenses will be primarily from Sewer Revenue Bonds and related fees.

Note 11: Construction and Other Significant Commitments (continued)

Transportation
At June 30, 2011, the Pima County Transportation Department had construction contractual commitments of $16,237 and other contractual commitments related to service contracts of $5,044. Funding for these expenditures will be primarily provided from Transportation Revenue Bonds and Highway User Tax Revenue, the primary source of revenue for the Transportation Department.

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

The following non-major governmental funds reported fund balance deficits at June 30, 2011:

	6/30/2011
Special District Fund	$ 177
Employment and Training Fund	196
Other Special Revenue Fund - Grants	2,579
Total	$ 2,952

These deficits can be eliminated in the future through normal operations.

Note 13: Subsequent Events

Pima County's contracts with the Arizona Health Care Cost Containment System expired on September 30, 2011. As such, Pima County's management discontinued certain operations of the Fund that include the pending sale of Posada Del Sol Nursing Home.

As a result, the Pima Health System and Services Fund is scheduled to close during fiscal year 2012.

APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

$32,945,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

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

This Continuing Disclosure Undertaking (this "Undertaking") is executed and delivered by Pima County, Arizona (the "County"), in connection with the issuance and sale of $32,945,000 Street and Highway Revenue Bonds, Series 2012 (the "Bonds"), being issued pursuant to a resolution adopted by the Board of Supervisors of the County on April 10, 2012 (the "Bond Resolution").

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

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

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

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

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

"Commission" means the Securities and Exchange Commission.

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

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

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

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

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

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

3. CUSIP Number/Final Official Statement. The base CUSIP Number of the Bonds is 721882. The Final Official Statement relating to the Bonds is dated May 14, 2012.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PIMA COUNTY, ARIZONA

By:_____
Thomas Burke
Finance and Risk Management Director

Dated: [Closing Date]

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS

"Annual Financial Information" means quantitative financial information and operating data concerning the operations of the County of the type set forth in the Official Statement 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."

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, 2013. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements when available.

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

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

EXHIBIT II

EVENTS FOR WHICH NOTICE OF OCCURRENCE OF LISTED EVENTS IS REQUIRED

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

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

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

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

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

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

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

9. Defeasances;

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

11. Rating changes;

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

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

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

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

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APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

THE INFORMATION PROVIDED IN THIS APPENDIX HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE COUNTY, BOND COUNSEL, OR THE 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 a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

Principal, interest and redemption payments on the Bonds will be made by the Bond Registrar and Paying Agent to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Bond Registrar and Paying Agent, on payable 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 Bond Registrar and Paying Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

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

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

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

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

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

DEPOSITORY TRUST AGREEMENT

between

PIMA COUNTY, ARIZONA

and

U.S. BANK NATIONAL ASSOCIATION

as Depository Trustee

Dated as of May 1, 2012

providing payment for certain

PIMA COUNTY, ARIZONA

STREET AND HIGHWAY REVENUE BONDS, SERIES 2003

DEPOSITORY TRUST AGREEMENT

THIS DEPOSITORY TRUST AGREEMENT, dated as of May 1, 2012 (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 Exhibit A, attached hereto (the "Bonds to be Refunded"); and

WHEREAS, the County, by a resolution adopted on April 10, 2012 (the "Bond Resolution"), has authorized the issuance and sale of the County's Street and Highway Revenue Bonds, Series 2012 (the "2012 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 2012 Bonds (the "Bond Proceeds"); and

WHEREAS, pursuant to the Bond Resolution, the County has sold and delivered the 2012 Bonds to the purchaser thereof against payment therefor and the Bond Proceeds shall be applied, in part, to pay the issuance costs of the 2012 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 2003, 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 May 1, 2012, 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, a firm of independent 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 $16,349,898.92. The Depository Trustee shall deposit $152,318.19 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 $0.73, 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 certified 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, of premium, if 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 Bond Fund of the County, but 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 of 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, on 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 July 15, 2012, January 15, 2013 and July 15, 2013, 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 $500.00. 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 $152,318.19 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 September 1, 2012 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 Trustee 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.

[Remainder of page left blank intentionally]

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 (US) LLP,
Bond Counsel

By: _____
Timothy E. Pickrell

[Signature page of Depository Trust Agreement]

619796

EXHIBIT A
TO
DEPOSITORY TRUST AGREEMENT

Bonds to be Refunded

Street and Highway Revenue Bonds, Series 2003

Maturity Date (July 1)	Outstanding Principal Amount	Principal Amount Refunded	Redemption Date	Redemption Price
2014	$2,785,000	$2,785,000	July 1, 2013	100%
2015	2,910,000	2,910,000	July 1, 2013	100%
2016	3,045,000	3,045,000	July 1, 2013	100%
2017	3,190,000	3,190,000	July 1, 2013	100%
2018	3,340,000	3,340,000	July 1, 2013	100%

Bond Registrar and Paying Agent: The Bank of New York Mellon Trust Company, N.A.

EXHIBIT B
TO
DEPOSITORY TRUST AGREEMENT

ACQUIRED OBLIGATIONS

Type	Maturity Date	Par Amount	Coupon	Cost
SLGS-CI	07/01/2012	$316,975	0.060%	$316,975.00
SLGS-CI	01/01/2013	305,167	0.150	305,167.00
SLGS-Note	07/01/2013	15,575,438	0.180	15,575,438.00

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 2003
Dated: January 15, 2003

Maturity Dates Being Refunded	Outstanding Balance	Principal Balances Being Refunded	CUSIP (721882)
2014	$2,785,000	$2,785,000	BF4
2015	2,910,000	2,910,000	BG2
2016	3,045,000	3,045,000	BH0
2017	3,190,000	3,190,000	BJ6
2018	3,340,000	3,340,000	BK3

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, a firm of independent 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: May 30, 2012.

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
07/01/2012		$319,456.25	-0-	$319,456.25
01/01/2013		319,456.25	-0-	319,456.25
07/01/2013	$15,270,000	319,456.25	-0-	15,589,456.25
			Total:	$16,228,368.75

SCHEDULE I

Costs and Expenses

Payee	Amount
Bond Counsel	$40,700.69
Financial Advisor	49,417.50
Fitch Ratings Inc.	24,000.00
Standard & Poor's	18,400.00
Bond Registrar/Paying Agent	2,300.00
Printing of Official Statement	5,000.00
Verification Agent	2,500.00
Miscellaneous	10,000.00
TOTAL:	$152,318.19

$32,945,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT AGREEMENT

FEDERAL TAXPAYER I.D. NO. 86-6000543

This Bond Registrar, Transfer Agent and Paying Agent Agreement dated as of May 1, 2012 (the "Agreement"), made and entered into by and between PIMA COUNTY, ARIZONA (hereinafter called the "County"); and U.S. BANK NATIONAL ASSOCIATION (hereinafter called the "Bank") witnesseth as follows:

The County will issue its bonds which will be known as $32,945,000 Street and Highway Revenue and Refunding Bonds, Series 2012 (the "Bonds"). The services of a registrar, transfer agent and paying agent are necessary and in the best interests of the County. Initially, the Bonds will be issued in book-entry-only form through The Depository Trust Company ("DTC") and, so long as the book-entry-only system is in effect, the Bonds will be registered in the name of Cede & Co., the nominee name of DTC.

The Bank desires to perform registrar, transfer agent and paying agent services during the life of the Bonds.

For and in consideration of the mutual promises, covenants, conditions and agreements hereinafter set forth, the parties do agree as follows:

1. **Services**. The Bank hereby agrees to provide the following services:

A. Registrar services which shall include, but not be limited to (1) authenticating and verifying the Bonds; (2) keeping registration books sufficient to comply with Section 149 of the Internal Revenue Code of 1986, as amended (the "Code"); (3) recording transfers of ownership of the Bonds promptly as such transfers occur; (4) protecting against double or overissuance; (5) authenticating new Bonds prepared for issuance to transferees of original and subsequent purchasers; and (6) informing the County of the need for additional printings of the Bonds should the forms printed prior to initial delivery prove inadequate.

B. Transfer agent services which shall include, but not be limited to, (1) receiving and verifying all Bonds tendered for transfer; (2) preparing new Bonds for delivery to transferees and delivering same either by delivery or by mail, as the case may be; (3) destroying Bonds submitted for transfer; and (4) providing proper information for recordation in the registration books.

C. Paying agent services which shall include, but not be limited to, (1) providing a billing to the County at least thirty (30) days prior to a Bond interest payment date

setting forth the amount of principal and interest due on such date; (2) preparing, executing, wiring or mailing all interest payments to each registered owner of the Bonds one (1) business day prior to the scheduled payment date or as soon as money for payment of such interest has been transferred to the paying agent but in no event (unless sufficient funds to make such payments have not been received by the Bank) later than the time established by DTC, on the date such payments are due; (3) verifying all matured Bonds upon their surrender; (4) paying all principal and premium, if any, due upon the Bonds as they are properly surrendered therefor to the Bank; (5) preparing a semiannual reconciliation showing all principal and interest paid during the period and providing copies thereof to the County; (6) inventorying all cancelled checks, or microfilm proof of such checks, for (6) years after payment; and (7) making proof of such payments available to the County or any owner or former owner.

2. **Record Date**. The Record Date for the payment of interest will be the fifteenth (15th) day of the month preceding an interest payment date. Normal transfer activities will continue after the Record Date but the interest payment on a particular certificate will be mailed to the registered owners of Bonds as shown on the books of the Bank on the close of business on the Record Date. Principal (and premium, if any) shall be paid only on surrender of the particular Bond at or after its maturity or prior redemption date, if applicable.

3. **Redemption Notices**. The Bank agrees to provide certain notices to the Bond owners as required to be provided by the Bank in, and upon being provided with a copy of, the resolution of the County approving the issuance, sale and delivery of the Bonds. So long as the Book-Entry-Only System is in effect, the Bank shall notify DTC of redemption in the manner required by DTC. If the Book-Entry-Only System is discontinued, notice of redemption of any Bonds redeemed prior to their stated maturity date shall be mailed by first class mail to each Registered Owner not more than sixty (60) days nor less than thirty (30) days prior to the date of redemption. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally accepted by the respective securities depository. The Bank also agrees to send notice of redemption to the Municipal Securities Rulemaking Board (the "MSRB"), currently through the MSRB's Electronic Municipal Market Access system in the manner required by the MSRB.

Notice of redemption shall be sent by first class mail or electronically to the Treasurer of the County (the "Treasurer") and any depository institution which is a registered owner, such that the notice of redemption is received not less than two (2) days prior to the date of general release to the public. The Bank agrees to send a duplicate notice of redemption by first class mail to any registered owner who has not submitted Bonds for redemption within thirty (30) days after the date set for redemption.

Each redemption notice must contain, at a minimum, the complete official name of the issue with series designation, CUSIP number, certificate numbers, amount of each Bond called (for partial calls), date of issue, interest rate, maturity date, publication date (date of release to the general public or the date of general mailing of notices to Bond owners and information services), redemption date, redemption price, redemption agent and the name and address of the place where Bonds are to be tendered, including the name and phone number of the contact person. Such redemption notices may contain a statement that no representation is made as to the accuracy of the CUSIP numbers printed therein or on the Bonds.

Upon any redemption of Bonds, the Bank shall solicit from the County a revised Bond debt service schedule and shall provide the same to the Treasurer.

4. **Issuance and Transfer of Bonds**. The Bank will issue Bonds to registered owners, require Bonds to be surrendered and cancelled and new Bonds issued upon transfer, and maintain a set of registration books showing the names and addresses of the owners from time to time of the Bonds. The Bank shall promptly record in the registration books all changes in ownership of Bonds.

5. **Payment Deposit**. The County will transfer or cause to be transferred, immediately available funds to the Bank no later than one (1) business day prior to or, if agreed to by the parties hereto, on the date on which the interest, principal and premium payments (if any) are due on the Bonds but in no event later than the time established by DTC, on the date such payments are due. The Bank shall not be responsible for payments to Bond owners from any source other than moneys transferred, or caused to be transferred, to it by the County.

6. **Collateral**. The Bank shall collateralize the funds on deposit at the Bank in accordance with A.R.S. §§ 35-323 and 35-491.

7. **Turnaround Time**. The Bank will comply with the three (3) business day turnaround time required by Securities and Exchange Commission Rule 17Ad-2 on routine transfer items.

8. **Fee Schedule; Initial Fee**. For its services under this Agreement, the County shall pay the Bank in accordance with the fee schedule set forth in the attached Exhibit A, which is incorporated herein by reference. The fee for the Bank's initial services hereunder and services to be rendered until the end of the County's next fiscal year (fiscal year 2012-2013) is $1,800.00 and shall be billed by the Bank to the County after closing and paid by the County after the initial delivery of Bonds solely from proceeds of the Bonds. Subsequent payments shall be made in accordance herewith.

9. **Fees for Services in Subsequent Fiscal Years**. The Bank will bill the County, prior to June 1, 2013, and prior to each June 1 thereafter.

10. **Costs and Expenses**. The County hereby agrees to pay all costs and expenses of the Bank pursuant hereto. If, for any reason, the amounts the County agrees to pay herein may not be paid from the annual tax levy for debt service on the Bonds, such costs shall be paid by the County from any funds lawfully available therefor and the County agrees to take all actions necessary to budget for and authorize expenditure of such amounts.

11. **Hold Harmless**. The Bank shall indemnify and hold harmless the Treasurer, the County and all boards, commissions, officials, officers and employees of the Treasurer and the County, individually and collectively, from the Bank's failure to perform to its standard of care as herein stated.

12. **Standard of Care Required**. In the absence of bad faith on its part in the performance of its services under this Agreement, the Bank shall not be liable for any action taken or omitted to be taken by it in good faith and believed by it to be authorized hereby or within the rights and powers conferred upon it hereunder, nor for action taken or omitted to be taken by it in good faith and

in accordance with advice of counsel, and shall not be liable for any mistakes of fact or error of judgment or for any actions or omissions of any kind unless caused by its own willful misconduct or negligence.

13. **Entire Agreement**. This Agreement and Exhibit A attached hereto contain the entire understanding of the parties with respect to the subject matter hereof, and no waiver, alteration or modification of any of the provisions hereof, shall be binding unless in writing and signed by a duly authorized representative of all parties hereto.

14. **Amendment**. The County and the Bank reserve the right to amend any individual service set forth herein or all of the services upon providing a sixty (60) day prior written notice. Any corporation, association or agency into which the Bank may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from such conversion, sale merger, consolidation or transfer to which it is a party, *ipso facto*, shall be and become successor registrar, transfer agent and paying agent under this Agreement and vested with all or the same rights, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

15. **Resignation or Replacement**. The Bank may resign or the County may replace the Bank as registrar, transfer agent and paying agent at any time by giving thirty (30) days written notice of resignation or replacement to the County or to the Bank, as applicable. The resignation shall take effect upon the appointment of a successor registrar, transfer agent and paying agent. A successor registrar, transfer agent and paying agent will be appointed by the County; provided, that if a successor registrar, transfer agent and paying agent is not so appointed within ten (10) days after a notice of resignation is received by the County, the Bank may apply to any court of competent jurisdiction to appoint a successor registrar, transfer agent and paying agent. Any resignation or replacement of the Bank pursuant to this Section shall be without cost to the County.

In the event the Bank resigns or is replaced, the County reserves the right to appoint a successor registrar, transfer agent and paying agent who may qualify pursuant to A.R.S. § 35-491, et seq., or any subsequent statute pertaining to the registration, transfer and payment of bonds. In such event the provisions hereof with respect to payment by the County shall remain in full force and effect, but the County shall then be authorized to use the funds collected for payment of the costs and expenses of the Bank hereunder to pay the successor registrar, transfer agent and paying agent or as reimbursement if the County acts as registrar, transfer agent and paying agent.

16. **Reports to Arizona Department of Revenue**. The Bank shall make such reports to the Arizona Department of Revenue (the "Department") pertaining to the retirement of any Bonds and of all payments of interest thereon, within thirty (30) days of a request therefor, from the Treasurer or the County, or the agents of either, to comply with the requirements of the Department pursuant to A.R.S. § 35-502.

17. **Form of Records**. The Bank's records shall be kept in compliance with standards as have been or may be issued from time to time by the Securities and Exchange Commission, the Municipal Securities Rulemaking Board of the United States, the requirements of the Code and any other securities industry standard. The Bank shall retain such records in accordance with the applicable

record keeping standard of the Internal Revenue Service. In lieu of destruction and immediately prior to the date the Bank would destroy any Bondholder or Bond payment records maintained by the Bank pursuant to this Agreement, such records shall be provided to the County.

18. **Advice of Counsel and Special Consultants**. When the Bank deems it necessary or reasonable, it may apply to Squire Sanders (US) LLP or such other law firm or attorney for instructions or advice. Any fees and costs incurred shall be added to the next fiscal year's fees, costs and expenses to be paid to the Bank.

19. **Examination of Records**. The County or its duly authorized agents may examine the records relating to the Bonds at the office of the Bank where such records are kept at reasonable times as agreed upon with the Bank and such records shall be subject to audit from time to time at the request of the County.

20. **Payment of Unclaimed Amounts**. In the event any check for payment of interest on a Bond is returned to the Bank unendorsed or is not presented for payment within two (2) years from its payment date or any Bond is not presented for payment of principal at the maturity or redemption date, if applicable, if funds sufficient to pay such interest or principal due upon such Bond shall have been made available to the Bank for the benefit of the owner thereof, it shall be the duty of the Bank to hold such funds, without liability for interest thereon, for the benefit of the owner of such Bond who shall thereafter be restricted exclusively to such funds for any claim of whatever nature relating to such Bond or amounts due thereunder. The Bank's obligation to hold such funds shall continue for two years and six months (subject to applicable escheat or unclaimed property law) following the date on which such interest or principal payment became due, whether at maturity, or at the date fixed for redemption, or otherwise, at which time the Bank shall surrender such unclaimed funds so held to the County, whereupon any claim of whatever nature by the owner of such Bond arising under such Bond shall be made upon the County and shall be subject to the provisions of applicable law.

21. **Invalid Provisions**. If any provision hereof is held to be illegal, invalid or unenforceable under present or future laws, this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement; and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision.

22. **Mutilated, Lost or Destroyed Bonds**. With respect to Bonds which are mutilated, lost or destroyed, the Bank shall cause to be executed and delivered a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond lost or destroyed, upon the registered owner's paying the reasonable expenses and charges in connection therewith and, in the case of any Bond destroyed or lost, filing by the registered owner with the Bank and the County of evidence satisfactory to the Bank and the County that such Bond was destroyed or lost, and furnishing the Bank and the County with a sufficient indemnity bond pursuant to A.R.S.§ 47-8405.

23. **Conflict of Interest**. Each party gives notice to the other parties that A.R.S. § 38-511 provides that the State of Arizona (the "State"), its political subdivisions or any department or agency of either, may within three (3) years after its execution cancel any contract without penalty or further obligation made by the State, its political subdivisions or any of the departments or agencies of

either, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any of the departments or agencies of either, is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

24. Waiver of Trial by Jury. Each party hereto hereby agrees not to elect a trial by jury of any issue triable of right by jury, and waives any right to trial by jury fully to the extent that any such right shall now or hereafter exist with regard to this Agreement, or any claim, counterclaim or other action arising in connection herewith. This waiver of right to trial by jury is given knowingly and voluntarily by each party, and is intended to encompass individually each instance and each issue as to which the right to a trial by jury would otherwise accrue.

25. Governing Law. This Agreement is governed by the laws of the State.

26. Transfer Expenses. The transferor of any Bond will be responsible for all fees and costs relating to such transfer of ownership.

27. E-verify Requirements. To the extent applicable under A.R.S. § 41-4401, the Bank and its subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees and compliance with the E-verify requirements under A.R.S. § 23-214(A). The Bank's, or a subcontractor's, breach of the above-mentioned warranty shall be deemed a material breach of this Agreement and may result in the termination of the Agreement by the County. The County retains the legal right to randomly inspect the papers and records of the Bank and its subcontractors who work on the Agreement to ensure that the Bank and its subcontractors are complying with the above-mentioned warranty.

The Bank and its subcontractors warrant to keep the papers and records open for random inspection by the County during normal business hours. The bank and its subcontractors shall cooperate with the County's random inspections including granting the County entry rights onto its property to perform the random inspections and waiving their respective rights to keep such papers and records confidential.

28. Scrutinized Business Operations. Pursuant to A.R.S. §§ 35-391.06 and 35-393.06, the Bank certifies that it does not have scrutinized business operations 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/or 35-393, as applicable. If the County determines that the bank submitted a false certification, the County may impose remedies as provided by law including terminating this Agreement.

[Remainder of page left blank intentionally]

This Agreement is dated and effective as of May 1, 2012.

U.S. BANK NATIONAL ASSOCIATION

By: _____

Title: VICE PRESIDENT

PIMA COUNTY, ARIZONA

By: _____
Ramón O. Valadez
Chairman

ATTEST:

By: _____
Robin Brigode
Clerk, Board of Supervisors

APPROVED AS TO FORM:

SQUIRE SANDERS (US) LLP,
Bond Counsel

By: _____
Timothy E. Pickrell

Attachment: Exhibit A, Fee Schedule of the Registrar.

[Signature page of Bond Registrar, Transfer Agent and Paying Agent Agreement]

EXHIBIT A

REGISTRAR, TRANSFER AGENT AND PAYING AGENT'S FEE SCHEDULE

See attached Fee Schedule.

Schedule of Fees for Services as
Bond Trustee, Depository Trustee, Bond Registrar and Paying Agent

COUNTY OF PIMA, ARIZONA

Street and Highway Revenue Refunding Bonds, Series 2012

Acceptance Fee The acceptance fee includes the administrative review of documents, initial set-up of the accounts, and other reasonably required services up to and including the closing. This is a one-time fee, payable at closing.	$800.00
One Time Depository Trustee Fee Administration fee for performance of the routine duties of the depository trustee associated with the management of the account. This is a one time fee payable at closing.	$500.00
Annual Bond Trustee, Registrar and Paying Agent Fee Annual administration fee for performance of the routine duties as trustee, registrar and paying agent associated with the management of the account. Payable at closing and annually in advance thereafter.	$1,000.00
Direct Out of Pocket Expenses Reimbursement of expenses associated with the performance of our duties, including but not limited to publications, legal counsel, travel expenses and filing fees.	At Cost

Extraordinary fees are payable to the Trustee or Agent for duties or responsibilities not expected to be incurred at the outset of the transaction, not routine or customary, and not incurred in the ordinary course of Business. Payment of extraordinary fees is appropriate where particular inquiries, events or developments are unexpected, even if the possibility of such things could have been identified at the inception of the transaction.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT:
To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a Trust or other legal entity we will ask for documentation to verify its formation and existence as a legal entity. We may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

Dated: April 9, 2012

$32,945,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

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

This Continuing Disclosure Undertaking (this "Undertaking") is executed and delivered by Pima County, Arizona (the "County"), in connection with the issuance and sale of $32,945,000 Street and Highway Revenue Bonds, Series 2012 (the "Bonds"), being issued pursuant to a resolution adopted by the Board of Supervisors of the County on April 10, 2012 (the "Bond Resolution").

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

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

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

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

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

"Commission" means the Securities and Exchange Commission.

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

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

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

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

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

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

3. CUSIP Number/Final Official Statement. The base CUSIP Number of the Bonds is 721882. The Final Official Statement relating to the Bonds is dated May 14, 2012.

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

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

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

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

6. Consequences of Failure of the County to Provide Information. The County shall give notice in a timely manner to the MSRB through EMMA, in a format prescribed by the

MSRB, of any failure to provide Annual Information Disclosure when the same is due hereunder.

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

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

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

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

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

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

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

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

11. Additional Information. Nothing in this Undertaking shall be deemed to prevent the County from disseminating any other information using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Undertaking. If the County chooses to include any information from

any document or notice of occurrence of Listed Event in addition to that which is specifically required by this Undertaking, the County shall have no obligation under this Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Listed Event.

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

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

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

[Remainder of page left blank intentionally]

Dated: May 30, 2012.

PIMA COUNTY, ARIZONA

By: _____
Thomas Burke
Finance and Risk Management Director

[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."

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, 2013. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements when available.

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

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

EXHIBIT II

EVENTS FOR WHICH NOTICE OF OCCURRENCE OF LISTED EVENTS IS REQUIRED

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

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

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

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

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

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

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

9. Defeasances;

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

11. Rating changes;

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

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

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

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

Blanket Issuer Letter of Representations

[To be Completed by Issuer]

PIMA COUNTY, ARIZONA
[Name of Issuer]

JUNE 11, 1998
[Date]

Attention: Underwriting Department — Eligibility
The Depository Trust Company
55 Water Street, 50th Floor
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

PIMA COUNTY, ARIZONA
(Issuer)

By: C. Huckelberry
(Authorized Officer's Signature)

C. H. HUCKELBERRY, 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:

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

May 30, 2012

Contents

Letter	
Exhibit A	Schedule of Sources and Uses of Funds
Exhibit B	Escrow Account Cash Flow
Exhibit B-1	Cash Receipts From and Yield on the SLGS
Exhibit B-2	Debt Service Payments 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, LLC

Grant Thornton

Audit • Tax • Advisory

Grant Thornton LLP
200 S 6th Street, Suite 500
Minneapolis, MN 55402-1459

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Report of Independent Certified Public Accountants On Applying Agreed-Upon Procedures

Pima County
130 West Congress, Tenth Floor
Tucson, Arizona

Squire Sanders (US) LLP
One East Washington Street, Suite 2700
Phoenix, Arizona

U.S. Bank National Association
101 North First Avenue, Suite 1600
Phoenix, Arizona

RBC Capital Markets, LLC
2398 East Camelback Road, Suite 700
Phoenix, Arizona

$32,945,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2012
Dated May 30, 2012

We have performed the procedures described in this report, which were agreed to by Pima County, Arizona (the "County") and RBC Capital Markets, LLC (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 refunding a portion of the County's outstanding Street and Highway Revenue Bonds, Series 2003 (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
2003	$35,000,000	January 15, 2003	$15,270,000	7-1-14 to 7-1-18	7-1-13	100%

VERIFICATION OF ESCROW ACCOUNT CASH FLOW SUFFICIENCY

The Financial Advisor provided us with schedules (Appendix I) summarizing future escrow account cash receipts and disbursements. 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 July 1, 2013 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 future escrow account cash receipts and disbursements and compared the information used in our calculations to the information listed below contained in applicable pages of the following documents:

- Subscription confirmation, dated May 14, 2012, 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 amounts, interest rates, maturity dates, issuance date and first interest payment 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.

In addition, we compared the interest rates for each maturity of the SLGS, as shown on the Schedule of U.S. Treasury Securities, with the maximum allowable interest rates shown on the Department of Treasury, Bureau of Public Debt, SLGS Table for use on May 14, 2012 and found that the interest rates were equal to the maximum allowable interest rates for each maturity.

Our procedures, as summarized in Exhibits B through B-2, prove the mathematical accuracy of the schedules provided by the Financial Advisor summarizing future escrow account cash receipts and disbursements. The schedules provided by the Financial Advisor and those prepared by us reflect that the anticipated receipts from the SLGS, together with an initial cash deposit of $0.73 to be deposited into the escrow account on May 30, 2012, will be sufficient to pay, when due, the principal and interest related to the Refunded Bonds assuming the Refunded Bonds will be redeemed on July 1, 2013 at 100 percent of par plus accrued interest.

VERIFICATION OF YIELDS

The Financial Advisor provided us with schedules (Appendix I) which indicate that the yield on the cash receipts from the SLGS is less than the yield on the Bonds. These schedules were prepared based on the assumed settlement date of May 30, 2012 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 or received on an obligation produces an amount equal to, in the case of the cash receipts from the SLGS, the purchase price, and 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, 2023 through July 1, 2025 maturities identified on Exhibits C and C-1 at par on July 1, 2022 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 schedules attached hereto as Exhibits B-1 and C independently calculating the yields on (i) the cash receipts from the SLGS calculated on Exhibit B-1, and (ii) 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 results of our calculations, based on the aforementioned assumptions, are summarized below:

	Yield	Exhibit
• Yield on the cash receipts from the SLGS	0.179812%	B-1
• Yield on the Bonds	1.875956%	C

Our procedures, as summarized in Exhibits B-1 and C, prove the mathematical accuracy of the schedules provided by the Financial Advisor summarizing the yields. The schedules provided by the Financial Advisor and those prepared by us reflect that the yield on the cash receipts from the SLGS is less than the yield on the Bonds.

* * * * * *

We were not engaged to, and did not, perform an examination or a review 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 or limited assurance on the items referred to above. Accordingly we do not express such an opinion or limited assurance. 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
May 30, 2012

Exhibit A

Pima County, Arizona

SCHEDULE OF SOURCES AND USES OF FUNDS

May 30, 2012

SOURCES:	
Principal amount of the Bonds	$32,945,000.00
Net original issue premium	3,659,882.20
	$36,604,882.20
USES:	
Deposit to Project Fund	$20,000,000.00
Purchase price of the SLGS	16,197,580.00
Beginning cash deposit to the escrow account	0.73
Costs of issuance	152,318.19
Underwriter's discount	250,475.76
Contingency	4,507.52
	$36,604,882.20

Exhibit B

Pima County, Arizona

ESCROW ACCOUNT CASH FLOW

Dates	Cash receipts from SLGS (Exhibit B-1)	Debt service payments on Refunded Bonds (Exhibit B-2)	Cash balance
Cash deposit on May 30, 2012			$0.73
07-01-12	$319,456.35	$319,456.25	0.83
01-01-13	319,455.78	319,456.25	0.36
07-01-13	15,589,455.89	15,589,456.25	0.00
	$16,228,368.02	$16,228,368.75	

Pima County, Arizona

CASH RECEIPTS FROM AND YIELD ON THE SLGS

Receipt date	Principal	Interest rate	Interest	Cash receipts from SLGS	Present value on May 30, 2012 using a yield of 0.179812%
07-01-12	$316,975	0.060%	$2,481.35	$319,456.35	$319,406.91
01-01-13	305,167	0.150%	14,288.78	319,455.78	319,119.43
07-01-13	15,575,438	0.180%	14,017.89	15,589,455.89	15,559,053.65
	$16,197,580		$30,788.02	$16,228,368.02	$16,197,580.00
Purchase price of the SLGS					$16,197,580.00

The sum of the present values of the cash receipts from the SLGS on May 30, 2012, using a yield of 0.179812%, is equal to the purchase price of the SLGS.

Pima County, Arizona

DEBT SERVICE PAYMENTS ON THE REFUNDED BONDS

Date	Principal	Interest rate	Interest	Debt service payments
07-01-12			$319,456.25	$319,456.25
01-01-13			319,456.25	319,456.25
07-01-13	$15,270,000	(1)	319,456.25	15,589,456.25
	$15,270,000		$958,368.75	$16,228,368.75

(1) Actual maturity dates, principal amounts and interest rates are as follows:

Maturity date	Principal amount	Interest rate
07-01-14	$2,785,000	4.000%
07-01-15	2,910,000	4.000%
07-01-16	3,045,000	4.250%
07-01-17	3,190,000	4.250%
07-01-18	3,340,000	4.375%
	$15,270,000	

Pima County, Arizona

DEBT SERVICE PAYMENTS AND YIELD ON THE BONDS

Date	$32,945,000 issue dated May 30, 2012 Principal	Interest rate	Interest	Total debt service	(1) Adjusted debt service	Present value on May 30, 2012 using a yield of 1.875956%
01-01-13			$750,632.50	$750,632.50	$750,632.50	$742,462.41
07-01-13	$885,000	3.000%	640,350.00	1,525,350.00	1,525,350.00	1,494,727.45
01-01-14			627,075.00	627,075.00	627,075.00	608,775.81
07-01-14	3,610,000	4.000%	627,075.00	4,237,075.00	4,237,075.00	4,075,204.93
01-01-15			554,875.00	554,875.00	554,875.00	528,717.71
07-01-15	3,765,000	4.000%	554,875.00	4,319,875.00	4,319,875.00	4,077,981.76
01-01-16			479,575.00	479,575.00	479,575.00	448,514.03
07-01-16	3,935,000	5.000%	479,575.00	4,414,575.00	4,414,575.00	4,090,287.13
01-01-17			381,200.00	381,200.00	381,200.00	349,915.50
07-01-17	4,145,000	4.000%	381,200.00	4,526,200.00	4,526,200.00	4,116,133.32
01-01-18			298,300.00	298,300.00	298,300.00	268,753.63
07-01-18	4,330,000	4.000%	298,300.00	4,628,300.00	4,628,300.00	4,131,121.72
01-01-19			211,700.00	211,700.00	211,700.00	187,202.98
07-01-19	1,190,000	3.000%	211,700.00	1,401,700.00	1,401,700.00	1,227,983.02
01-01-20			193,850.00	193,850.00	193,850.00	168,247.45
07-01-20	1,225,000	3.000%	193,850.00	1,418,850.00	1,418,850.00	1,220,013.31
01-01-21			175,475.00	175,475.00	175,475.00	149,481.94
07-01-21	1,260,000	3.000%	175,475.00	1,435,475.00	1,435,475.00	1,211,475.16
01-01-22			156,575.00	156,575.00	156,575.00	130,914.18
07-01-22	1,300,000	4.000%	156,575.00	1,456,575.00	5,671,575.00	4,698,003.74
01-01-23			130,575.00	130,575.00	46,275.00	37,975.33
07-01-23	1,350,000	4.000%	130,575.00	1,480,575.00	46,275.00	37,622.44
01-01-24			103,575.00	103,575.00	46,275.00	37,272.82
07-01-24	1,405,000	4.000%	103,575.00	1,508,575.00	46,275.00	36,926.46
01-01-25			75,475.00	75,475.00	46,275.00	36,583.32
07-01-25	1,460,000	4.000%	75,475.00	1,535,475.00	46,275.00	36,243.36
01-01-26			46,275.00	46,275.00	46,275.00	35,906.57
07-01-26	1,520,000	3.000%	46,275.00	1,566,275.00	1,566,275.00	1,204,039.91
01-01-27			23,475.00	23,475.00	23,475.00	17,878.20
07-01-27	1,565,000	3.000%	23,475.00	1,588,475.00	1,588,475.00	1,198,516.59
	$32,945,000		$8,306,982.50	$41,251,982.50	$40,910,382.50	$36,604,882.20

The present value of the future payments is equal to:

Principal amount of the Bonds	$32,945,000.00
Net original issue premium	3,659,882.20
	$36,604,882.20

The sum of the present values of the adjusted debt service payments of the Bonds on May 30, 2012, using a yield of 1.875956%, is equal to the issue price of the Bonds.

(1) Assumes that the July 1, 2023 through July 1, 2025 maturities are called on July 1, 2022 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	$885,000	3.000%	0.400%	102.814%	$24,903.90
07-01-14	3,610,000	4.000%	0.570%	107.102%	256,382.20
07-01-15	3,765,000	4.000%	0.750%	109.895%	372,546.75
07-01-16	3,935,000	5.000%	0.970%	116.105%	633,731.75
07-01-17	4,145,000	4.000%	1.100%	114.305%	592,942.25
07-01-18	4,330,000	4.000%	1.300%	115.749%	681,931.70
07-01-19	1,190,000	3.000%	1.600%	109.342%	111,169.80
07-01-20	1,225,000	3.000%	1.750%	109.385%	114,966.25
07-01-21	1,260,000	3.000%	2.000%	108.269%	104,189.40
07-01-22	1,300,000	4.000%	2.150%	116.693%	217,009.00
07-01-23	1,350,000	4.000%	2.400%	114.255% (1) (2)	192,442.50
07-01-24	1,405,000	4.000%	2.500%	113.297% (1) (2)	186,822.85
07-01-25	1,460,000	4.000%	2.600%	112.348% (1) (2)	180,280.80
07-01-26	1,520,000	3.000%	3.000%	100.000%	
07-01-27	1,565,000	3.000%	3.050%	99.397%	(9,436.95)
	$32,945,000				$3,659,882.20

(1) Maturities were priced to call on July 1, 2022 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, LLC

SOURCES AND USES OF FUNDS

PIMA COUNTY, ARIZONA
Highway Revenue and Refunding Bonds, Series 2012
'AA-'/'AA'

FINAL

Sources:	Series 2012 (New Money)	Series 2012 (Refunding)	Total
Bond Proceeds:			
Par Amount	18,425,000.00	14,520,000.00	32,945,000.00
Net Premium/OID	1,796,660.00	1,863,222.20	3,659,882.20
	20,221,660.00	16,383,222.20	36,604,882.20

Uses:	Series 2012 (New Money)	Series 2012 (Refunding)	Total
Project Fund Deposits:			
Project Fund	20,000,000.00		20,000,000.00
Refunding Escrow Deposits:			
Cash Deposit		0.73	0.73
SLGS Purchases		16,197,580.00	16,197,580.00
		16,197,580.73	16,197,580.73
Delivery Date Expenses:			
Cost of Issuance	79,459.16	72,859.03	152,318.19
Underwriter's Discount	140,082.44	110,393.32	250,475.76
	219,541.60	183,252.35	402,793.95
Other Uses of Funds:			
Additional Proceeds	2,118.40	2,389.12	4,507.52
	20,221,660.00	16,383,222.20	36,604,882.20

ESCROW SUFFICIENCY

PIMA COUNTY, ARIZONA
Highway Revenue and Refunding Bonds, Series 2012
'AA-'/'AA'

FINAL

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
05/30/2012		0.73	0.73	0.73
07/01/2012	319,456.25	319,456.35	0.10	0.83
01/01/2013	319,456.25	319,455.78	-0.47	0.36
07/01/2013	15,589,456.25	15,589,455.89	-0.36	
	16,228,368.75	16,228,368.75	0.00	

ESCROW CASH FLOW

PIMA COUNTY, ARIZONA
Highway Revenue and Refunding Bonds, Series 2012
'AA-'/'AA'

FINAL

Date	Principal	Interest	Net Escrow Receipts	Present Value to 05/30/2012 @ 0.1798123%
07/01/2012	316,975.00	2,481.35	319,456.35	319,406.91
01/01/2013	305,167.00	14,288.78	319,455.78	319,119.43
07/01/2013	15,575,438.00	14,017.89	15,589,455.89	15,559,053.65
	16,197,580.00	30,788.02	16,228,368.02	16,197,580.00

Escrow Cost Summary

Purchase date	05/30/2012
Purchase cost of securities	16,197,580.00
Target for yield calculation	16,197,580.00

ESCROW COST

PIMA COUNTY, ARIZONA
Highway Revenue and Refunding Bonds, Series 2012
'AA-'/'AA'

FINAL

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
SLGS	07/01/2012	316,975	0.060%	316,975.00
SLGS	01/01/2013	305,167	0.150%	305,167.00
SLGS	07/01/2013	15,575,438	0.180%	15,575,438.00
		16,197,580		16,197,580.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
05/30/2012	16,197,580	0.73	16,197,580.73	0.179812%
	16,197,580	0.73	16,197,580.73	

ESCROW DESCRIPTIONS

PIMA COUNTY, ARIZONA
Highway Revenue and Refunding Bonds, Series 2012
'AA-'/'AA'

FINAL

	Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
May 30, 2012:							
	SLGS	Certificate	07/01/2012	07/01/2012	316,975	0.060%	0.060%
	SLGS	Certificate	01/01/2013	01/01/2013	305,167	0.150%	0.150%
	SLGS	Note	07/01/2013	07/01/2012	15,575,438	0.180%	0.180%
					16,197,580		

SLGS Summary

SLGS Rates File	14MAY12
Total Certificates of Indebtedness	622,142.00
Total Notes	15,575,438.00
Total original SLGS	16,197,580.00

ESCROW REQUIREMENTS

PIMA COUNTY, ARIZONA
Highway Revenue and Refunding Bonds, Series 2012
'AA-'/'AA'

FINAL

Period Ending	Interest	Principal Redeemed	Total
07/01/2012	319,456.25		319,456.25
01/01/2013	319,456.25		319,456.25
07/01/2013	319,456.25	15,270,000.00	15,589,456.25
	958,368.75	15,270,000.00	16,228,368.75

SUMMARY OF BONDS REFUNDED

PIMA COUNTY, ARIZONA
Highway Revenue and Refunding Bonds, Series 2012
'AA-'/'AA'

FINAL

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Street & Highway User Revenue Bonds, Series 2003, 2003:					
SERIAL	07/01/2014	4.000%	2,785,000.00	07/01/2013	100.000
	07/01/2015	4.000%	2,910,000.00	07/01/2013	100.000
	07/01/2016	4.250%	3,045,000.00	07/01/2013	100.000
	07/01/2017	4.250%	3,190,000.00	07/01/2013	100.000
	07/01/2018	4.375%	3,340,000.00	07/01/2013	100.000
			15,270,000.00		

BOND DEBT SERVICE

PIMA COUNTY, ARIZONA
Highway Revenue and Refunding Bonds, Series 2012
'AA-'/'AA'

FINAL

Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2013	885,000	3.000%	1,390,982.50	2,275,982.50
07/01/2014	3,610,000	4.000%	1,254,150.00	4,864,150.00
07/01/2015	3,765,000	4.000%	1,109,750.00	4,874,750.00
07/01/2016	3,935,000	5.000%	959,150.00	4,894,150.00
07/01/2017	4,145,000	4.000%	762,400.00	4,907,400.00
07/01/2018	4,330,000	4.000%	596,600.00	4,926,600.00
07/01/2019	1,190,000	3.000%	423,400.00	1,613,400.00
07/01/2020	1,225,000	3.000%	387,700.00	1,612,700.00
07/01/2021	1,260,000	3.000%	350,950.00	1,610,950.00
07/01/2022	1,300,000	4.000%	313,150.00	1,613,150.00
07/01/2023	1,350,000	4.000%	261,150.00	1,611,150.00
07/01/2024	1,405,000	4.000%	207,150.00	1,612,150.00
07/01/2025	1,460,000	4.000%	150,950.00	1,610,950.00
07/01/2026	1,520,000	3.000%	92,550.00	1,612,550.00
07/01/2027	1,565,000	3.000%	46,950.00	1,611,950.00
	32,945,000		8,306,982.50	41,251,982.50

BOND SUMMARY STATISTICS

PIMA COUNTY, ARIZONA
Highway Revenue and Refunding Bonds, Series 2012
'AA-'/'AA'

FINAL

Dated Date	05/30/2012
Delivery Date	05/30/2012
Last Maturity	07/01/2027
Arbitrage Yield	1.875956%
True Interest Cost (TIC)	2.057806%
Net Interest Cost (NIC)	2.200199%
All-In TIC	2.128407%
Average Coupon	3.731850%
Average Life (years)	6.757
Duration of Issue (years)	6.015
Par Amount	32,945,000.00
Bond Proceeds	36,604,882.20
Total Interest	8,306,982.50
Net Interest	4,897,576.06
Total Debt Service	41,251,982.50
Maximum Annual Debt Service	4,926,600.00
Average Annual Debt Service	2,734,434.49
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	7.602846
Total Underwriter's Discount	7.602846
Bid Price	110.348783

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Bond Component	32,945,000.00	111.109	3.732%	6.757	20,541.75
	32,945,000.00			6.757	20,541.75

	TIC	All-In TIC	Arbitrage Yield
Par Value	32,945,000.00	32,945,000.00	32,945,000.00
+ Accrued Interest			
+ Premium (Discount)	3,659,882.20	3,659,882.20	3,659,882.20
- Underwriter's Discount	-250,475.76	-250,475.76	
- Cost of Issuance Expense		-152,318.19	
- Other Amounts			
Target Value	36,354,406.44	36,202,088.25	36,604,882.20
Target Date	05/30/2012	05/30/2012	05/30/2012
Yield	2.057806%	2.128407%	1.875956%

BOND PRICING

PIMA COUNTY, ARIZONA
Highway Revenue and Refunding Bonds, Series 2012
'AA-'/'AA'

FINAL

Bond Component	Maturity Date	Amount	Rate	Yield	Price	
Bond Component:						
	07/01/2013	885,000	3.000%	0.400%	102.814	
	07/01/2014	3,610,000	4.000%	0.570%	107.102	
	07/01/2015	3,765,000	4.000%	0.750%	109.895	
	07/01/2016	3,935,000	5.000%	0.970%	116.105	
	07/01/2017	4,145,000	4.000%	1.100%	114.305	
	07/01/2018	4,330,000	4.000%	1.300%	115.749	
	07/01/2019	1,190,000	3.000%	1.600%	109.342	
	07/01/2020	1,225,000	3.000%	1.750%	109.385	
	07/01/2021	1,260,000	3.000%	2.000%	108.269	
	07/01/2022	1,300,000	4.000%	2.150%	116.693	
	07/01/2023	1,350,000	4.000%	2.400%	114.255	C
	07/01/2024	1,405,000	4.000%	2.500%	113.297	C
	07/01/2025	1,460,000	4.000%	2.600%	112.348	C
	07/01/2026	1,520,000	3.000%	3.000%	100.000	
	07/01/2027	1,565,000	3.000%	3.050%	99.397	
		32,945,000				

Dated Date	05/30/2012	
Delivery Date	05/30/2012	
First Coupon	01/01/2013	
Par Amount	32,945,000.00	
Premium	3,659,882.20	
Production	36,604,882.20	111.109067%
Underwriter's Discount	-250,475.76	-0.760285%
Purchase Price	36,354,406.44	110.348783%
Accrued Interest		
Net Proceeds	36,354,406.44	

$32,945,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

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 $32,945,000 aggregate principal amount of Pima County, Arizona, Street and Highway Revenue Bonds, Series 2012 (the "Bonds"), issued by the County pursuant to Resolution No. 2012-24, passed, adopted and approved by the Board of Supervisors of the County on April 10, 2012, including the Certificate of Award executed pursuant thereto by the Chairman on May 14, 2012 (collectively, the "Resolution"), authorizing and providing for the issuance and sale of the Bonds:

1. They are the duly elected or appointed, qualified and acting Chairman and Clerk, respectively, of the Board of Supervisors of the County and, as such, are familiar with the matters set forth below and the books, records and proceedings of the County.

2. A regular meeting of the Board of Supervisors of the County was duly called, noticed and held on April 10, 2012, in accordance with the laws of the State of Arizona. Copies of the notice and agenda for said meeting is attached hereto as Exhibit A. The Resolution, as executed by the Chairman and attested by the Clerk, is in the same form and text as the copy of such Resolution that was before and adopted by the Board of Supervisors of the County at the meeting of April 10, 2012.

3. The persons named below were on April 10, 2012 and, are on the date hereof, the duly elected, qualified and acting members and incumbents of the office of the County set opposite their respective names:

Name	Office
Ramón Valadez	Chairman and Supervisor
Sharon Bronson	Supervisor
Ray Carroll	Supervisor
Ann Day	Supervisor
Richard Elías	Supervisor

To the best of our knowledge, there is no litigation pending or threatened affecting or questioning in any manner whatsoever the rights of the Chairman or the Supervisors of the County to their respective offices or affecting the organization, existence or powers of the County.

4. The County is a political subdivision duly organized and validly existing under the Constitution and laws of the State of Arizona and had, and has, full legal right, power and

authority to adopt, execute and deliver, as appropriate, the Resolution, the Bonds, the Bond Registrar, Transfer Agent and Paying Agent Agreement, dated as of May 1, 2012 (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 May 1, 2012 (the "Depository Trust Agreement"), between the County and U.S. Bank National Association (the "Depository Trustee"), the Continuing Disclosure Undertaking, dated May 30, 2012 (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 $32,945,000 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	$885,000	3.000%
2014	3,610,000	4.000%
2015	3,765,000	4.000%
2016	3,935,000	5.000%
2017	4,145,000	4.000%
2018	4,330,000	4.000%
2019	1,190,000	3.000%
2020	1,225,000	3.000%
2021	1,260,000	3.000%
2022	1,300,000	4.000%
2023	1,350,000	4.000%
2024	1,405,000	4.000%
2025	1,460,000	4.000%
2026	1,520,000	3.000%
2027	1,565,000	3.000%

7. All representations and warranties of the County contained in the County Documents are true, correct and complete in all material respects as of the date hereof and the County has satisfied and performed all of the conditions and agreements required in the County Documents to be satisfied or performed by the County at or prior to this date in connection with the issuance, sale and delivery of the Bonds in the manner and with the effect contemplated in the County Documents and, as of the date hereof, to the best knowledge of the County, no default or event of default has occurred, nor has any event occurred which, with the giving of notice or the passage of time, or both, will constitute a default or an event of default with respect to the County Documents.

8. There is no action, suit, proceeding, inquiry, or investigation at law or in equity, or before or by any public board or body, pending or threatened against the County, which questions its right to levy and collect taxes to pay the principal of and interest on the Bonds, or questions the proceedings and authority pursuant to which the levy is made, or questions its right to issue securities, including the Bonds, or to restrain or enjoin the issuance, offer and sale of the Bonds, or in any way affecting or questioning any authority for or the validity of the County Documents, the Bonds or the proceedings for the issuance thereof or the County's right to use the proceeds of the Bonds in the manner contemplated in the Resolution, which, if determined adversely to the County or its interests, individually or in the aggregate, would have (a) a material adverse effect upon the financial condition, assets, properties or operations of the County, or (b) a material adverse effect on the transactions contemplated by the Official Statement, dated May 14, 2012 (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 Robert W. Baird & Co. Incorporated (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 $36,354,406.44, representing $32,945,000.00 principal amount thereof, plus a net reoffering premium of $3,659,882.20 and less Underwriter's gross compensation of $250,475.76. The Treasurer and the Depository Trustee will deposit and apply the proceeds of the sale of the Bonds as provided in Section 18 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 May 14, 2012, the date the bid for the purchase of the Bonds (the "Bid") by the Underwriter, which is on file in the office of the Clerk of the Board of Supervisors of the County, was awarded 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, the 2008 Bonds and the 2009 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 $116,140,000 aggregate principal amount of the 2002 Bonds, the 2003 Bonds, the 2005 Bonds, the 2007 Bonds, the 2008 Bonds and the 2009 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: May 30, 2012

PIMA COUNTY, ARIZONA

By: _____
Ramón Valadez
Chairman, Board of Supervisors

By: _____
Robin Brigode
Clerk, Board of Supervisors

[Signature page of General Certificate of the County]

PIMA COUNTY BOARD OF SUPERVISORS' MEETING AGENDA

April 10, 2012

BOARD MEMBERS

Ramón Valadez
Chairman
District 2

Sharon Bronson
Vice Chair
District 3

Raymond Carroll
District 4

Ann Day
District 1

Richard Elías
District 5

HEARING ROOM COURTESY

Please turn off cell phones/pagers or place in silent mode.

MEETING LOCATION

Pima County Administration Building
130 W. Congress St., 1st Floor
Board of Supervisors' Hearing Room
Tucson, AZ 85701

AGENDA/ADDENDUM INFORMATION

- Within 24 hours of each scheduled meeting, Agendas/Addendums are available in the Clerk of the Board's Office, 130 W. Congress St., 5th Fl., Tucson, AZ 85701, Mon-Fri, 8 to 5.

- Website: **www.pima.gov**
  For online meeting schedules, agendas, addendums and associated reference material.

LIVE BROADCAST

- *Cablecast Channels* Comcast..... 96; Cox ..... 12 and 96
- *Webcast:* **www.pima.gov**

PUBLIC PARTICIPATION SPEAKERS ARE LIMITED TO 3 MINUTES

To address the Board of Supervisors, please complete a Speaker's Card available in the Hearing Room. Clearly print your name/address and indicate the relevant agenda item and/or description.

Place Speaker Card in labeled basket located on the dais. When the Chairman announces your name, step forward to the podium, speak into the microphone and state your name and affiliation (if applicable).

The Chairman reserves the right to ensure all testimony is pertinent or non-repetitive so the matter will be handled fairly and expeditiously. Any questions pertaining to the meeting can be directed to Robin Brigode, 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) 724-8449 for these services at least three (3) business days prior to the Board Meeting.

NOTES/ACTION

AGENDA

Pima County Board of Supervisors' Meeting
130 W. Congress St., Hearing Room, 1st Fl.
April 10, 2012 9:00 a.m.

1. **ROLL CALL**

2. **INVOCATION**

   To be offered by Pastor Lazlo Vega, St. James United Methodist Church.

3. **PLEDGE OF ALLEGIANCE**

4. **PAUSE 4 PAWS**

. . . **EXECUTIVE SESSION**

(**Clerk's Note**: As of the posting date of 4/4/12, no executive session item has been placed on the regular agenda. However, this is subject to any addendum. Pursuant to A.R.S. §38-431.03(A)(3) the Board of Supervisors, or the Board sitting as other boards, may vote to go into executive session for the purpose of obtaining legal advice from its counsel with respect to any item listed on this agenda or any addendum thereto.)

BOARD OF SUPERVISORS SITTING IN REGULAR SESSION

5. **CONSENT CALENDAR:** For consideration and approval

   A. **CALL TO THE PUBLIC (for Consent Calendar items only)**

   B. **APPROVAL OF CONSENT CALENDAR**

6. **COUNTY ADMINISTRATOR**

   Need for Increased Investment in Transportation and Highway Maintenance

   Staff recommends the following five options:

   A. Allocate and appropriate to the Department of Transportation budget $2.5 million this fiscal year and $2.5 million next fiscal year, for a total of $5 million, to make major repairs to arterial and collector highways as itemized in Table 5 of the report.

B. Allocate $5 million of the Department of Transportation fund balance for street and highway repairs as indicated in Table 6 of the report.

C. Allocate, at the time of FY 2012/13 final budget adoption, up to $5 million of the General Fund reserve fund balance for street and highway investment, with specific projects to be delineated and approved by the Board at the time of budget adoption.

D. Increase the recurring General Fund transfer to the Department of Transportation budget from $2.8 million to $5 million for street/highway maintenance and repair, and leverage this annual appropriation through five year term bonds for pavement repair and replacement to occur in the unincorporated area street and highway system. If leveraged, an additional $23 million would be invested in street and highway repair.

E. Continue to request of the Arizona Legislature that it stop the annual raids on city, town and county HURF distributions. For the County, this would result in an increase in annual revenues of approximately $7 million; and if leveraged through short-term (five-year) borrowing, would allow an additional $32 million to be invested in street and highway repairs in the unincorporated area.

7. **COMMUNITY DEVELOPMENT AND NEIGHBORHOOD CONSERVATION**

RESOLUTION NO. 2012 - **23**, of the Pima County Board of Supervisors, modifying the budget of the U.S. Department of Housing and Urban Development Annual Action Plan 2008/2009, in order to modify the Homeless Prevention and Rapid Re-Housing Program.

8. **FINANCE AND RISK MANAGEMENT**

RESOLUTION NO. 2012- **24**, of the Board of Supervisors, providing for the issuance and sale of not exceeding $37,000,000.00 principal amount of Pima County, Arizona, Street and Highway Revenue Bonds, Series 2012; providing for the payment of the 2012 Bonds; providing terms, covenants and conditions concerning the 2012 Bonds; providing for the sale thereof by means of an online bidding process; 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 2012 Bonds; and appointing an initial bond registrar and paying agent for the 2012 Bonds.

9. **CALL TO THE PUBLIC**

10. **ADJOURNMENT**

POSTED: Levels A & B, 1st & 5th Floors, Pima County Administration Bldg.

DATE POSTED: 4/4/12

TIME POSTED: 5:00 p.m.

TAX COMPLIANCE CERTIFICATE
OF ISSUER

Pertaining to

$32,945,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

Dated as of May 30, 2012

Pima County, Arizona (the "Issuer"), by its officer signing this Certificate, certifies, represents, and covenants as follows with respect to the captioned bonds (the "Issue") being issued pursuant to the provisions of a Resolution adopted by the Board of Supervisors of the Issuer on April 10, 2012 (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:

"2003 Prior Issue" means the Issuer's Street and Highway Revenue Bonds, Series 2003, issued on January 15, 2003 to fund the 2003 Prior Issue Project.

"2003 Prior Issue Project" means the costs incurred by the Issuer in connection with the acquisition, constructing and equipping of various 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.

"Bond Fund" means the portions of the Issuer's Interest Account and Redemption Funds that are properly allocable to the Issue.

"Escrow Agent" means U.S. Bank National Association.

"Escrow Agreement" means the Depository Trust Agreement, dated as of May 1, 2012, between the Issuer and the Escrow Agent relating to the refunding and defeasance of the Refunded Bonds.

"Escrow Fund" means the Trust Account established pursuant to the Escrow Agreement.

"Instructions" means the Rebate Instructions attached hereto as Attachment C-2.

"New Money Project" means the costs incurred by the Issuer in connection with the acquisition, constructing and equipping of various 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.

"Refunded Bonds" means that portion of the 2003 Prior Issue maturing in the years 2014 through 2018, in the principal amount of $15,270,000.

"Underwriter" means Robert W. Baird & Co. Incorporated.

"Verification Report" means the verification report dated the date hereof prepared by Grant Thornton LLP relating to the Issue and the Escrow Fund.

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) advance refund the Refunded Bonds, (B) pay costs of the New Money Project, and (C) pay Issuance Costs.

2.30 **Dates**. The Sale Date is May 14, 2012 and the Issuance Date is May 30, 2012. The final maturity date of the Issue is July 1, 2027.

2.40 **Issue Price**. The Issue Price is set forth in Attachment B and is computed as follows:

	Refunding Portion	New Money Portion	Total
Par amount	$14,520,000.00	$18,425,000.00	$32,945,000.00
Original issue premium	1,863,222.20	1,796,660.00	3,659,882.20
Pre-Issuance Accrued Interest	0.00	0.00	0.00
Issue Price	$16,383,222.20	$20,221,660.00	$36,604,882.20

2.50 **Sale Proceeds, Net Proceeds and Net Sale Proceeds.** The Sale Proceeds, Net Proceeds and Net Sale Proceeds are as follows:

	Refunding Portion	New Money Portion	Total
Issue Price	$16,383,222.20	$20,221,660.00	$36,604,882.20
Pre-Issuance Accrued Interest	(0.00)	(0.00)	(0.00)
Sale Proceeds	$16,383,222.20	$20,221,660.00	$36,604,882.20
Deposit to reserve fund	(0.00)	(0.00)	(0.00)
Net Proceeds	$16,383,222.20	$20,221,660.00	$36,604,882.20
Minor Portion			(100,000.00)
Net Sale Proceeds			$36,504,882.20

2.60 **Disposition of Sale Proceeds and Pre-Issuance Accrued Interest.** There is no Pre-Issuance Accrued Interest. The Sale Proceeds will be applied as follows:

Deposit to the Escrow Fund	$16,197,580.73
Deposit to Debt Service Fund	4,507.52
To pay costs of the New Money Project	20,000,000.00
To pay Underwriter's gross compensation	250,475.76
To pay other Issuance Costs	152,318.19
Total Sale Proceeds	$36,604,882.20

2.70 **Higher Yielding Investments.** Gross Proceeds will not be invested in Higher Yielding Investments except for (A) those Gross Proceeds identified in 3.10, 3.20, and 3.30, but only during the applicable Temporary Periods there described for those Gross Proceeds, and (B) the Minor Portion to the extent provided in 3.80.

2.80 **Single Issue; Multipurpose Issue.**

(A) **Single Issue.** All of the obligations of the Issue were sold on the Sale Date pursuant to the same plan of financing and are expected to be paid from substantially the same source of funds. Whether obligations are expected to be paid from substantially the same source of funds is determined without regard to guarantees from a person who is not a Related Party to the Issuer. Accordingly, all of the obligations of the Issue constitute a single "issue" for federal income tax purposes. No obligations, other than those comprising the Issue, have been or will be sold less than 15 days before or after the Sale Date that are expected to be paid from substantially the same source of funds as the Issue. Accordingly, no obligations other than those comprising the Issue are a part of a single issue with the Issue.

(B) **Multipurpose Issue**. The Issue is a Multipurpose Issue, consisting of the Refunding Portion and New Money Portion. No allocations of bonds of the Issue to the separate governmental purposes thereof for federal income tax purposes are being made at this time. The allocations of Proceeds set forth above in 2.40, 2.50 and 2.60 and the allocation of bonds of the Issue to the Refunding Portion and New Money Portion as set forth in the Verification Report, attached as Attachment E comply with the special allocation provisions for refunding issues set forth in Regulations § 1.148-9(h)(4)(v)(B), *i.e.*, the Debt Service on such bonds is less than the Debt Service on the Refunded Bonds in each Bond Year. Thus, at the future election of the Issuer, the bonds of the Issue denominated as the Refunding Portion and New Money Portion, respectively, in the Verification Report may constitute such portions for tax purposes.

III. ARBITRAGE (NONREBATE) MATTERS

3.10 **Use of Sale Proceeds and Pre-Issuance Accrued Interest; Temporary Periods; Transferred Proceeds**.

(A) **Pre-Issuance Accrued Interest**. There is no Pre-Issuance Accrued Interest.

(B) **Underwriter's Gross Compensation and Issuance Costs**. Sale Proceeds in the amount of $250,475.76 will be retained by the Underwriter from the Issue Price otherwise paid to the Issuer to purchase the Issue as compensation for its services in marketing the Issue to the public. Sale Proceeds in the amount of $152,318.19 will be used to pay other Issuance Costs within 13 months from the Issuance Date, such period being the Temporary Period for that amount.

(C) **Refunding of Refunded Bonds**.

(1) Sale Proceeds of the Refunding Portion in the amount of $16,197,580.73 will be deposited in the Escrow Fund and used on the Issuance Date (except for $0.73 that will remain in cash, uninvested as the "Initial Cash Balance") to purchase the United States Treasury Obligations -- State and Local Government Series identified on Exhibit B to the Escrow Agreement ("Restricted Securities").

(2) The amounts received from the Restricted Securities and the Initial Cash Balance will be used to pay Debt Service on the Refunded Bonds to and including their earliest redemption date and to redeem on that date the Refunded Bonds maturing after that date. At no time from and after the Issuance Date will the Proceeds in the Escrow Fund be used to acquire or hold Higher Yielding Investments with respect to the Issue. As shown in the Verification Report, the Yield on the Issue is 1.8760%, and the Yield on the Restricted Securities is 0.1798%.

(3) Pursuant to Regulations § 1.148-9(g), the Issuer hereby waives the general 30-day Temporary Period in Regulations § 1.148-9(d)(2)(i) for Proceeds of the Refunding Portion held in the Escrow Fund.

(4) Except as set forth in 5.10, all Proceeds of the 2003 Prior Issue properly allocable to the Refunded Bonds have been or will be spent on or prior to the date on which Proceeds of the Refunding Portion are used to pay principal on the Refunded Bonds and will not be invested in Higher Yielding Investments with respect to the 2003 Prior Issue from the date hereof until spent. Accordingly, there will be no Transferred Proceeds of the Refunding Portion.

(5) There are no Excess Gross Proceeds of the Refunding Portion.

(6) 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.

(7) The refunding of the Refunded Bonds constitutes the first and last advance refunding of such Bonds, within the meaning of Section 149(d)(3). No portion of the Refunded Bonds was an Advance Refunding Issue.

(8) The Refunded Bonds will be redeemed on the earliest date on which they may be redeemed (July 1, 2013).

(D) **Payment of New Money Project Costs.**

(1) Sale Proceeds of the New Money Portion in the amount of $20,000,000.00 will be used to pay a portion of the costs of the New Money Project. Such Sale Proceeds may be used to acquire or hold Higher Yielding Investments for a period ending on the third anniversary of the Issuance Date (such period being the Temporary Period for such amount) because the following three tests are reasonably expected to be satisfied:

(a) At least 85% of the Net Sale Proceeds of the New Money Portion will be allocated to expenditures on the New Money Project by the end of the Temporary Period for such Net Sale Proceeds;

(b) Within 6 months of the Issuance Date, the Issuer will incur substantial binding obligations to one or more third parties to expend at least 5% of the Net Sale Proceeds of the New Money Portion on the New Money Project; and

(c) Completion of the New Money Project and allocation of the Net Sale Proceeds of the New Money Portion to expenditures with respect to the New Money Project will proceed with due diligence.

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.

(2) A Reimbursement Allocation will be made on or about this date in the financial records of the Issuer kept with respect to the Issue showing that $1,772,095 of the Sale Proceeds of the New Money Portion have been returned to the fund or account of the Issuer from which such amount was originally and temporarily advanced to finance Capital Expenditures comprising a portion of the New Money Project paid before this date. Except for Capital Expenditures that constitute Preliminary Expenditures, (A) none of the Capital Expenditures were paid more than 60 days prior to December 21, 2011, the date on which the Issuer adopted a declaration of official intent that satisfies Regulations § 1.150-2(e) (copy attached as Attachment D), and (B) the Reimbursement Allocation will be made not more than (i) 18 months after the later of the date such Capital Expenditures were paid or the date on which the property resulting from such Capital Expenditures and comprising part of the New Money Project was Placed in Service and (ii) three years from the date the Capital Expenditures were paid.

3.20 **Investment Proceeds**. Any Investment Proceeds of the Refunding Portion in the Escrow Fund or otherwise expected to be used to pay Debt Service on the Refunded Bonds will not be used to any extent to acquire Higher Yielding Investments. Any other Investment Proceeds of the 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 may be invested in Higher Yielding Investments during the Temporary Period identified in 3.10(D) or, if longer, during the one year period from the date of receipt, such period being the Temporary Period for such Proceeds.

3.30 **Bond Fund**. The Bond Fund is a Bona Fide Debt Service Fund. Amounts deposited from time to time in the Bond Fund will be used to pay Debt Service within 13 months after the amounts are so deposited, such period being the Temporary Period for such amounts.

3.40 **No Other Replacement Fund or Assured Available Funds**. The Issuer has not established and does not expect to establish or use any sinking fund, debt service fund, redemption fund, reserve or replacement fund, or similar fund, or any other fund to pay Debt Service other than the Bond Fund. Except for money referred to in 3.30 and Proceeds of a Refunding Issue, if any, no other money or Investment Property is or will be pledged as collateral or used for the payment of Debt Service (or for the reimbursement of any others who may provide money to pay that Debt Service), or is or will be restricted, dedicated, encumbered or set aside in any way as to afford the holders of the Issue reasonable assurance of the availability of such money or Investment Property to pay Debt Service.

3.50 **Hedge Contracts**. The Issuer has not entered into, and will not enter into, any Hedge with respect to the Issue, or any portion thereof, without obtaining a Bond Counsel's Opinion that doing so will not adversely affect the exclusion from gross income for federal

income tax purposes of interest on the Issue. The Issuer acknowledges that entering into a Hedge with respect to the Issue, or any portion thereof, may change the Yield.

3.60 **No Overissuance**. The Proceeds are not reasonably expected to exceed the amount needed for the governmental purposes of the Issue as set forth in 2.20.

3.70 **Other Uses of Proceeds Negated**. Except as stated otherwise in this Certificate, none of the Proceeds will be used:

(A) to pay principal of or interest on, refund, renew, roll over, retire, or replace any other obligations issued by or on behalf of the Issuer or any other Governmental Unit,

(B) to replace any Proceeds of another issue that were not expended on the project for which such other issue was issued,

(C) to replace any money that was or will be used directly or indirectly to acquire Higher Yielding Investments,

(D) to make a loan to any person or other Governmental Unit,

(E) to pay any Working Capital Expenditures other than expenditures identified in Regulations § 1.148-6(d)(3)(ii)(A) and (B) (*i.e.*, Issuance Costs, Qualified Administrative Costs, reasonable charges for a Qualified Guarantee or for a Qualified Hedge, interest on the Issue for a period commencing on the Issuance Date and ending on the date that is the later of three years from such Issuance Date or one year after the date on which the project financed or refinanced by the Issue is Placed in Service, payments of the Rebate Amount, costs, other than those already described, that do not exceed 5% of the Sale Proceeds and that are directly related to Capital Expenditures financed or deemed financed by the New Money Portion, principal or interest on an issue paid from unexpected excess Sale Proceeds or Investment Proceeds, principal or interest on an issue paid from investment earnings on a reserve or replacement fund that are deposited in a Bona Fide Debt Service Fund, and expenditures for extraordinary, nonrecurring items that are not customarily payable from current revenues, such as casualty losses or extraordinary legal judgments in amounts in excess of reasonable insurance coverage), or

(F) to reimburse any expenditures made prior to the Issuance Date that do not satisfy the requirements for a Reimbursement Allocation.

No portion of the Issue is being issued solely for the purpose of investing Proceeds in Higher Yielding Investments.

3.80 **Minor Portion**. The Minor Portion of $100,000 may be invested in Higher Yielding Investments.

3.90 **No Other Replacement Proceeds**. That portion of the Issue that is to be used to finance or refinance Capital Expenditures has a weighted average maturity that does not exceed 120% of the weighted average reasonably expected economic life of the property resulting from such Capital Expenditures.

3.95 **Written Procedures to Monitor the Requirements of Section 148.** The procedures set forth in Attachments C-1 (Post Issuance Compliance) and C-2 (Rebate Instructions) constitute the Issuer's written procedures to monitor compliance with the arbitrage Yield restriction and rebate requirements of Section 148.

IV. REBATE MATTERS

4.10 **Issuer Obligation Regarding Rebate**. Consistently with its covenants contained in the Resolution, the Issuer will calculate and make, or cause to be calculated and made, payments of the Rebate Amount in the amounts and at the times and in the manner provided in Section 148(f) and the Instructions with respect to Gross Proceeds to the extent not exempted under Section 148(f)(4) and the Instructions.

4.20 **No Avoidance of Rebate Amount**. No amounts that are required to be paid to the United States will be used to make any payment to a party other than the United States through a transaction or a series of transactions that reduces the amount earned on any Investment Property or that results in a smaller profit or a larger loss on any Investment Property than would have resulted in an arm's length transaction in which the Yield on the Issue was not relevant to either party to the transaction.

4.30 **Exceptions**.

(A) Notwithstanding the foregoing, the computations and payments of amounts to the United States referred to in IV need not be made to the extent that such failure will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Issue, based on an Opinion of Bond Counsel.

(B) The New Money Portion 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 **Refunded Bonds Proceeds and Replacement Proceeds**. All of the Proceeds and Replacement Proceeds of the 2003 Prior Issue properly allocable to the Refunded Bonds have been expended for the governmental purposes thereof.

5.20 **Not Private Activity Bonds or Pool Bonds**. No bond of the Issue will be a Private Activity Bond or a pooled financing bond (within the meaning of Section 149(f)), based on the following:

(A) Not more than 5% of the Proceeds, if any, directly or indirectly, will be used for a Private Business Use and not more than 5%, if any, of the Debt Service, directly or indirectly, will be derived from or secured by Private Security or Payments. In measuring the use of Proceeds for a Private Business Use and the amount of Private Security or Payments, the use of Proceeds of the 2003 Prior Issue and the amount of Private Security or Payments with respect to the 2003 Prior Issue is taken into account in accordance with Regulations § 1.141-13.

(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 or will be Private Security or Payments does not exceed $15,000,000 and none of the Proceeds will be used with respect to an "output facility" (other than a facility for the furnishing of water) within the meaning of Section 141(b)(4).

5.30 **Disposition of Property**. The Issuer does not intend to sell or otherwise dispose of the New Money Project or the 2003 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 2003 Prior Issue Project financed or refinanced by the Issue, the Issuer reasonably expects that:

(A) Dispositions of such tangible personal property, if any, will be in the ordinary course of an established governmental program;

(B) The weighted average maturity of the bonds of the Issue financing or refinancing such property (treating the bonds of the Issue properly allocable to such personal property, as a separate issue for this purpose) will not be greater than 120% of the reasonably expected actual use of such property for governmental purposes;

(C) The fair market value of such property on the date of disposition will not be greater than 25% of its cost;

(D) The property will no longer be suitable for its governmental purposes on the date of disposition; and

(E) The amounts received from any disposition of such property are required to, and will, be deposited in the Issuer's General Fund (as defined in the Resolution) and commingled with substantial tax or other governmental revenues and will be spent on governmental programs within 6 months from the date of such deposit and commingling.

5.40 **Issue Not Federally Guaranteed**. The Issue is not Federally Guaranteed.

5.50 **Not Hedge Bonds**. At least 85% of the Spendable Proceeds of the New Money Portion 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 2003 Prior Issue that not less than 85% of the Spendable Proceeds of the 2003 Prior Issue would be used, and such amounts were used, to carry out the governmental purposes of the 2003 Prior Issue within three years from the Issuance Date thereof. Not more than 50%, if any, of the Proceeds of the New Money Portion will be, and not more than 50%, if any, of the Proceeds of the 2003 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.

5.60 **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.

5.70 **Written Procedures to Remediate Nonqualified Bonds.** The Issuer acknowledges and establishes the Post Issuance Compliance for Debt Issues set forth in Attachment C-1 as its written procedures to ensure that all "nonqualified bonds" (as defined therein) are remediated in accordance with Regulations § 1.141-12. The Issuer will monitor the expenditure of Gross Proceeds and the use of facilities financed by the Issue, and will undertake, if necessary, any available measures under Regulations § 1.141-12 to ensure compliance after the Issuance Date with the applicable covenants contained in V.

5.80 **Recordkeeping**. The Issuer will maintain records to support the representations, certifications and expectations set forth in this Tax Compliance Certificate until the date three (3) years after the last bond of the Issue has been retired, and if any portion of the Issue is refunded by a Refunding Issue, the Issuer will maintain all records listed hereunder until the later of the date three (3) years after the last bond of the Issue has been retired or the date three (3) years after the last bond of the Refunding Issue has been retired. The records to be retained include, but are not limited to:

(A) Basic records and documents relating to the Issue (including this Tax Compliance Certificate and all Opinions of Bond Counsel relating to the Issue).

(B) Documentation evidencing the timing and allocation of expenditures of Proceeds of the Issue and of all issues refunded directly or indirectly by the Issue.

(C) Documentation evidencing the use of the 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.

5.85 **Tax Covenant**. The Issuer hereby agrees and covenants to do all things necessary to ensure that interest on the Issue shall be, and shall continue to be, excluded from the gross income of the holders thereof for federal income tax purposes.

5.90 **Responsibility of Officer**. The officer signing this Certificate is one of the officers of the Issuer responsible for issuing the Issue.

In making the representations in this Certificate, the Issuer relies in part on the representations of the Underwriter set forth in Attachment B. To the best of the knowledge, information and belief of the undersigned, all expectations stated in this Certificate and in such Attachments are the expectations of the Issuer and are reasonable, all facts stated are true and there are no other existing facts, estimates, or circumstances that would or could materially change the statements made in this Certificate or in such Attachments. The certifications and representations made in this Certificate and in such Attachments are intended to be relied upon as certifications described in Regulations § 1.148-2(b) and may be relied upon by Bond Counsel in connection with the rendering of any opinion with respect to the Issue. The Issuer acknowledges that any change in the facts or expectations from those set forth in this Certificate or in such Attachments may result in different requirements or a change in status of the Issue or interest thereon under the Code, and that bond counsel should be contacted if such changes are to occur.

[Remainder of page left blank intentionally]

The date of this Certificate is May 30, 2012.

PIMA COUNTY, ARIZONA

By: _____

Thomas Burke
Finance and Risk Management Director

[Signature page of Tax Compliance Certificate of Issuer]

List of Attachments

Attachment A – Definitions for Tax Compliance Certificate

Attachment B – Underwriter's Certificate

Attachment C-1 – Post Issuance Compliance for Debt Issues

Attachment C-2 – Rebate Instructions

Attachment D – Declaration of Official Intent to Reimburse

Attachment E – Verification Report

Attachment A
To
Tax Compliance Certificate of Issuer

Pertaining to

$32,945,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

DEFINITIONS FOR TAX COMPLIANCE CERTIFICATE

The following terms, as used in Attachment A and in the Tax Compliance Certificate to which it is attached and in the other Attachments to the Tax Compliance Certificate, have the following meanings unless therein otherwise defined or unless a different meaning is indicated by the context in which the term is used. Capitalized terms used within these definitions that are not defined in Attachment A have the meanings ascribed to them in the Tax Compliance Certificate to which this Attachment A is attached. The word "Issue," in lower case, refers either to the Issue or to another issue of obligations or portion thereof treated as a separate issue for the applicable purposes of Section 148, as the context requires. The word "obligation" or "obligations," in lower case, includes any obligation, whether in the form of bonds, notes, certificates, or any other obligation that is a "bond" within the meaning of Section 150(a)(1). All capitalized terms used in this Certificate include either the singular or the plural. All terms used in this Attachment A or in the Tax Compliance Certificate to which this Attachment A is attached, including terms specifically defined, shall be interpreted in a manner consistent with Sections 103 and 141-150 and the applicable Regulations thereunder except as otherwise specified. All references to Section, unless otherwise noted, refer to the Code.

"Advance Refunding Issue" means any Refunding Issue that is not a Current Refunding Issue.

"Advance Refunding Portion" means that portion of a Multipurpose Issue that constitutes a separate governmental purpose and that would be treated as an Advance Refunding Issue if it had been issued as a separate issue.

"Available Construction Proceeds" means an amount equal to (a) the sum of (i) the Issue Price of an issue, (ii) Investment Proceeds on that Issue Price, (iii) earnings on any reasonably required reserve or replacement fund allocable to the issue not funded from the Issue Price, and (iv) Investment Proceeds and earnings on (ii) and (iii), (b) reduced by the portions, if any, of the Issue Price of the issue (i) attributable to Pre-Issuance Accrued Interest and earnings thereon, (ii) allocable to the underwriter's discount, (iii) used to pay other Issuance Costs of the issue, and (iv) deposited in a reasonably required reserve or replacement fund allocable to the issue. "Available Construction Proceeds" does not include Investment Proceeds or earnings on a reasonably required reserve or replacement fund allocable to the issue for any period after the earlier of (a) the close of the 2-year period that begins on the Issuance Date or (b) the date the construction of the project

financed by the issue is substantially completed, provided, however, that such Investment Proceeds or earnings shall be excluded from "Available Construction Proceeds" if the Issuer has timely elected such exclusion. If an issue is a Multipurpose Issue that includes a New Money Portion that is a Construction Issue, this definition shall be applied by substituting "New Money Portion" for "issue" each place the latter term appears. If an issue or the New Money Portion of a Multipurpose Issue, as applicable, is not a Construction Issue, and the Issuer makes the bifurcation election under Regulations §1.148-7(j)(1) and Section 148(f)(4)(C)(v) to treat the issue or the New Money Portion as two separate issues consisting of the Construction Portion and the Nonconstruction Portion, this definition shall be applied by substituting "Construction Portion" for "issue" each place the latter term appears.

"Available Project Proceeds" means "available project proceeds" as defined in Section 54A(e)(4), being (A) the excess of (i) Sale Proceeds, over (ii) Issuance Costs paid with Proceeds (to the extent that such Issuance Costs do not exceed 2% of Sale Proceeds), plus (B) Proceeds actually or constructively received from any investment of such excess.

"Bifurcated Issue" means a New Money Issue or the New Money Portion of a Multipurpose Issue that the Issuer, pursuant to Section 148(f)(4)(C)(v) and Regulations §1.148-7(j), has elected in its Tax Compliance Certificate to bifurcate into a Construction Portion, which finances 100% of the Construction Expenditures, and a Nonconstruction Portion.

"Bona Fide Debt Service Fund" means a fund, including a portion of or an account in that fund (or in the case of a fund established for two or more issues, the portion of that fund properly allocable to an issue), or a combination of such funds, accounts or portions that is used primarily to achieve a proper matching of revenues with Debt Service on an issue within each Bond Year and that is depleted at least once each year except for a reasonable carryover amount not to exceed the greater of the earnings thereon for the immediately preceding Bond Year or one-twelfth of the annual Debt Service on the issue for the immediately preceding Bond Year.

"Bond Counsel's Opinion" or **"Opinion of Bond Counsel"** means an opinion or opinions of a nationally recognized bond counsel firm whose opinion is given with respect to the Issue when issued, or its successors or other nationally recognized bond counsel appointed by the Issuer.

"Bond Year" means the annual period relevant to the application of Section 148(f) to an issue, except that the first and last Bond Years may be less than 12 months long. The last day of a Bond Year shall be the close of business on the day preceding the anniversary of the Issuance Date of an issue unless the Issuer selects another date on which to end a Bond Year in the manner permitted by the Code.

"Build America Bond" means any obligation described in Section 54AA(d)(1), including, where applicable, any Recovery Zone Economic Development Bond.

"Capital Expenditures" means costs of a type that are properly chargeable to a capital account (or would be so chargeable with a proper election) under general federal income tax principles, including capitalized interest computed taking into account the Placed in Service date.

"Code" means the Internal Revenue Code of 1986, the Regulations (whether temporary or final) under that Code or the statutory predecessor of that Code, and any amendments of, or successor provisions to, the foregoing and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing, all as and to the extent applicable. Unless otherwise indicated, reference to a Section includes any applicable successor section or provision and such applicable Regulations, rulings, announcements, notices, procedures and determinations pertinent to that Section.

"Commingled Fund" means any fund or account of the Issuer that contains both Gross Proceeds of an issue and amounts in excess of $25,000 that are not Gross Proceeds of the issue if the amounts in the fund or account are invested and accounted for collectively, without regard to the source of funds deposited in the fund or account.

"Commingled Investment Proceeds" means Investment Proceeds of an issue (other than Investment Proceeds held in a Refunding Escrow) that are deposited in a Commingled Fund with substantial tax or other revenues from governmental operations of the Issuer and that are reasonably expected to be spent for governmental purposes within six months from the date of deposit in the Commingled Fund, using any reasonable accounting assumptions.

"Computation Date" means each date on which the Rebate Amount for an issue is required to be computed under Regulations §1.148-3(e). In the case of a Fixed Yield Issue, the first Computation Date shall not be later than five years after the Issuance Date of the issue. Subsequent Computation Dates shall be not later than five years after the immediately preceding Computation Date for which an installment payment of the Rebate Amount was paid. In the case of a Variable Yield Issue, the first Computation Date shall be the last day of any Bond Year irrevocably selected by the Issuer ending on or before the fifth anniversary of the Issuance Date of such issue and subsequent Computation Dates shall be the last day of each Bond Year thereafter or each fifth Bond Year thereafter, whichever is irrevocably selected by the Issuer after the first date on which any portion of the Rebate Amount is required to be paid to the United States. The final Computation Date is the date an issue is retired.

"Computational Base" means the amount of Gross Proceeds the Issuer or Conduit Borrower reasonably expects, as of the date a Guaranteed Investment Contract is required, to be deposited in that Guaranteed Investment Contract over its term.

"Conduit Borrower" means the obligor on a purpose investment.

"Conduit Financing Issue" means an issue the Proceeds of which are reasonably expected to be used to finance one or more Conduit Loans.

"Conduit Loan" means a purpose investment acquired by the Issuer with Proceeds of a Conduit Financing Issue, thereby effecting a loan to the Conduit Borrower.

"Construction Expenditures" means Capital Expenditures allocable to the cost of real property (including the construction or making of improvements to real property, but excluding acquisitions of interests in land or other existing real property) or constructed personal property within the meaning of Regulations §1.148-7(g).

"Construction Issue" means an issue at least 75% of the Available Construction Proceeds of which are to be used for Construction Expenditures with respect to property that is, or upon completion will be, owned by a Governmental Unit or a 501(c)(3) Organization. If an issue is a Multipurpose Issue that includes a New Money Portion, this definition shall be applied by substituting "New Money Portion" for "Construction Issue" each place the latter term appears. If an election under Section 148(f)(4)(C)(v) and Regulations §1.148-7(j) is made to bifurcate an issue or the New Money Portion of a Multipurpose Issue, this definition shall be applied by substituting "Construction Portion" for "Construction Issue" each place the latter term appears.

"Construction Portion" means that portion of an issue or the New Money Portion of a Multipurpose Issue at least 75% of the Available Construction Proceeds of which are to be used for Construction Expenditures with respect to property that is, or upon completion will be, owned by a Governmental Unit or a 501(c)(3) Organization and that finances 100% of the Construction Expenditures.

"Controlled Group" means a group of entities controlled directly or indirectly by the same entity or group of entities within the meaning of Regulations §1.150-1(e).

"Current Refunding Issue" means a Refunding Issue that is issued not more than 90 days before the last expenditure of any Proceeds of the Refunding Issue for the payment of Debt Service on the Refunded Bonds.

"Current Refunding Portion" means that portion of a Multipurpose Issue that constitutes a separate governmental purpose and that would be treated as a Current Refunding Issue if it had been issued as a separate issue.

"Debt Service" means principal of and interest and any redemption premium on an issue.

"Excess Gross Proceeds" means all Gross Proceeds of an Advance Refunding Issue that exceed an amount equal to 1% of the Sale Proceeds of such Advance Refunding Issue, other than Gross Proceeds allocable to: (a) payment of Debt Service on the Refunded Bonds; (b) payment of Pre-Issuance Accrued Interest on the Advance Refunding Issue and interest on the Advance Refunding Issue that accrues for a period up to the completion date of any capital project financed by the Prior Issue, plus one year; (c) a reasonably required reserve or replacement fund for the Advance Refunding Issue or Investment Proceeds of such fund; (d) payment of Issuance Costs of the Advance Refunding Issue; (e) payment of administrative costs allocable to repaying the Refunded Bonds, carrying and repaying the Advance Refunding Issue, or investments of the Advance Refunding Issue; (f) Transferred Proceeds allocable to expenditures for the governmental purpose of the Prior Issue (treating for this purpose all unspent Proceeds of the Prior Issue properly allocable to the Refunded Bonds as of the Issuance Date of the Advance Refunding Issue as Transferred Proceeds); (g) interest on purpose investments; (h) Replacement Proceeds in a sinking fund for the Advance Refunding Issue; and (i) fees for a Qualified Guarantee for the Advance Refunding Issue or the Prior Issue. If an Issue is a Multipurpose Issue that includes an Advance Refunding Portion, this definition shall be applied by substituting "Advance Refunding Portion" for "Advance Refunding Issue" each place the latter term appears.

"Federally Guaranteed" means that (a) the payment of Debt Service on an issue, or the payment of principal or interest with respect to any loans made from the Proceeds of the issue, is directly or indirectly guaranteed in whole or in part by the United States or by an agency or instrumentality of the United States, within the meaning of Section 149(b), or (b) more than 5% of the Proceeds of an issue will be invested directly or indirectly in federally insured deposits or accounts. The preceding sentence does not apply to (a) Proceeds invested during an initial Temporary Period until such Proceeds are needed to pay costs of the project, (b) investments of a Bona Fide Debt Service Fund, (c) direct purchases from the United States of obligations issued by the United States Treasury, or (d) other investments permitted by Section 149(b) or Regulations §1.149(b)-1(b).

"501(c)(3) Organization" means an organization described in Section 501(c)(3) and exempt from tax under Section 501(a).

"Fixed Yield Issue" means an issue of obligations the Yield on which is fixed and determinable on the Issuance Date.

"Future Value" means the value of a Payment or Receipt at the end of a period determined using the economic accrual method as the value of that Payment or Receipt when it is paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over the period at a rate equal to the Yield on the applicable issue, using the same compounding interval and financial conventions that were used to compute that Yield.

"Governmental Unit" means a state, territory or possession of the United States, the District of Columbia, or any political subdivision thereof referred to as a "State or local governmental unit" in Regulations §1.103-1(a). "Governmental Unit" does not include the United States or any agency or instrumentality of the United States.

"Guaranteed Investment Contract" means any Nonpurpose Investment that has specifically negotiated withdrawal or retirement provisions and a specifically negotiated interest rate and any agreement to supply investments on two or more future dates (*e.g.*, a forward supply contract).

"Gross Proceeds" means Proceeds and Replacement Proceeds of an issue.

"Hedge" means a contract entered into by the Issuer or the Conduit Borrower primarily to modify the Issuer's or the Conduit Borrower's risk of interest rate changes with respect to an obligation (*e.g.*, an interest rate swap, an interest rate cap, a futures contract, a forward contract or an option).

"Higher Yielding Investments" means any Investment Property that produces a Yield that (a) in the case of Investment Property allocable to Replacement Proceeds of an issue and Investment Property in a Refunding Escrow, is more than one thousandth of one percentage point (.00001) higher than the Yield on the applicable issue, and (b) for all other purposes is more than one-eighth of one percentage point (.00125) higher than the Yield on the issue.

"Investment Proceeds" means any amounts actually or constructively received from investing Proceeds of an issue in Investment Property.

"Investment Property" means investment property within the meaning of Sections 148(b)(2) and 148(b)(3), including any security (within the meaning of Section 165(g)(2)(A) or (B)), any obligation, any annuity contract and any other investment-type property (including certain residential rental property for family units as described in Section 148(b)(2)(E) in the case of any bond other than a Private Activity Bond). Investment Property includes a Tax-Exempt Obligation that is a "specified private activity bond" as defined in Section 57(a)(5)(C), but does not include other Tax-Exempt Obligations.

"Issuance Costs" means costs to the extent incurred in connection with, and allocable to, the issuance of an issue, and includes underwriter's compensation withheld from the Issue Price, counsel fees, financial advisory fees, rating agency fees, trustee fees, paying agent fees, bond registrar, certification and authentication fees, accounting fees, printing costs for bonds and offering documents, public approval process costs, engineering and feasibility study costs, guarantee fees other than for a Qualified Guarantee and similar costs, but does not include fees charged by the Issuer.

"Issuance Date" means the date of physical delivery of an issue by the Issuer in exchange for the purchase price of the issue.

"Issue Price" means in the circumstances applicable to an issue:

(1) Public Offering. In the case of obligations actually offered to the general public in a bona fide public offering at the initial offering price for each maturity set forth in the certificate of the underwriter or placement agent attached to the Tax Compliance Certificate of the Issuer, the aggregate of the initial offering price for each maturity (including any Pre-Issuance Accrued Interest and taking into account any original issue premium and original issue discount), which price is not more than the fair market value thereof as of the Sale Date, and at which initial offering price not less than 10% of the principal amount of each maturity, as of the Sale Date, was sold or reasonably expected to be sold (other than to bond houses, brokers or other intermediaries). In the case of publicly offered obligations that are not described in the preceding sentence, Issue Price means the aggregate of the initial offering price to the public of each maturity set forth in the certificate of the underwriter or placement agent attached to the Tax Compliance Certificate of the Issuer, at which initial offering price not less than 10% of the principal amount of each maturity was sold to the public. Notwithstanding the foregoing, in no event shall the Issue Price of an issue exceed the fair market value of the issue as of the Sale Date thereof.

(2) Private Placement. In the case of obligations sold by private placement, the aggregate of the prices (including any Pre-Issuance Accrued Interest and original issue premium, but excluding any original issue discount) paid to the Issuer by the first purchaser(s) (other than bond houses, brokers or other intermediaries). Notwithstanding the foregoing, in no event shall the Issue Price of an issue exceed the fair market value of the issue as of the Sale Date thereof.

"Minor Portion" means an amount equal to the lesser of $100,000 or 5% of the Sale Proceeds of an issue.

"Multipurpose Issue" means an issue the bonds of which are allocable to two or more separate governmental purposes within the meaning of Regulations §1.148-9(h).

"Net Proceeds" means the Sale Proceeds of an issue less the portion thereof, if any, deposited in a reasonably required reserve or replacement fund for the issue.

"Net Sale Proceeds" means the Sale Proceeds of an issue less (a) the portion thereof, if any, deposited in a reasonably required reserve or replacement fund for the issue and (b) the portion invested as a part of a Minor Portion for the issue.

"New Money Issue" means an issue that is not a Refunding Issue.

"New Money Portion" means that portion of a Multipurpose Issue other than the Refunding Portion.

"Nonconstruction Portion" means that portion of a New Money Issue or of the New Money Portion other than the Construction Portion.

"Nonpurpose Investments" means any Investment Property that is acquired with Gross Proceeds as an investment and not in carrying out any governmental purpose of an issue. "Nonpurpose Investments" does not include any investment that is not regarded as "investment property" or a "nonpurpose investment" for the particular purposes of Section 148 (such as certain investments in U.S. Treasury obligations in the State and Local Government Series and certain temporary investments), but does include any other investment that is a "nonpurpose investment" within the applicable meaning of Section 148.

"Payment" means payments actually or constructively made to acquire Nonpurpose Investments, as specified in Regulations §1.148-3(d)(1)(i) through (v).

"Placed in Service" means the date on which, based on all the facts and circumstances, a facility has reached a degree of completion that would permit its operation at substantially its design level and the facility is, in fact, in operation at such level.

"Pre-Issuance Accrued Interest" means interest on an obligation that accrued for a period not greater than one year before its Issuance Date and that will be paid within one year after such Issuance Date.

"Preliminary Expenditures" means any Capital Expenditures that are "preliminary expenditures" within the meaning of Regulations §1.150-2(f)(2), *i.e.*, architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of a project other than land acquisition, site preparation, and similar costs incident to commencement of construction. The aggregate amount of Preliminary Expenditures may not exceed 20% of the aggregate Issue Price of the issue or issues that financed or are reasonably expected to finance the project for which such Preliminary Expenditures are or were incurred.

"Prior Issue" means an issue of obligations all or a portion of the Debt Service on which is paid or provided for with Proceeds of a Refunding Issue. The Prior Issue may be a Refunding Issue.

"Private Activity Bond" means (a) obligations of an issue more than 10% of the Proceeds of which, directly or indirectly, are or are to be used for a Private Business Use and more than 10% of the Debt Service on which, directly or indirectly, is or is to be paid from or secured by payments with respect to property, or secured by property, used for a Private Business Use, or (b) obligations of an issue, the Proceeds of which are or are to be used to make or finance loans to any Private Person that, in the aggregate, exceed the lesser of 5% of such Proceeds or $5,000,000. In the event of Unrelated or Disproportionate Use, the tests in (a) shall be applied by substituting 5% for 10% each place the latter term is used.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any Private Person other than use as a member of, and on the same basis as, the general public. Any activity carried on by a Private Person (other than a natural person) shall be treated as a trade or business. In the case of a Qualified 501(c)(3) Bond, Private Business Use excludes use by a 501(c)(3) Organization that is not an unrelated trade or business activity by such 501(c)(3) Organization within the meaning of Section 513(a).

"Private Person" means any natural person or any artificial person, including a corporation, partnership, trust or other entity, other than a Governmental Unit. "Private Person" includes the United States and any agency or instrumentality of the United States.

"Private Security or Payments" means (i) any interest in property used or to be used for a Private Business Use, or in payments in respect of such property, that directly or indirectly secures any payment of principal of, or interest on, an issue, or (ii) payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a Private Business Use from which payments of principal of, or interest on, an issue are directly or indirectly derived, all as determined and measured in accordance with Treasury Regulations Section 1.141-4.

"Proceeds" means any Sale Proceeds, Investment Proceeds and Transferred Proceeds of an issue. "Proceeds" does not include Replacement Proceeds.

"Qualified Administrative Costs" means the reasonable, direct administrative costs, other than carrying costs, of purchasing or selling Nonpurpose Investments such as separately stated brokerage or selling commissions. Qualified Administrative Costs do not include legal and accounting fees, recordkeeping, custody and similar costs, general overhead costs and similar indirect costs of the Issuer such as employee salaries and office expenses and costs associated with computing the Rebate Amount. In general, Qualified Administrative Costs are not reasonable unless they are comparable to administrative costs that would be charged for the same investment or a reasonably comparable investment if acquired with a source of funds other than Gross Proceeds of Tax-Exempt Obligations.

"Qualified 501(c)(3) Bonds" means an issue of obligations that satisfies the requirements of Section 145(a).

"Qualified Guarantee" means any guarantee of an obligation that constitutes a "qualified guarantee" within the meaning of Regulations §1.148-4(f).

"Qualified Hedge" means a Hedge that is a "qualified hedge" within the meaning of Regulations §1.148-4(h)(2).

"Reasonable Retainage" means an amount, with respect to an issue, not to exceed 5% of the Net Sale Proceeds of the issue, that is retained for reasonable business purposes relating to the property financed with Proceeds of the issue. For example, Reasonable Retainage may include a retention to ensure or promote compliance with a construction contract in circumstances in which the retained amount is not yet payable, or in which the Issuer reasonably determines that a dispute exists regarding completion or payment.

"Rebate Amount" means the excess of the future value, as of any date, of all receipts on Nonpurpose Investments acquired with Gross Proceeds of an issue over the future value, as of that date, of all payments on those Nonpurpose Investments, computed in accordance with Section 148(f) and Regulations §1.148-3.

"Rebate Analyst" means an independent individual, firm or entity experienced in the computation of the Rebate Amount pursuant to Section 148(f).

"Receipt" means amounts actually or constructively received from Nonpurpose Investments as specified in Regulations §1.148-3(d)(2)(i) through (iii).

"Recovery Zone Economic Development Bond" means any Build America Bond described in Section 1400U-2(b)(1).

"Refunded Bonds" means obligations of a Prior Issue the Debt Service on which is or is to be paid from Proceeds of a Refunding Issue.

"Refunding Bonds" means obligations of a Refunding Issue.

"Refunding Escrow" means one or more funds established as part of a single transaction, or a series of related transactions, containing Proceeds of a Refunding Issue and any other amounts to be used to pay Debt Service on Refunded Bonds of one or more issues.

"Refunding Issue" means an issue the Proceeds of which are or are to be used to pay Debt Service on Refunded Bonds and includes Issuance Costs, Pre-Issuance Accrued Interest or permitted capitalized interest, a reasonably required reserve or replacement fund and similar costs of the Refunding Issue.

"Refunding Portion" means that portion of a Multipurpose Issue the Proceeds of which are, or are to be, used to pay Debt Service on Refunded Bonds and includes Issuance Costs, Pre-Issuance Accrued Interest or permitted capitalized interest, a reasonably required reserve or replacement fund and similar costs properly allocable to the Refunding Portion.

"Regulations" or **"Reg."** means Treasury Regulations.

"Reimbursement Allocation" means an allocation of the Proceeds of an issue for the reimbursement of Capital Expenditures paid prior to the Issuance Date of such issue that: (a) is evidenced on the books or records of the Issuer maintained with respect to the issue, (b) identifies either actual prior Capital Expenditures or the fund or account from which the prior Capital Expenditures were paid, (c) evidences the Issuer's use of Proceeds of the issue to reimburse a Capital Expenditure for a governmental purpose that was originally paid from a source other than the Proceeds of the issue and (d) satisfies the following requirements: except for Preliminary Expenditures, (i) the Issuer adopted an official intent for the Capital Expenditure that satisfies Regulations §1.150-2(e) prior to, or within 60 days after, payment of the Capital Expenditure, and (ii) the allocation in reimbursement of that Capital Expenditure occurs or will occur within 18 months after the later of the date the Capital Expenditure was paid or the date the project resulting from such Capital Expenditure was Placed in Service or abandoned, but in no event more than three years after the Capital Expenditure was paid.

"Related Party" means, in reference to a Governmental Unit or 501(c)(3) Organization, any member of the same Controlled Group and, in reference to any person that is not a Governmental Unit or 501(c)(3) Organization, a "related person" as defined in Section 144(a)(3).

"Replacement Proceeds" means, with respect to an issue, amounts (including any investment income, but excluding any Proceeds of any issue) replaced by Proceeds of that issue within the meaning of Section 148(a)(2). "Replacement Proceeds" includes amounts, other than Proceeds, held in a sinking fund, pledged fund or reserve or replacement fund for an issue.

"Sale Date" means, with respect to an issue, the first date on which there is a binding contract in writing with the Issuer for the sale and purchase of an issue (or of respective obligations of the issue if sold by the Issuer on different dates) on specific terms that are not later modified or adjusted in any material respect.

"Sale Proceeds" means that portion of the Issue Price actually or constructively received by the Issuer upon the sale or other disposition of an issue, including any underwriter's compensation withheld from the Issue Price, but excluding Pre-Issuance Accrued Interest.

"Spendable Proceeds" means the Net Sale Proceeds of an issue.

"Tax-Exempt Obligation" means any obligation or issue of obligations (including bonds, notes and lease obligations treated for federal income tax purposes as evidence of indebtedness) the interest on which is excluded from gross income for federal income tax purposes within the meaning of Section 150, and includes any obligation or any investment treated as a "tax-exempt bond" for the applicable purpose of Section 148.

"Tax-Exempt Organization" means a Governmental Unit or a 501(c)(3) Organization.

"Temporary Period" means the period of time, as set forth in the Tax Compliance Certificate, applicable to particular categories of Proceeds of an issue during which such category of Proceeds may be invested in Higher Yielding Investments without the issue being treated as arbitrage bonds under Section 148.

"Transferred Proceeds" means that portion of the Proceeds of an issue (including any Transferred Proceeds of that issue) that remains unexpended at the time that any portion of the principal of the Refunded Bonds of that issue is discharged with the Proceeds of a Refunding Issue and that thereupon becomes Proceeds of the Refunding Issue as provided in Regulations §1.148-9(b). "Transferred Proceeds" does not include any Replacement Proceeds.

"Unrelated or Disproportionate Use" means Private Business Use that is not related to or is disproportionate to use by a Governmental Unit within the meaning of Section 141(b)(3) and Regulations §1.141-9.

"Variable Yield Issue" means any Issue that is not a Fixed Yield Issue.

"Working Capital Expenditures" means any costs of a type that do not constitute Capital Expenditures, including current operating expenses.

"Yield" has the meaning assigned to it for purposes of Section 148, and means that discount rate (stated as an annual percentage) that, when used in computing the present worth of all applicable unconditionally payable payments of Debt Service, all payments for a Qualified Guarantee, if any, and payments and receipts with respect to a Qualified Hedge, if any, as required by the Regulations, paid and to be paid with respect to an obligation (paid and to be paid during and attributable to the Yield Period in the case of a Variable Yield Issue), reduced by the credit, if any, allowed by Section 6431, produces an amount equal to (a) the Issue Price in the case of a Fixed Yield Issue or the present value of the Issue Price at the commencement of the applicable Yield Period in the case of a Variable Yield Issue, or (b) the purchase price for yield purposes in the case of Investment Property, all subject to the applicable methods of computation provided for under Section 148, including variations from the foregoing. The Yield on Investment Property in which Proceeds or Replacement Proceeds of an issue are invested is computed on a basis consistent with the computation of Yield on that issue, including the same compounding interval of not more than one year selected by the Issuer.

"Yield Period" means, in the case of the first Yield Period, the period that commences on the Issuance Date and ends at the close of business on the first Computation Date and, in the case of each succeeding Yield Period, the period that begins immediately after the end of the immediately preceding Yield Period and ends at the close of business on the next succeeding Computation Date.

The terms "bond," "obligation," "reasonably required reserve or replacement fund," "reserve or replacement fund," "loan," "sinking fund," "purpose investment," "same plan of financing," "other replacement proceeds" and other terms relating to Code provisions used but not defined in this Certificate shall have the meanings given to them for purposes of Sections 103 and 141 to 150 unless the context indicates another meaning.

(End of Attachment A)

Attachment B
To Tax Compliance Certificate of

$32,945,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

Dated: May 30, 2012

UNDERWRITER'S CERTIFICATE

Robert W. Baird & Co. Incorporated (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), which is not more than the fair market value of each maturity as of May 14, 2012, 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 (the "Issue Price"). The aggregate Issue Price of the Issue, there being no Pre-Issuance Accrued Interest, is $36,604,882.20.

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 $36,604,882.20.

(B) The Underwriter's discount or compensation is $250,475.76.

(C) The CUSIP Number assigned to the final maturity of the Issue is 721882EE4.

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.

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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 (US) LLP, as bond counsel, in rendering certain of its legal opinions in connection with the issuance of the Issue.

Dated: May 30, 2012

ROBERT W. BAIRD & CO., INCORPORATED

By: _____

Title: VP

[Signature page of Underwriter's Certificate]

Attachment C-1
To
Tax Compliance Certificate of Issuer

Pertaining to

$32,945,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

COMPLIANCE POLICY

See pages to follow.

	Pima County Department of Finance and Risk Management Internal Operating Procedures	Effective Date: 11-30-11 Review Date: Revision Date: Page: 1 of 12
Responsible Division: Financial Management and Audit		Responsible Section: Cash Management
SUBJECT: Post Issuance Compliance for Debt Issues		

TABLE OF CONTENTS

Statement		2
I.	General Matters	2
II.	Issue Price and Premium Limit	3
III.	IRS Information Return Filing	3
IV.	Use of Proceeds	3
V.	Monitoring Private Business Use	4
VI.	Arbitrage and Rebate	5
VII.	Record Retention	7
VIII.	Use of Proceeds Checklist and Remedial Action	8

Statement: The policies and procedures provided herein shall be complied with in order to ensure compliance with the requirements of the Internal Revenue Code (the "Code") that are applicable to the issuance of Tax-Exempt Bonds or other Obligations (hereinafter called "Bonds"). Undefined terms used herein have the meanings assigned to them in the Code and the related Treasury Regulations. These policies and procedures, coupled with requirements contained in the Arbitrage Certificate (the "Tax Certificate") executed at the time of issuance of the Bonds, are intended to constitute written procedures for compliance with the federal tax requirements applicable to the Bonds and for timely identification of violations of such requirements.

I. GENERAL MATTERS.

A. Responsible Officer. The Director of the Finance Department will have overall responsibility for ensuring that the ongoing requirements described herein are met with respect to the Bonds (the "Responsible Officer").

B. Identify Additional Responsible Employees. The Responsible Officer shall identify any additional employees who will be responsible for each of the procedures described herein, notify the current holder of that office of the responsibilities, and provide that person a copy of the procedures. (For each procedure, this may be the Responsible Officer or another person who is assigned the particular responsibility.)

1. Upon employee or officer transitions, new personnel should be advised of responsibilities under the procedures and ensure they understand the importance of the procedures.

2. If employee or officer positions are restructured or eliminated, responsibilities should be reassigned as necessary to ensure that all procedures have been appropriately assigned.

C. Periodic Review. The Responsible Officer should periodically review compliance with these procedures and with the terms of the Tax Certificate to determine whether any violations have occurred so that such violations can be remedied through the "remedial action" regulations (Treasury Regulation §1.141-12) or the Voluntary Closing Agreement Program described in Internal Revenue Service ("IRS") Notice 2008-31 (or successor guidance).

D. Change in Bond Terms. If any changes to the terms of the Bonds are contemplated, bond counsel will be consulted.

II. **ISSUE PRICE AND PREMIUM LIMIT.** The following procedures shall be followed:

A. Involving Bond Counsel Pre-pricing. Consult with bond counsel to ensure that:

1. Premium on each maturity of the Bonds (stated as a percentage of principal amount) does not exceed one-quarter of one-percent (0.25%) multiplied by the number of complete years to the earlier of final maturity of the Bond or, generally, the earliest call date of the Bond.

2. The excess of the issue price of the Bond issue over the price at which the Bond issue is sold to the underwriter or placement agent, when combined with other issuance costs paid from proceeds of the Bond issue, does not exceed 2% of the sale proceeds of the Bond issue.

B. Working with Financial Advisor. Ensure that the market trading activity of the Bonds is reviewed after their sale date but before their issuance date that questions concerning such data are answered, and that reports concerning the sales data as necessary are produced. (Market trading information is generally available through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System (EMMA) (http://www.emma.msrb.org.)

1. Records of reports produced, including copies of the market trading information, should be maintained.

III. **IRS INFORMATION RETURN FILING.** The following procedures shall be followed:

A. 8038-G. Ensure that IRS Form 8038-G is timely filed with respect to each Bond issue, including the required debt service schedule and other required schedules and attachments and maintain it as part of the transcript for the Bond issue.

IV. **USE OF PROCEEDS.** The following procedures shall be followed:

A. Consistent Accounting Procedures. Clear accounting procedures for tracking investment and expenditures of proceeds, including investment proceeds.

B. Reimbursement Allocations at Closing. At or shortly after issuance of a Bond issue, allocation of proceeds of the Bond issue to reimbursement of prior expenditures, as appropriate.

C. Cost of Issuance. Ensure that no more than 2% of the sale proceeds of a Bond issue are used to pay issuance costs.

D. Capital Expenditures. Ensure that 100% of all sale proceeds and investment proceeds, other than sale proceeds used to pay issuance costs (up to the 2% limit described above) or deposited in a reasonably required reserve fund, are allocated to capital expenditures.

E. Requisitions. Ensure that requisitions are used to draw Bond proceeds and make sure the requisitions contain the information needed to show what and how Bond proceeds were spent, reviewing them carefully before submission to ensure proper use of Bond proceeds to minimize need for reallocations.

F. Final Allocation. Ensure that a final allocation of Bond proceeds (including investment proceeds) to qualifying expenditures is made if Bond proceeds are to be allocated to project expenditures on a basis other than "direct tracing" (direct tracing means treating the Bond proceeds as spent as shown in the accounting records for bond draws and project expenditures). An allocation other than on the basis of "direct tracing" is often made to reduce the private business use (see E., below) of Bond proceeds that would otherwise result from "direct tracing" of Bond proceeds to project expenditures. *This allocation must be made within 18 months after the later of the date the expenditure was made or the date the project was placed in service, but not later than five years and 60 days after the issuance date of the Bonds or 60 days after the Bond issue is retired.* Bond counsel can assist with the final allocation of Bond proceeds to project costs.

G. Record Retention. Maintain careful records of all project and other costs (e.g., issuance costs, credit enhancement and capitalized interest) and uses (e.g., deposit to reserve fund) for which Bond proceeds were spent or used. These records should be maintained separately for each issue of Bonds.

V. **MONITORING PRIVATE BUSINESS USE.** The following procedures shall be followed:

A. Review Of Contracts With Private Persons. Review all of the following contracts or arrangements with non-governmental persons or organizations or the federal government (collectively referred to as "Private Persons") with respect to the Bond-financed facilities which could result in private business use of the Bond-financed facilities:

1. Sales of Bond-financed facilities.

2. Leases of Bond-financed facilities.

3. Management or service contracts relating to Bond-financed facilities.

4. Research contracts under which a Private Person sponsors research in Bond-financed facilities.

5. Any other contracts involving "special legal entitlements" (such as naming rights or exclusive provider arrangements) granted to a Private Person with respect to Bond-financed facilities.

B. Review of New Leases, Management, Research and Other Contracts. Before amending an existing agreement with a Private Person or entering into any new lease, management, service, or research agreement with a Private Person, review such amendment or agreement to determine whether it results in private business use.

C. Establish Procedures to Ensure Proper Use. Establish procedures to ensure Bond financed facilities are identified and are not used for private use without written approval of the Responsible Officer.

D. Analyze Use. Analyze any private business use of Bond-financed facilities and, for each issue of Bonds, determining whether the 10% limit on private business use (5% in the case of "unrelated or disproportionate" private business use) is exceeded, and contacting bond counsel or other tax advisors if either of these limits is exceeded.

E. Record Retention. Retain copies of all of the above contracts or arrangements (or, if no written contract exists, detailed records of the contracts or arrangements) with Private Persons for the period indicated in VII. below.

VI. **ARBITRAGE AND REBATE.** The following procedures shall be followed:

A. Yield. Record the yield of the Bond issue, as shown on the Form 8038-G.

B. Temporary Period. Review the Tax Certificate to determine the temporary periods for the Bond issue, during which periods various categories of gross proceeds of the Bond issue may be invested without yield restriction.

C. Post-Temporary Period Investments. Ensure that proceeds of the Bond issue are not invested in investments with a yield above the yield for the Bonds following the end of the applicable temporary period identified above unless Yield reduction payments may be made.

D. Monitoring Temporary Period Compliance. Monitor expenditures of Bond proceeds, including investment proceeds, against issuance date expectations for satisfaction of three-year or five-year temporary period from yield restriction on investment of Bond proceeds and to avoid "hedge bond" status.

E. Establishing Fair Market Value of Investments. Ensure that investments acquired with Bond proceeds satisfy IRS regulatory safe harbors for establishing fair market value (e.g., through the use of bidding procedures), and maintaining records to demonstrate satisfaction of such safe harbors.

F. Debt Service, Credit Enhancement and Sinking Funds. Consult with bond counsel before engaging in credit enhancement or hedging transactions in respect of a Bond issue, and before creating separate funds that are reasonably expected to be used to pay debt service on the Bonds.

G. Document Retention. Maintain copies of all contracts and certificates relating to credit enhancement and hedging transactions.

H. Donations. Before beginning a capital campaign that may result in gifts that are restricted to Bond-financed projects (or, in the absence of such a campaign, upon the receipt of such restricted gifts), to determine whether replacement proceeds may result.

I. Bona Fide Debt Service Fund. Even after all proceeds of a given Bond issue have been spent, ensure that the debt service fund meets the requirements of a bona fide debt service fund, i.e., one used primarily to achieve a proper matching of revenues with debt service that is depleted at least once each bond year, except for a reasonable carryover amount not to exceed the greater of: (i) the earnings on the fund for the immediately preceding bond year; or (ii) one-twelfth of the debt service on the issue for the immediately preceding bond year. To the extent that a debt service fund qualifies as a bona fide debt service fund for a given bond year, the investment of amounts held in that fund is not subject to yield restriction for that year.

J. Debt Service Reserve Fund. Ensure that amounts invested in any reasonably required debt service reserve fund do not exceed the least of: (i) 10% of the stated principal amount of the Bonds (or the sale proceeds of the Bond issue if the Bond issue has original issue discount or original issue premium that exceeds 2% of the stated principal of the Bond issue plus, in the case of premium, reasonable underwriter's compensation); (ii) maximum annual debt service on the Bond issue; or (iii) 125% of average annual debt service on the Bond issue.

K. Rebate Requirement. Review the arbitrage rebate covenants noted in the Tax Certificate. Subject to the exceptions described below, investment earnings on Bond proceeds at a yield in excess of the bond yield (i.e., positive arbitrage) generally must be rebated to the U.S. Treasury, even if a temporary period exception from yield restriction allowed the earning of positive arbitrage.

1. Ensuring that rebate calculations will be timely performed and payment of rebate amounts, if any, will be timely made; such payments are generally due 60 days after the fifth anniversary of the issuance date of the Bond issue, then in succeeding installments every five years; the final rebate payment for a Bond issue is due 60 days after retirement of the last Bond of the issue; hiring a rebate consultant if necessary.

2. Reviewing the rebate section of the Tax Certificate to determine whether the "small issuer" rebate exception applies to the Bond issue.

3. If the 6-month, 18-month, or 24-month spending exceptions from the rebate requirement may apply to the Bonds, ensuring that the spending of proceeds is monitored prior to semi-annual spending dates for the applicable exception.

4. Timely making rebate and yield reduction payments and filing Form 8038-T.

5. Even after all other proceeds of a given Bond issue have been spent, ensuring compliance with rebate requirements for any debt service reserve fund and any debt service fund that is not exempt from the rebate requirement.

L. Record Retention. Maintain records of investments and expenditures of Proceeds, rebate exception analyses, rebate calculations, Forms 8038-T, and rebate and Yield reduction payments, and any other records relevant to compliance with the arbitrage restrictions.

VII. **RECORD RETENTION.** Procedures will be set forth for maintaining all records and documents described in these procedures while any of the bonds of the issue are outstanding and during the three-year period following the final maturity or redemption of the bond issue or, if later, while any bonds that refund (or re-refund) bonds of that original issue are outstanding and for the three year period following the final maturity or redemption date of the latest refunding bond issue.

The County will spend the Gross Proceeds of the Issue and use the facilities financed with those Gross Proceeds ("Bond-Financed Facilities") in a manner that complies with the restrictions and requirements imposed by the Code and Regulations on Tax-Exempt Bonds. The County will comply with the remedial action requirements, if necessary, set forth in Regulations §1.141-12. These Instructions provide guidance for that compliance.

VIII. USE OF PROCEEDS CHECKLIST AND REMEDIAL ACTION

A. Use of Proceeds

1. Ensure there exists a clearly established accounting procedure for tracking investment and expenditures of Proceeds, including Investment Proceeds.

2. At or shortly after issuance of the Issue, allocate Proceeds to reimbursement of prior expenditures, as appropriate.

3. Ensure that a final allocation of Proceeds (including Investment Proceeds) to qualifying expenditures is made if Proceeds are to be allocated to Project expenditures on a basis other than "direct tracing" (direct tracing means treating the Proceeds as spent as shown in the accounting records for Proceeds draws and Project expenditures). An allocation other than on the basis of "direct tracing" is often made to reduce the Private Business Use (see Section 2, below) of Proceeds that would otherwise result from "direct tracing" of Proceeds to Project expenditures. This allocation must be made within 18 months after the later of the date the expenditure was made or the date the Project was placed in service, but not later than five years and 60 days after the Issuance Date of the Issue or 60 days after the Issue is retired. Bond counsel can assist with the final allocation of Proceeds to Project costs.

4. Maintain careful records of all Bond-Financed Facilities and other costs (e.g., Issuance Costs, credit enhancement and capitalized interest) and uses (e.g., deposit to reserve fund) for which Proceeds were spent or used. These records should be maintained separately for each issue of Tax-Exempt Bonds.

5. On at least an annual basis, identify all current and contemplated uses of Bond-Financed Facilities and ensure that the use of the Bond-Financed Facilities complies with the covenants and restrictions set forth in the Certificate.

B. Monitoring Private Business Use

1. Before entering into any new management, service, or research agreements described in 3. below, review the agreements to determine whether they result in Private Business Use.
2. Analyze any Private Business Use of Bond-Financed Facilities to determine whether the 5% or 10% limitation, as applicable, on Private Business Use of Proceeds is exceeded. Contact Bond Counsel if this limit is exceeded.
3. Maintain copies of all of the following contracts or arrangements (or, if no written contract exists, maintain detailed records of the following contracts or arrangements) with a Private Person:

   a. Sales of Bond-Financed Facilities.
   b. Leases of Bond-Financed Facilities.
   c. Management or service contracts relating to Bond-Financed Facilities
   d. Research contracts under which a Private Person sponsors research in Bond-Financed Facilities.
   e. Any other contracts involving "special legal entitlements" (such as naming rights or exclusive provider arrangements) granted to a Private Person with respect to Bond-Financed Facilities.

Each of the foregoing contracts or arrangements may result in Private Business Use of the Bond-Financed Facilities. Consult with Bond Counsel to undertake any necessary remedial actions, discussed below, in respect of "nonqualified bonds" of the Issue.

C. Remedial Action

1. Deliberate Action. A "deliberate action" ("Deliberate Action") is any action taken after the Issuance Date by the Issuer that is within the Issuer's control and that causes: more than 5% or 10%, as applicable, of the Proceeds to be used for a Private Business Use (the "Private Business Use Limit"), and more than 5% or 10%, as applicable, of either the principal of or interest on the Issue to be secured by or derived, directly or indirectly, from Private Security or Payments (collectively with the Private Business Use Limit, the "Private Business Limits").

An action by the Issuer is not a Deliberate Action if the action was (i) the result of an involuntary conversion of all or a portion of the Project, or (ii) an action that was taken in response to a regulatory directive made by the federal government (see Regulations §1.141-2(d)(3)(ii)).

2. Timely Reallocation. If a Deliberate Action occurs, the Issuer may reallocate the Proceeds that had been allocated to the Project or portion thereof as to which the Deliberate Action occurred to other permitted uses not later than 18 months after the later of (i) the date of the expenditure to which the

Proceeds were originally allocated or (ii) the placed in service date of the Project or portion thereof to which such Proceeds were originally allocated, but not later than 60 days after the fifth anniversary of the Issuance Date or the retirement of the Issue, if earlier (see Regulations §§1.141-6(a) and 1.148-6(d)(1)(iii)).

3. Remedial Action.

a) Effect. A "remedial action" cures the use of Proceeds that caused the Private Business Use limit to be exceeded. A remedial action will not impact the amount of Private Security or Payments.

b) Ability to Use. In order to achieve either or both of the effects set forth in 3.a, five conditions must be satisfied (see 3.c) and one of three alternative remedial actions must be taken (see D.).

c) Conditions. The Issuer may use a "remedial action" only if the following five conditions are satisfied:

1) On the Issuance Date, the Issuer did not reasonably expect the Private Business Limits to be exceeded at any time while any portion of the Issue was outstanding.

2) On the Issuance Date, the weighted average maturity of the Issue did not exceed 120% of the weighted average of the reasonably expected economic lives of the assets comprising the Project.

3) Unless the Project is being used for an alternative use (as described in 4 below), the new user of all or any portion of the Project must have paid fair market value therefor.

4) The Issuer must treat any "disposition proceeds," which are all proceeds received from the sale, transfer or other disposition of all or a portion of the Project, as Gross Proceeds for arbitrage (Section 148) purposes.

5) Prior to the Deliberate Action, the Proceeds were used for a governmental purpose unless the remedial action to be taken is described in D.1.

D. Types of Remedial Action.

1. *Redemption of Non-Qualified Bonds.* The "non-qualified bonds" are the portion of the Issue allocable to the Deliberate Action that causes the Issue to exceed the Private Business Limits. In general, within 90 days after the Deliberate Action, either the non-qualified

bonds must be redeemed or an escrow that defeases the non-qualified bonds to their earliest redemption date must be established. A defeasance escrow may not be used, however, if the period between the Issuance Date and the earliest redemption date of the non-qualified bonds is more than 10.5 years; in such case, a closing agreement with the Internal Revenue Service ("IRS") may be necessary. If a defeasance escrow is established, the Issuer must notify the IRS within 90 days of its establishment. Notwithstanding the general requirement stated above that all non-qualified bonds must be redeemed or defeased, if the disposition proceeds consist exclusively of cash, it is sufficient that the disposition proceeds be used to redeem or defease a pro rata portion of the non-qualified bonds.

2. *Alternative Use of Disposition Proceeds.* The Issue satisfies the requirements of this remedial action if:

   a) all disposition proceeds consist exclusively of cash;

   b) the Issuer reasonably expects to spend the disposition proceeds within two years after the date of the Deliberate Action;

   c) the disposition proceeds are treated as Proceeds for purposes of the Private Business Limits, the use of the disposition proceeds does not cause the Issue to exceed these Limits, and the Issuer does not take a subsequent Deliberate Action that causes either of these Limits to be exceeded;

   d) any unspent disposition proceeds must be used to redeem all or a portion of the Issue; and

   e) if the disposition proceeds are to be used by a 501(c)(3) Organization, from the date of the Deliberate Action, the non-qualified bonds must constitute Qualified 501(c)(3) Bonds and be treated as reissued for that purpose.

3. *Alternative Use of Project.* The Issuer satisfies the requirements of this remedial action if:

   a) the portion of the Project that is transferred or disposed of could have been financed by another type of Tax-Exempt Bond;

   b) the Deliberate Action taken by the Issuer did not involve a purchase financed by another issue of Tax-Exempt Bonds; and

   c) any disposition proceeds resulting from the Deliberate Action (other than those related to the provision of services) are used to pay Debt Service on the Issue on the next available

payment date or, within 90 days of receipt, are deposited into a Yield-restricted escrow to be used to pay Debt Service on the next available payment date.

Under these circumstances, the non-qualified bonds are treated as re-issued as of the date of the Deliberate Action, and must remain qualifying Tax-Exempt Bonds throughout their term.

E. Examples of Deliberate Action.

1. Lease to a Private Person. A Deliberate Action generally occurs if the Issuer (i) leases space within the Project to a Private Person and that use, when added to any other Private Business Use, exceeds 5% or 10%, as applicable, of the Bond-Financed Facilities so that more than 5% or 10%, as applicable, of the Proceeds of the Issue are considered used for a Private Business Use and (ii) receives rent under that lease that, when added to any other Private Security or Payments, exceeds 5% or 10%, as applicable, of the Proceeds.

2. Service Contract. A Deliberate Action generally occurs if (i) (1) the Issuer enters into a "service contract" (defined below) with a Private Person, (2) that Service Contract will be performed (or will be deemed to be performed) within the Project, (3) that Service Contract does not satisfy the requirements set forth in Revenue Procedure 97-13 (or its successor), and (4) that use, when added to any other Private Business Use of the Project, exceeds 5% or 10%, as applicable, of the Proceeds, and (ii) payments received or deemed received with respect to the Project in which the Service Contract is performed, when added to any other Private Security or Payments, exceed 5% or 10%, as applicable, of the Proceeds. A service contract is an arrangement under which services are to be provided by a Private Person involving the use of all or any portion of, or any function of, the Bond-Financed Facilities (for example, management services for an entire facility or a specific department of a facility).

3. Sale of Project. A Deliberate Action generally occurs if the Issuer sells all or more than 5% or 10%, as applicable, of the Bond-Financed Facilities to a Private Person, which results in Private Business Use, and receives commensurate disposition proceeds for that sale.

Attachment C-2
To
Tax Compliance Certificate of Issuer

Pertaining to

$32,945,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

INSTRUCTIONS FOR COMPLIANCE WITH REBATE REQUIREMENTS OF SECTION 148(f) OF THE CODE

The Issuer covenanted in the operative documents (*i.e.*, Ordinance/Resolution/ Trust Indenture/Tax Compliance Certificate) to comply with the arbitrage rebate requirement of Section 148(f) of the Code. These Instructions provide guidance for that compliance, including the spending exceptions that free the Issue from all or part of the rebate requirements. Capitalized terms that are not defined in these Rebate Instructions are defined in Attachment A to the Tax Compliance Certificate.

PART I: GENERAL

SECTION 1.01. REBATE GENERALLY.

The Rebate Amount with respect to the Issue must be paid (rebated) to the United States to prevent the bonds of the Issue from being arbitrage bonds, the interest on which is subject to federal income tax. In general, the Rebate Amount is the amount by which the actual earnings on Nonpurpose Investments purchased (or deemed to have been purchased) with Gross Proceeds of the Issue exceed the amount of earnings that would have been received if those Nonpurpose Investments had a Yield equal to the Yield on the Issue.[1] 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.[2]

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[1] Amounts earned on the Bona Fide Debt Service Fund for the Issue are not taken into account in determining the Rebate Amount: (1) for any Bond Year in which the gross earnings on such Fund for such Year are less than $100,000; (2) if the average annual Debt Service on the Issue does not exceed $2,500,000; or (3) if none of the obligations of the Issue are Private Activity Bonds, the rates of interest on the Issue do not vary and the average maturity of the Issue is at least five years.

[2] 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 (US) LLP to do the computations, please feel free to contact the Squire Sanders (US) LLP attorney with whom you normally consult to discuss engaging the Firm to provide such assistance.

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[3] 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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[3] For purposes of these Instructions, references to "Refunding Issue" include the Refunding Portion of a Multipurpose Issue.

Expenditures for Governmental Purposes of the Issue. Each of the spending exceptions requires that expenditures of Gross Proceeds be for the governmental purposes of the Issue. These purposes include payment of interest (but not principal) on the Issue.

SECTION 2.02. 6-MONTH SPENDING EXCEPTION.

The Issue will be treated as satisfying the rebate requirements if all of the Gross Proceeds of the Issue are allocated to expenditures for the governmental purposes of the Issue within the 6-month period beginning on the Issuance Date and the Rebate Amount, if any, with respect to earnings on amounts deposited in a reasonably required reserve or replacement fund or a Bona Fide Debt Service Fund if and to the extent that such Fund is subject to rebate (see footnote 3) is timely paid to the United States. If no bond of the Issue is a Private Activity Bond (other than a Qualified 501(c)(3) Bond) or a tax or revenue anticipation bond, the 6-month period is extended for an additional six months if the unexpended Gross Proceeds of the Issue at the end of the 6-month period do not exceed 5% of the Proceeds of the Issue.

For purposes of the 6-Month Spending Exception, Gross Proceeds required to be spent within six months do not include amounts in a reasonably required reserve or replacement fund for the Issue or in a Bona Fide Debt Service Fund for the Issue.

SECTION 2.03. 18-MONTH SPENDING EXCEPTION.

The Issue (or the New Money Portion if the Issue is a Multipurpose Issue) is treated as satisfying the rebate requirement if the conditions set forth in (A), (B) and (C) are satisfied.

(A) All of the Gross Proceeds of the Issue (excluding amounts in a reasonably required reserve or replacement fund for the Issue or in a Bona Fide Debt Service Fund for the Issue) are allocated to expenditures for the governmental purposes of the Issue in accordance with the following schedule, measured from the Issuance Date:

(1) at least 15% within six months;

(2) at least 60% within 12 months; and

(3) 100% within 18 months, subject to the Reasonable Retainage exception described below.

(B) The Rebate Amount, if any, with respect to earnings on amounts deposited in a reasonably required reserve or replacement fund or in a Bona Fide Debt Service Fund for the Issue, to the extent such Fund is subject to rebate (see footnote 3), is timely paid to the United States.

(C) The Gross Proceeds of the Issue qualify for the initial 3-year Temporary Period.

If the only unspent Gross Proceeds at the end of the 18th month are Reasonable Retainage, the requirement that 100% of the Gross Proceeds be spent by the end of the 18th

month is treated as met if the Reasonable Retainage, and all earnings thereon, are spent for the governmental purposes of the Issue within 30 months of the Issuance Date.

For purposes of determining whether the spend-down requirements have been met as of the end of each of the first two spending periods, the amount of Investment Proceeds that the Issuer reasonably expects as of the Issuance Date to earn on the Sale Proceeds and Investment Proceeds of the Issue during the 18-month period are included in Gross Proceeds of the Issue. The final spend-down requirement includes actual Investment Proceeds for the entire 18 months.

The 18-Month Spending Exception does not apply to the Issue (or the New Money Portion, as applicable) if any portion of the Issue (or New Money Portion) is treated as meeting the rebate requirement under the 2-Year Spending Exception discussed below. This rule prohibits use of the 18-Month Spending Exception for the Nonconstruction Portion of a Bifurcated Issue. The only Spending Exception available for the Nonconstruction Portion of a Bifurcated Issue is the 6-Month Spending Exception.

SECTION 2.04. 2-YEAR SPENDING EXCEPTION FOR CERTAIN CONSTRUCTION ISSUES.

(A) In general. A Construction Issue no bond of which is a Private Activity Bond (other than a Qualified 501(c)(3) Bond or a Bond that finances property to be owned by a Governmental Unit or a 501(c)(3) Organization) is treated as satisfying the rebate requirement if the Available Construction Proceeds of the Issue are allocated to expenditures for the governmental purposes of the Issue in accordance with the following schedule, measured from the Issuance Date:

(1) at least 10% within six months;

(2) at least 45% within one year;

(3) at least 75% within 18 months; and

(4) 100% within two years, subject to the Reasonable Retainage exception described below.

Amounts in a Bona Fide Debt Service Fund or a reasonably required reserve or replacement fund for the Issue are not treated as Gross Proceeds for purposes of the expenditure requirements. However, unless the Issuer has elected otherwise in the Tax Compliance Certificate, earnings on amounts in a reasonably required reserve or replacement fund for the Issue are treated as Available Construction Funds during the 2-year period and therefore must be allocated to expenditures for the governmental purposes of the Issue.

If the Issuer elected in the Tax Compliance Certificate to exclude from Available Construction Proceeds the Investment Proceeds or earnings on a reasonably required reserve or replacement fund for the Issue during the 2-year spend-down period, the Rebate Amount, if any, with respect to such Investment Proceeds or earnings from the Issuance Date must be timely paid to the United States. If the election is not made, the Rebate Amount, if any, with respect to such Investment Proceeds or earnings after the earlier of the date construction is substantially

completed or two years after the Issuance Date must be timely paid to the United States. The Rebate Amount, if any, with respect to earnings on amounts in a Bona Fide Debt Service Fund must be timely paid to the extent such Fund is subject to the rebate requirements (see footnote 3).

The Issue does not fail to satisfy the spending requirement for the fourth spend-down period (*i.e.*, 100% within two years of the Issuance Date) if the only unspent Available Construction Proceeds are amounts for Reasonable Retainage if such amounts (together with all earnings on such amounts) are allocated to expenditures within three years of the Issuance Date.

For purposes of determining whether the spend down requirements have been met as of the end of each of the first three spend-down periods, Available Construction Proceeds include the amount of Investment Proceeds or earnings that the Issuer reasonably expected as of the Issuance Date to earn during the 2-year period unless the Issuer elects, on or before the Issuance Date, to apply these spend-down requirements on the basis of actual facts rather than reasonable expectations. For purposes of satisfying the final spend-down requirement, Available Construction Proceeds include actual Investment Proceeds or earnings from the Issuance Date through the end of the 2-year period.

Available Construction Proceeds do not include Gross Proceeds used to pay Issuance Costs financed by the Issue, but do include earnings on such Proceeds. Thus, an expenditure of Gross Proceeds to pay Issuance Costs does not count toward meeting the spend-down requirements, but expenditures of earnings on such Gross Proceeds to pay Issuance Costs do count.

(B) 1½% penalty in lieu of rebate for Construction Issues. If the Issuer elected in the Tax Compliance Certificate for a Construction Issue, or for the Construction Portion of a Bifurcated Issue, to pay a 1½% penalty in lieu of the Rebate Amount on Available Construction Proceeds in the event that the Construction Issue fails to satisfy any of the spend-down requirements, the 1½% penalty is calculated separately for each spend-down period, including each semiannual period after the end of the fourth spend-down period until all Available Construction Proceeds have been spent. The penalty is equal to 0.015 times the underexpended Proceeds as of the end of the applicable spend-down period. The fact that no arbitrage is in fact earned during such spend-down period is not relevant. The Rebate Amount with respect to Gross Proceeds other than Available Construction Proceeds (*e.g.*, amounts in a reasonably required reserve or replacement fund or in a Bona Fide Debt Service Fund, to the extent subject to rebate (see footnote 3)) must be timely paid.

PART III: COMPUTATION AND PAYMENT

SECTION 3.01. COMPUTATION AND PAYMENT OF REBATE AMOUNT.

If none of the Spending Exceptions described above is satisfied (and if the 1½% penalty election for a Construction Issue or the Construction Portion of a Bifurcated Issue has not been made), then within 45 days after each Computation Date the Issuer shall compute, or cause to be computed, the Rebate Amount as of such Computation Date. The first Computation Date is a date selected by the Issuer, but shall be not later than five years after the Issuance Date. Each subsequent Computation Date shall end five years after the previous Computation Date except

that, in a Variable Yield Issue, the Issuer may select annual Yield Periods. The final Computation Date shall be the date the last obligation of the Issue matures or is finally discharged.

Within 60 days after each Computation Date (except the final Computation Date), the Issuer shall pay to the United States not less than 90% of the Rebate Amount, if any, computed as of such Computation Date. Within 60 days after the final Computation Date, the Issuer shall pay to the United States 100% of the Rebate Amount, if any, computed as of the final Computation Date. In computing the Rebate Amount, a computation credit may be taken into account on the last day of each Bond Year to the Computation Date during which there are unspent Gross Proceeds that are subject to the rebate requirement, and on the final maturity date.

If the operative documents pertaining to the Issue establish a Rebate Fund and require the computation of the Rebate Amount at the end of each Bond Year, the Issuer shall calculate, or cause to be calculated, within 45 days after the end of each Bond Year the Rebate Amount, taking into account the computation credit for each Bond Year. Within 50 days after the end of each Bond Year, if the Rebate Amount is positive, the Issuer shall deposit in the Rebate Fund such amount as will cause the amount on deposit therein to equal the Rebate Amount, and may withdraw any amount on deposit in the Rebate Fund in excess of the Rebate Amount. Payments of the Rebate Amount to the Internal Revenue Service on a Computation Date shall be made first from amounts on deposit in the Rebate Fund and second from other amounts specified in the operative documents.

Each payment of the Rebate Amount or portion thereof shall be payable to the Internal Revenue Service and shall be made to the Internal Revenue Service Center, Ogden, UT 84201 by certified mail. Each payment shall be accompanied by Internal Revenue Service Form 8038-T and any other form or forms required to be submitted with such remittance.

SECTION 3.02. BOOKS AND RECORDS.

(A) The Issuer or Trustee, as applicable, shall keep proper books of record and accounts containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the Gross Proceeds of the Issue. Such records shall specify the account or fund to which each Nonpurpose Investment (or portion thereof) held by the Issuer or Trustee is to be allocated and shall set forth as to each Nonpurpose Investment (1) its purchase price, (2) identifying information, including par amount, interest rate, and payment dates, (3) the amount received at maturity or its sales price, as the case may be, including accrued interest, (4) the amounts and dates of any payments made with respect thereto, and (5) the dates of acquisition and disposition or maturity.

(B) The Issuer, Trustee, or Rebate Analyst, as applicable, shall retain the records of all calculations and payments of the Rebate Amount until three years after the retirement of the last obligation that is a part of the Issue.

SECTION 3.03. FAIR MARKET VALUE.

(A) No Nonpurpose Investment shall be acquired for an amount in excess of its fair market value. No Nonpurpose Investment shall be sold or otherwise disposed of for an amount less than its fair market value.

(B) The fair market value of any Nonpurpose Investment shall be the price at which a willing buyer would purchase the Nonpurpose Investment from a willing seller in an arm's-length transaction. Fair market value generally is determined on the date on which a contract to purchase or sell the Nonpurpose Investment becomes binding (*i.e.*, the trade date rather than the settlement date). Except as otherwise provided in this Section, a Nonpurpose Investment that is not of a type traded on an established securities market (within the meaning of Section 1273 of the Code) is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

(C) Obligations purchased directly from the Treasury. The fair market value of a United States Treasury obligation that is purchased directly from the United States Treasury is its purchase price.

(D) Safe harbor for Guaranteed Investment Contracts. The purchase price of a Guaranteed Investment Contract shall be treated as its fair market value on the purchase date if all the following conditions are met.

(1) The Issuer or broker makes a bona fide solicitation for a specified Guaranteed Investment Contract and receives at least three bona fide bids from reasonably competitive providers (of Guaranteed Investment Contracts) that have no material financial interest in the Issue.

(2) The Issuer purchases the highest-yielding Guaranteed Investment Contract for which a qualifying bid is made (determined net of broker's fees).

(3) The Yield on the Guaranteed Investment Contract (determined net of broker's fees) is not less than the Yield then available from the provider on reasonably comparable Guaranteed Investment Contracts, if any, offered to other persons from a source of funds other than Gross Proceeds of Tax-Exempt Obligations.

(4) The determination of the terms of the Guaranteed Investment Contract takes into account as a significant factor the Issuer's reasonably expected drawdown schedule for the amounts to be invested, exclusive of amounts deposited in a Bona Fide Debt Service Fund and a reasonably required reserve or replacement fund.

(5) The terms of the Guaranteed Investment Contract, including collateral security requirements, are reasonable.

(6) The obligor on the Guaranteed Investment Contract certifies the administrative costs that it is paying (or expects to pay) to third parties in connection with the Guaranteed Investment Contract.

(E) Safe harbor for certificates of deposit. The purchase price of a certificate of deposit shall be treated as its fair market value on the purchase date if all of the following requirements are met.

(1) The certificate of deposit has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal.

(2) The Yield on the certificate of deposit is not less than (a) the Yield on reasonably comparable direct obligations of the United States, or (b) the highest Yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

Certificates evidencing the foregoing requirements should be obtained before purchasing any Guaranteed Investment Contract or certificate of deposit.

SECTION 3.04. CONSTRUCTIVE SALE/PURCHASE.

(A) Nonpurpose Investments that are held by the Issuer or Trustee as of any Computation Date (or Bond Year if the computations are required to be done annually) shall be treated for purposes of computing the Rebate Amount as of such date as having been sold for their fair market value as of such date. Investment Property that becomes allocated to Gross Proceeds of the Issue on a date after such Investment Property has actually been purchased shall be treated for purposes of the rebate requirements as having been purchased by the Issuer on such date of allocation at its fair market value on such date.

(B) For purposes of constructive or deemed sales or purchases of Investment Property (other than Investment Property in the Escrow Fund or that is otherwise not invested for a Temporary Period or is not part of a reasonably required reserve or replacement fund for the Issue) must be valued at its fair market value on the date of constructive or deemed sale or purchase.

(C) Except as set forth in (B), fixed-rate Investment Property that is (1) issued with not more than 2% of original issue discount or original issue premium, (2) issued with original issue premium that is attributable exclusively to reasonable underwriters' compensation or (3) acquired with not more than 2% of market discount or market premium may be treated as having a fair market value equal to its outstanding stated principal amount plus accrued interest. Fixed-rate Investment Property also may be treated as having a fair market value equal to its present value.

SECTION 3.05. ADMINISTRATIVE COSTS.

(A) Administrative costs shall not be taken into account in determining the payments for or receipts from a Nonpurpose Investment unless such administrative costs are Qualified

Administrative Costs. Thus, administrative costs or expenses paid, directly or indirectly, to purchase, carry, sell, or retire Nonpurpose Investments generally do not increase the Payments for, or reduce the Receipts from, Nonpurpose Investments.

(B) Qualified Administrative Costs are taken into account in determining the Payments and Receipts on Nonpurpose Investments and thus increase the Payments for, or decrease the Receipts from, Nonpurpose Investments. In the case of a Guaranteed Investment Contract, a broker's commission or similar fee paid on behalf of either the Issuer or the provider is a Qualified Administrative Cost to the extent that (1) the amount of the fee treated as a Qualified Administrative Cost does not exceed the lesser of (a) $37,000, or such higher amount as determined and published by the Internal Revenue Service as the "cost of living adjustment" for the calendar year in which the Guaranteed Investment Contract is acquired and (b) 0.2% of the Computational Base or, if more, $4,000, or such higher amount as determined and published by the Internal Revenue Service as the "cost of living adjustment" for the calendar year in which the Guaranteed Investment Contract is acquired and (2) the aggregate amount of broker's commissions or similar fees with respect to all Guaranteed Investment Contracts and Nonpurpose Investments acquired for a yield-restricted defeasance escrow purchased with Gross Proceeds of the Issue treated as Qualified Administrative Costs does not exceed a cap of $103,000, or such higher amount as determined and published by the Internal Revenue Service as the "cost-of-living adjustment" for the calendar year in which the Guaranteed Investment Contract is acquired less the portion of such cap, if any, used in prior years with respect to the Issue.

PART IV: COMPLIANCE AND AMENDMENT

SECTION 4.01. COMPLIANCE.

The Issuer, Trustee or Rebate Analyst, as applicable, shall take all necessary steps to comply with the requirements of these Instructions in order to ensure that interest on the Issue is excluded from gross income for federal income tax purposes under Section 103(a) of the Code. However, compliance shall not be required in the event and to the extent stated therein the Issuer and the Trustee receive a Bond Counsel's Opinion that either (A) compliance with such requirement is not required to maintain the exclusion from gross income for federal income tax purposes of interest on the Issue or (B) compliance with some other requirement in lieu of such requirement will comply with Section 148(f) of the Code, in which case compliance with the other requirement specified in the Bond Counsel's Opinion shall constitute compliance with such requirement.

SECTION 4.02. LIABILITY.

If for any reason any requirement of these Instructions is not complied with, the Issuer and the Trustee, if applicable, shall take all necessary and desirable steps to correct such noncompliance within a reasonable period of time after such noncompliance is discovered or should have been discovered with the exercise of reasonable diligence. The Trustee shall have no duty or responsibility to independently verify any of the Issuer's, or the Rebate Analyst's, calculations with respect to the payments of the Rebate Amount due and owing to the United

States. Under no circumstances whatsoever shall the Trustee be liable to the Issuer, any bondholder or any other person for any inclusion of the interest on the Issue in gross income for federal income tax purposes, or any claims, demands, damages, liabilities, losses, costs or expenses resulting therefrom or in any way connected therewith, so long as the Trustee acts only in accordance with these Instructions and the operative documents pertaining to the Issue.

(End of Attachment C-2)

Attachment D
To
Tax Compliance Certificate of Issuer

Pertaining to

$32,945,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

DECLARATION OF OFFICIAL INTENT TO REIMBURSE

See pages to follow.

Projects to be Reimbursed with 2012 HURF Bonds

Project Code	Project Name	Amount
CTR.4AVPRT	TR - Aviation Parkway Richey to Technical Dr	$ 107,636
CTR.4BLBCS	TR - Bear Canyon Bike Lane Snyder to Indian Bend	12,865
CTR.4CCMIL	TR - Country Club, Drexel to Milber,Tucson Blvd Country Club	3,992
CTR.4CEDCA	TR - Cherry Ave Curbs & Sidewalks	170,000
CTR.4DREXL	TR - Drexel, Country Club to I-10	4,234
CTR.4HA2DM	TR - Harrison Greenway at DMAFB	3,534
CTR.4HDBPE	TR - Homer Davis Elementary Bicycle & Pedestrian Enhancement	60,711
CTR.4IRMSN	TR - Irvington at Mission Rd	92,825
CTR.4ITSCS	TR - Intelligent Transport Sys Signals Coord & Cab Upgrade	110,526
CTR.4KRAWB	TR - Kinney Rd Ajo Way to Bopp Rd	1,833
CTR.4MRLCO	TR - Magee Rd La Canada Dr to Oracle Rd	190,553
CTR.4OGCAM	TR - Orange Grove Rd Cmno de la Tierra La Cholla Blvd	301,359
CTR.4OGLTL	TR - Orange Grove TWLTL & Bike Lns La Canada Rd to Oracle Rd	60,547
CTR.4OTNHS	TR - Old Tucson Nogales Hwy Summit Neighborhood	8,850
CTR.4RTCCI	TR - La Canada Dr Ina Rd to Calle Concordia RTA11	57,769
CTR.4RTPVL	TR - Palo Verde & Lincoln Hawk Signal & Crosswalk Phase 1	120,302
CTR.4SMSPD	TR - Safety Management Systems & Program Development	2,713
CTR.4STBSP	TR - Square Tube Breakaway Sign Posts	88,297
CTR.4STPCS	TR - S Tucson Pavement Chip Seal	373,549
	Total	**$ 1,772,095**

DECLARATION OF OFFICIAL INTENT
TO REIMBURSE
ORIGINAL EXPENDITURE
FROM PROCEEDS OF FUTURE DEBT ISSUANCES
Highway and Streets Bond Authorizations
December 14, 2011

The undersigned is authorized to make this declaration on behalf of the Board of Supervisors of Pima County, Arizona (the "County") and hereby declares as follows:

1. This is a Declaration of Official Intent within the meaning of Treasury Regulations Section 1.150-2.

2. The Board intends and reasonably expects that the original expenditures made by the County more fully described in paragraph 3 will be reimbursed with proceeds of the Highway and Streets Bonds to be issued by or for the benefit of the County in a maximum principal amount of $14,413,650 to be issued over a series of installments for the projects described in paragraph 3.

3. The original expenditures to be reimbursed to the Special Revenue Fund and referred to in paragraph 2 are for planning, design, acquisition, equipping and construction of the projects listed on the attached documentation.

Dated as of this 21 day of December, 2011.

PIMA COUNTY, ARIZONA

By: _____
Tom Burke
Board Representative

Program Code	Program Name	FY11-12 Forecast
CTR.4MRLCO	DOT-06 Magee Road: La Cañada Drive to Oracle Road (PC-RTA-12)	296,000.00
CTR.4KINOP	DOT-58 Kino Parkway Overpass at 22nd Street	10,000.00
CTR.4AVPRT	DOT-57 Aviation Parkway - Richey to Technical Dr.	181,023.00
CTR.4BLBCS	Bear Canyon Bike Lanes: Snyder to Indian Bend	73,501.00
CTR.4CEDCA	DOT-41 Cherry Avenue Curbs & Sidewalks	170,000.00
TBD	DOT-11 Country Club Widening	977,862.00
TBD	DOT-11 Drexel Widening Urban Loop	841,790.00
CTR.4HA2DM	TR - Harrison Greenway at DMAFB	185,000.00
CTR.4HDBPE	Homer Davis Elementary Bicycle & Pedestrian Enhancement	109,703.00
CTR.4HRSTV	DOT-29 Houghton Road: Interstate 10 to Tanque Verde Rd (COT-RTA-32)	937,500.00
CTR.4ITSCS	DOT-57 Intelligent Transportation Systems (Signals Coordination & Cabinet Upgrade)	220,506.00
CTR.4IRMSN	DOT-57 Irvington at Mission	195,315.00
CTR.4JWK2W	TR - Julian Wash Kolb Rd to Wilmot Rd	590,000.00
CTR.4JWV2D	TR - Julian Wash Valencia Rd to Drexel Rd	228,000.00
CTR.4JWW2V	TR - Julian Wash Wilmot Rd to Valencia Rd	163,000.00
CTR.4RTCCI	DOT-10 La Canada Drive: Ina Road to Calle Concordia (PC-RTA-11)	2,443,865.00
CTR.4NCTRP	DOT-41 Neighborhood Transportation Improvements	857,000.00
CTR.4OTNHS	DOT-53 Old Tucson-Nogales Hwy - Summit Neighborhood	100,168.00
CTR.4OGCAM	DOT-44 Orange Grove Road: Camino de la Tierra to La Cholla Boulevard	4,403,998.00
CTR.4OGLTL	DOT-57 Orange Grove TWLTL & Bike Lanes: La Canada Rd to Oracle Rd	51,001.00
CTR.4RTPVL	DOT-57 - Palo Verde & Lincoln Hawk Signal & Crosswalk Phase 1	150,000.00
CTR.4STPCS	DOT-41 South Tucson Pavement Chip Seal	800,000.00
CTR.4SMSPD	DOT-57 Safety Management Systems and Program Development	18,926.00
CTR.4STBSP	DOT-57 Square Tube Breakaway Sign Posts	264,316.00
CTR.4SRCRA	DOT-47 Sunrise Drive: Craycroft Road to Kolb Road	145,176.00
	Total	**$ 14,413,650.00**

DECLARATION OF OFFICIAL INTENT
TO REIMBURSE
ORIGINAL EXPENDITURE
FROM PROCEEDS OF FUTURE DEBT ISSUANCES
Highway and Streets Bond Authorizations
April 1, 2012

Pursuant to Pima County Board of Supervisors Resolution No. 1997-194, Board Representatives may authorize Declarations of Official Intent to reimburse payments made by the County for original expenditures from proceeds of bonds, certificates of participation, or other obligations issued by or for the benefit of Pima County.

The undersigned is authorized to make this declaration on behalf of the Board of Supervisors of Pima County, Arizona (the "County") and hereby declares as follows:

1. This is a Declaration of Official Intent within the meaning of Treasury Regulations Section 1.150-2.

2. The Board intends and reasonably expects that the original expenditures made by the County more fully described in paragraph 3 will be reimbursed with proceeds of the Highway and Streets Bonds to be issued by or for the benefit of the County in a maximum principal amount of $20,000,000 to be issued over a series of installments for the projects described in paragraph 3.

3. The original expenditures to be reimbursed to the Special Revenue Fund and referred to in paragraph 2 are for planning, design, acquisition, equipping and construction of the projects listed on the attached documentation.

Dated as of this 3rd day of April, 2012.

PIMA COUNTY, ARIZONA

By: Tom Burke
Tom Burke
Board Representative

DOT Bond - Forecasted Funding Sources FY11-12 through FY17-18 for Bond Eligible Programs as of 4.1.12 SQL Download

Sum of DATA	Column Labels	
Row Labels	FY11-12 Forecast	Grand Total
CTR.4AVPRT	**181,023**	**181,023**
TR - Aviation Parkway Richey to Technical Dr	181,023	181,023
CTR.4BLBCS	**73,501**	**73,501**
TR - Bear Canyon Bike Lane Snyder to Indian Bend	73,501	73,501
CTR.4CCMIL	**977,862**	**977,862**
TR - Country Club, Drexel to Milber,Tucson Blvd Country Club	977,862	977,862
CTR.4CEDCA	**170,000**	**170,000**
TR - Cherry Ave Curbs & Sidewalks	170,000	170,000
CTR.4DREXL	**841,790**	**841,790**
TR - Drexel, Country Club to I-10	841,790	841,790
CTR.4HA2DM	**185,000**	**185,000**
TR - Harrison Greenway at DMAFB	185,000	185,000
CTR.4HDBPE	**109,703**	**109,703**
TR - Homer Davis Elementary Bicycle & Pedestrian Enhancement	109,703	109,703
CTR.4HRSTV	**6,090**	**6,090**
TR - Houghton Rd I-10 to Tanque Verde Rd	6,090	6,090
CTR.4IRMSN	**195,315**	**195,315**
TR - Irvington at Mission Rd	195,315	195,315
CTR.4ITSCS	**220,506**	**220,506**
TR - Intelligent Transport Sys Signals Coord & Cab Upgrade	220,506	220,506
CTR.4ITSVD	**2,698**	**2,698**
TR - Video Detection at Traffic Signals	2,698	2,698
CTR.4KINOP	**11,794**	**11,794**
TR - 22nd St I-10 to Tucson Blvd Improvements	11,794	11,794
CTR.4KRAWB	**1,833**	**1,833**
TR - Kinney Rd Ajo Way to Bopp Rd	1,833	1,833
CTR.4MRLCO	**389,857**	**389,857**
TR - Magee Rd La Canada Dr to Oracle Rd	389,857	389,857
CTR.4NCTRP	**72,999**	**72,999**
TR - Neighborhood Transportation Improvements	72,999	72,999
CTR.4OGCAM	**1,423,638**	**1,423,638**
TR - Orange Grove Rd Cmno de la Tierra La Cholla Blvd	1,423,638	1,423,638
CTR.4OGLTL	**95,013**	**95,013**
TR - Orange Grove TWLTL & Bike Lns La Canada Rd to Oracle Rd	95,013	95,013
CTR.4OTNHS	**155,763**	**155,763**
TR - Old Tucson Nogales Hwy Summit Neighborhood	155,763	155,763
CTR.4RTCCI	**105,161**	**105,161**
TR - La Canada Dr Ina Rd to Calle Concordia RTA11	105,161	105,161
CTR.4RTPVL	**150,000**	**150,000**
TR - Palo Verde & Lincoln Hawk Signal & Crosswalk Phase 1	150,000	150,000
CTR.4SAFTY	**73,806**	**73,806**
TR - Safety Improvements 1997 Bond Funded	73,806	73,806
CTR.4SMSPD	**18,926**	**18,926**
TR - Safety Management Systems & Program Development	18,926	18,926
CTR.4SRCRA	**182,489**	**182,489**
TR - Sunrise Dr Craycroft Rd to Kolb Rd	182,489	182,489
CTR.4STBSP	**264,316**	**264,316**
TR - Square Tube Breakaway Sign Posts	264,316	264,316
CTR.4STPCS	**790,000**	**790,000**
TR - S Tucson Pavement Chip Seal	790,000	790,000
CTR.4TVCHH	**199,683**	**199,683**
TR - Tanque Verde Rd Catalina Hwy to Houghton Rd RTA27	199,683	199,683
CTR.PCHFBI	**512,854**	**512,854**
TR - Pima County HURF Bond Issuance Costs	512,854	512,854
Grand Total	**7,411,620**	**7,411,620**

DECLARATION OF OFFICIAL INTENT
TO REIMBURSE
ORIGINAL EXPENDITURE
FROM PROCEEDS OF FUTURE DEBT ISSUES
General Obligation Bond Authorization, Highway & Streets Bond Authorization, Sewer Revenue Obligations, and Certificates of Participation or other debt obligations
July 1, 2011

The undersigned attests to the declaration on behalf of the Board of Supervisors of Pima County, Arizona (the "County") that, within the meaning of Treasury Regulations Section 1.150-2, at the time of the June 21, 2011 final adoption of the Fiscal Year 2011-12 budget, the Board approved the expenditures of $463,521,684 for the projects described in Paragraph 3, with the express intention to use bond, certificate of participation, or other obligations proceeds (from the 1997, 2004 or 2006 bond authorization), sewer revenue obligations debt proceeds or proceeds from certificates of participation for the payment of the expenditures. Bonds, revenue obligations, certificate of participation or other obligations have been budgeted but have not yet been sold for these expenditures and the approval of the purchase was with the intent and reasonable expectation that the original expenditures made by or for the benefit of the County in a maximum principal amount of $463,521,684 was to be issued over a series of installments for the projects and capital equipment more fully described in Paragraph 3.

Further, the undersigned is authorized to make this declaration on behalf of the Board of Supervisors of Pima County, Arizona (the "County") and hereby declares as follows:

1. This is a Declaration of Official Intent within the meaning of Treasury Regulations Section 1.150-2.

2. The Board intends and reasonably expects that the original expenditures made by the County more fully described in Paragraph 3 will be reimbursed with proceeds of bonds, revenue obligations, certificates of participation or other obligations to be issued by or for the benefit of the County in a maximum principal amount of $463,521,684 to be issued over a series of installments for the projects and capital equipment described in Paragraph 3.

3. The original expenditures referred to in paragraph 2 to be reimbursed to the General Fund, Special Revenue Fund, Capital Project Fund, or Enterprise Fund are for planning, design, acquisition, construction, improvement and equipping of various County sites, buildings, facilities and infrastructure and for other capital purposes. Please see attachments.

Dated as of this 25th day of October, 2011.

PIMA COUNTY, ARIZONA

By: Tom Burke

Tom Burke
Finance and Risk Management Director
Board Representative for Declaration of Intent

SUMMARY OF ACTIVE CAPITAL IMPROVEMENT PROJECTS
FISCAL YEARS 2011/2012 - 2015/2016 AND BEYOND

Project Name	Prior Years Expenditures	FY 2011/12 Adopted	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	Beyond	Total
Ina Road WPCF Class A Biosolids Improvements	500,000	5,171,800	11,620,600	9,945,000	4,972,500			32,210,000
Ina Road WPCF SCADA Process Optimization	258,697	350,000	183,273					791,970
Ina Road WPCF Upgrade of Blower Heat Exchanger	965,000	10,000					2,000,000	2,000,000
Ina Road WRF East Plant		1,225,000	1,715,000					975,000
Ina Road WRF Primary Clarifier Concrete Repair		525,000	440,000	10,000				2,940,000
Ina Road WRF Replacement of Thickened Sludge Pumps	25,000	60,000	354,500					975,000
Ina Road WRF Rough Screens	250,000	100,000						439,500
La Canada: River Road to Ina Road, Sewer Utility		100,000						350,000
La Cholla: Magee Road to Tangerine Road, Sewer Utility		100,000	25,000					100,000
Magee/Cortaro Farms Road: Thornydale to La Canada,		200,000						125,000
Marana WWTP Expansion	16,353,142	2,182,582	10,000			22,010,882		38,564,024
North Rillito Interceptor Relief Sewer	80,228	4,433,079						2,272,810
PCRWRD Central Laboratory Complex	11,726,921	5,835,266	1,426,324					18,160,000
PCRWRD Central Laboratory Complex Site Civil	3,949,410	2,601,474						11,210,000
Prince Road & I-10 ADOT Sewer Modifications	427,409	700,000						3,028,883
Quail Creek Lift Station	50,000	50,000						750,000
Region Wide Conveyance Odor Control	1,027,030	15,000						1,077,030
Region Wide Conveyance Odor Control System	314,446	62,897	1,075,000	1,230,000	1,110,149		37,559,906	329,446
Roger Road WWTP Demolition	89,716	78,611,916	83,252,828	19,459,413	17,937,668			41,107,668
ROMP 32 MGD Reclamation Campus	15,838,175	30,301,000	16,952,000	3,811,558				215,100,000
ROMP Ina Road WPCF 12.5 MGD Expansion	17,982,000	959,800	4,282,800	672,902				69,046,558
ROMP Ina Road WPCF BNRAS System Modification	4,781,001	40,501,000	36,400,000	6,756,826				10,696,503
ROMP Ina Road WPCF HPO Replacement	45,500,000	7,147,000	2,100,000	393,000				129,157,826
ROMP Ina Road WPCF Power Generation & Distribution	7,840,000	4,325,000	4,134,901	756,110				17,480,000
ROMP SCADA	4,243,989	250,000						13,460,000
RW Conveyance Vapor Treatment Unit Odor Control	459,217	718,000						709,217
Sabino Creek Pump Station	307,904	6,624,693						1,025,904
Santa Cruz Interceptor, Phase III	8,575,063	645,000	10,000					15,199,756
SCADA Cyber Security Upgrade		1,639,000	4,854,000	3,183,000	2,320,000	975,000		655,000
SCADA Master Plan Implementation Program		464,200	2,277,000	2,115,000				12,971,000
Security Master Plan Implementation Program	475,434	9,600						4,856,200
Sewer Manhole Rehabilitation		4,138,750	4,917,000	5,782,250	3,000,000			485,034
Sewer Utility Modification Program	210,800	10,200						17,838,000
Skyline: Country Club to Hacienda del Sol			2,135,000	3,996,000	500,000			221,000
System Wide Treatment Rehabilitation and Enhancement Program	200,000	1,590,978	3,356,000	4,000,000	1,988,250			6,631,000
System-Wide Conveyance Rehabilitation Program	19,772	4,504,468	9,990,000	10,000,000	12,000,000	4,500,000		11,135,228
System-Wide Sewer Conveyance Augmentation Program								41,014,240
Tanque Verde Interceptor: Craycroft to Tucson Country Club	205,504	750,496					11,242,813	11,242,813
WW Avra Valley WRF Security		675,000						956,000
WW Sewer Manhole Rehabilitation #2								675,000
Regional Wastewater Reclamation Total	168,915,858	238,636,349	216,735,026	77,267,943	43,828,567	27,485,882	50,802,719	823,672,344
Total Capital Improvement Projects	**552,112,798**	**463,521,684**	**373,955,455**	**212,322,878**	**97,859,525**	**50,266,573**	**401,408,389**	**2,151,447,302**
Less: Fleet Services		**(1,647,875)**						
Less: Telecommunications		**(2,078,000)**						
Less: Regional Wastewater Reclamation		**(238,636,349)**						
Total FY 2011/12 Adopted Capital Projects Fund		**221,159,460**						

SUMMARY OF ACTIVE CAPITAL IMPROVEMENT PROJECTS
FISCAL YEARS 2011/2012 - 2015/2016 AND BEYOND

Project Name	Prior Years Expenditures	FY 2011/12 Adopted	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	Beyond	Total
Facilities Management								
8th Floor Superior Courts Additional Courtrooms	3,500,000	8,500,000						12,000,000
Abrams 1st to 2nd Floor Relocation	293,000	1,457,000						1,750,000
ADA Facility Accessibility Projects	78,516	33,750	52,774	61,408				226,448
Administration 4th Floor Tenant Improvements		2,365,000						2,365,000
Amado - UCHC Health Clinic	132,000	12,000						144,000
Arizona Sonora Desert Museum - Gray Water	100,938	99,062						200,000
Arthur Pack and Winston Reynolds Manzanita Park Lighting Baseball Fields	330,000	1,445,000						1,775,000
Downtown Complex	1,046,374	275,000						1,321,374
Facilities Building Improvements		1,500,000						1,500,000
Install Gas-to-Electric Turbines at the Adult Detention Complex	50,000	711,688						761,688
Justice Court/Municipal Court Complex	30,954,833	36,030,000	11,845,997	30,000,000	20,000,000			128,830,830
Psychiatric Hospital (2004 & 2006 Authority)	41,011,793	2,480,530						43,492,323
Psychiatric Urgent Care Center	14,949,421	800,580					500,000	16,250,001
Rehabilitation of Old Courthouse	4,709		500,291	3,995,000				4,500,000
Replace Administration & Building M Roofs	5,000	295,000						300,000
Replace Motors in the Downtown Governmental Complex	336,670	243,330	20,000					600,000
Retrofit the Downtown Central Plant Chilled Water System	570,000	950,000						1,520,000
Southern Arizona Indoor Sports Center at Curtis Park	25,000	6,655,000	2,270,000					8,950,000
Theresa Lee Health Clinic	460,248	737,795	669,640					1,867,683
UPH Abrams Clinics	900,000	2,600,000						3,500,000
Wilmot Branch Library	5,043,155			1,956,845				7,000,000
Facilities Management Total	99,791,657	67,190,735	15,358,702	36,013,253	20,000,000	0	500,000	238,854,347
Transportation								
ADA Pedestrian Improvements	388,929	50,000	50,000	36,070				524,999
Agua Caliente Safe Routes to School	507,184	242,000	78,543					827,727
Alvernon Bike Lanes: Golf Links to Ajo	322	23,500	250,000					273,822
Alvernon Way/Valencia Intersection Improvements	528,947	2,465,789	15,000					3,009,736
ARRA Intersection Control & Crosswalk Renewal	600,000	789,000						1,389,000
Aviation Parkway: Richey to Technical Dr.	100,000	250,000						350,000
Barraza/Aviation Parkway: Palo Verde Road to I-10	711,262	75,000					19,600,000	19,600,000
Bear Canyon Bike Lanes: Snyder to Indian Bend	1,347,247							786,262
Broadway Boulevard: Euclid Avenue to Country Club	1,777,778	222,222					23,652,753	25,000,000
Camino de Manana: Tangerine to Linda Vista	150,152	500,000	1,933,038	431,964				2,000,000
Camino De Oeste: Los Reales to Valencia Road	28,000	150,000	500,000					3,015,152
Centennial Elementary School: Safe Routes		250,000	297,000					678,000
Colossal Cave Bike Lanes	1,487,938							547,000
Colossal Cave Road: Acacia School to Old Vail Road	70,000	385,000					4,615,000	6,102,938
Colossal Cave Road: Success Drive & Ruthrauff Culvert	1,088,542		151,537					455,000
Continental Elementary & Middle School Safe Routes	956,948							1,240,079
Cortaro Farms Road: Camino de Oeste to Thornydale	208		16,000				15,072,754	16,029,702
Country Club Road Bike Lane: Irvington to Valencia	42,580							16,208
Drexel Road: Tucson Boulevard to Alvernon Way							19,957,419	19,999,999
First Avenue: Orange Grove Road to Ina Road	355,850	311,384					7,256,000	7,256,000
Flowing Wells Sidewalks: River to Roger	20,000	500,000	1,500,000	812,000				667,234
General Hitchcock Highway Infrastructure Repairs	100,000	580,000						2,832,000
Golder Ranch Road Bridge at CDO Wash		102,218	110,221	232,000	353,561			680,000
Harrison Road Bike Lanes	654,981		100,215					798,000
Hohokam Middle School Bike Lane, Pathways, and Landscape	446,717	300,000	930,000	31,249				755,196
Homer Davis Elementary Bicycle & Pedestrian Enhancement	133,884	3,800,000	3,750,000					1,707,966
Houghton Road: Interstate 10 to Tanque Verde Road							25,046,136	32,730,000

SUMMARY OF ACTIVE CAPITAL IMPROVEMENT PROJECTS
FISCAL YEARS 2011/2012 - 2015/2016 AND BEYOND

Project Name	Prior Years Expenditures	FY 2011/12 Adopted	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	Beyond	Total
I-19 Frontage Road: Continental Road to Canoa Road	23,248,150	100,000	370,849					23,718,999
Ina Road at Oracle Road Intersection	2,548,682	1,500,000						4,048,682
Intelligent Transportation Systems (Signals Coordination & Cabinet Upgrade)	1,119,422	1,000						1,120,422
Irvington at Mission	95,043	100,000						195,043
Kinney Road: Ajo Way to Bopp Road	3,367,712						17,016,629	20,383,341
Kino Parkway Overpass at 22nd Street	791,833	10,000					9,198,167	10,000,000
Kolb Road: Sabino Canyon Road to Sunrise Drive	2,872,054						10,970,947	13,843,001
La Canada Drive: Ina Road to Calle Concordia	22,049,995	3,472,478	2,571,697					28,094,170
La Cholla Boulevard: Magee Road to Overton Road	8,414,204	4,000,000	9,000,000	6,000,000	4,927,714	5,712,647		38,054,565
La Cholla Boulevard: River Road to Ruthrauff Road	4,525,632	6,533,737	9,250,229	6,689,733	1,400,669	300,000		28,700,000
Laguna Elementary School Sidewalks/Landscaping	17,681,621	710,376	899,002					19,290,999
Madera Canyon at Florida Canyon Wash	546,995	468,713	106,047					1,121,755
Madera Canyon Rd at Medium Wash	389,780						1,000,000	1,389,780
Magee Road/Cortaro Farms Road: Corridor Study & Thornydale Road to Mona Lisa	399,422						1,000,000	1,399,422
Magee Road/Cortaro Farms Road: Mona Lisa to La Canada	5,494,639	5,520,745	10,099,000	6,304,000	2,700,000			30,118,384
Magee Road: La Cañada Drive to Oracle Road	4,592,597	8,482,000	10,729,110	2,049,415				25,853,122
Mainsail Boulevard/Twin Lakes Drive: Twenty-Seven Wash	1,412,598	1,266,144	8,695,000	5,715,229	2,359,430			19,448,401
Manzanita Elementary Safe Routes to School Design Project	246,886						7,152,280	7,399,166
Marsh Station Bridge South Abutment Repair	35,000	55,000						90,000
Miscellaneous Bike Safety Improvement Projects	225,000	25,000						250,000
Mission Road Paved Shoulder	169,000	5,000	235,000					409,000
Mt. Shadow/Ventana Signal	5,000	45,000						50,000
Neighborhood Transportation Improvements	75,000	375,000						450,000
Old Tucson-Nogales Highway: Summit Neighborhood	675,690	73,000	73,000	73,000	73,000	32,284	8,291,589	9,291,573
Orange Grove Bike Lanes: Oracle to Camino La Zorrola	146,584	300,000	1,871,204					2,417,788
Orange Grove Road at Geronimo Wash	463,710	11,000						474,710
Orange Grove Road: Camino de la Tierra to La Cholla Boulevard	116,189							1,899,113
Orange Grove Road: Corona Drive to Oracle Road (Phase 1)	272,000	3,700,000	1,160,000				1,782,924	5,132,000
Orange Grove Road: Thornydale Road to Corona Drive (Phase 2)	1,126,016							17,781,545
Orange Grove Two-Way-Left-Turn-Lane & Bike Lanes: La Canada Road to Oracle Road	2,897,960						16,655,529	15,143,273
Palo Verde/Lincoln: Hawk Signal & Crosswalk	26,000	355,000					12,245,313	380,000
Pavement Preservation Program	25,000	125,000						150,000
Picture Rock & Desert Winds Enhancements		5,000,000						5,000,000
Picture Rocks and Sandario Beacon	1,135,770		109,605					1,245,375
Railroad Overpass: Ruthrauff Road	85,043	1,000						86,043
Safe Routes to School Demonstration Project								62,000,000
Safety Improvements / 1997 Bond Funded	39,000	60,000	50,000				62,000,000	149,000
Safety Management Systems and Program Development	424,932	235,000	9,169					669,101
Silverbell Road at Blanco/Brawley Washes	774,875	20,000	17,000					811,875
South Tucson Pavement Chip Seal	417,481	4,250	4,250	4,250	4,250	4,250	2,075,264	2,513,995
Square Tube Breakaway Sign Posts	400,000	400,000						800,000
Sunrise Drive: Craycroft Road to Kolb Road	530,865	64,805	20,000					615,670
Sunset Road: Silverbell Road to I-10 to River Road	12,343,147	100,000	1,100,245					13,543,392
Tanque Verde Road: Catalina Highway to Houghton Road	4,688						24,810,632	24,815,320
Thornydale: Cortaro Farms Road to Linda Vista Boulevard	12,516,160	2,107,927	1,375,913					16,000,000
Valencia Road Bike Lanes: Cardinal to Mission	953,413						19,446,581	20,399,994
Valencia Road Street Lighting, Sidewalk, and Widening	268,482	110,000						378,482
Valencia Road: Alvernon Road to Wilmot Road	122,597	1,189,674	551,406					1,863,677
Valencia Road: Benson to Littletown	2,570,298	4,336,000	4,870,000	13,500,000	12,000,000	2,000,000	2,000,000	41,276,298
Valencia Road: Mark Road to Wade Road		150,000						150,000
Valencia Road: Mountain Eagle Road to Ajo Highway	1,721,737	1,470,999	3,630,933	7,914,352	3,717,139	2,469,000		20,924,160
							14,000,000	14,000,000

SUMMARY OF ACTIVE CAPITAL IMPROVEMENT PROJECTS
FISCAL YEARS 2011/2012 - 2015/2016 AND BEYOND

Project Name	Prior Years Expenditures	FY 2011/12 Adopted	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	Beyond	Total
Valencia Road: Wade Road to Mountain Eagle Road	652,574	1,690,000	9,520,000	1,750,000		500,000	15,500,000	16,000,000
Valencia Road: Wilmot Road to Kolb Road	297,845	1,000	1,000	1,000				13,612,574
Video Detection @ Traffic Signals	152,810,770	65,170,961	86,101,211	51,544,262	27,535,763	11,018,191	340,344,917	300,845
Transportation Total								734,626,075
Sheriff Department								
Communications Emergency Operations Center	8,621,875	17,058,020	7,984,411	2,712,220				
Regional Public Safety Communications System	18,320,206	7,876,569	10,176,115	26,374,367				36,376,528
Thomas Price Service Center Communications Center Expansion	260,541	1,626,794	2,555,501					62,747,257
Sheriff Department Total	27,202,622	26,561,383	20,716,027	29,086,587	0	0	0	4,442,836
								103,566,619
Regional Flood Control								
Arroyo Chico Detention Basin (USACOE)	11,620,885	802,000	1,010,000					
Cañada del Oro River Park: Thornydale to Magee	2,977,233	506,400						13,432,885
City of South Tucson Urban Drainage	1,504,897	214,102						3,483,633
Diablo Village Regional Detention Basins	1,452,657							1,718,999
El Corazon de los Tres Rios Del Norte	25,000	200,000	50,000	50,000	25,000	5,150,000		6,602,657
El Rio Medio (USACOE Study)	910,953	25,000	25,000	50,000		2,300,000		2,650,000
Floodprone and Riparian Land Acquisition	3,200,780	1,187,000						1,010,953
Floodprone Land Acquisition Program	17,799,273	3,000,000	2,000,000	1,000,000	1,000,000	1,000,000		4,387,780
Pantano Wash Watershed Study	533,576	100,000	100,000					25,799,273
Pantano Wash: Kolb Executive Park Bank Protection	753,551	1,000						733,576
Pantano Wash: Mullins Landfill Bank Protection	587,218	1,000						754,551
Pantano Wash: Pantano Townhomes Bank Protection	785,609	1,000						588,218
Pantano Wash: Speedway to Tanque Verde	2,916,594	3,508,700						786,609
Pascua Yaqui Tribe Black Wash Urban Drainage Flood Control Improvements	526,775	473,011						6,425,294
Roger Road and I-10 Drainage Improvement		500,000	1,441,000	2,956,000				999,786
Santa Cruz River Continental Ranch Remediation	680,090	250,000	250,000	250,000	250,000	250,000		4,897,000
Santa Cruz River Flood Control, Erosion Control and Linear Park: Ajo to 29th Street	32,190	748,025	6,810,000	6,225,000	391,975			1,930,090
Santa Cruz River Watershed Study	550,823	100,000	100,000					14,005,190
Santa Cruz River: Grant Road to Camino del Cerro River Park	2,318,058	2,500,000						750,823
Santa Cruz River: Paseo de Las Iglesias Restoration (USACOE Study)	3,940,534	914,884						4,818,058
Tanque Verde Creek: Sabino Canyon to Craycroft (USACOE)	549,295		350,000	1,000,000	25,000			4,855,418
Tohono O'Odham Nation Urban Drainage	606,489	893,510						1,924,295
Tres Rios del Norte (USACOE Study)	1,478,727	50,000	100,000	130,000				1,499,999
Urban Drainage	2,031,335	5,000,000	4,000,000	3,000,000	3,000,000	3,000,000		1,758,727
Regional Flood Control Total	57,782,542	20,973,632	18,036,000	14,661,000	4,691,975	11,700,000	0	20,031,335
								125,845,149
Open Space								
Kino at 36th: Little America Refining Property Acquisition	57,650	942,350						
Open Space Preservation		244,314						1,000,000
Painted Hills Property Acquisition	14,860	7,999,660						244,314
Sweetwater Canyon Property Acquisition		1,605,000						8,014,520
Town of Oro Valley: Kelly Ranch	5,802		1,547,968					1,605,000
Town of Sahuarita Priorities		1,499,500						1,553,770
Open Space Total	78,312	12,290,824	1,547,968	0	0	0	0	1,499,500
								13,917,104
Parks and Recreation								
Arroyo Chico	366,000	157,910	476,090					
Atturbury Wash Sanctuary	681,746	183,951						1,000,000
Bicycle Lane on Sahuarita Road	387,338	1,112,661						865,697
Catalina Community Park	378,420		616,000					1,499,999
								994,420

SUMMARY OF ACTIVE CAPITAL IMPROVEMENT PROJECTS
FISCAL YEARS 2011/2012 - 2015/2016 AND BEYOND

Project Name	Prior Years Expenditures	FY 2011/12 Adopted	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	Beyond	Total
Houghton Greenway	53,405	1,346,595						1,400,000
Julian Wash Linear Park	2,496,102	303,587						2,799,689
Lawrence Park Ball Field and Lighting		300,000						300,000
Lincoln Park Softball Field Improvements	2,926,167	793,833						3,720,000
Northside Community Center	410,521	2,381,516	1,707,500	1,000,462				5,499,999
Rillito River Park: Mountain to Campbell (South Bank)	283,970	23,466						307,436
Santa Cruz River Community Park-Menlo Park	551,064	298,937						850,001
Santa Cruz River Park: Irvington to Valencia	57,495	10,000	9,807	1,056,518				1,133,820
Southeast Community Park	346,792	3,928,096	1,725,111					5,999,999
Southeast Regional Park/Shooting Range	2,167,225	900,000						3,067,225
Tortolita Trail System	732,795	392,007						1,124,802
Parks and Recreation Total	11,839,040	12,132,559	4,534,508	2,056,980	0	0	0	30,563,087
Finance and Risk Management								
PimaCore Resource Management System	17,544,997	5,991,216	963,787					24,500,000
Finance and Risk Management Total	17,544,997	5,991,216	963,787	0	0	0	0	24,500,000
Community Development								
29th Street Coalition Freedom Park		225,000	275,000					500,000
5 Points Business Coalition		40,000		456,880				496,880
Avondale Neighborhood Project	195,600	100,000						295,600
Barrio Centro	263,690	200,000						463,690
Barrio Kroeger Lane	124,983	87,017						212,000
El Banco Remodel	450,000	150,000						600,000
Elvira Neighborhood	348,140	100,000						448,140
Esperanza En Escalante Veterans Housing Project	178,000	1,000,000						1,178,000
1997 Neighborhood and Housing Reinvestment	161,146			694,411				855,557
Honea Heights Redevelopment Project		600,000						600,000
Housing Reinvestment 2004 Authorization		886,654						886,654
Iowa Project	77,016	89,524						166,540
Lessons From Civano Project	139,880	9,457	9,456					158,793
Menlo Park Neighborhood	398,975	100,000						498,975
NSP Acquisition Program		147,898						147,898
South Tucson Youth Mission View & Ochoa		425,000						425,000
Tourney Park		488,000						488,000
Wakefield Neighborhood Project		400,000	100,000					500,000
Community Development Total	2,337,430	5,048,550	384,456	1,151,291	0	0	0	8,921,727
Cultural Resources								
Ajo Curley School Historic Art Institute	333,566	131,434						465,000
Anza National Historic Trail	103,190	11,659						114,849
Anza Trail - Llano Grande Campsite	64,609	441,835	200,000					706,444
Anza Trail - Oit Pars Campsite	652,291	50,000	165,000	226,268				1,093,559
Canoa Ranch Buildings Rehabilitation	7,196	50,000	240,000	209,804				507,000
Canoa Ranch General: Repairs, etc.	774,981	625,290						1,400,271
Dakota Wash Site Acquisition	316,189	30,000						346,189
Fort Lowell - Atkins Steel Acquisition	525,000	75,000						600,000
Honey Bee Village Site Acquisition	1,711,208	500,000	314,811					2,526,020
The Ajo Train Depot Historic Rehabilitation Project	1,480,000	170,000						1,650,000
Tumamoc Hill Acquisition	160,993	489,007						650,000
Cultural Resources Total	1,237,074	100,000						1,337,074
	7,366,298	2,674,225	919,811	436,072	0	0	0	11,396,406

SUMMARY OF ACTIVE CAPITAL IMPROVEMENT PROJECTS
FISCAL YEARS 2011/2012 - 2015/2016 AND BEYOND

Project Name	Prior Years Expenditures	FY 2011/12 Adopted	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	Beyond	Total
Information Technology								
Capital Project Management Environment		195,000	145,000					340,000
Data Center Storage Upgrade		550,000						550,000
Defense Case Tracking	811,621	315,696	42,990	42,990	42,990			1,256,287
Footprints ITIL Implementation		100,000						100,000
Infrastructure and Application Monitoring		180,000						180,000
Pima Government Website	300,000	320,000	115,000					735,000
Pima Health Information Management System		168,000						168,000
Public Fiduciary Application System		100,000	50,000					150,000
Public Works Permitting/Licensing Application		600,000	600,000					1,200,000
Information Technology Total	1,111,621	2,528,696	952,990	42,990	42,990	0	0	4,679,287
Solid Waste								
El Camino del Cerro LOU Project	11,188	1,013						12,201
Environmental Remediation/El Camino Del Cerro Landfill	3,475,807	575,666			1,697,730			5,749,203
Tangerine Closure							9,760,753	9,760,753
Waste Tire Collection Site Relocation	679,656	20,000	800,344					1,500,000
Solid Waste Total	4,166,651	596,679	800,344	0	1,697,730	0	9,760,753	17,022,157
Fleet Services								
New Services Facilities	400,000	1,512,875	8,487,125					10,400,000
Richey Road Fuel Station	365,000	135,000						500,000
Fleet Services Total	765,000	1,647,875	8,487,125	0	0	0	0	10,900,000
Telecommunications								
Analog Line Replacement for VoIP Project		119,000	62,500	62,500	62,500	62,500		369,000
Catalyst 4500 Sup Upgrade and COT Connection		105,000	105,000					210,000
Disaster Recovery at Country Club	250,000		250,000					500,000
Enterprise Network Security Upgrade		370,000						370,000
Phone System Replacement of the Switch located at the Old Courthouse	150,000	1,484,000						1,634,000
Telecommunications Total	400,000	2,078,000	417,500	62,500	62,500	62,500	0	3,083,000
Regional Wastewater Reclamation								
22nd Street: I-10 to Tucson Boulevard, Sewer Utility		373,000	392,000	412,000				1,177,000
Broadway: Euclid to Campbell, Sewer Utility			115,000					115,000
Continental Ranch Regional Pump Station	234,000	5,000						239,000
Conveyance SCADA System Upgrade Richey Road to Ina Road		569,000	2,025,000	664,000				3,258,000
Corona de Tucson WRF Second Fine Screen		156,000						156,000
Corona de Tucson WRF Security Improvements		1,066,000						1,066,000
Corona de Tucson WWTF UV Disinfection & Filtration			2,000,000	2,000,000				4,000,000
CRRPS Facility Modifications		2,231,500	644,000					2,875,500
DMAFB Flow Meter Station	100,000	268,000						368,000
Forty Niner Country Club Rehabilitation	175,000	1,950,000						2,125,000
Grant Road Corridor Improvement: Sewer Utility		220,000	231,000	243,000				694,000
Green Valley WRF Replace Washer/Compactor	275,000	10,000						285,000
Green Valley WRF Security Improvements		984,800	10,000					994,800
Green Valley WWTF - Sludge Digestion Facility Cover		500,000						500,000
Harrison Road: Millmar Road to Escalante Road		712,950						712,950
Ina Rd WRF - Grit Classifiers	90,000	215,000	300,000					605,000
Ina Road Aeration Optimization	463,000	682,000						1,145,000
Ina Road WPCF Biosolids Facilities Improvements	24,943,000	21,104,800	19,507,800	1,837,884				67,393,484

AGENDA SUMMARY

Pima County Board of Supervisors'
Special Final Budget Adoption Meeting
130 W. Congress St., Hearing Room, 1st Fl.
June 21, 2011 9:00 a.m.

1. **ROLL CALL**

2. **INVOCATION**

   To be offered by Pastor Brian Steely, Sahuarita Baptist Church.

3. **PLEDGE OF ALLEGIANCE**

4. **FINAL BUDGET ADOPTION HEARINGS**

BOARD OF SUPERVISORS SITTING AS OTHER BOARDS

. . . **FLOOD CONTROL DISTRICT BOARD**

Adopt Flood Control District Final Budget for Fiscal Year 2011- 2012. If approved, pass and adopt:

RESOLUTION NO. 2011 - FC 4

Motion carried to approve (3/2)

. . . **IMPROVEMENT DISTRICT BOARD**

Adopt Improvement District Final Budgets for Fiscal Year 2011- 2012 as follows:

A. Resolution No. 10, in the amount of $45,000.00 for Hayhook Ranch.

Motion carried to approve (5/0)

B. Resolution No. 15, in the amount of $12,870.00 for Mortimore Addition.

Motion carried to approve (5/0)

C. Resolution No. **18,** in the amounts shown below for each of the following districts:

Street Lighting Improvement District	
Desert Steppes	$ 1,971
Hermosa Hills Estates	$ 1,690
Longview Estates No. 1	$ 3,566
Longview Estates No. 2	$ 4,130
Rolling Hills	$ 6,950
Mañana Grande B	$ 2,816
Mañana Grande C	$ 4,599
Carriage Hills No. 1	$ 3,285
Lakeside No. 1	$ 2,628
Carriage Hills No. 3	$ 1,126
Cardinal Estates	$ 5,829
Orange Grove Valley	$ 2,910
Peppertree	$ 4,354
Littletown	$ 7,261
Midvale Park	$ 5,925
Peach Valley	$ 1,554
Oaktree No. 1	$ 9,962
Oaktree No. 2	$ 7,818
Oaktree No. 3	$ 10,247
Salida Del Sol	$ 6,425

Motion carried to approve (5/0)

. . . **LIBRARY DISTRICT BOARD**

Adopt Library District Final Budget for Fiscal Year 2011-2012.
If approved, pass and adopt:

RESOLUTION NO. 2011 - LD **2**

Motion carried to approve (3/2)

. . . **STADIUM DISTRICT BOARD**

Adopt Stadium District Final Budget for Fiscal Year 2011-2012.
If approved, pass and adopt:

RESOLUTION NO. 2011 - SD **2**

Motion carried to approve (4/1)

BOARD OF SUPERVISORS SITTING IN REGULAR SESSION

BOARD OF SUPERVISORS

A. Adopt Final Budget for Fiscal Year 2011-2012.
If approved, pass and adopt:

RESOLUTION NO. 2011 - **93**

Motion carried to approve (3/2)

B. Adopt Debt Service Final Budget for Fiscal Year 2011-2012.

Motion carried to approve (3/2)

5. **ADJOURNMENT**

POSTED: Levels A & B, 1st & 5th Floors, Pima County Administration Bldg.

DATE POSTED: 6/15/11

TIME POSTED: 5:00 p.m.

TAX COMPLIANCE CERTIFICATE ATTACHMENT E:

VERIFICATION REPORT

See Tab 9 of this Transcript.

$32,945,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

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 May 1, 2012 (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 May 1, 2012 (the "Bond Registrar and Paying Agent Agreement"), between the County and the Bank, entered into in connection with the $32,945,000 Pima County, Arizona, Street and Highway Revenue Bonds, Series 2012 (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 the 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 the 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: May 30, 2012

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name: Keith Henselen
Its: Assistant Vice President

[Signature page of Certificate of Depository Trustee, Registrar and Paying Agent]

EXHIBIT A

ASSISTANT SECRETARY'S CERTIFICATE AS TO SIGNATURE AUTHORITY

usbank

U.S. BANK NATIONAL ASSOCIATION
ASSISTANT SECRETARY CERTIFICATE

I, Cara L. Seeley-Johnson, an Assistant Secretary of U.S. Bank National Association, hereby certify that the following is a true and exact extract from the Bylaws of U.S. Bank National Association, a national banking association organized under the laws of the United States.

ARTICLE VI.
CONVEYANCES, CONTRACTS, ETC.

All transfers and conveyances of real estate, mortgages, and transfers, endorsements or assignments of stock, bonds, notes, debentures or other negotiable instruments, securities or personal property shall be signed by any elected or appointed officer.

All checks, drafts, certificates of deposit and all funds of the Association held in its own or in a fiduciary capacity may be paid out by an order, draft or check bearing the manual or facsimile signature of any elected or appointed officer of the Association.

All mortgage satisfactions, releases, all types of loan agreements, all routine transactional documents of the Association, and all other instruments not specifically provided for, whether to be executed in a fiduciary capacity or otherwise, may be signed on behalf of the Association by any elected or appointed officer thereof.

The Secretary or any Assistant Secretary of the Association or other proper officer may execute and certify that required action or authority has been given or has taken place by resolution of the Board under this Bylaw without the necessity of further action by the Board.

I further certify the following officers of U.S. Bank National Association have been duly appointed and qualified officers of the Association authorized to act under Article VI of the Bylaws of the Association and that such authority is in full force and effect as of the date hereof and have not been modified, amended or revoked.

Mary J. Ambriz-Reyes	Vice President	Robert L. Von Hess	Vice President
Brenda D. Black	Vice President	Keith N. Henselen	Asst. Vice President
Brad Stevenson	Vice President		

IN WITNESS WHEREOF, I have set my hand this 7th day of November, 2011.

(No corporate seal)

Cara L. Seeley-Johnson, Assistant Secretary

S:\affidavit\sec-certs\ Stevenson-reyes

$32,945,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

CERTIFICATE AS TO SATISFACTION OF DEBT SERVICE COVERAGE REQUIREMENTS

The undersigned Finance and Risk Management Director 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"), Resolution No. 2009-302, adopted by the Board of Supervisors of the County on November 17, 2009 (the "2009 Resolution"), and Resolution No. 2012-24, adopted by the Board of Supervisors of the County on April 10, 2012, including the Certificate of Award executed pursuant thereto by the Chairman on May 14, 2012:

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") authorized by the 2007 Resolution, the Street and Highway Revenue Bonds, Series 2008 (the "2008 Bonds") authorized by the 2008 Resolution, and the Street and Highway Revenue Bonds, Series 2009 (the "2009 Bonds") authorized by the 2009 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, the 2009 Bonds and the Bonds, (b) all payments and deposits with respect to the 2002 Bonds, the 2003 Bonds, the 2005 Bonds, the

2007 Bonds, the 2008 Bonds and the 2009 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.

[Remainder of page left blank intentionally]

Dated: May 30, 2012

PIMA COUNTY, ARIZONA

By: _____

Thomas Burke
Finance and Risk Management Director

[Signature page of Certificate as to Satisfaction of Debt Service Coverage Requirements]

$32,945,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

CERTIFICATE OF FINANCE AND RISK MANAGEMENT DIRECTOR

The undersigned Finance and Risk Management Director of Pima County, Arizona (the "County"), does hereby certify or direct, as applicable, as follows with respect to the issuance of the above-described Bonds (the "Bonds"), authorized by Resolution No. 2012-24, adopted by the Board of Supervisors of the County on April 10, 2012, including the Certificate of Award executed pursuant thereto by the Chairman on May 14, 2012 (collectively, 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 $4,507.52.

2. $16,349,898.92 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.

3. The balance of the proceeds received from the sale of the Bonds, $20,000,000.00 shall be set aside and used for the purposes provided in the Bond Resolution.

[Remainder of page left blank intentionally]

Dated: May 30, 2012

PIMA COUNTY, ARIZONA

By: _____

Thomas Burke
Finance and Risk Management Director

[Signature page of Certificate of Finance and Risk Management Director]

$32,945,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

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 $32,945,000 in aggregate principal amount of Pima County, Arizona Street and Highway Revenue Bonds, Series 2012 (the "Bonds"), issued by the County pursuant to Resolution No. 2012-24, passed, adopted and approved by the Board of Supervisors of the County on April 10, 2012, including the Certificate of Award executed pursuant thereto by the Chairman on May 14, 2012 (collectively, the "Resolution"), authorizing and providing for the issuance and ordering the sale of the Bonds, the undersigned has received from Robert W. Baird & Co. Incorporated (the "Underwriter"), the sum of $20,004,507.52, representing a portion of the total purchase price of the Bonds, as follows:

(i) $36,354,406.44 received from the Underwriter on the date hereof;

less

(ii) $16,349,898.92 paid by the Underwriter directly to U.S. Bank National Association, as Depository Trustee under a Depository Trust Agreement, dated as of May 1, 2012, 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) $20,000,000.00 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) $4,507.52 will be deposited into the Debt Service Fund established by the Resolution.

[Remainder of page left blank intentionally]

Dated: May 30, 2012

PIMA COUNTY, ARIZONA

Beth Ford, County Treasurer

By: Beth Ford

Title: Treasurer of Pima County, Arizona

[Signature page of County Treasurer's Receipt for Bond Proceeds]

$32,945,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

DEPOSITORY TRUSTEE'S RECEIPT FOR FUNDS AND SECURITIES

U.S. Bank National Association, as depository trustee (the "Depository Trustee") pursuant to a Depository Trust Agreement, dated as of May 1, 2012 (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 $32,945,000 Pima County, Arizona Street and Highway Revenue Bonds, Series 2012 (the "Bonds"), in the amount of $16,349,898.92, 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 cash balance of $0.73, and (c) purchase the Acquired Obligations (as defined in the Depository Trust Agreement).

[Remainder of page left blank intentionally]

Dated: May 30, 2012.

U.S. BANK NATIONAL ASSOCIATION

By: _____

Name: Brenda D. Black

Its: Vice President

[Signature page of Depository Trustee's Receipt for Funds and Securities]

$32,945,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

UNDERWRITER'S RECEIPT FOR THE BONDS

Receipt of the Pima County, Arizona Street and Highway Revenue Bonds, Series 2012 (the "Bonds"), in the aggregate principal amount of $32,945,000 is hereby acknowledged as of the date hereof on behalf of the undersigned, Robert W. Baird & Co. Incorporated, as underwriter of the Bonds.

The Bonds are dated May 30, 2012, are in denominations of $5,000 or integral multiples thereof, mature on July 1, in the years 2013 through 2027, 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	$885,000	3.00%
2014	3,610,000	4.00
2015	3,765,000	4.00
2016	3,935,000	5.00
2017	4,145,000	4.00
2018	4,330,000	4.00
2019	1,190,000	3.00
2020	1,225,000	3.00
2021	1,260,000	3.00
2022	1,300,000	4.00
2023	1,350,000	4.00
2024	1,405,000	4.00
2025	1,460,000	4.00
2026	1,520,000	3.00
2027	1,565,000	3.00

Dated: May 30, 2012

ROBERT W. BAIRD & CO. INCORPORATED

By: _____
Name: Charles Gaidos
Its: VP

SQUIRE SANDERS

Squire Sanders (US) LLP
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1 East Washington Street
Phoenix, Arizona 85004

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F +1 603 253 8129
squiresanders.com

May 30, 2012

Pima County, Arizona
Tucson, Arizona

Ladies and Gentlemen:

We have served as bond counsel relating to the issuance by Pima County, Arizona (the "County") of its $32,945,000 aggregate principal amount of bonds designated the Pima County, Arizona Street and Highway Revenue Bonds, Series 2012 (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 April 10, 2012 (the "Bond Resolution"). Capitalized terms not defined in this letter are used as defined in the Bond Resolution.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Bonds, a copy of the signed and authenticated Bond of the first maturity, the Bond, 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, and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

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

1. The Bonds are valid, legal and binding special obligations of the County which, together with other bonds issued on a parity therewith, 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.

37 Offices in 18 Countries

Squire Sanders (US) LLP is part of the international legal practice Squire Sanders which operates worldwide through a number of separate legal entities.
Please visit squiresanders.com for more information.

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

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

In rendering those opinions with respect to treatment of the interest on the Bonds, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the County. Failure to comply with certain of those covenants subsequent to issuance of the Bonds may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

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

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

Respectfully submitted,

Squire Sanders (US) LLP

Form **8038-G**
(Rev. September 2011)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ **Under Internal Revenue Code section 149(e)**
▶ **See separate instructions.**
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If **Amended Return**, check here ▶ ☐

1 Issuer's name Pima County, Arizona	2 Issuer's employer identification number (EIN) 86 6000543
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)	3b Telephone number of other person shown on 3a
4 Number and street (or P.O. box if mail is not delivered to street address) Room/suite 130 West Congress, 6th Floor	5 Report number *(For IRS Use Only)* 3
6 City, town, or post office, state, and ZIP code Tucson, AZ 85701	7 Date of issue 05/30/2012
8 Name of issue Street and Highway Revenue Bonds, Series 2012	9 CUSIP number 721882 EE4
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Thomas Burke, Finance and Risk Management Director	10b Telephone number of officer or other employee shown on 10a (520) 740-8229

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11	Education	11		
12	Health and hospital	12		
13	Transportation	13	36,604,882	20
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 only box 19a ▶ ☐ If obligations are BANs, check only box 19b ▶ ☐			
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐			

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	07/01/2027	$ 36,604,882.20	$ 32,945,000.00	6.7074 years	1.8760 %

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	36,604,882	20
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	402,793 95			
25	Proceeds used for credit enhancement	25				
26	Proceeds allocated to reasonably required reserve or replacement fund	26				
27	Proceeds used to currently refund prior issues	27				
28	Proceeds used to advance refund prior issues	28	16,197,580 73			
29	Total (add lines 24 through 28)			29	16,600,374	68
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	20,004,507	52

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	4.1771 years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ▶	7/1/2013
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	2/06/2003

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35		
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a		
b	Enter the final maturity date of the GIC ▶			
c	Enter the name of the GIC provider ▶			
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37		

38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the following information:

b Enter the date of the master pool obligation ▶

c Enter the EIN of the issuer of the master pool obligation ▶

d Enter the name of the issuer of the master pool obligation ▶

39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐

40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

41a If the issuer has identified a hedge, check here ▶ ☐ and enter the following information:

b Name of hedge provider ▶

c Type of hedge ▶

d Term of hedge ▶

42 If the issuer has superintegrated the hedge, check box ▶ ☐

43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶ ☑

44 If the issuer has established written procedures to monitor the requirements of section 148, check box ▶ ☑

45a If some portion of the proceeds was used to reimburse expenditures, check here ▶ ☐ and enter the amount of reimbursement ▶

b Enter the date the official intent was adopted ▶

Signature and Consent

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

Signature of issuer's authorized representative — Date: 05/30/2012 — Thomas Burke, Finance and Risk Mngmt Dir. (Type or print name and title)

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Todd L. Cooper	Todd L. Cooper	05/30/2012		P01072496

Firm's name ▶ Squire Sanders (US) LLP — Firm's EIN ▶ 34-0648199

Firm's address ▶ 221 E. Fourth Street, #2900, Cincinnati, OH 45202 — Phone no. 513-361-1200

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 11th day of July, 2012, an envelope containing a Form 8038-G, Information Return for Tax-Exempt Governmental Obligations, with respect to the $32,945,000 Pima County, Arizona Street and Highway Revenue Bonds, Series 2012, postage prepaid, certified mail (Certified Mail Number 7007 2680 0000 9191 1403), addressed as follows:

Department of the Treasury
Internal Revenue Service Center
Ogden, Utah 84201

Timothy E. Pickrell

SUBSCRIBED AND SWORN to before me this 11th day of July, 2012.

Notary Public

My Commission Expires:
August 15, 2012

JEAN E REYNOLDS
Notary Public—Arizona
Maricopa County
Expires on 08/15/2012

SQUIRE SANDERS

SQUIRE SANDERS (US) LLP
1 E. WASHINGTON ST., SUITE 2700
PHOENIX, AZ 85004

O +1 602 528 4000
F +1 602 253 8129
WWW.SQUIRESANDERS.COM

Timothy E. Pickrell, Partner
Telephone: 602 528 4031
timothy.pickrell@squiresanders.com

July 11, 2012

Via Certified Mail

Department of the Treasury
Internal Revenue Service Center
Ogden, Utah 84201

Re: $32,945,000 Pima County, Arizona
Street and Highway Revenue Bonds, Series 2012

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

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7007 2680 0000 9191 1403

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

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Certified Fee	2.95
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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 6.40

Prima Hurr 2012

PHOENIX, AZ 85026 JUL 11 USPS

Postmark Here

Sent To Department of the Treasury

Street, Apt. No.; or PO Box No. Internal Revenue Service Center

City, State, ZIP+4 Ogden, UT 84201

PS Form 3800, August 2006 See Reverse for Instructions

Report of Bond and Security Issuance
Pursuant to A.R.S. § 35-501B

This information is due to the Department of Revenue within 60 days of the issue.

1. Jurisdiction: Pima County, Arizona				
2. Issue name/title: Street and Highway Revenue Bonds, Series 2012				
3. Dated Date: 05/30/2012 Closing Date: 05/30/2012			4. Par amount: $32,945,000	
5. Overall Interest rate (TIC OR ~~NIC~~): 2.0578%			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: $149,085,000			9. Total amount outstanding of senior or subordinate bonds: $149,085,000	
10. Original issue price:			11. Total limitations (Constitutional or Statutory) on the type of bonds/securities issued: N/A	
a. Par Amount (Principal Amount)		$32,945,000.00	**For general obligation Bonds:**	
			a. Secondary net assessed value:	N/A
b. Original Issue Discount	(-)	($9,436.95)		
c. Premium Amount	(+)	$3,669,319.15	b. Debt limit percentage:	N/A
d. Original Issue Price	(=)	$36,604,882.20	c. Total debt limit:	N/A
e. Underwriter Compensation (Discount)	(-)	($250,475.76)	12. Available debt limit:	N/A
f. Net Proceeds	(=)	$36,354,406.44	13. Total amount authorized:	N/A
14. Remaining authorized amount:		$89,375,000.00	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 Tom Burke

May 30, 2012
Date

Title, address and phone number

Thomas Burke, Director.
Finance & Risk Management Director
Pima County, Arizona
130 West Congress, 6th Floor
Tucson, Arizona 85701
(520) 740-8229

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) 740-8229

Submit this form with attachments within 60 days of issuance to:

Arizona Department of Revenue
Attention Econometrics Section
1600 W Monroe
Phoenix AZ 85007

617968

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 2012

Par Amount: $32,945,000

Date Closed: 05/30/2012

Maturity Date	Par Amount (Principal Amount) 10a	Coupon Rate	Yield	Original Issue Price	Premium or Discount 10b or 10c
2013	$885,000	3.00%	0.40%	$909,903.90	$24,903.90
2014	3,610,000	4.00	0.57	3,866,382.20	256,382.20
2015	3,765,000	4.00	0.75	4,137,546.75	372,546.75
2016	3,935,000	5.00	0.97	4,568,731.75	633,731.75
2017	4,145,000	4.00	1.10	4,737,942.25	592,942.25
2018	4,330,000	4.00	1.30	5,011,931.70	681,931.70
2019	1,190,000	3.00	1.60	1,301,169.80	111,169.80
2020	1,225,000	3.00	1.75	1,339,966.25	114,966.25
2021	1,260,000	3.00	2.00	1,364,189.40	104,189.40
2022	1,300,000	4.00	2.15	1,517,009.00	217,009.00
2023	1,350,000	4.00	2.40*	1,542,442.50	192,442.50
2024	1,405,000	4.00	2.50*	1,591,822.85	186,822.85
2025	1,460,000	4.00	2.60*	1,640,280.80	180,280.80
2026	1,520,000	3.00	3.00	1,520,000.00	-0-
2027	1,565,000	3.00	3.05	1,555,563.05	(9,436.95)
10f Net Proceeds (as shown on issuance form)				$36,604,882.20	$3,659,882.20

*Yield calculated to July 1, 2022, 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 2012

COSTS OF ISSUANCE

Bond Counsel	$	40,700.69
Financial Advisor		49,417.50
Fitch Ratings Inc.		24,000.00
Standard & Poor's		18,400.00
Bond Registrar/Paying Agent		2,300.00
Printing of Official Statement		5,000.00
Verification Agent		2,500.00
Miscellaneous		10,000.00
Total:		$152,318.19

Exhibit A

$32,945,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

Maturity Dates, Principal Amount, Interest Rates and CUSIPs

Dated: 05/30/2012 **Delivered:** 05/30/2012

Date	Principal (1)	Coupon	Interest	Total D/S	FY Total	CUSIP (721882)
01/01/2013			$750,632.50	$750,632.50		
07/01/2013	$885,000	3.000%	640,350.00	1,525,350.00	$2,275,982.50	DQ8
01/01/2014			627,075.00	627,075.00		
07/01/2014	3,610,000	4.000%	627,075.00	4,237,075.00	4,864,150.00	DR6
01/01/2015			554,875.00	554,875.00		
07/01/2015	3,765,000	4.000%	554,875.00	4,319,875.00	4,874,750.00	DS4
01/01/2016			479,575.00	479,575.00		
07/01/2016	3,935,000	5.000%	479,575.00	4,414,575.00	4,894,150.00	DT2
01/01/2017			381,200.00	381,200.00		
07/01/2017	4,145,000	4.000%	381,200.00	4,526,200.00	4,907,400.00	DU9
01/01/2018			298,300.00	298,300.00		
07/01/2018	4,330,000	4.000%	298,300.00	4,628,300.00	4,926,600.00	DV7
01/01/2019			211,700.00	211,700.00		
07/01/2019	1,190,000	3.000%	211,700.00	1,401,700.00	1,613,400.00	DW5
01/01/2020			193,850.00	193,850.00		
07/01/2020	1,225,000	3.000%	193,850.00	1,418,850.00	1,612,700.00	DX3
01/01/2021			175,475.00	175,475.00		
07/01/2021	1,260,000	3.000%	175,475.00	1,435,475.00	1,610,950.00	DY1
01/01/2022			156,575.00	156,575.00		
07/01/2022	1,300,000	4.000%	156,575.00	1,456,575.00	1,613,150.00	DZ8
01/01/2023			130,575.00	130,575.00		
07/01/2023	1,350,000	4.000%	130,575.00	1,480,575.00	1,611,150.00	EA2
01/01/2024			103,575.00	103,575.00		
07/01/2024	1,405,000	4.000%	103,575.00	1,508,575.00	1,612,150.00	EB0
01/01/2025			75,475.00	75,475.00		
07/01/2025	1,460,000	4.000%	75,475.00	1,535,475.00	1,610,950.00	EC8
01/01/2026			46,275.00	46,275.00		
07/01/2026	1,520,000	3.000%	46,275.00	1,566,275.00	1,612,550.00	ED6
01/01/2027			23,475.00	23,475.00		
07/01/2027	1,565,000	3.000%	23,475.00	1,588,475.00	1,611,950.00	EE4
Totals	**$32,945,000**		**$8,306,982.50**	**$41,251,982.50**	**$41,251,982.50**	

Prepared by:
RBC Capital Markets
05/17/2012

Form **8038-G** (Rev. September 2011)

Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ **Under Internal Revenue Code section 149(e)**

▶ **See separate instructions.**

Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If **Amended Return**, check here ▶ ☐

1 Issuer's name Pima County, Arizona	2 Issuer's employer identification number (EIN) 86 6000543
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)	3b Telephone number of other person shown on 3a
4 Number and street (or P.O. box if mail is not delivered to street address) Room/suite 130 West Congress, 6th Floor	5 Report number *(For IRS Use Only)* 3
6 City, town, or post office, state, and ZIP code Tucson, AZ 85701	7 Date of issue 05/30/2012
8 Name of issue Street and Highway Revenue Bonds, Series 2012	9 CUSIP number 721882 EE4
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Thomas Burke, Finance and Risk Management Director	10b Telephone number of officer or other employee shown on 10a (520) 740-8229

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11	Education	11		
12	Health and hospital	12		
13	Transportation	13	36,604,882	20
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 only box 19a ▶ ☐ If obligations are BANs, check only box 19b ▶ ☐			
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐			

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	07/01/2027	$ 36,604,882 20	$ 32,945,000 00	6.7074 years	1.8760 %

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	36,604,882	20
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	402,793 95			
25	Proceeds used for credit enhancement	25				
26	Proceeds allocated to reasonably required reserve or replacement fund	26				
27	Proceeds used to currently refund prior issues	27				
28	Proceeds used to advance refund prior issues	28	16,197,580 73			
29	Total (add lines 24 through 28)			29	16,600,374	68
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	20,004,507	52

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	4.1771 years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ▶	7/1/2013
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	2/06/2003

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a	
b	Enter the final maturity date of the GIC ▶		
c	Enter the name of the GIC provider ▶		
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	
38a	If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the following information:		
b	Enter the date of the master pool obligation ▶		
c	Enter the EIN of the issuer of the master pool obligation ▶		
d	Enter the name of the issuer of the master pool obligation ▶		
39	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐		
40	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐		
41a	If the issuer has identified a hedge, check here ▶ ☐ and enter the following information:		
b	Name of hedge provider ▶		
c	Type of hedge ▶		
d	Term of hedge ▶		
42	If the issuer has superintegrated the hedge, check box ▶ ☐		
43	If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶ ☑		
44	If the issuer has established written procedures to monitor the requirements of section 148, check box ▶ ☑		
45a	If some portion of the proceeds was used to reimburse expenditures, check here ▶ ☐ and enter the amount of reimbursement ▶		
b	Enter the date the official intent was adopted ▶		

Signature and Consent

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

Tom Burke — Signature of issuer's authorized representative — Date: 05/30/2012 — Thomas Burke, Finance and Risk Mngmt Dir. — Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Todd L. Cooper	Todd L Cooper	05/30/2012		P01072496

Firm's name ▶ Squire Sanders (US) LLP — Firm's EIN ▶ 34-0648199

Firm's address ▶ 221 E. Fourth Street, #2900, Cincinnati, OH 45202 — Phone no. 513-361-1200

OFFICIAL STATEMENT

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

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

$32,945,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

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

The $32,945,000 Street and Highway Revenue Bonds, Series 2012 (the "Bonds") being issued by Pima County, Arizona (the "County") will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository of the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry-only form in amounts of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interests in the Bonds.

Interest on the Bonds is payable until maturity or prior redemption semiannually on January 1 and July 1 of each year (each an "Interest Payment Date"), commencing January 1, 2013 and principal of the Bonds will be payable annually in accordance with the schedule set forth below. So long as the Bonds are registered in the name of DTC, or its nominee, payments of principal of and interest on the Bonds will be made directly by the paying agent, initially U.S. Bank National Association (the "Paying Agent"), to DTC which, in turn, is obligated to remit such payments to its participants for subsequent distribution to beneficial owners of the Bonds as described herein. See Appendix F – "BOOK-ENTRY-ONLY SYSTEM."

The Bonds are subject to redemption prior to their stated maturities on or after July 1, 2022, as more fully described under "THE BONDS – Redemption Provisions" 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 are 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 FINANCE" 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	$885,000	3.00%	0.40%	2021	$1,260,000	3.00%	2.00%
2014	3,610,000	4.00	0.57	2022	1,300,000	4.00	2.15
2015	3,765,000	4.00	0.75	2023	1,350,000	4.00	2.40*
2016	3,935,000	5.00	0.97	2024	1,405,000	4.00	2.50*
2017	4,145,000	4.00	1.10	2025	1,460,000	4.00	2.60*
2018	4,330,000	4.00	1.30	2026	1,520,000	3.00	3.00
2019	1,190,000	3.00	1.60	2027	1,565,000	3.00	3.05
2020	1,225,000	3.00	1.75				

* Yield calculated to July 1, 2022, the first optional redemption date.

This cover page contains only a brief description of the Bonds and the security therefor. It is not intended to be a summary of material information with respect to the Bonds. Investors 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 (US) LLP, 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 May 30, 2012.

May 14, 2012

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 the11th day of July, 2012, an envelope containing a Report of Bond and Security Issuance Pursuant to A.R.S. §35-501B with respect to the $32,945,000 Pima County, Arizona Street and Highway Revenue Bonds, Series 2012, postage prepaid, certified mail (Certified Mail Number 7007 2680 0000 9191 1410), 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 11th day of July, 2012.

Notary Public

My Commission Expires:

August 15, 2012

JEAN E REYNOLDS
Notary Public—Arizona
Maricopa County
Expires on 08/15/2012

SQUIRE SANDERS

SQUIRE SANDERS (US) LLP
1 E. WASHINGTON ST., SUITE 2700
PHOENIX, AZ 85004

O +1 602 528 4000
F +1 602 253 8129
WWW.SQUIRESANDERS.COM

Timothy E. Pickrell, Partner
Telephone: 602 528 4031
timothy.pickrell@squiresanders.com

July 11, 2012

Via Certified Mail
Return Receipt Requested

Arizona Department of Revenue
Attention: OERA, 9th Floor
1600 W. Monroe
Phoenix, AZ 85007

Re: $32,945,000 Pima County, Arizona
Street and Highway Revenue Bonds, Series 2012

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

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Postage	$ 4.90
Certified Fee	2.95
Return Receipt Fee (Endorsement Required)	2.35
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 10.20

PHOENIX, AZ 85020 JUL 1 2012 USPS
Postmark Here

Sent To: Arizona Department of Revenue
Attn: OERA, 9th Floor
Street, Apt. No.; or PO Box No.: 1600 W. Monroe
City, State, ZIP+4: Phoenix, AZ 85007

PS Form 3800, August 2006 — See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Arizona Department of Revenue
Attn: OERA, 9th Floor
1600 W. Monroe
Phoenix, AZ 85007

COMPLETE THIS SECTION ON DELIVERY

A. Signature: X ☐ Agent ☐ Addressee

B. Received by (Printed Name) — C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

Arizona Department of Revenue JUL 18 2012

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 1410

PS Form 3811, February 2004 — Domestic Return Receipt — 102595-02-M-1540

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

PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

Number: R-1 Denomination: $885,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2013	May 30, 2012	721882DQ8

Registered Owner: CEDE & CO.

Principal Amount: EIGHT 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 January 1, 2013, 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

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PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

Number: R-2 Denomination: $3,610,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2014	May 30, 2012	721882DR6

Registered Owner: CEDE & CO.

Principal Amount: THREE MILLION SIX HUNDRED TEN THOUSAND AND NO/100 DOLLARS

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PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

Number: R-3 Denomination: $3,765,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2015	May 30, 2012	721882DS4

Registered Owner: CEDE & CO.

Principal Amount: THREE MILLION SEVEN HUNDRED SIXTY-FIVE THOUSAND AND NO/100 DOLLARS

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PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

Number: R-4 Denomination: $3,935,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
5.000%	July 1, 2016	May 30, 2012	721882DT2

Registered Owner: CEDE & CO.

Principal Amount: THREE MILLION NINE HUNDRED THIRTY-FIVE THOUSAND AND NO/100 DOLLARS

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PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

Number: R-5 Denomination: $4,145,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2017	May 30, 2012	721882DU9

Registered Owner: CEDE & CO.

Principal Amount: FOUR MILLION ONE HUNDRED FORTY-FIVE THOUSAND AND NO/100 DOLLARS

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PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

Number: R-6 Denomination: $4,330,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2018	May 30, 2012	721882DV7

Registered Owner: CEDE & CO.

Principal Amount: FOUR MILLION THREE HUNDRED THIRTY THOUSAND AND NO/100 DOLLARS

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PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

Number: R-7 $1,190,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2019	May 30, 2012	721882DW5

Registered Owner: CEDE & CO.

Principal Amount: ONE MILLION ONE HUNDRED NINETY THOUSAND AND NO/100 DOLLARS

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PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

Number: R-8 Denomination: $1,225,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2020	May 30, 2012	721882DX3

Registered Owner: CEDE & CO.

Principal Amount: ONE MILLION TWO HUNDRED TWENTY-FIVE THOUSAND AND NO/100 DOLLARS

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PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

Number: R-9 $1,260,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2021	May 30, 2012	721882DY1

Registered Owner: CEDE & CO.

Principal Amount: ONE MILLION TWO HUNDRED SIXTY THOUSAND AND NO/100 DOLLARS

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PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

Number: R-10 $1,300,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2022	May 30, 2012	721882DZ8

Registered Owner: CEDE & CO.

Principal Amount: ONE MILLION THREE HUNDRED THOUSAND AND NO/100 DOLLARS

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PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

Number: R-11 Denomination: $1,350,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2023	May 30, 2012	721882EA2

Registered Owner: CEDE & CO.

Principal Amount: ONE MILLION THREE HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS

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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 2012

Number: R-12 Denomination: $1,405,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2024	May 30, 2012	721882EB0

Registered Owner: CEDE & CO.

Principal Amount: ONE MILLION FOUR HUNDRED 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 January 1, 2013, 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

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 2012

Number: R-13 Denomination: $1,460,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
4.000%	July 1, 2025	May 30, 2012	721882EC8

Registered Owner: CEDE & CO.

Principal Amount: ONE MILLION FOUR HUNDRED SIXTY 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 January 1, 2013, 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

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 2012

Number: R-14 Denomination: $1,520,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2026	May 30, 2012	721882ED6

Registered Owner: CEDE & CO.

Principal Amount: ONE MILLION FIVE HUNDRED TWENTY 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 January 1, 2013, 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

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 2012

Number: R-15 Denomination: $1,565,000

Interest Rate	Maturity Date	Original Issue Date	CUSIP
3.000%	July 1, 2027	May 30, 2012	721882EE4

Registered Owner: CEDE & CO.

Principal Amount: ONE MILLION FIVE 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 January 1, 2013, 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

SPECIMEN

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 $32,945,000 of like tenor except as to maturity date, rate of interest and number, issued by the County to refund outstanding street and highway revenue bonds of the County and to provide funds 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, November 17, 2009 and April 16, 2012 (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, 2022 are not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after July 1, 2023 are subject to redemption on any date on or after July 1, 2022 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.

SPECIMEN

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.

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 2012, described in the Bond Resolution mentioned herein.

Date of Authentication: May 30, 2012.

U.S. BANK NATIONAL ASSOCIATION,
as Registrar

By: _____
Authorized Representative

SPECIMEN

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

ABBREVIATIONS

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

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

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

_____
(State)

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

Fitch Ratings

One State Street Plaza
New York, NY 10004

T 212 908 0500 / 800 75 FITCH
www.fitchratings.com

April 27, 2012

Mr. Thomas Burke
Finance & Risk Management Director
Pima County
Finance and Risk Management
130 West Congress, 10th Floor
Tucson, AZ 85701

Dear Mr. Burke:

Fitch Ratings has assigned one or more ratings and/or otherwise taken rating action(s), as detailed in the attached Notice of Rating Action.

In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of Fitch's ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

Fitch seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. Fitch is not your advisor, nor is Fitch providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services.

The assignment of a rating by Fitch does not constitute consent by Fitch to the use of its name as an expert in connection with any registration statement or other filings under US, UK or any other relevant securities laws. Fitch does not consent to the inclusion of its ratings nor this letter communicating our rating action in any offering document.

It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason Fitch deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between Fitch and you or between us and any user of the ratings.

In this letter, "Fitch" means Fitch, Inc. and Fitch Ratings Ltd and any subsidiary of either of them together with any successor in interest to any such person.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please feel free to contact us at any time.

Jeff Schaub
Managing Director, Operations
U.S. Public Finance / Global Infrastructure & Project Finance

JS/sm

Enc: Notice of Rating Action
(Doc ID: 172853)

Notice of Rating Action

Bond Description	Rating Type	Rating Action	Rating	Outlook/ Watch	Eff Date	Notes
Pima County (AZ) street & hwy rev bonds ser 2012	Long Term	New Rating	AA	RO:Sta	26-Apr-2012	

Key: RO: Rating Outlook, RW: Rating Watch; Pos: Positive, Neg: Negative, Sta: Stable, Evo: Evolving

Print

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&POOR'S
RATINGS SERVICES

One Market
Steuart Tower, 15th Floor
San Francisco, CA 94105-1000
tel 415 371-5000
reference no.: 1213341

April 30, 2012

Pima County
Finance Department
130 West Congress Street, 10th Floor
Tucson, AZ 85701
Attention: Mr. Thomas Burke, Finance and Risk Management Director

Re: ***US$33,000,000 Pima County, Arizona, Street and Highway Revenue and Refunding Bonds, Series 2012, dated: Date of delivery, due: July 01,2027***

Dear Mr. Burke:

Pursuant to your request for a Standard & Poor's rating on the above-referenced issuer, 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

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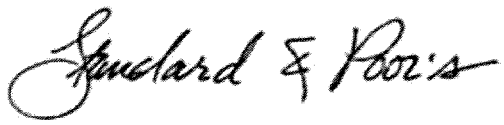
facilitate the process. You must promptly notify us of all material changes in the financial information and the documents. Standard & Poor's may change, suspend, withdraw, or place on CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

Please send all information to:

Standard & Poor's Ratings Services
Public Finance Department
55 Water Street
New York, NY 10041-0003

Standard & Poor's is pleased to be of service to you. For more information on Standard & Poor's, please visit our website at www.standardandpoors.com. If we can be of help in any other way, please call or contact us at nypublicfinance@standardandpoors.com.Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,



Standard & Poor's Ratings Services
a Standard & Poor's Financial Services LLC business.

tw
enclosures
cc: Ms. Kathryn C. Pong, Associate
RBC Capital Markets

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RATINGS SERVICES

One Market
Steuart Tower, 15th Floor
San Francisco, CA 94105-1000
tel 415 371-5000
reference no.: 40123801

April 30, 2012

Pima County
Finance Department
130 West Congress Street, 10th Floor
Tucson, AZ 85701
Attention: Mr. Thomas Burke, Finance and Risk Management Director

Re: ***Pima County, Arizona, Street and Highway Revenue Bonds, Various Series***

Dear Mr. Burke:

Standard & Poor's has reviewed the Standard & Poor's underlying rating (SPUR) on the above-referenced obligations. After such review, we have affirmed the "AA" rating and stable outlook. A copy of the rationale supporting the rating and outlook 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. 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.

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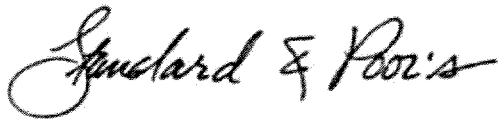
Please send all information to:

Standard & Poor's Ratings Services
Public Finance Department
55 Water Street
New York, NY 10041-0003

If you have any questions, or if we can be of help in any other way, please feel free to call or contact us at nypublicfinance@standardandpoors.com. For more information on Standard & Poor's, please visit our website at www.standardandpoors.com. We appreciate the opportunity to work with you and we look forward to working with you again.
Sincerely yours,



Standard & Poor's Ratings Services
a Standard & Poor's Financial Services LLC business.

tw
enclosure

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RATINGS SERVICES

One Market
Steuart Tower, 15th Floor
San Francisco, CA 94105-1000
tel 415 371-5000
reference no.: 40123801

April 30, 2012

Pima County
Finance Department
130 West Congress Street, 10th Floor
Tucson, AZ 85701
Attention: Mr. Thomas Burke, Finance and Risk Management Director

Re: ***Pima County, Arizona, Street and Highway Revenue Bonds, Various Series***

Dear Mr. Burke:

Standard & Poor's has reviewed the rating on the above-referenced obligations. After such review, we have affirmed the "AA" rating and stable outlook. A copy of the rationale supporting the rating and outlook 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.

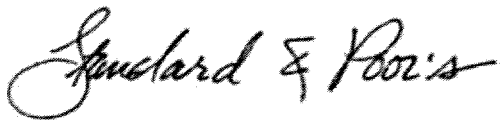
Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information 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

If you have any questions, or if we can be of help in any other way, please feel free to call or contact us at nypublicfinance@standardandpoors.com. For more information on Standard & Poor's, please visit our website at www.standardandpoors.com. We appreciate the opportunity to work with you and we look forward to working with you again

Sincerely yours,



Standard & Poor's Ratings Services
a Standard & Poor's Financial Services LLC business.

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enclosure

STANDARD
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STANDARD
&POOR'S
RATINGS SERVICES

Standard & Poor's Ratings Services
Terms and Conditions Applicable To Public Finance Ratings

You understand and agree that:

General. The ratings and other views of Standard & Poor's Ratings Services ("Ratings Services") are statements of opinion and not statements of fact. A rating is not a recommendation to purchase, hold, or sell any securities nor does it comment on market price, marketability, investor preference or suitability of any security. While Ratings Services bases its ratings and other views on information provided by issuers and their agents and advisors, and other information from sources it believes to be reliable, Ratings Services does not perform an audit, and undertakes no duty of due diligence or independent verification, of any information it receives. Such information and Ratings Services' opinions should not be relied upon in making any investment decision. Ratings Services does not act as a "fiduciary" or an investment advisor. Ratings Services neither recommends nor will recommend how an issuer can or should achieve a particular rating outcome nor provides or will provide consulting, advisory, financial or structuring advice.

All Rating Actions in Ratings Services' Sole Discretion. Ratings Services may assign, raise, lower, suspend, place on CreditWatch, or withdraw a rating, and assign or revise an Outlook, at any time, in Ratings Services' sole discretion. Ratings Services may take any of the foregoing actions notwithstanding any request for a confidential or private rating or a withdrawal of a rating, or termination of this Agreement. Ratings Services will not convert a public rating to a confidential or private rating, or a private rating to a confidential rating.

Publication. Ratings Services reserves the right to use, publish, disseminate, or license others to use, publish or disseminate the rating provided hereunder and any analytical reports, including the rationale for the rating, unless you specifically request in connection with the initial rating that the rating be assigned and maintained on a confidential or private basis. If, however, a confidential or private rating or the existence of a confidential or private rating subsequently becomes public through disclosure other than by an act of Ratings Services or its affiliates, Ratings Services reserves the right to treat the rating as a public rating, including, without limitation, publishing the rating and any related analytical reports. Any analytical reports published by Ratings Services are not issued by or on behalf of you or at your request. Notwithstanding anything to the contrary herein, Ratings Services reserves the right to use, publish, disseminate or license others to use, publish or disseminate analytical reports with respect to public ratings that have been withdrawn, regardless of the reason for such withdrawal. Ratings Services may publish explanations of Ratings Services' ratings criteria from time to time and nothing in this Agreement shall be construed as limiting Ratings Services' ability to modify or refine its ratings criteria at any time as Ratings Services deems appropriate.

Information to be Provided by You. For so long as this Agreement is in effect, in connection with the rating provided hereunder, you warrant that you will provide, or cause to be provided, as promptly as practicable, to Ratings Services all information requested by Ratings Services in accordance with its applicable published ratings criteria. The rating, and the maintenance of the rating, may be affected by Ratings Services' opinion of the information received from you or your agents or advisors. You further warrant that all information provided to Ratings Services by you or your agents or advisors regarding the rating or, if applicable, surveillance of the rating, as of the date such information is provided, (i) is true, accurate and complete in all material respects and, in light of the circumstances in which it was provided, not misleading and (ii) does not infringe or violate the intellectual property rights of a third party. A material breach of the warranties in this paragraph shall constitute a material breach of this Agreement.

Confidential Information. For purposes of this Agreement, "Confidential Information" shall mean verbal or written information that you or your agents or advisors have provided to Ratings Services and, in a specific and particularized manner, have marked or otherwise indicated in writing (either prior to or promptly following such disclosure) that such information is "Confidential". Notwithstanding the foregoing, information disclosed by you or your agents or advisors

to Ratings Services shall not be deemed to be Confidential Information, and Ratings Services shall have no obligation to treat such information as Confidential Information, if such information (i) was known by Ratings Services or its affiliates at the time of such disclosure and was not known by Ratings Services to be subject to a prohibition on disclosure, (ii) was known to the public at the time of such disclosure, (iii) becomes known to the public (other than by an act of Ratings Services or its affiliates) subsequent to such disclosure, (iv) is disclosed to Ratings Services or its affiliates by a third party subsequent to such disclosure and Ratings Services reasonably believes that such third party's disclosure to Ratings Services or its affiliates was not prohibited, (v) is developed independently by Ratings Services or its affiliates without reference to the Confidential Information, (vi) is approved in writing by you for public disclosure, or (vii) is required by law or regulation to be disclosed by Ratings Services or its affiliates. Ratings Services is aware that U.S. and state securities laws may impose restrictions on trading in securities when in possession of material, non-public information and has adopted securities trading and communication policies to that effect.

Ratings Services' Use of Information. Except as otherwise provided herein, Ratings Services shall not disclose Confidential Information to third parties. Ratings Services may (i) use Confidential Information to assign, raise, lower, suspend, place on CreditWatch, or withdraw a rating, and assign or revise an Outlook, and (ii) share Confidential Information with its affiliates engaged in the ratings business who are bound by appropriate confidentiality obligations; in each case, subject to the restrictions contained herein, Ratings Services and such affiliates may publish information derived from Confidential Information. Ratings Services may also use, and share Confidential Information with any of its affiliates or agents engaged in the ratings or other financial services businesses who are bound by appropriate confidentiality obligations ("Relevant Affiliates and Agents"), for modelling, benchmarking and research purposes; in each case, subject to the restrictions contained herein, Ratings Services and such affiliates may publish information derived from Confidential Information. With respect to structured finance ratings not maintained on a confidential or private basis, Ratings Services may publish data aggregated from Confidential Information, excluding data that is specific to and identifies individual debtors ("Relevant Data"), and share such Confidential Information with any of its Relevant Affiliates and Agents for general market dissemination of Relevant Data; you confirm that, to the best of your knowledge, such publication would not breach any confidentiality obligations you may have toward third parties. Ratings Services will comply with all applicable U.S. and state laws, rules and regulations protecting personally-identifiable information and the privacy rights of individuals. Ratings Services acknowledges that you may be entitled to seek specific performance and injunctive or other equitable relief as a remedy for Ratings Services' disclosure of Confidential Information in violation of this Agreement. Ratings Services and its affiliates reserve the right to use, publish, disseminate, or license others to use, publish or disseminate any non-Confidential Information provided by you, your agents or advisors.

Ratings Services Not an Expert, Underwriter or Seller under Securities Laws. Ratings Services has not consented to and will not consent to being named an "expert" or any similar designation under any applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation, Section 7 of the U.S. Securities Act of 1933. Ratings Services is not an "underwriter" or "seller" as those terms are defined under applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation Sections 11 and 12(a)(2) of the U.S. Securities Act of 1933. Rating Services has not performed the role or tasks associated with an "underwriter" or "seller" under the United States federal securities laws or other regulatory guidance, rules or recommendations in connection with this engagement.

Office of Foreign Assets Control. As of the date of this Agreement, (a) neither you nor the issuer (if you are not the issuer) or any of your or the issuer's subsidiaries, or any director or corporate officer of any of the foregoing entities, is the subject of any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC Sanctions"), (b) neither you nor the issuer (if you are not the issuer) is 50% or more owned or controlled, directly or indirectly, by any person or entity ("parent") that is the subject of OFAC Sanctions, and (c) to the best of your knowledge, no entity 50% or more owned or controlled by a direct or indirect parent of you or the issuer (if you are not the issuer) is the subject of OFAC sanctions. For so long as this Agreement is in effect, you will promptly notify Ratings Services if any of these circumstances change.

Ratings Services' Use of Confidential and Private Ratings. Ratings Services may use confidential and private ratings in its analysis of the debt issued by collateralized debt obligation (CDO) and other investment vehicles. Ratings Services

may disclose a confidential or private rating as a confidential credit estimate or assessment to the managers of CDO and similar investment vehicles. Ratings Services may permit CDO managers to use and disseminate credit estimates or assessments on a limited basis and subject to various restrictions; however, Ratings Services cannot control any such use or dissemination.

Entire Agreement. Nothing in this Agreement shall prevent you, the issuer (if you are not the issuer) or Ratings Services from acting in accordance with applicable laws and regulations. Subject to the prior sentence, this Agreement, including any amendment made in accordance with the provisions hereof, constitutes the complete and entire agreement between the parties on all matters regarding the rating provided hereunder. The terms of this Agreement supersede any other terms and conditions relating to information provided to Ratings Services by you or your agents and advisors hereunder, including without limitation, terms and conditions found on, or applicable to, websites or other means through which you or your agents and advisors make such information available to Ratings Services, regardless if such terms and conditions are entered into before or after the date of this Agreement. Such terms and conditions shall be null and void as to Ratings Services.

Limitation on Damages. Ratings Services does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a rating or the results obtained from the use of such information. RATINGS SERVICES GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. Ratings Services, its affiliates or third party providers, or any of their officers, directors, shareholders, employees or agents shall not be liable to you, your affiliates or any person asserting claims on your behalf, directly or indirectly, for any inaccuracies, errors, or omissions, in each case regardless of cause, actions, damages (consequential, special, indirect, incidental, punitive, compensatory, exemplary or otherwise), claims, liabilities, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in any way arising out of or relating to the rating provided hereunder or the related analytic services even if advised of the possibility of such damages or other amounts except to the extent such damages or other amounts are finally determined by a court of competent jurisdiction in a proceeding in which you and Ratings Services are parties to result from gross negligence, intentional wrongdoing, or willful misconduct of Ratings Services. In furtherance and not in limitation of the foregoing, Ratings Services will not be liable to you, your affiliates or any person asserting claims on your behalf in respect of any decisions alleged to be made by any person based on anything that may be perceived as advice or recommendations. In the event that Ratings Services is nevertheless held liable to you, your affiliates, or any person asserting claims on your behalf for monetary damages under this Agreement, in no event shall Ratings Services be liable in an aggregate amount in excess of US$5,000,000 except to the extent such monetary damages directly result from Ratings Services' intentional wrongdoing or willful misconduct. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss, whether in contract, statute, tort (including, without limitation, negligence), or otherwise. Neither party waives any protections, privileges, or defenses it may have under law, including but not limited to, the First Amendment of the Constitution of the United States of America.

Termination of Agreement. This Agreement may be terminated by either party at any time upon written notice to the other party. Except where expressly limited to the term of this Agreement, these Terms and Conditions shall survive the termination of this Agreement.

No Third–Party Beneficiaries. Nothing in this Agreement, or the rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of the rating. No person is intended as a third party beneficiary of this Agreement or of the rating when issued.

Binding Effect. This Agreement shall be binding on, and inure to the benefit of, the parties hereto and their successors and assigns.

Severability. In the event that any term or provision of this Agreement shall be held to be invalid, void, or unenforceable, then the remainder of this Agreement shall not be affected, impaired, or invalidated, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

Amendments. This Agreement may not be amended or superseded except by a writing that specifically refers to this Agreement and is executed manually or electronically by authorized representatives of both parties.

Reservation of Rights. The parties to this Agreement do not waive, and reserve the right to contest, any issues regarding sovereign immunity, the applicable governing law and the appropriate forum for resolving any disputes arising out of or relating to this Agreement.

RBC Capital Markets®

FINAL

SETTLEMENT, DELIVERY & CLOSING PROCEDURES

ISSUE: $32,945,000
Pima County, Arizona
Street and Highway Revenue Bonds
Series 2012

BONDS DATED: May 30, 2012

INTEREST PAYMENT DATES: Interest payable semiannually on January 1 and July 1 of each year, commencing January 1, 2013.

MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES: See Exhibit A.

CLOSING: The Closing will be held telephonically on **Wednesday, May 30, 2012** at **8:30 a.m.** (MST). Details for the call are as follows:

Dial-in: 1-866-365-4406
Participant Passcode: 3815365

PARTICIPANTS: See Exhibit D.

REGISTRATION & AUTHENTICATION: After the Bonds have been registered and executed, **U.S. Bank National Association** (the "Trustee") 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	$32,945,000.00
Plus: Amortizable Premium	3,659,882.20
Less: Underwriter's Discount	(250,475.76)
Purchase Price	**$36,354,406.44**

FLOW OF FUNDS:

On the day of closing, **Robert W. Baird** (the "Purchaser") will initiate the following wire transfers:

(A) **$16,349,898.92**, representing the amount necessary to purchase escrow securities to provide for the Bonds to be Refunded (see attached Exhibit B) and to pay costs of issuance, will be wire transferred by the Purchaser, in federal or immediately available funds, to **U.S. Bank National Association** (the "Depository Trustee") to:

U.S. Bank N.A.
ABA #091000022
BNF: US Bank Trust
Account #180121167365
Ref: 803412900, Pima Cnty, AZ HURF 2012
Attn: Luisa Kanashiro, 213/615-6027

(B) **$20,004,507.52**, representing the amount necessary to pay construction costs and interest on the Bonds, will be wire transferred by the Purchaser, in federal or immediately available funds, to Pima County Treasurer's Office ("County Treasurer") to:

Bank of America, N.A.
201 East Washington Street
Phoenix, Arizona 85004
Routing Number: 026009593
Account number: 412724156
Reference: PC Street Bonds 2012

Confirmation of the receipt of funds will be made with Cheryl Cruz at the County Treasurer's Office at (520) 740-8826 or (520) 740-8775.

USE OF FUNDS:

A. The funds received in (A) above, will be applied as follows:

(1) **$16,197,580.73** in proceeds received by the Depository Trustee will be deposited into the Trust Account and will be used to fund an initial cash deposit and purchase escrow securities (see attached Exhibit C) to provide for the Bonds to be Refunded.

(2) **$152,318.19** in proceeds received by the Depository Trustee will be deposited into the Expense Account and will be used to pay delivery costs on the Bonds.

B. The funds received in (B) above, will be applied as follows:

(1) **$20,000,000** in proceeds received by the County Treasurer will be held in a separate fund and used for construction costs.

(2) **$4,507.52** in proceeds received by the County Treasurer will be deposited into the debt service fund and used to pay interest on January 1, 2013.

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 the Purchaser, via the DTC closing desk (212) 855-3752.

Exhibit A

$32,945,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

Maturity Dates, Principal Amount, Interest Rates and CUSIPs

Dated: 05/30/2012 **Delivered:** 05/30/2012

Date	Principal (1)	Coupon	Interest	Total D/S	FY Total	CUSIP (721882)
01/01/2013			$750,632.50	$750,632.50		
07/01/2013	$885,000	3.000%	640,350.00	1,525,350.00	$2,275,982.50	DQ8
01/01/2014			627,075.00	627,075.00		
07/01/2014	3,610,000	4.000%	627,075.00	4,237,075.00	4,864,150.00	DR6
01/01/2015			554,875.00	554,875.00		
07/01/2015	3,765,000	4.000%	554,875.00	4,319,875.00	4,874,750.00	DS4
01/01/2016			479,575.00	479,575.00		
07/01/2016	3,935,000	5.000%	479,575.00	4,414,575.00	4,894,150.00	DT2
01/01/2017			381,200.00	381,200.00		
07/01/2017	4,145,000	4.000%	381,200.00	4,526,200.00	4,907,400.00	DU9
01/01/2018			298,300.00	298,300.00		
07/01/2018	4,330,000	4.000%	298,300.00	4,628,300.00	4,926,600.00	DV7
01/01/2019			211,700.00	211,700.00		
07/01/2019	1,190,000	3.000%	211,700.00	1,401,700.00	1,613,400.00	DW5
01/01/2020			193,850.00	193,850.00		
07/01/2020	1,225,000	3.000%	193,850.00	1,418,850.00	1,612,700.00	DX3
01/01/2021			175,475.00	175,475.00		
07/01/2021	1,260,000	3.000%	175,475.00	1,435,475.00	1,610,950.00	DY1
01/01/2022			156,575.00	156,575.00		
07/01/2022	1,300,000	4.000%	156,575.00	1,456,575.00	1,613,150.00	DZ8
01/01/2023			130,575.00	130,575.00		
07/01/2023	1,350,000	4.000%	130,575.00	1,480,575.00	1,611,150.00	EA2
01/01/2024			103,575.00	103,575.00		
07/01/2024	1,405,000	4.000%	103,575.00	1,508,575.00	1,612,150.00	EB0
01/01/2025			75,475.00	75,475.00		
07/01/2025	1,460,000	4.000%	75,475.00	1,535,475.00	1,610,950.00	EC8
01/01/2026			46,275.00	46,275.00		
07/01/2026	1,520,000	3.000%	46,275.00	1,566,275.00	1,612,550.00	ED6
01/01/2027			23,475.00	23,475.00		
07/01/2027	1,565,000	3.000%	23,475.00	1,588,475.00	1,611,950.00	EE4
Totals	**$32,945,000**		**$8,306,982.50**	**$41,251,982.50**	**$41,251,982.50**	

Prepared by:
RBC Capital Markets
05/17/2012

Exhibit B

$32,945,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

Bonds to be Refunded

Maturity Date	CUSIP (721882)	Par Amount	Interest Rate	Call Date	Call Price
07/01/2014	BF4	$2,785,000	4.000%	07/01/2013	100
07/01/2015	BG2	2,910,000	4.000%	07/01/2013	100
07/01/2016	BH0	3,045,000	4.250%	07/01/2013	100
07/01/2017	BJ6	3,190,000	4.250%	07/01/2013	100
07/01/2018	BK3	3,340,000	4.375%	07/01/2013	100
Total		$15,270,000			

- Prepared by -
RBC Capital Markets

Exhibit C

$32,945,000
PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

Escrow Securities for the Bonds to be Refunded

Source of Fund	Type of Security	Type of SLGS	Maturity Date	First Interest Payment Date	Par Amount	Rate	Max Rate
Bond Proceeds	SLGS	Certificate	07/01/2012	07/01/2012	$316,975	0.060%	0.060%
	SLGS	Certificate	01/01/2013	01/01/2013	305,167	0.150%	0.150%
	SLGS	Note	07/01/2013	07/01/2012	15,575,438	0.180%	0.180%
					$16,197,580		

Exhibit D

PIMA COUNTY, ARIZONA
STREET AND HIGHWAY REVENUE BONDS
SERIES 2012

DISTRIBUTION LIST

PIMA COUNTY

Finance and Risk Management Department
130 West Congress, 10th Floor
Tucson, AZ 85701
Fax: (520) 724-8171

Tom Burke
Finance and Risk Management Director
(520) 724-3030
e-mail: tom.burke@pima.gov

Finance and Risk Management Department
130 West Congress, 6th Floor
Tucson, AZ 85701
Fax: (520) 724-2329

Michelle Campagne
(520) 724-8410
e-mail: michelle.campagne@pima.gov

County Attorney's Office
130 West Congress
Tucson, Arizona 85701

Regina Nassen
(520) 740-5411
e-mail: regina.nassen@pcao.pima.gov

BOND COUNSEL

Squire Sanders (US) LLP
1 E. Washington Street, Suite 2700
Phoenix, AZ 85004
Fax: (602) 253-8129

Timothy E. Pickrell
P: (602) 528-4031
C: (602) 617-9260
e-mail: timothy.pickrell@squiresanders.com

Jennifer R. Cosper
(602) 528-4880
e-mail: jennifer.cosper@squiresanders.com

FINANCIAL ADVISOR

RBC Capital Markets, LLC
2398 East Camelback Road, Suite 700
Phoenix, AZ 85016
Fax: (602) 381-5380

Kurt M. Freund
(602) 381-5365
e-mail: kurt.freund@rbccm.com

Kathryn Pong
(602) 381-5359
e-mail: kathryn.pong@rbccm.com

Kathy Salcido
(602) 381-5371
e-mail : kathy.salcido@rbccm.com

REGISTRAR & PAYING AGENT

U.S. Bank National Association
101 North First Avenue, Suite 1600
Phoenix, Arizona 85003
Fax: (602) 257-5433

Brenda Black
(602) 257-5331
e-mail: brenda.black@usbank.com

PIMA COUNTY TREASURER

Pima County Treasurer's Office
115 North Church
Tucson, AZ 85701
Fax: (520) 884-4809

Beth Ford
County Treasurer
(520) 724-8341
e-mail: beth.ford@pima.gov

Exhibit D

PURCHASER

Robert W. Baird & Co. Incorporated
1 Harding Road, Suite 207
Red Bank, NJ 07701
Fax: (732) 576-4420

Charles Galarza
(732) 576-4410
e-mail: cgalarza@rwbaird.com

RATING AGENCIES

Fitch Ratings
111 Congress Avenue
Austin, TX 78701
Fax: (512) 215-3738

Steve M. Murray
Senior Director
(512) 215-3729
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

-Prepared By-
RBC Capital Markets
2398 East Camelback Road, Suite 700
Phoenix, Arizona 85016
May 23, 2012

U.S. Treasury Securities
SLGS Time Deposit
Subscription View

Issue Information

Treasury Case Number 201203329
Status Complete
Issue Date 05/30/2012
Issue Amount $16,197,580.00
Rate Table Date 05/14/2012

Owner

Taxpayer Identification Number 86-6000543
Underlying Bond Issue Pima County, Arizona Street and Highway Revenue Bonds Series 2012
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

Trustee

ABA Routing Number 091000022
Bank Reference Number
Bank Name US Bank
Address Line 1 Corporate Trust Services
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

Funds for Purchase

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

ACH Institutions & Instructions

ABA Routing Number 091000022
Bank Name US Bank
Address Line 1 Corporate Trust Services
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
Account Name US Bank
Account Number 173100077762
Account Type Checking

Subscriber

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

Viewers

ABA/TIN	Organization Name
No Viewers Assigned	

Securities

Security Number	Security Type	Principal Amount	Interest Rate	Maturity Date	First Interest Payment Date	Security Description
1	C of I	$316,975.00	0.060000000	07/01/2012		
2	C of I	$305,167.00	0.150000000	01/01/2013		
3	Note	$15,575,438.00	0.180000000	07/01/2013	07/01/2012	